

Annual Comprehensive Financial Report

OF THE CHARLOTTE WATER ENTERPRISE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



Charlotte Water

NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025
As of June 30, 2025:

MAYOR

Vi Alexander Lyles

MAYOR PRO TEM

Danté Anderson

CITY COUNCIL

Dimple Ajmera Tiawana Brown

LaWana Mayfield Reneé Johnson

James Mitchell, Jr. Marjorie Molina

Victoria Watlington Edwin B. Peacock, III

Malcolm Graham Edmund H. Driggs

CITY MANAGER

Marcus D. Jones

CITY FINANCE DEPARTMENT

Teresa T. Smith
Chief Financial Officer

Betty J. Mattos
Chief Accountant

CHARLOTTE WATER

Angela D. Charles
Charlotte Water Chief Executive Officer

Melissa Westfall
Charlotte Water Chief Financial Officer

Prepared by the
Charlotte Water Business Office

An enterprise fund of the City of Charlotte,
Charlotte, NC

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TABLE OF CONTENTS

INTRODUCTORY SECTION..... 5

Message from the Charlotte Water Chief Executive Officer and the City of Charlotte Chief Financial Officer	6
Fiscal Year 2025 Highlights	8
Profile of the Reporting Entity	10
Organizational Chart.....	11
Charlotte Water Operations	14
Financial Policies.....	16
Rating Agency Actions.....	16
Major Initiatives	17
The Region’s Economy	18
Accolades.....	20
Acknowledgements.....	21

FINANCIAL SECTION 22

Report of Independent Auditor.....	23
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MANAGEMENT’S DISCUSSION & ANALYSIS 25

Management’s Discussion & Analysis.....	26
Financial Highlights	26
Overview of Financial Statements.....	27

BASIC FINANCIAL STATEMENTS 34

Statement of Net Position	35
Statement of Revenues, Expenses, and Changes in Net Position.....	39
Statement of Cash Flows.....	41
Notes to the Financial Statements	43

REQUIRED SUPPLEMENTARY INFORMATION 80

Local Governmental Employee’s Retirement System

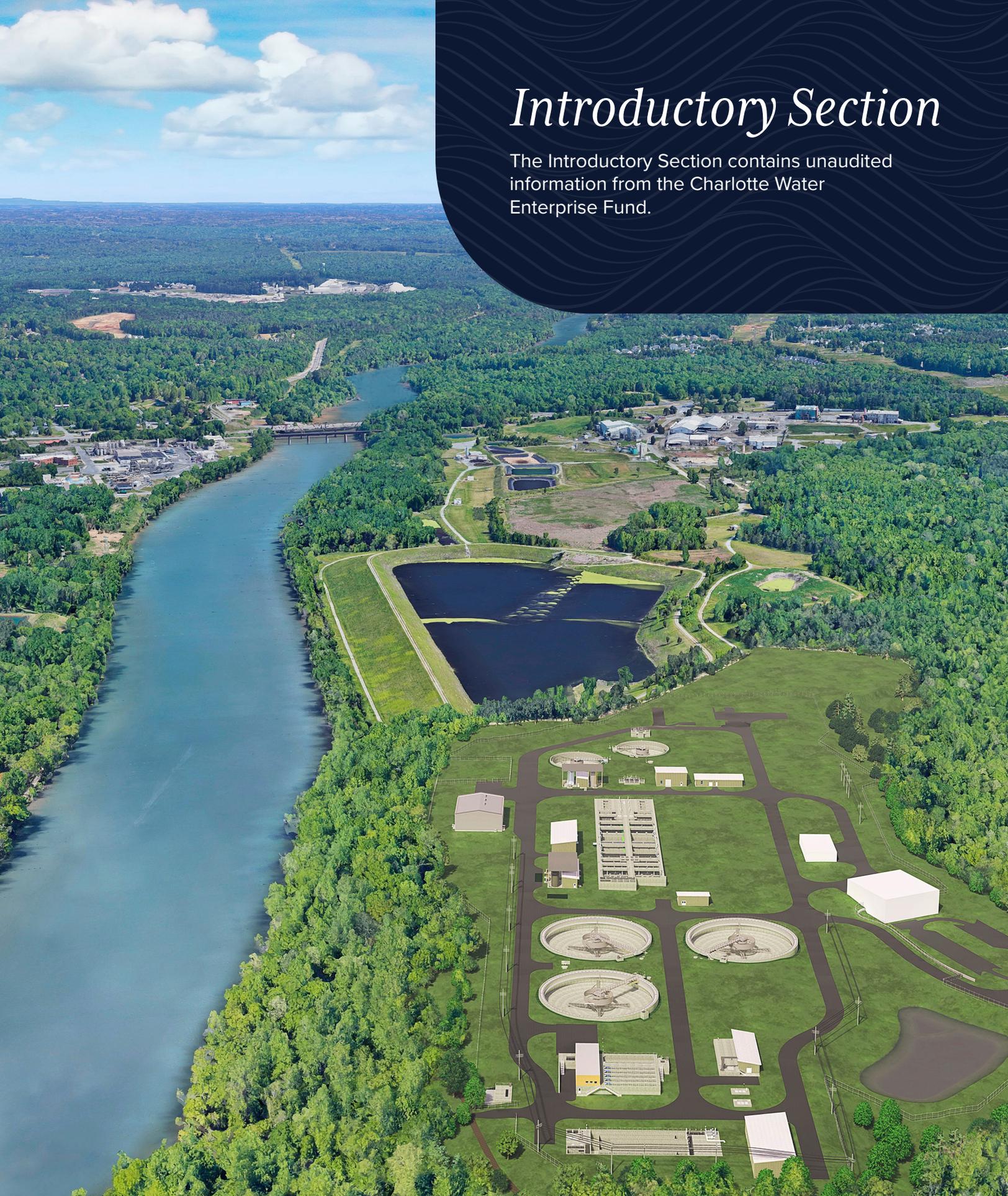
Proportionate Share of Net Pension Liability (Asset) for the City of Charlotte.....	81
City of Charlotte’s Contributions	85

Employee Benefit Trust Plan (EBTP)

Schedule of Changes in the Net OPEB Liability	88
Schedule of Changes of Total Liability as a Percentage of Covered Payroll.....	91
Schedule of City Contributions and Investment Returns.....	94

TABLE OF CONTENTS

STATISTICAL SECTION.....	97
FINANCIAL TRENDS.....	99
Schedule 1: Net Position	99
Schedule 2: Changes in Net Position	102
Schedule 3: Reconciliation of Cash Balances, Non-GAAP	105
Schedule 4: Operating Expenses Per Capita	108
Schedule 5: Capital Assets	111
REVENUE CAPACITY.....	114
Schedule 6: Annual Water Consumption Billed by Customer Type	114
Schedule 7: Operating Revenues and Rate Increases	117
Schedule 8: Ten Largest Water and Sewer Customers-Current and Nine Years Ago	120
Schedule 9: Retail Water and Sewer Rates	122
Schedule 10: Residential Water and Sewer Bill Comparisons as a Percentage of Median Household Income.....	124
Schedule 11: Residential Water and Sewer Bill Comparisons to Local and Regional Utilities	125
DEBT CAPACITY	126
Schedule 12: Revenue Bond Coverage	126
Schedule 13: Outstanding Debt	128
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	131
Schedule 14: Population (MSA)	131
Schedule 15: Total Personal Income (MSA)	132
Schedule 16: Per Capita Personal Income (MSA)	133
Schedule 17: Unemployment Rate (MSA)	134
Schedule 18: Ten Largest Charlotte-Area Non-Governmental Employers	135
OPERATING INFORMATION	138
Schedule 19: Employee Count by Function/Program	138
Schedule 20: Number of Service Accounts	139
Schedule 21: Average Daily Water Delivered (Pumped)	140
Schedule 22: Average Daily Sewer Treated	141
Schedule 23: Summary of Major Permits	142
Schedule 24: Capital Assets by Function/Program	147



Introductory Section

The Introductory Section contains unaudited information from the Charlotte Water Enterprise Fund.

Message from the Charlotte Water Chief Executive Officer and the City of Charlotte Chief Financial Officer

February 26, 2026

Honorable Mayor, City Council, and to our Customers:

We are honored to present Charlotte Water's (an enterprise fund of the City of Charlotte, North Carolina) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. The basic financial statements in this report are prepared and presented in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning the finances of Charlotte Water (CLTWater). Consequently, management assumes full responsibility for the preparation and fair presentation of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal controls framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient, reliable information for the preparation of the basic financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City and CLTWater's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

To the best of our knowledge, we believe this report to be accurate in all material respects and reported in a manner designed to present the financial position and results of the City of Charlotte, CLTWater Enterprise Fund.

Management's Discussion & Analysis (MD&A) immediately follows the report of the independent auditor. It provides a narrative introduction, overview, and analysis of the Financial Statements and Notes. This transmittal letter is designed to complement the MD&A and should be read in conjunction with the MD&A page 25. The Statistical Section provides additional relevant unaudited information.



Angela Charles
Chief Executive Officer
Charlotte Water



Matthew Hastedt
Chief Financial Officer
City of Charlotte

\$616.52 Million

in operating revenues

48.87 Miles

of water pipes
installed or donated to the utility

87 Million+

gallons of wastewater are treated daily,
underscoring the utility's commitment to
regulatory and environmental excellence

39.1 Miles

of wastewater pipes
installed or donated to the utility

5 Wastewater Treatment Plants

maintained the **National Association of Clean Water Agencies Platinum Peak Performance Awards**, achieving 100% permit compliance over five consecutive years

\$51.4 Billion

economic impact from water-dependent
industries in the six-county region

\$2.2 Billion

committed to public projects
and overall utility support

0 Violations & 0 Consent Decrees

of drinking water quality standards occurred

1 Wastewater Treatment Plant

maintained the **National Association of Clean
Water Agencies Gold Peak Performance Award**

Fiscal Year 2025 Highlights

The City of Charlotte ranks among the top 10 fastest growing major cities in the United States and is currently the 14th largest city in the nation. As one of the region's most influential economic drivers, Charlotte Water (CLTWater) supports growth and economic development through strategic infrastructure investments and reliable water and wastewater services. The utility creates the foundation that attracts new businesses, expansion efforts, and sustains economic vitality across the region. Continued growth within the service area was evident by the 48.87 miles of water and 39.1 miles of wastewater pipes installed by or donated to the utility this fiscal year.

CLTWater strives to equitably manage our financial resources, successfully harmonizing goals of affordability and system growth while maintaining Aaa/AAA bond ratings from Moody's Investors Service and S&P Global Ratings. CLTWater's rate structure is focused on balancing competing needs including the escalating cost of rehabilitation and replacement of aging infrastructure; mitigating environmental impacts; supporting economic growth; managing increased operating and capital costs; and addressing increased regulatory burdens while maintaining equitable distribution of these costs amongst customers. Fees are evaluated each year and are set to recover the full cost of service delivery while ensuring affordability is at the forefront of investment decisions.

The critical investment in infrastructure directly supports the greater public good through the provisions of safe and sufficient drinking water, fire protection, protecting the environment, and ensuring capacity for growth. The focus on equitable service delivery informs and impacts prioritization and execution of infrastructure projects. Protecting the environment is a core tenet of the department's mission as well as a key strategic focus. CLTWater is an industry leader in the preservation and protection of the environment and is actively engaged in the development and execution of impactful environmental sustainability initiatives. The five-year capital improvement investment is planned for \$2.2 billion of work related to rehabilitation, replacement, regulatory, capacity for growth, commitment to public projects and overall utility support.





CLTWater’s regionalization and environmental enhancement approaches continue with the construction of the Stowe Regional Water Resource Recovery Facility that will treat wastewater from a fast-growing region of nearly 3 million people by partnering with the Cities of Belmont and Mount Holly. This state-of-the-art wastewater treatment facility in the northwest service area will result in the decommissioning of two aging wastewater treatment facilities. CLTWater will treat these municipal discharges with an initial treatment capacity of 15 million gallons per day, effectively meeting these communities’ current and future wastewater needs.

Regulatory and environmental excellence are paramount to the utility. With over 87 million gallons of wastewater treated daily, five wastewater treatment plants maintained the National Association of Clean Water Agencies Platinum Peak Performance Awards representing 100% compliance with permits over a five-year consecutive period while one received the Gold Award representing no permit violations for the entire calendar year. From a water treatment and distribution perspective, zero drinking water quality violations occurred.

Fostering community engagement and driving innovation are central to CLTWater’s mission. Recognizing the vital role of water in daily life, the utility actively connects with the community to promote awareness, education, and environmental stewardship. The utility participated in 38 public events highlighting the essential nature of water, environmental sustainability, and regional growth.

CLTWater is committed to supporting the City’s goal of building a strong talent pipeline, advancing workforce equity, and ensuring operational excellence. The workforce development program enhances career readiness, mentorship, and life-skills training, while introducing new opportunities to expand career pathways and build future-ready talent. Placement outcomes in FY 2025 remain exceptional with participants transitioning into full-time roles within CLTWater with a placement rate of 100%, building a pipeline for hard-to-fill positions.

Alongside a select group of high performing utilities, CLTWater was honored with the 2025 Utility of the Future Today award by five industry association partners including the Water Environment Federation, Water Research Foundation, National Association of Clean Water Agencies, Water ReUse Association, and U.S. Water Alliance. The Utility of the Future Today Recognition Program seeks to reach deeply into the water sector to form and motivate a community of like-minded water utilities engaged in advancing resource efficiency and recovery, developing proactive relationships with stakeholders, and establishing resilient, sustainable, and livable communities.

Profile of the Reporting Entity

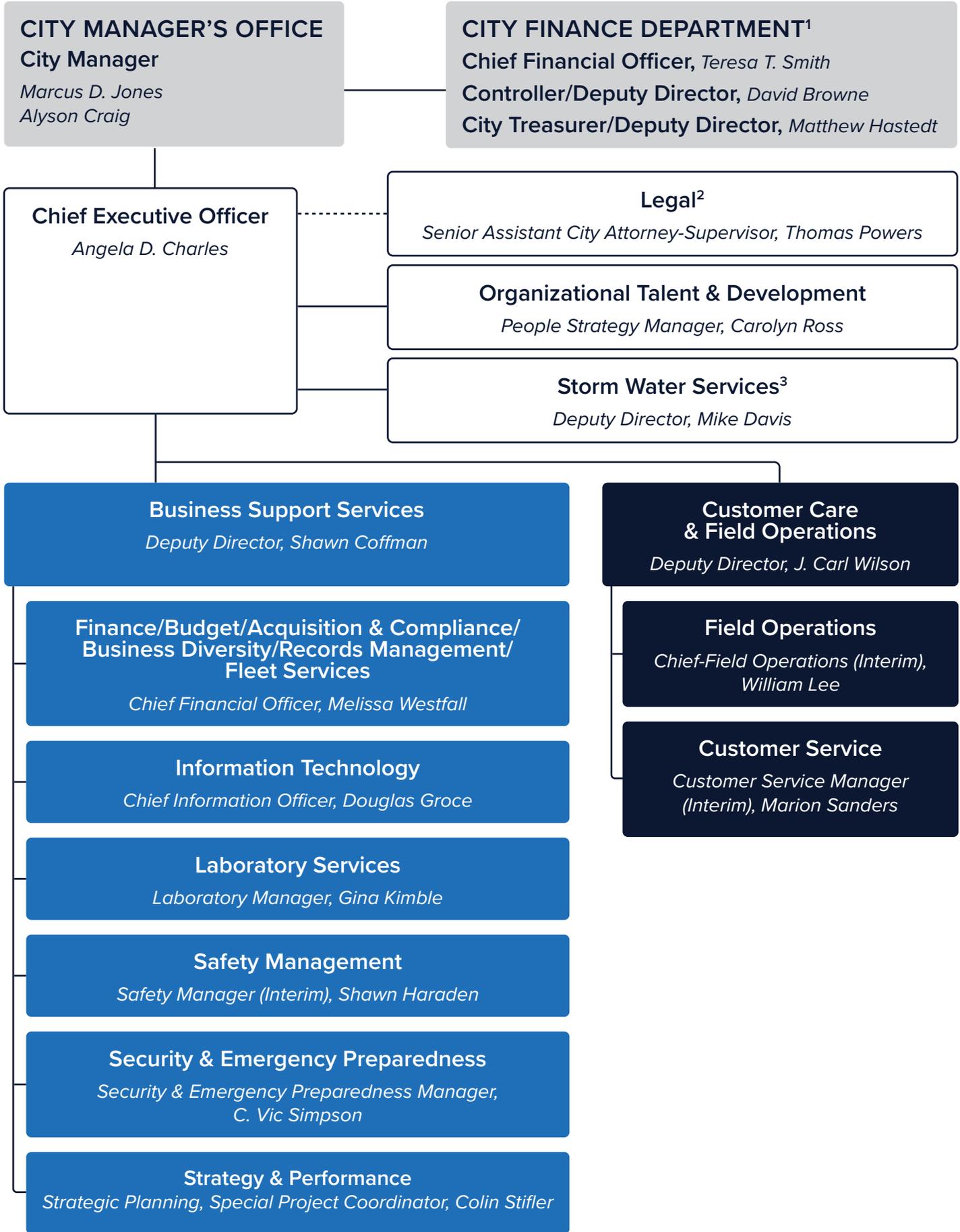
Charlotte Water (CLWater) is the largest regional public water and wastewater utility in the Carolinas, serving over 1.2 million customers. CLWater has excelled in its water and wastewater service delivery mission for over a century. With a steadfast commitment to public health and environmental stewardship, the utility ensures safe and reliable drinking water and wastewater management across its extensive service area. CLWater contributes both directly and indirectly to the region's economy through strategic infrastructure investments, job creation, and service reliability that supports residential, commercial, and industrial growth. The utility is a self-supporting enterprise fund within the City of Charlotte's structure.

The City of Charlotte serves as the central hub of CLWater's service area. According to the U.S. Bureau of Economic Analysis in 2024, Mecklenburg County had a population exceeding 1.2 million. Since 1929, the City of Charlotte has operated under a Council-Manager form of government. Local legislative and policy-making authority resides with a governing body composed of a Mayor and 11 City Council members all elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a city electorate. The remaining seven Council members are elected by voters within their district. Together, the Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council adopts the annual budget, sets the property tax rate and approves the financing of all city operations and capital investments. The City Manager, as the chief executive, implements Council policies and ordinances and oversees the day-to-day administration of the City.

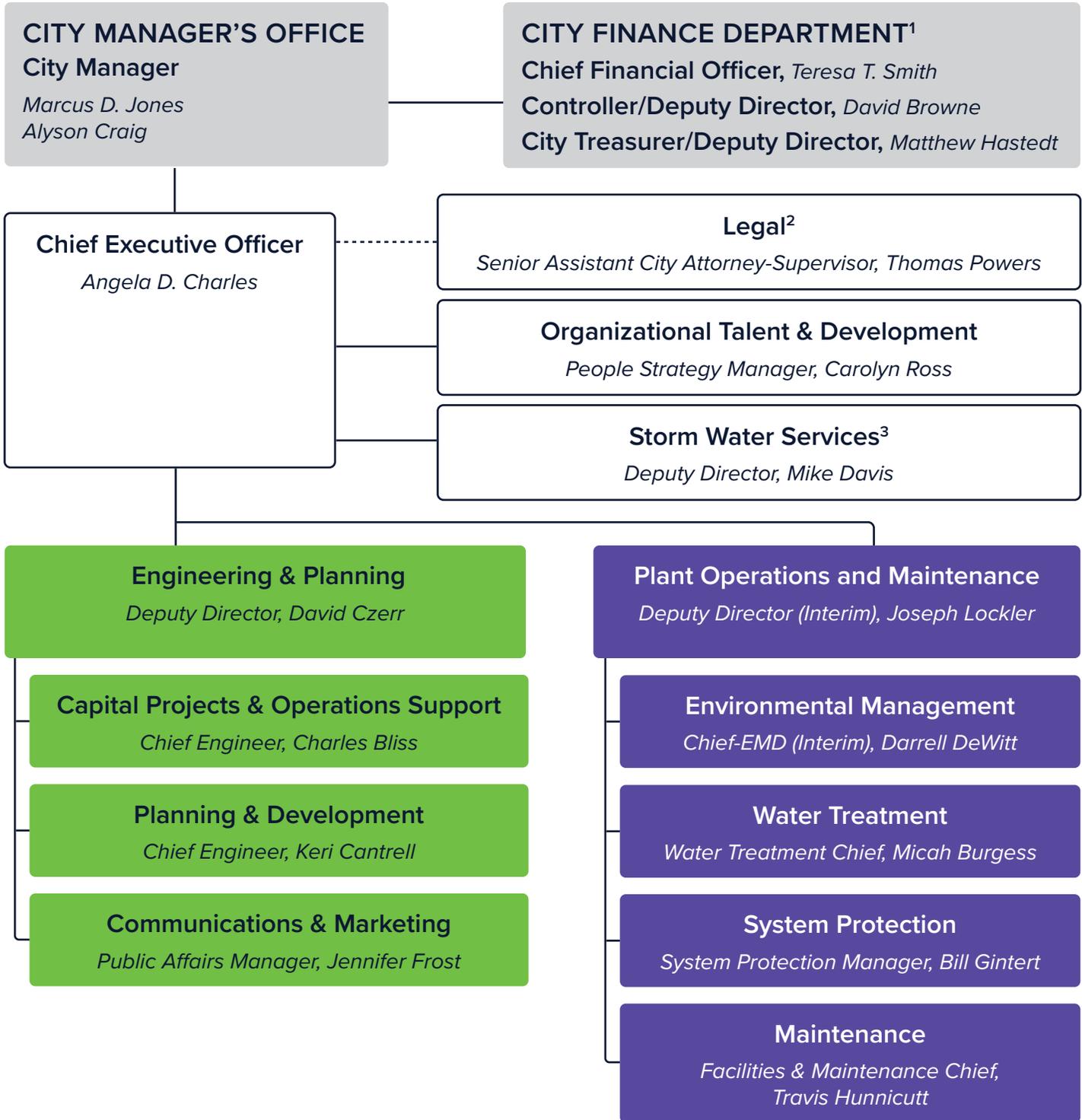
The mission of the City of Charlotte is to ensure the delivery of a full range of quality public services and to promote the safety, health, and quality of life of its residents.

Within the organizational framework of the City, the CLWater Chief Executive Officer leads the CLWater Department's executive leadership team, guiding operational management and long-term strategic planning. The executive leadership structure includes four deputy directors, each responsible for a core functional area: engineering, business services, customer-facing services, and plant operations and maintenance. Additionally, the CLWater Chief Financial Officer oversees financial planning, budgeting, and procurement activities ensuring fiscal accountability. The People Strategy Manager reports directly to the CLWater CEO, and the Chief Legal Counsel maintains a primary reporting relationship to the City Attorney, with a secondary reporting relationship to the CLWater CEO on department specific legal matters. The deputy director responsible for overseeing Storm Water operations reports directly to the CLWater CEO. The organizational chart, shown on the next page, reflects leadership as of June 30, 2025.





Continued



NOTES:

¹Reflects personnel as of June 30, 2025; Teresa T. Smith retired October 1, 2025. Matthew Hastedt has been named the City of Charlotte Chief Financial Officer.

²Legal team reports to the City Attorney, with a secondary reporting relationship to the Charlotte Water Chief Executive Officer.

³Storm Water Services is a division of Charlotte Water under the direction of the Charlotte Water Chief Executive Officer as an independent fund; financial information can be found in the City of Charlotte Annual Comprehensive Financial Reports.



Left to right: CFO Melissa Westfall • Deputy Director Shawn Coffman • Deputy Director David Czerr • People Strategy Manager Carolyn Ross • CEO Angela D. Charles • Deputy Director (Interim) Joseph Lockler • Deputy Director Carl Wilson

Charlotte Water financial operations are accounted for in a separate enterprise fund according to GAAP for governmental entities. Charlotte Water is self-supporting and does not use local tax money to fund its operating costs. Funds come from water-generated revenues, including system development fees, connection fees, as well as service charges.

Charlotte Water management utilizes six core Strategic Principles to manage and run the largest regional public water and wastewater utility in the Carolinas including: High-Performing Workforce, Exceptional Customer Service, Community Engagement, Reliable Infrastructure, Financial Stability, and Environmental Stewardship.

STRATEGIC PRINCIPLES



High-Performing Workforce

Build and retain a skilled and motivated team.



Exceptional Customer Service

Provide clear, timely and consistent service to everyone we work with.



Community Engagement

Listen to, connect with, and inform the people and communities we serve.



Reliable Infrastructure

Maintain and improve our infrastructure to meet current and future needs.



Financial Stability

Manage money wisely so we can grow, reinvest, and stay affordable.



Environmental Stewardship

Protect and improve the environment for the good of all living things.

Charlotte Water Operations

In Fiscal Year 2025, Charlotte Water (CLTWater) saw significant growth in new connections/accounts. Including residential, commercial, industrial, and bulk water accounts, CLTWater now serves over 337,000 water accounts and over 300,000 wastewater accounts. The newest data from the Charlotte Regional Business Alliance reflects more than 157 people per day moving to the Charlotte area. Through its capacity planning efforts and strategic prioritization of capital investment, CLTWater is preparing for this growth as well as continued regionalization of water service delivery.

Maintaining reliable infrastructure for existing and future customers is a core function of the utility. CLTWater maintains more than 4,664 miles of water distribution mains and more than 4,638 miles of wastewater mains. Other distribution and collection assets managed include more than 93,000 system valves, 119,000 manholes, and almost 19,000 public fire hydrants. Through the combined efforts of internal forces and contractors, CLTWater repaired over 4,700 leaks in the multi-jurisdictional distribution system. In the collection system, more than 750 miles of wastewater mains were cleaned, and more than 1,000 manholes were rehabilitated or replaced.

From a water treatment plant operations perspective, CLTWater pumped an average of 124.55 million gallons of finished water per day (over 45 billion gallons per year) with zero notices of drinking water quality violations. Water reclamation facilities treated an average of 87.6 million gallons per day (31.8 billion gallons per year). Fiscal Year 2025 also saw the restoration of the reclaimed water system at the Mallard Creek Water Resource Recovery Facility. A cross-functional team supported the restart of the system, which offers a sustainable alternative for irrigation and institutional cooling needs while conserving potable water.

CLTWater protects its collection system and the environment by regulating more than 50 significant industrial users and inspecting more than 5,200 food service establishments annually. In Fiscal Year 2025, CLTWater's nationally accredited environmental laboratory collected and analyzed more than 183,000 samples from all process phases.

CLTWater also dedicates significant resources to emergency management, physical security, and cybersecurity. This investment supports resilient operations within CLTWater and provides for mutual aid to other water/sewer providers in the Carolinas and beyond. In September 2024, historic rainfall and flooding impacts from Hurricane Helene inflicted catastrophic damage across western North Carolina. After ensuring continuity of local service delivery, CLTWater deployed dozens of water professionals to support recovery efforts in hard hit areas including Asheville, North Carolina.

Balancing operational excellence with affordability is critical to fulfilling the utility's mission and vision. CLTWater rates and affordability compare favorably to other large urban utilities.

Charlotte Water Infrastructure and Facilities

In 1899, the City of Charlotte bought The Charlotte Water Works Company for \$226,400. At that time, the system had 76 hydrants and a pumping capacity of one million gallons per day. In 1972, consolidation agreements across seven jurisdictions created the foundation for the regional utility that became Charlotte Water (CLTWater). Further agreements undergird service delivery to parts of five counties in North Carolina and two counties in South Carolina. Through economies of scale and the benefits of innovative investment, regionalization has resulted in lower total cost of service for partner jurisdictions, support for regional economic development, and improved environmental outcomes for the region.

Today, in addition to the infrastructure referenced in the above Operations section, CLTWater owns and operates 18 staffed facilities including three water treatment plants, six wastewater treatment plants, four field operations facilities, and facilities to support administrative, engineering, customer service, and laboratory services functions. Other significant infrastructure includes 13 elevated water towers, 17 finished water storage and booster pump stations, two water intakes, two raw water reservoirs, and more than 300 distribution system sampling stations.

Across its three water treatment plants, CLTWater has potable treatment capacity of 242 million gallons per day. Permitted wastewater treatment is currently 123.1 million gallons per day with an additional 15 million gallons per day of treatment capacity coming online in 2027 through the Stowe Regional Water Resource Recovery Facility.

CLTWater supports the City of Charlotte's Strategic Energy Action Plan goals through multiple infrastructure investments. The McAlpine Creek Water Resource Recovery Facility (WRRF) currently operates a combined heat and power system that provides power for the plant and supplies much of the heating necessary to sustain plant treatment operations. McAlpine Creek WRRF also is the central site for the utility's biosolids management operations that supplied approximately 73,000 wet tons of biosolids for regional land application. Future investment at McAlpine Creek WRRF will result in renewable natural gas being available to the grid, Class "A" biosolids for broader application, and phosphorus pellets generated through nutrient harvesting. Other CLTWater facilities have solar generation capacity and support fleet electrification with installed charging infrastructure.

Complementing these operational initiatives, CLTWater advances sustainable water reuse through its highly treated reclaimed water program, known as QC Water, which supports both utility operations and public understanding of the water reuse process. Demonstration initiatives such as Renew Brew and reclaimed-water-based Crown Bucha, provide tangible examples of how advanced treatment technologies can support a circular economy while maintaining public health and safety.

At the intersection of federal regulatory requirements and infrastructure management, CLTWater leveraged a combination of field collected data, historical records, and predictive modeling to develop an inventory of private water service line materials. CLTWater is setting a high bar in the industry through its unique communication approach and its data-driven decision support model. CLTWater has made significant steps towards compliance with the EPA's Lead and Copper Rule Revisions (LCRR).

Financial Policies

As a department of the City of Charlotte, Charlotte Water (CLTWater) upholds a legacy of adherence to sound fiscal policies and responsible financial practices. These policies guide the management of financial resources, implemented at the departmental level with internal controls and oversight of business operations. CLTWater also complies with statutory requirements governing operations, administration, and rate setting. A structurally balanced budget is adopted by City Council to achieve long-term financial stability. CLTWater consults the seven-member CLTWater Advisory Committee for expert guidance and recommendations on capital improvement programs for water and sewer facilities and changes to such programs; proposed changes in the method for determining water and sewer charges; and proposed changes in policy for extending water and sewer services.

MANAGEMENT’S FINANCIAL TARGETS & ACTUAL RESULTS

	FY 2025 Targets	FY 2025 Actual Results
Debt Service Coverage-Bond Ordinance (Including surplus fund)	≥2.00x	2.80x
Liquidity – Days Cash on Hand ¹	≥250 Days	593 Days
PAYGO as a percentage of total CIP	≥40%	35.4%

NOTE: ¹ Reconciliation of cash balance, Non-GAAP

Rating Agency Actions

In FY 2025, Charlotte Water maintained an Aaa rating with a Stable outlook from Moody’s Investors Service and the equivalent AAA rating with a Stable outlook from S&P Global Ratings.

In connection with the issuance of the 2025 water and sewer system refunding revenue bonds, both Moody’s and S&P Global Ratings affirmed these ratings.

Aaa (Stable)

Moody’s
Investors
Service

AAA (Stable)

S&P Global
Ratings

Major Initiatives

WATER AND SEWER PROJECTS

PROJECT DESCRIPTION

STATUS

Little Sugar Creek Sanitary Sewer Improvements	Parallel sewer installation; collaborative effort between Charlotte Water, Storm Water, and Atrium Pearl Medical School Campus	Construction Complete December 2024
Clarke Creek Pump Station and Force Main	Construct new pump station with 2.5 million gallons per day capacity, 22,000 feet of 16” force main and 7,000 feet of 18” gravity sewer, and rehabilitation of components at McDowell WWTP to increase resiliency and redundancy	Construction Complete December 2024
Sunset Elevated Storage Tank	Construct 2-million-gallon capacity storage tank to ensure adequate storage, consistent water pressure, fire flows, and water quality for the community	Construction Complete January 2026
Mallard Creek Water Reclamation Facility Phase I Expansion	Expansion of the plant from 13.1 million gallons per day (MGD) to 16 MGD to serve the University/Northeast Mecklenburg area	Construction Underway Estimated Completion: Fall 2026
Stowe Regional Water Resource Recovery Facility	Construction of a new regional water resource recovery facility to serve the community	Construction Underway Estimated Completion: Fall 2027
Franklin Water Treatment Plant Water Quality Improvement	Construction of the water treatment plant phosphate, PAC, and fluoride systems, including improvements to clearwells and related appurtenances to update and increase efficiency	Construction Underway Estimated Completion: June 2026



The Region's Economy

As one of the fastest-growing economic centers in the United States, the City of Charlotte is the center of Charlotte Water's regional growth.

1,206,285 People
Estimated 2024 population
of Mecklenburg County

Ranked 21st
among U.S. regions for
total Gross Domestic
Product (GDP) output,
accounting for nearly 32%
of the Carolinas' total GDP.

7 Companies
in the Charlotte metro area
are ranked in the Fortune
500—with an additional 19
companies in the Fortune
1000, according to Fortune
Magazine's 2025 rankings.

24,200 Jobs
(non-farm) added between
2023 and 2024, growing the
economy by 1.8%. The added
jobs represent about 32.6%
of the state's total job gain
between the two years.

State Ranked 1st
in the nation for business,
according to CNBC's 2025
study—home to major financial
institutions including Bank of
America, the country's second-
largest banking center, and
Truist Financial, the eighth-
largest. Charlotte's strength
as a financial headquarters is
foundational to the region's
economic success.

157 people
moving to the region every
day—most in their prime
working years—making it one
of the fastest-growing areas
in the country. A robust talent
pipeline, strengthened by
nationally renowned universities,
colleges, and community
colleges, ensures access to a
skilled workforce ready to drive
innovation and growth.

The Charlotte region is strategically located between major ports and inland cities, providing ideal transportation networks for distribution and logistics. Key transportation assets include Charlotte Douglas International Airport; four interstate highways (I-85, I-77, I-485, and I-40); an inland terminal; and two intermodal facilities. Charlotte is also the center of the country's largest consolidated rail system, Norfolk Southern Railway and CSX Transportation.

Charlotte is a major tourism destination with attractions such as the U.S. National Whitewater Center—the world's largest artificial whitewater river and a U.S. Olympic training site—the NASCAR Hall of Fame, and numerous art, culture, and science museums. Professional sports teams, including the Carolina Panthers (NFL), Charlotte Knights (MiLB), Charlotte Checkers (AHL), Charlotte Hornets (NBA), Charlotte Football Club (MLS), and Carolina Ascent FC (women's professional soccer), further draw visitors.

Economic Impact

CHARLOTTE WATER IS A MAJOR ECONOMIC DRIVER FOR THE CHARLOTTE REGION.

According to a November 2025 economic analysis by Raftelis Financial Consultants, Inc.:

\$1M invested → \$22M growth

For every \$1 million Charlotte Water invests,
\$22 million in growth is created

8,125 jobs

created as a result of O&M and capital spending in FY 2024

280,000 jobs

created in water-dependent industries

\$12.9 Billion

generated by Charlotte Water spending (last 10 years)

\$51.4 Billion

contributed by water-dependent industries

Accolades

2024 National Association of Clean Water - Platinum Peak Performance Award

In recognition for 100 percent compliance with permits over a consecutive five-year period for Mallard Creek, McDowell Creek, McAlpine Creek, Ashe Plantation, and Irwin Creek wastewater treatment plants

2024 National Association of Clean Water - Gold Peak Performance Award

In recognition of no permit violations for the entire calendar year for Sugar Creek Wastewater Treatment Plant

Water Environment Federation - Utility of the Future Today

Honoree for partnering and engagement

American Water Works Association Partnership Program - 20-year Directors Award

Recognized for Charlotte Water's distribution system acknowledging the sustained high performance and commitment to delivering safe, high-quality drinking water to its customers

Design-Build Institute of America (DBIA) Southeast - Design Build Award

Recognized for second place for McAlpine wastewater management reliability and process improvements

GOVies - Outstanding Work-Team

Recognized for the support and work Charlotte Water staff provided to western North Carolina due to Hurricane Helene relief efforts

Acknowledgements

We hope you find this report informative and valuable. The management philosophy of Charlotte Water is rooted upon principles of prudent financial stewardship and an unwavering commitment to environmental excellence. We extend our deepest gratitude and appreciation to the dedicated team members that work diligently to provide support to water and sewer operations, as well as those who contributed to the development of this report.

Sincerely,



Angela D. Charles
Charlotte Water Department
Chief Executive Officer
Charlotte Water



Matthew Hastedt
Chief Financial Officer
City of Charlotte





Financial Section

- 23 Report of the Independent Auditor
- 25 Management's Discussion & Analysis
- 34 Basic Financial Statements
- 80 Required Supplementary Information

The Financial Section contains audited information about the Charlotte Water Enterprise Fund.



Report of Independent Auditor

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

Opinion

We have audited the accompanying financial statements of Charlotte Water, an enterprise fund of the City of Charlotte, North Carolina (the “City”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

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, 2025 and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of 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, 2025, the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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 and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Cherry Bekaert LLP

Charlotte, North Carolina
February 26, 2026

Management's Discussion & Analysis



Management's Discussion & Analysis

Management's Discussion & Analysis (MD&A) provides a narrative introduction, overview, and analysis of the financial activities 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, 2025. This MD&A should be read in conjunction with the Financial Statements and Notes that follow.

Financial Highlights

Fiscal Year 2025

- Total net position of the Charlotte Water Enterprise Fund on June 30, 2025 was \$3,579.3 million; 11.2 percent or \$399.4 million of that total was unrestricted. The net position increased by \$221 million (6.6 percent) from the net position on June 30, 2024.
- Operating revenues were \$616.5 million in FY 2025, an increase of \$45 million (7.9 percent) compared to FY 2024, which was due to an average rate increase along with an increase in the customer base and billed charges.
- Total operating expenses increased by \$39.5 million to \$463.5 million in FY 2025. This was primarily due to increased personnel costs, commodities prices, utility service provider rate increases, increased utilization of contracted services for collections/distributions system repairs and increased depreciation expense.
- Non-operating net expenses increased by \$2.6 million to \$63.7 million. This was primarily due to a \$13.9 million increase in interest expense and other charges to issue offset by a \$7.8 million increase in investment earnings.
- Capital contributions increased by \$8.1 million to \$134.9 million in FY 2025. These contributions consisted of donated water and sewer system construction.
- During the year, the City implemented GASB Statement 101, Compensated Absences. The implementation of the standard establishes updated guidance for accounting and financial reporting of compensated absences, such as vacation, sick leave, and paid time off.

Overview of 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 43 through 78.

Charlotte Water (CLTWater) 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 CLTWater's activities are included on the Statement of Net Position. CLTWater'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 CLTWater's Net Position as of June 30:

NET POSITION (In thousands)

	<u>2025</u>	<u>2024</u>
ASSETS		
Current and other assets	\$ 546,440	\$ 519,451
Capital assets, net	5,767,347	5,470,078
TOTAL ASSETS	6,313,787	5,989,529
DEFERRED OUTFLOWS OF RESOURCES	40,065	47,377
LIABILITIES		
Current liabilities	226,873	246,494
Noncurrent liabilities	2,520,170	2,399,892
TOTAL LIABILITIES	2,747,043	2,646,386
DEFERRED INFLOWS OF RESOURCES	27,544	30,686
NET POSITION		
Net investment of capital assets	3,152,062	2,958,568
Restricted	27,817	25,221
Unrestricted	399,386	376,045
TOTAL NET POSITION	\$ 3,579,265	\$ 3,359,834

The analysis below explains the Net Position.

Fiscal Year 2025 Compared to Fiscal Year 2024

Total assets increased by \$324.3 million or 5.4 percent in FY 2025 compared to FY 2024. The increase was primarily due to capitalization of donated assets and capital projects, such as Stowe WRRF Improvements, Mallard Creek WRRF Expansion and Improvements, Clarke Creek Basin Pump Station and Force Main, and Major Water Main Replacement and Rehabilitation. Additionally, cash increased as a result of reimbursement of construction expenses from debt proceeds.

Total liabilities increased by \$100.7 million or 3.8 percent in FY 2025 compared to FY 2024. This increase was primarily attributable to revenue bond anticipation notes to be used for financing construction and maintenance projects for the water and sewer system.

Total net position increased by \$221 million in FY 2025 or 6.6 percent compared to FY 2024. As of June 30, 2025, \$3.2 billion was invested in capital assets, \$27.8 million was restricted for OPEB, while \$399.4 million was unrestricted and available for short-term operational needs.



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

CHANGES IN NET POSITION (In thousands)

	2025	2024
Operating Revenues	\$ 616,523	\$ 571,493
Operating Expenses	463,502	424,011
OPERATING INCOME	153,021	147,482
Nonoperating revenues (expenses)		
Investment earnings	16,905	9,153
Interest expense and other charges	(85,245)	(71,305)
Miscellaneous	4,670	1,105
TOTAL NONOPERATING REVENUES (EXPENSES)	(63,670)	(61,047)
Income before contributions	89,351	86,435
Capital contributions	134,914	126,838
Transfers out	(3,296)	(3,425)
CHANGES IN NET POSITION	220,969	209,848
TOTAL NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED	3,359,834	3,149,986
Change in Accounting Principle	(1,538)	-
TOTAL NET POSITION - BEGINNING, RESTATED	3,358,296	3,149,986
TOTAL NET POSITION - ENDING	\$ 3,579,265	\$ 3,359,834

Charlotte Water's (CLTWater) Changes in Net Position provides information concerning what contributed to the net changes reported in the Statement of Net Position. Several financial factors positively and negatively impacted the increase in Net Position highlighted below. CLTWater's operating revenues were \$616.52 million in FY 2025, an increase of \$45.0 million or 7.9 percent compared to FY 2024. This was due to an average rate increase of 5.75 percent for an average customer effective July 1, 2024, and an increase in our customer base and billed charges. Operating expenses increased by \$39.5 million or 9.3 percent, to \$463.50 million in FY 2025. This was primarily due to increased commodities prices, utility service provided rate increases, increased utilization of contracted services for collections/distributions system repairs.

The following table highlights CLTWater's operating expenses for fiscal years 2025 and 2024:

OPERATING EXPENSES (In thousands)

	<u>2025</u>	<u>2024</u>
Administration	\$ 57,108	\$ 46,505
Operations and maintenance	195,794	181,609
Other	1,990	1,937
Amortization	1,759	1,301
Depreciation	206,851	192,659
TOTAL OPERATING EXPENSES	<u>\$ 463,502</u>	<u>\$ 424,011</u>

Capital Assets

Charlotte Water's net capital assets were \$5,767.3 million in FY 2025 and \$5,470.1 million in FY 2024. The following is a summary of capital assets at June 30, 2025 and 2024:

CAPITAL ASSETS (In thousands)

	<u>2025</u>	<u>2024</u>
Land	\$ 72,946	\$ 69,440
Construction in progress	38,215	33,720
Buildings	112,592	105,651
Water and sewer system	8,207,502	7,747,175
Intangibles	77,958	63,935
Machinery and equipment	108,668	96,589
Right to use land	47	47
Right to use machinery and equipment	4,219	4,219
Right to use SBITAs	5,293	4,599
TOTAL CAPITAL ASSETS	<u>8,627,440</u>	<u>8,125,375</u>
Less accumulated depreciation	2,856,326	2,653,064
Less accumulated right to use lease asset amortization	1,062	583
Less accumulated right to use SBITA asset amortization	2,705	1,650
	<u>\$ 5,767,347</u>	<u>\$ 5,470,078</u>

Significant Capital Asset Additions During FY 2025

- New Services Installation Water and Sewer - \$15.1 million
- Mallard Creek WRRF Expansion and Improvement - \$22 million
- Stowe Regional WRRF - \$150.5 million
- Franklin Water Treatment Plant - Water Quality Improvement - \$19.7 million
- Donated Water and Sewer Systems - \$132.3 million

Debt Administration

CITY OF CHARLOTTE, NORTH CAROLINA CHARLOTTE WATER WATER AND SEWER REVENUE BONDS

At June 30, 2025, Charlotte Water's (CLTWater) outstanding bonds and loans debt totaled \$2,294.4 million net of applicable premiums, which includes revenue bonds: \$1,879,420; installment purchases: \$14,621; revenue bond anticipation notes: \$301,506; State revolving loans: \$93,655; lease liabilities: \$3,260; and SBITA liabilities: \$1,958 as referenced in Schedule 13 on page 128.

CLTWater's credit ratings for its bonds were AAA by Standard & Poor's and Aaa by Moody's Investors Service. These ratings reflect CLTWater's strong fiscal policy and standards. CLTWater 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 2.1 for FY 2025 compared to 2.1 for FY 2024. Additional information on CLTWater's long-term debt can be found in Note 5 in the Notes to the Financial Statements. For more information regarding the BANs, please refer to Note 5 in the Notes to the Financial Statements.

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, and Union County, North Carolina, on an as-needed basis.
- Charlotte Water's budget is \$275.4 million, a 10.5 percent increase over 2025, and includes an increase of \$15.4 million to update funding to more accurately reflect operational needs in contracted services, maintenance materials and supplies, chemicals for treatment, and energy utilities.

Requests for Financial Information

This annual financial report is designated 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 prior Charlotte Water financial reports or other City financial information, please visit the City of Charlotte's Finance Department Website at charlottenc.gov/City-Government/Departments/Finance/Publications.

Basic Financial Statements

- 35 Statement of Net Position
- 39 Statement of Revenues, Expenses, and Changes in Net Position
- 41 Statement of Cash Flows
- 43 Notes to the Financial Statements

The Financial Section contains audited information about the Charlotte Water Enterprise Fund.



**STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**
Dollar Amount in Thousands

ASSETS

Current Assets:

Cash, cash equivalents and investments	\$	414,244
Receivables, net of allowance for uncollectables		(11,516)
Accounts		62,609
Lease receivable		295
Other		3,937

TOTAL RECEIVABLES	66,841
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Due from other governmental agencies	25,510
Due from other funds	307
Prepaid items	46
Inventories	3,276
Restricted assets	
Cash and cash equivalents	70
Investments	5,981

TOTAL CURRENT ASSETS	516,275
-----------------------------	----------------

Noncurrent Assets:

Lease receivable	\$	2,348
Net OPEB asset		27,817
Capital assets		
Land		72,946
Buildings		112,592
Improvements other than buildings		
Water and sewer systems intangibles		8,207,502

TOTAL IMPROVEMENTS OTHER THAN BUILDINGS	8,207,502
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Intangibles	77,958
Machinery and equipment	108,668
Construction in progress	38,215
Right to use lease assets	4,266
Right to use SBITA assets	5,293

TOTAL CAPITAL ASSETS	8,627,440
-----------------------------	------------------

**STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**
Dollar Amount in Thousands

Continued

Less accumulated depreciation	2,856,326
Less accumulated right to use lease asset amortization	1,062
Less accumulated right to use SBITA amortization	2,705
TOTAL CAPITAL ASSETS, NET	5,767,347
TOTAL NONCURRENT ASSETS	5,797,512
TOTAL ASSETS	6,313,787

DEFERRED OUTFLOWS OF RESOURCES:

Pension deferrals	16,955
OPEB deferrals	752
Contributions to pension plan subsequent to measurement date	11,140
Loss on refundings	9,233
Bond refunding charges	1,985
TOTAL DEFERRED OUTFLOWS OF RESOURCES	40,065

LIABILITIES:

Current liabilities:

Accounts payable	\$	43,515
Deposits and retainage payable		26,052
Accrued interest payable		44,598
Unearned revenues		16,064
Current maturities of noncurrent liabilities		95,842
Current liabilities payable from restricted assets		
Accounts payable		802
TOTAL CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		802
TOTAL CURRENT LIABILITIES		226,873

Noncurrent liabilities:

Revenue bonds payable - net of unamortized premium	2,056,011
Revenue bond anticipation notes payable	301,506
Installment purchases - net of unamortized premium	9,895
State revolving loan payable	88,264
Refundable water and sewer construction deposits	1,334

**STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**
Dollar Amount in Thousands

Continued

Lease payable	2,842
SBITA payable	830
Compensated absences payable	5,005
Net pension liability	54,483
TOTAL NONCURRENT LIABILITIES	2,520,170
TOTAL LIABILITIES	2,747,043
DEFERRED INFLOWS OF RESOURCES:	
Leases	2,436
Pension deferrals	1,081
OPEB deferrals	3,551
Gain of refundings	20,476
TOTAL DEFERRED INFLOWS OF RESOURCES	27,544
NET POSITION:	
Net investment in capital assets	3,152,062
Restricted for:	
Net OPEB asset	27,817
Unrestricted	399,386
TOTAL NET POSITION	\$ 3,579,265

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

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STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2025

Dollar Amount in Thousands

OPERATING REVENUES:

Charges for services	\$ 473,223
Availability fees	60,398
System development fees	76,607
Miscellaneous	6,295
TOTAL OPERATING REVENUES	616,523

OPERATING EXPENSES:

Administration	57,108
Operations and maintenance	195,794
Other	1,990
Right to use lease amortization	479
Right to use SBITA amortization	1,280
Depreciation	206,851
TOTAL OPERATING EXPENSES	463,502
OPERATING INCOME	153,021

NONOPERATING REVENUES (EXPENSES):

Investment earnings	16,905
Interest expense and other charges	(85,245)
Miscellaneous	4,670
TOTAL NONOPERATING REVENUES (EXPENSES)	(63,670)
Income before contributions and transfers	89,351

CAPITAL CONTRIBUTIONS

134,914

TRANSFERS OUT

(3,296)

Change in net position

220,969

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Dollar Amount in Thousands

Continued

TOTAL NET POSITION-BEGINNING, AS PREVIOUSLY REPORTED	3,359,834
CHANGE IN ACCOUNTING PRINCIPLE	<u>(1,538)</u>
TOTAL NET POSITION-BEGINNING, RESTATED	<u>3,358,296</u>
TOTAL NET POSITION-ENDING	<u><u>\$ 3,579,265</u></u>

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

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
Dollar Amount in Thousands

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers	\$ 614,439
Payments to suppliers	(154,992)
Payments to other City funds	(44,318)
Payments to employees	(76,983)
Other receipts (payments)	22,750
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>360,896</u>

CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:

Transfers	(3,296)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(3,296)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	207,970
Acquisition and construction of capital assets	(403,759)
Lease expenses	(432)
SBITA expenses	(1,380)
Principal paid on capital debt	(82,287)
Interest and other charges paid on capital debt	(84,284)
Capital contributions	9,850
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(354,322)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(446)
Proceeds from sale and maturities of investments	10,635
Interest received	15,769
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>25,958</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND INVESTMENTS	29,236

CASH, CASH EQUIVALENTS AND INVESTMENTS - BEGINNING OF YEAR

385,078

CASH, CASH EQUIVALENTS AND INVESTMENTS - END OF YEAR

\$ 414,314

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

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025
Dollar Amount in Thousands

Continued

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH

PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	\$ 153,021
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	206,851
Amortization	1,759
Other receipts	22,750
Changes in assets and liabilities-	
(Increase) in receivables	(1,940)
(Increase) decrease in due from other governmental agencies	(2,236)
(Increase) decrease in inventories	(244)
(Increase) decrease in prepaid items	(46)
Decrease in deferred outflows of resources for pensions	4,688
(Increase) in net OPEB asset	(2,596)
Decrease in deferred outflows of resources for OPEB	1,387
(Decrease) in accounts payable	(22,468)
(Decrease) in deposits and retainage payable	(144)
Increase in net pension liability	276
(Decrease) in deferred inflows of resources for pensions	(184)
(Decrease) in deferred inflows of resources for OPEB	(1,099)
Increase in compensated absences payable	1,121
TOTAL ADJUSTMENTS	207,875
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 360,896

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Donated assets	\$ 131,675
Acquisition of capital assets through SBITAs	(694)
NET NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	\$ 130,981

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

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The accompanying financial statements present only the activities of Charlotte Water, an enterprise fund of the City of Charlotte, 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 (CLTWater) 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 CLTWater's activities are included on the Statement of Net Position. CLTWater'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 (CLTWater) 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 CLTWater 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, CLTWater's portion of pooled cash is considered cash and cash equivalents. The restricted cash includes cash equivalents/investments 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.

Deposits

As of June 30, 2025, the carrying amount of bank deposits was \$21,472 included in the City's pooled cash account. All deposits of the City are made in board-designated official depositories and are secured as required by state statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest bearing deposits and the actual current balance for interest-bearing deposits.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

Investments

State statute 159-30 authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than six months.

The North Carolina Cooperative Liquid Assets Securities System (NC CLASS) and North Carolina Investment Pool (NCIP) are investment pools created by an interlocal agreement and an indenture of trust pursuant to N.C.G.S.

Section 159-30(C)(10)

Funds of the participants are invested in high-quality, short-term fixed income instruments and are rated 'AAA' by S&P Global Ratings. These investments are measured at amortized cost (net asset value), which approximates fair value. Because the pools have a weighted average maturity of no more than 60 days, they are presented as investments with a maturity of less than six months. The City is not authorized to enter into reverse repurchase agreements. The investments of Charlotte Water at June 30, 2025, stated at fair value, were \$398,823. Of this amount, \$5,981 were restricted.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

2025 INVESTMENT MATURITIES (IN YEARS)

INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1-3	MORE THAN 3
U.S. Treasuries	\$ 93,498	\$ 69,760	\$ 23,738	\$ -
U.S. Agencies	271,245	184,420	72,808	14,018
Commercial Paper	3,222	3,222	-	-
Mutual Funds	-	N/A	N/A	N/A
NCMMT Government Portfolio	27,931	N/A	N/A	N/A
NCIP	1,463	N/A	N/A	N/A
NC Class	1,464	N/A	N/A	N/A
TOTAL	\$ 398,823	\$ 257,402	\$ 96,546	\$ 14,018

The investments and maturities were as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2025:

INVESTMENTS BY FAIR VALUE	JUNE 30, 2025	MEASUREMENTS USING QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	MEASUREMENTS USING QUOTED PRICES IN ACTIVE MARKETS FOR SIMILAR ASSETS (LEVEL 2)
Debt Securities			
U.S. Treasuries	\$ 93,498	\$ 93,498	\$ -
U.S. Agencies	271,245	-	271,245
Commercial Paper	3,222	-	3,222
Mutual Funds	-	-	-
TOTAL INVESTMENTS BY FAIR VALUE LEVEL	\$ 367,965	\$ 93,498	\$ 298,205

CATEGORY	INVESTMENTS MEASURED AS NAV	UNFUNDED COMMITMENT	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
NCCMT Government Portfolio	\$ 27,931	\$ -	Daily	N/A
NCIP	1,463	-	Daily	N/A
NC Class	1,464	-	Daily	N/A
	30,858	-		
	\$ 398,823	\$ -		

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices. Investments in NC Class, NCIP, and the NCCMT Government Portfolio are reported at amortized cost (NAV), which approximates fair value.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy structures the investment portfolio so security maturities match cash flow requirements for ongoing operations, avoiding the need to sell securities on the open market prior to maturity. Also, the City's investment policy requires the investment of operating funds primarily in shorter-term securities (0-5 years), money market mutual funds, or similar investment pools.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Concentration of Credit Risk

The City's investment policy limits the amount of commercial paper or bankers' acceptances to a maximum of 25 percent of the portfolio. For commercial paper, a maximum of \$20 million may be invested in any one issuer. For bankers' acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

Credit Risk

The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2025, Charlotte Water's (CLTWater) investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. CLTWater's investments in the NCCMT Government Portfolio carried a credit rating of AAA by S&P as of June 30, 2025. CLTWater's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2025, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing purchased securities be delivered to a third-party safekeeping bank designated by the City.

D. ACCOUNTS RECEIVABLE

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. LEASE RECEIVABLES

The City's lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is recognized on a straight-line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

F. INVENTORY

Inventories are valued at cost (first-in, first-out), which approximates market. Inventories consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

G. CAPITAL ASSETS

Donated capital assets are recorded at acquisition value. All other purchased or constructed assets are reported at cost or estimated historical cost. General infrastructure assets are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Capital assets are assets with an initial, individual cost of \$5 or more, except intangible assets and subscription-based information technology arrangements which have a minimum cost of \$100. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings	20-50 years
Water and Sewer Systems	5-40 years
Intangibles	5-20 years
Machinery and Equipment	3-40 years

The right to use lease assets are initially measured at an amount equal to the present value of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease. The right to use Subscription-Based Information Technology Arrangement (SBITA) assets are initially measured at an amount equal to the initial investment of the SBITA liability plus any SBITA payments made at the start of the SBITA term, if applicable, plus capitalizable initial implementation costs at the start of the SBITA term, less any incentives received from the SBITA vendor at the start of the SBITA term. The right to use SBITA assets are amortized on a straight-line basis over the SBITA term.

H. DEFERRED OUTFLOWS AND DEFERRED 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 asset that applies to a future period and so will not be recognized as an expense until then.

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 assets that applies to a future period and so will not be recognized as revenue until then.

NOTES TO THE FINANCIAL STATEMENTS**June 30, 2025****Dollar Amount in Thousands***Continued***I. NONCURRENT LIABILITIES**

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

J. COMPENSATED ABSENCES

For the year ended June 30, 2025, the financial statements include the adoption of GASB Statement 101, compensated absences. Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum 20 to 40 days, depending on length of service. Effective January 1, 2016, vacation in excess of the maximum accumulation is transferred into the employee's well-being leave balance. Unused vacation days are payable upon termination, resignation, retirement or death. A liability is accrued for earned leave that carries over and is more likely than not to be used or paid out. The City used the last-in, first-out (LIFO) flow assumption method to calculate the liability for compensated absences.

Employees accumulate well-being leave at the rate of one day per month and can accrue an unlimited number of days. Well-being leave can be taken for the physical or mental health care of the employee or family member.

Well-being leave is lost upon termination or resignation, unless the employee retires and immediately begins drawing a retirement benefit. Employees may be paid 20 percent of outstanding well-being leave, with a maximum of 43.5 days, upon retirement or death. Compensated absences payable includes accumulated unpaid vacation leave and well-being leave. Charlotte Water's beginning net position has been restated in fiscal year 2025 due to the implementation of GASB 101.

K. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

L. REVENUES

Rates and charges

The City Council adopts the rate methodology that determines the annual water and 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 in 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. Revenue is recognized upon collection.

M. 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/

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

deductions from LGER's 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.

N. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

During the fiscal year, the City adopted the provisions of GASB Statement No. 101, Compensated Absences, which supersedes the previous standard, GASB 16. This new standard requires a liability to be recognized for both: 1) Leave that has not been used which applies to leave attributable to services already rendered, that accumulates and is more likely than not to be used for time off or otherwise paid in cash or non-cash means; and 2) Leave that has been used but not yet paid or settled. In addition, the calculation of the liability for the City incorporates the employee's pay rate and associated salary related costs, such as social security (6.2%), Medicare (1.45%), 401K contribution (3.00%), and law enforcement additional contribution (5.00%). Management determined that the implementation of Statement No. 101 was material and restated the beginning net position as of July 1, 2024. The vacation and well-being leave and compensatory time liability amounts were summed together, and salary-related payments were integrated (at varying points of the calculation) to arrive at a total re-measured FY 24 compensated absence liability for Charlotte Water of \$9,992. This is an increase from the previous FY 24 measurement of \$1,538 under Statement No. 16. Utilizing the same methodology, the FY 25 liability totaled \$11,112.

2. RECEIVABLES

A. LEASE RECEIVABLE

Charlotte Water (CLTWater) leases land, water and sewer systems, and infrastructure capital assets to various third-party tenants doing business in the City of Charlotte. These leases have terms including options to extend between 1 and 99 years, with payments required monthly, semiannually, or annually. In fiscal year 2025, CLTWater recognized \$345 of lease principal revenue and \$41 of interest revenue related to these leases. As of June 30, 2025, CLTWater's lease receivables were valued at \$2,643. The deferred inflow of resources associated with these leases to be recognized as revenue over the remaining terms of the leases is \$2,436.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

The principal and interest requirements to maturity for the lease receivable at June 30, 2025, are as follows:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$ 295	\$ 37	\$ 332
2027	231	34	265
2028	116	31	147
2029	114	30	144
2030	121	28	149
2031-2035	602	111	713
2036-2040	404	71	475
2041-2045	192	50	242
2046-2050	244	34	278
2051-2055	282	13	295
2056-2060	2	3	5
2061-2065	2	3	5
2066-2070	2	3	5
2071-2075	2	3	5
2076-2080	3	2	5
2081-2085	3	2	5
2086-2090	3	2	5
2091-2095	4	1	5
2096-2100	4	1	5
2101-2105	4	1	5
2106-2110	4	1	5
2111-2115	5	1	6
2116-2119	4	-	4
	<u>\$ 2,643</u>	<u>\$ 462</u>	<u>\$ 3,105</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Business-type activities	Beginning Balance	Increase	Decrease	Ending Balance
<i>Water and Sewer</i>				
Capital assets not being depreciated				
Land	\$ 69,440	\$ 3,506	\$ -	\$ 72,946
Construction in progress	33,720	24,633	20,138	38,215
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	103,160	28,139	20,138	111,161
Capital assets being depreciated				
Buildings	105,651	6,941	-	112,592
Water and sewer system	7,747,175	460,327	-	8,207,502
Intangibles	63,935	14,023	-	77,958
Machinery and equipment	96,589	13,835	1,756	108,668
TOTAL CAPITAL ASSETS BEING DEPRECIATED	8,013,350	495,126	1,756	8,506,720
LESS ACCUMULATED DEPRECIATION FOR:				
Buildings	19,562	2,657	-	22,219
Water and sewer system	2,545,250	194,945	-	2,740,195
Intangibles	26,679	1,988	-	28,667
Machinery and equipment	61,573	7,261	3,589	65,245
TOTAL ACCUMULATED DEPRECIATION	2,653,064	206,851	3,589	2,856,326
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	5,360,286	288,275	(1,833)	5,650,394
RIGHT TO USE ASSETS BEING AMORTIZED:				
Land	47	-	-	47
Machinery and equipment	4,219	-	-	4,219
SBITAs	4,599	872	178	5,293

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

TOTAL RIGHT TO USE ASSETS BEING AMORTIZED	8,865	872	178	9,559
LESS ACCUMULATED AMORTIZATION FOR:				
Land	11	5	-	16
Machinery and equipment	572	474	-	1,046
SBITAs	1,650	1,280	225	2,705
TOTAL ACCUMULATED AMORTIZATION	2,233	1,759	225	3,767
WATER AND SEWER RIGHT TO USE ASSETS, NET	6,632	(887)	(47)	5,792
WATER AND SEWER CAPITAL ASSETS, NET	\$ 5,470,078	\$ 315,527	\$ 18,258	\$ 5,767,347

NOTE: Decreases in construction in progress relate to increases in land and other capital assets. Other items not meeting capitalization thresholds are expensed.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

4. INTERFUND TRANSFERS

Charlotte Water transferred \$3,296 to the Capital Projects Fund to fund the Enterprise Business System software.

5. NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2025, follows by type:

	Beginning Balance *Restated	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Plus amortized premiums	-	-	-	-	-
Revenue Bonds	1,950,870	-	71,450	1,879,420	65,990
Plus unamortized premiums	263,859	-	10,639	253,220	10,639
TOTAL BOND PAYABLE	2,214,729	-	82,089	2,132,640	76,629
Direct placement installment purchases	5,659	-	2,238	3,421	2,272
Installment Purchases	14,000	-	2,800	11,200	2,800
Plus unamortized premiums	624	-	139	485	139
TOTAL INSTALLMENT PURCHASES	20,283	-	5,177	15,106	5,211
Direct placement revenue bond anticipation notes	94,086	207,420	-	301,506	-
Direct borrowing state revolving loan	97,966	550	4,851	93,665	5,401

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Refundable construction deposits	2,604	3,574	3,896	2,282	948
Lease liabilities	3,665		405	3,260	418
SBITA liabilities	2,644	884	1,570	1,958	1,128
Compensated absences*	9,992	1,120	-	11,112	6,107
Net pension liability (LGERS) (note 7)	54,207	276	-	54,483	-
TOTAL	\$ 2,498,637	\$ 213,824	\$ 97,988	\$ 2,616,012	\$ 95,842

NOTE: The change in compensated absence liability is presented as a net change. The beginning balance is restated due to the implementation of GASB 101.

A. REVENUE BONDS

The following table summarizes Charlotte Water’s revenue bonds:

PURPOSE	INTEREST RATES	DATE ISSUED	FINAL MATURITY	ORIGINAL ISSUE	BALANCE JUNE 30, 2025
Water and Sewer, Refunding Series 2015	1.00%-5.00%	8/27/2015	2046	\$ 459,585	\$ 221,025
Water and Sewer, Refunding Series 2018	3.00%-5.00%	4/25/2018	2049	409,915	339,730
Water and Sewer, Refunding Series 2019	3.00%-5.00%	9/10/2019	2036	58,750	45,245
Water and Sewer, Refunding Series 2020	2.00%-5.00%	9/24/2020	2051	333,445	292,000
Water and Sewer, Refunding Series 2022A	3.47%-5.00%	9/14/2022	2053	464,680	436,770
Water and Sewer, Refunding Series 2022B	3.45%-3.55%	9/14/2022	2026	13,405	1,650
Water and Sewer, Refunding Series 2024	5.00%	6/26/2024	2055	543,000	543,000
TOTAL					\$ 1,879,420

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. 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 2025 Water and Sewer Fund budgets, revenue bond debt service coverage including surplus fund was at least 2.8 times coverage. 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:

<u>YEAR ENDING JUNE 30</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	\$ 65,990	\$ 85,207
2027	69,615	81,829
2028	73,065	78,262
2029	64,350	74,827
2030	67,595	71,528
2031-2035	391,660	303,247
2036-2040	402,575	208,464
2041-2045	258,050	141,105
2046-2050	270,115	79,131
2051-2055	216,405	23,521
	<u>\$ 1,879,420</u>	<u>\$ 1,147,121</u>

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

B. INSTALLMENT PURCHASES

The following table summarizes Charlotte Water’s installment purchases:

PURPOSE	INTEREST RATES	DATE ISSUED	FINAL MATURITY	ORIGINAL ISSUE	BALANCE JUNE 30, 2025
Equipment, 2022, Direct Placement	1.498%	3/15/2022	2027	10,005	\$ 3,421
Equipment and Facilities, Series 2024	5.000%	4/24/2024	2029	14,000	11,200
TOTAL					\$ 14,621

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. Charlotte Water and 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 ENDING JUNE 30	PRINCIPAL	INTEREST	DIRECT PLACEMENTS	
			PRINCIPAL	INTEREST
2026	\$ 2,800	\$ 490	\$ 2,272	\$ 43
2027	2,800	350	1,149	8
2028	2,800	210	-	-
2029	2,800	70	-	-
	\$ 11,200	\$ 1,120	\$ 3,421	\$ 51

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

C. CHARLOTTE WATER REVENUE BOND ANTICIPATION NOTES

The City of Charlotte 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 \$500,000. 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 26, 2027. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$301,506 outstanding at June 30, 2025. Interest rates are based upon market conditions. Direct placement water revenue bond anticipation note debt service requirements to maturity are as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST
2026	\$ -	\$ 11,642
2027	301,506	11,514
	\$ 301,506	\$ 23,156

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

D. STATE REVOLVING LOAN

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the City was awarded direct borrowing state revolving loans through the North Carolina Department of Environmental Quality. The City utilized loan proceeds to construct wastewater treatment works projects. The maximum loan term is twenty years. As of June 30, 2025, interest rates varied from zero to 1.71 percent.

Debt service requirements to maturity are as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST
2026	\$ 5,401	\$ 1,203
2027	5,401	1,186
2028	5,401	1,116
2029	5,401	1,046
2030	5,401	976
2031-2035	27,005	3,828
2036-2040	26,326	2,074
2041-2045	13,329	438
	\$ 93,665	\$ 11,867

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

*Continued***E. LEASE LIABILITIES**

Charlotte Water (CLTWater) has entered into agreements to lease certain land, machinery, and other equipment. The lease agreements have been recorded at the present value of the future minimum lease payments as of the date of their inception. The terms and conditions for these leases vary and generally contain renewal options for periods ranging from six to ten years. If the City is not reasonably certain to exercise these renewal options, the options are not considered in determining the lease term and associated potential option payments are excluded from the present value calculation of the right-to-use lease asset and the lease liability determination. CLTWater's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. As a result of the leases, the City has recorded the right to use assets with a total net book value of \$3,204. The right to use assets is discussed in more detail in this note. Payments due under the lease contracts include fixed, periodic payments over the lease terms plus, for many of the City's leases, variable and non-lease component payments. For CLTWater's leases, variable lease payments that depend on future performance or usage of the underlying asset and non-lease components are excluded from the measurement of the lease liability and recognized as outflows of resources. In fiscal year 2025 CLTWater recognized \$791 in variable lease payments not previously included in the measurement of the lease liability. As of June 30, 2025, the CLTWater's lease payables were valued at \$3,260.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST
2026	\$ 418	\$ 79
2027	440	72
2028	438	60
2029	292	50
2030	310	42
2031-2033	1,362	76
	\$ 3,260	\$ 379

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

*Continued***F. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)**

Charlotte Water has entered into subscription-based information technology arrangements (SBITAs). The SBITA agreements have been recorded at the present value of the future subscription payments as of the date of their inception. Accordingly, the City's estimated incremental borrowing rates of 2.41 percent to 3.57 percent were used to discount the SBITA payments. As a result of the subscriptions, Charlotte Water has recorded right to use assets with a total net book value of \$2,588. The SBITA liability balance was \$1,958 at June 30, 2025.

YEAR ENDING JUNE 30	PRINCIPAL	INTEREST
2026	\$ 1,128	\$ 59
2027	480	25
2028	285	11
2029	65	2
	\$ 1,958	\$ 97

G. OTHER DEBT INFORMATION

Under an irrevocable letter of credit issued by Truist Bank, the City is entitled to draw an amount sufficient to pay the amount demanded under the sewer construction contract between the City and Classic Neighborhood Development, LLC (the total amount not to exceed \$256). The letter of credit is valid through February 27, 2026 (automatically extended for successive one-year periods, unless Truist Bank notifies the City at least 30 days before the then current expiration date that issuer elects not to extend the expiration date).

In the event of default of any City debt, the City agrees to pay the purchaser on-demand interest on any and all amounts due and owing by the City under the related documents. 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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

6. 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	\$ 40,216
Revenue services	4,102
	<u>\$ 44,318</u>

7. PENSION PLANS AND OTHER BENEFITS

A. LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM

Plan Description. The City of Charlotte, and the 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 (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members—nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The LGERS 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) 707-0500, 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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

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 North Carolina General Statute § 128-30 and may be amended only by the North Carolina General Assembly. Charlotte Water employees are required to contribute 6 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, 2025, was 14.35 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 \$11,140 for the year ended June 30, 2025.

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 4 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 Outflow of Resources and Deferred Inflow of Resources Related to Pensions. At June 30, 2025, Charlotte Water (CLTWater) reported a liability of \$54,483 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024 (measurement date), the City's proportion was 6.202 percent which was a decrease of 0.0788 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, CLTWater recognized a pension expense of \$15,920. At June 30, 2025, CLTWater reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 9,548	\$ 64
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	7,407	-
Changes in proportion and differences between Charlotte Water contributions and proportionate share of contributions	-	1,017
Charlotte Water's contributions subsequent to the measurement date	11,140	-
TOTAL	\$ 28,095	\$ 1,081

\$11,140 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 ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>YEAR ENDING JUNE 30</u>	
2026	\$ 4,653
2027	10,419
2028	1,640
2029	(838)
TOTAL	\$ 15,874

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Actuarial Assumption. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 8.25%, including inflation and productivity factor
Investment rate of return	6.50%, 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, 2023, valuation was based on the results of an actuarial experience study for the period January 1, 2015, through December 31, 2019. Future ad hoc cost of living adjustment amounts is 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, 2024, are summarized in the following table:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

ASSET CLASS	TARGET ALLOCATION	LONG-TERM EXPECTED REAL RATE OF RETURN
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
TOTAL	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 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 2.38 percent. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50 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 of the Net Pension on 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate.

Charlotte Water’s proportionate share of the net pension liability is as follows:

1% DECREASE (5.50%)	DISCOUNT RATE (6.50%)	1% INCREASE (7.50%)
\$ 96,546	\$ 54,483	\$ 19,881

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

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 (ACFR) for the State of North Carolina.

B. OTHER POST-EMPLOYMENT 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, 2024, the EBTP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2,197
Active plan members	<u>2,093</u>
TOTAL	<u><u>4,290</u></u>

Benefits Provided. The EBTP provides 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 \$238 to \$5,898 per retiree.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

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%
10-20 years	51%	0%
20+ years	60%	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 \$10,527 to the plan. Charlotte Water's proportionate share of the employer contribution was \$870.

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.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

INVESTMENTS	
ASSET CLASS	TARGET ALLOCATION
Non-Domestic Equity	18%
Domestic Equity	50%
Non-Domestic Fixed Income	20%
Domestic Fixed Income	12%
TOTAL	100%

Rate of Return. For the year ended June 30, 2025, the annual money market weighted rate of return on investment, net of investment expenses was 14.3 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, 2025, were as follows:

	RATE OF RETURN	
	CITY	CHARLOTTE WATER'S PROPORTIONATE SHARE
Total OPEB liability	\$ 353,087	\$ 18,878
Plan fiduciary net position	180,350	46,695
NET OPEB LIABILITY (ASSET)	\$ 172,737	\$ (27,817)
Plan fiduciary net position as a percentage of the total OPEB liability	51.08%	247.35%

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Actuarial Assumptions. The total OPEB liability of the City was determined on an actuarial valuation as of June 30, 2024, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation		
Real wage growth		2.50%
Wage inflation		0.75%
Salary increases, including wage inflation		3.25%
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 OPEB plan investment expense, including price inflation		7.25%
Municipal Bond Index Rate		
Prior Measurement Date		3.93%
Measurement Date		5.20%
Year FNP is projected to be depleted		
Prior Measurement Date		N/A
Measurement Date		N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation		
Prior Measurement Date		7.25%
Measurement Date		7.25%
Health Care Cost Trends		
Pre-Medicare Medical and Prescription Drug		7.00% for 2024 decreasing to an ultimate rate of 4.50% by 2034
Medicare Medical and Prescription Drug		5.125% for 2024 decreasing to an ultimate rate of 4.50% by 2027

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

Total OPEB liabilities were rolled forward to June 30, 2024, and June 30, 2025, 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, 2025, was 7.25 percent. The projection’s basis was an actuarial valuation performed as of June 30, 2024.

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, 2025, 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 (6.25 percent) or one-percentage-point higher (8.25 percent) than the current rate.

	1% DECREASE (6.25%)	DISCOUNT RATE (7.25%)	1% INCREASE (8.25%)
Net OPEB (asset)	\$ (22,519)	\$ (27,817)	\$ (34,142)

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, 2025 as well as Charlotte Water’s proportionate share of the EBTP asset would be if it were to calculate the healthcare 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)	\$ (34,983)	\$ (27,817)	\$ (21,826)

Changes in Net OPEB Liability (Asset), OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resource Related to OPEB. At June 30, 2025, Charlotte Water’s proportionate share of the EBTP’s reported net OPEB asset was (\$27,817). The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of June 30, 2024. The total OPEB asset was then rolled forward to the measurement date of June 30, 2025, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2025, the components of Charlotte Water’s proportionate share of the net OPEB asset of the EBTP, measured as of June 30, 2025, were as follows:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

	TOTAL OPEB LIABILITY (A)	INCREASE (DECREASE) PLAN FIDUCIARY NET POSITION (B)	NET OPEB ASSET (A) - (B)
Balances at June 30, 2024	\$ 21,206	\$ 46,427	\$ (25,221)
Changes for the year:			
Service cost	247	-	247
Interest	1,417	-	1,417
Difference between expected and actual experience	(3,584)	-	(3,584)
Changes of assumptions or other inputs	508	-	508
Contributions-employers	-	870	(870)
Net investment income	-	4,460	(4,460)
Administrative expense	-	(626)	626
Benefit payments	(916)	(4,436)	3,520
Net change	(2,328)	268	(2,596)
BALANCES AT JUNE 30, 2025	\$ 18,878	\$ 46,695	\$ (27,817)

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 5.28 percent in 2022 to 7.25 percent in 2023. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The impacts of the Affordable Care Act (ACA) and the inflation Reduction Act (IRA) were addressed in this valuation. The impact of the COVID-19 pandemic was considered in the valuation; however, no changes were incorporated at this time due to the level of uncertainty regarding the impact on both plan costs and contribution levels going forward.

For the year ended June 30, 2025, Charlotte Water’s proportionate share of the EBTP’s recognized OPEB income was \$887. At June 30, 2025, 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:

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ -	\$ 1,991
Changes of assumptions or other inputs	752	990
Net difference between projected and actual earnings on plan investment	-	570
TOTAL	\$ 752	\$ 3,551

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 ENDING JUNE 30	
2026	\$ (1,463)
2027	(957)
2028	(254)
2029	(125)
2030	-
Thereafter	-
	\$ (2,798)

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

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	\$	1,331
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Investments:

Mutual funds	179,056
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Total assets:	180,387
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Liabilities:

Accounts payable	37
------------------	----

Due to other funds	-
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Total liabilities	37
-------------------	----

Net position:

NET POSITION RESTRICTED FOR OPEB	\$ 180,350
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NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

*Continued***STATEMENT OF CHANGES IN NET POSITION - OTHER EMPLOYEE BENEFIT TRUST**

Additions:

Contributions		
Employer	\$	10,527
Investment income		
Net appreciation in fair value of investments		23,025
Interest		673
Total investment income		<u>23,698</u>
Investment expense		<u>288</u>
Net investment income		<u>23,410</u>
TOTAL ADDITIONS		<u>33,937</u>

Deductions:

Benefits		10,301
Insurance premiums		6,831
Administration		2,417
Total deductions		<u>19,549</u>
Changes in net position		14,388
Net position - beginning		<u>165,962</u>
Net position - ending	\$	<u>180,350</u>

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 statements.

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.

NOTES TO THE FINANCIAL STATEMENTS**June 30, 2025****Dollar Amount in Thousands***Continued***8. 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 equals 60 percent of salary for up to 26 weeks. Charlotte Water made payments to the EHLIF for the year ended June 30, 2025, in the amount of \$13,085.

B. RISK MANAGEMENT

Charlotte Water (CLWater) 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 \$1,000. Employees who handle funds or have access to inventories are covered under a crime policy of \$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. CLWater 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. CLWater made payments to the RMF for the year ended June 30, 2025, in the amount of \$4,974.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025

Dollar Amount in Thousands

Continued

9. COMMITMENTS AND CONTINGENCIES

Charlotte Water (CLTWater) settled previously reported litigation for \$106 million. On July 3, 2023, CLTWater made its first settlement payment of \$90 million. On July 1, 2024, CLTWater made its second and final settlement payment of \$16 million. CLTWater 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. CLTWater had authorized capital projects at June 30 as follows:

	2025
Project authorization	\$ 5,426,064
Expended	4,875,622
Unexpended	\$ 550,442

Financial resources are available to fund the total amount of unexpended authorizations. CLTWater had construction and other contractual commitments of approximately \$167,479 at June 30, 2025.

10. SUBSEQUENT EVENTS

On July 31, 2025, the City issued \$146,110 in Water and Sewer System Refunding Bonds, Series 2025 to refund \$158,180 of outstanding fixed rate Water and Sewer System Refunding Revenue Bonds, series 2015. The City completed the refunding to reduce the total debt service payments over a period of 15 years by \$12,606 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$9,819.

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Required Supplementary Information

LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM:

81 Proportionate Share of Net Position Liability (Asset) for the City of Charlotte

85 City of Charlotte's Contributions

EMPLOYEE BENEFIT TRUST PLAN:

88 Schedule of Changes in the Net OPEB Liability

91 Schedule of Changes of Total Liability as a Percentage of Covered Payroll

94 Schedule of City Contributions and Investment Returns

CHARLOTTE WATER
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST TEN FISCAL YEARS
Dollar Amount in Thousands

Valuation Date	DECEMBER 31, 2023	DECEMBER 31, 2022	DECEMBER 31, 2021
Measurement Date	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022
Reporting Date	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023
City of Charlotte's proportion of the net pension liability (asset) (%)	6.50%	6.28%	6.47%
City of Charlotte's proportion of the net pension liability (asset) (\$)	\$ 418,136	\$ 416,018	\$ 364,760
Charlotte Water proportion of the net pension liability (asset) (\$)	\$ 54,483	\$ 54,207	\$ 45,814
City of Charlotte's covered payroll	\$ 564,871	\$ 524,305	\$ 476,720
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (%)	74.02%	79.35%	76.51%
Plan fiduciary net position as a percentage of the total pension liability (%) ⁽¹⁾	83.30%	82.49%	81.14%

Continued

Valuation Date	DECEMBER 31, 2020	DECEMBER 31, 2019	DECEMBER 31, 2018
Measurement Date	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019
Reporting Date	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020
City of Charlotte's proportion of the net pension liability (asset) (%)	6.84%	6.48%	6.32%
City of Charlotte's proportion of the net pension liability (asset) (\$)	\$ 104,952	\$ 231,494	\$ 172,606
Charlotte Water proportion of the net pension liability (asset) (\$)	\$ 13,182	\$ 28,728	\$ 21,179
City of Charlotte's covered payroll	\$ 473,265	\$ 454,357	\$ 425,364
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (%)	22.18%	50.95%	40.58%
Plan fiduciary net position as a percentage of the total pension liability (%) ⁽¹⁾	95.51%	88.61%	90.86%

Continued

Valuation Date	DECEMBER 31, 2017	DECEMBER 31, 2016	DECEMBER 31, 2015
Measurement Date	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016
Reporting Date	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
City of Charlotte's proportion of the net pension liability (asset) (%)	6.26%	6.12%	6.05%
City of Charlotte's proportion of the net pension liability (asset) (\$)	\$ 148,334	\$ 93,421	\$ 128,378
Charlotte Water proportion of the net pension liability (asset) (\$)	\$ 18,275	\$ 11,070	\$ 14,961
City of Charlotte's covered payroll	\$ 397,056	\$ 381,739	\$ 350,856
City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (%)	37.36%	24.47%	36.59%
Plan fiduciary net position as a percentage of the total pension liability (%) ⁽¹⁾	91.63%	94.18%	91.47%

Continued

Valuation Date	DECEMBER 31, 2014
Measurement Date	JUNE 30, 2015
Reporting Date	JUNE 30, 2016

City of Charlotte's proportion of the net pension liability (asset) (%)	5.89%
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City of Charlotte's proportion of the net pension liability (asset) (\$)	\$ 26,455
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Charlotte Water proportion of the net pension liability (asset) (\$)	\$ 3,189
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City of Charlotte's covered payroll	\$ 327,094
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City of Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered payroll (%)	8.09%
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Plan fiduciary net position as a percentage of the total pension liability (%) ⁽¹⁾	98.09%
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NOTE:

⁽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.

**CHARLOTTE WATER
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
CITY OF CHARLOTTE'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**
Dollar Amount in Thousands

Reporting Date	2025	2024	2023	2022
City of Charlotte's contractually required contribution	\$ 85,498	\$ 74,398	\$ 64,848	\$ 55,104
City of Charlotte's contributions in relation to the contractually required contribution	85,498	74,398	64,848	55,104
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -
City of Charlotte's covered payroll	\$ 611,747	\$ 564,871	\$ 524,305	\$ 476,720
City of Charlotte's contributions as a percentage of covered payroll (%)	13.98%	13.17%	12.37%	11.56%
Charlotte Water's proportion of contractually required contribution	\$ 11,140	\$ 9,694	\$ 8,145	\$ 6,921
Charlotte Water's proportion of contributions in relation to contractually required contribution	\$ 11,140	\$ 9,694	\$ 8,145	\$ 6,921
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -

Continued

Reporting Date	2021	2020	2019	2018
City of Charlotte's contractually required contribution	\$ 49,054	\$ 41,715	\$ 33,945	\$ 30,712
City of Charlotte's contributions in relation to the contractually required contribution	49,054	41,715	33,945	30,712
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Charlotte's covered payroll	\$ 473,265	\$ 454,357	\$ 425,364	\$ 397,056
City of Charlotte's contributions as a percentage of covered payroll (%)	10.37%	9.18%	7.98%	7.73%
Charlotte Water's proportion of contractually required contribution	\$ 6,088	\$ 5,118	\$ 4,182	\$ 3,639
Charlotte Water's proportion of contributions in relation to contractually required contribution	\$ 6,088	\$ 5,118	\$ 4,182	\$ 3,639
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

Reporting Date	2017	2016
City of Charlotte’s contractually required contribution	\$ 28,613	\$ 23,959
City of Charlotte’s contributions in relation to the contractually required contribution	28,613	23,959
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -
City of Charlotte’s covered payroll	\$ 381,739	\$ 350,856
City of Charlotte’s contributions as a percentage of covered payroll (%)	7.50%	6.83%
Charlotte Water’s proportion of contractually required contribution	\$ 3,335	\$ 2,757
Charlotte Water’s proportion of contributions in relation to contractually required contribution	\$ 3,335	\$ 2,757
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -

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

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

Valuation Date	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>	<u>JUNE 30, 2022</u>
Measurement Date	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>
Reporting Date	<u>JUNE 30, 2025</u>	<u>JUNE 30, 2024</u>	<u>JUNE 30, 2023</u>
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY			
Service cost at end of year	\$ 4,626	\$ 4,480	\$ 8,225
Interest on the total OPEB liability	26,498	25,656	24,078
Difference between expected and actual experience	(44,318)	(1,427)	(31,499)
Changes of assumptions or other inputs	9,508	-	(87,091)
Benefit payments	(17,132)	(17,064)	(14,747)
NET CHANGE IN TOTAL OPEB LIABILITY	\$ (20,818)	\$ 11,645	\$ (101,034)
City of Charlotte's total OPEB liability - beginning	373,906	362,261	463,295
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY-ENDING	\$ 353,088	\$ 373,906	\$ 362,261
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 10,527	\$ 16,227	\$ 15,550
Net investment income	23,410	20,970	18,000
Benefit payments	(17,132)	(17,064)	(14,747)
Additional contributions into the trust	-	-	-
Administrative expense	(2,417)	(2,153)	(2,005)
Other	-	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	14,388	17,980	16,798
Plan fiduciary net position-beginning	165,962	147,982	131,184
Plan fiduciary net position-ending	180,350	165,962	147,982
CITY OF CHARLOTTE'S NET OPEB LIABILITY-ENDING	\$ 172,738	\$ 207,944	\$ 214,279

Continued

Valuation Date	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>	<u>JUNE 30, 2019</u>
Measurement Date	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
Reporting Date	<u>JUNE 30, 2022</u>	<u>JUNE 30, 2021</u>	<u>JUNE 30, 2020</u>
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY			
Service cost at end of year	\$ 4,634	\$ 17,691	\$ 10,615
Interest on the total OPEB liability	25,121	19,173	22,012
Difference between expected and actual experience	(2,333)	(39,053)	3,218
Changes of assumptions or other inputs	103,796	(275,389)	145,782
Benefit payments	(14,537)	(8,819)	(18,016)
NET CHANGE IN TOTAL OPEB LIABILITY	\$ 116,681	\$ (286,397)	\$ 163,611
City of Charlotte's total OPEB liability - beginning	346,614	633,011	469,400
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY - ENDING	\$ 463,295	\$ 346,614	\$ 633,011
PLAN FIDUCIARY NET POSITION			
Contributions-employer	\$ 15,550	\$ 44,303	\$ 19,957
Net investment income	(29,674)	26,988	1,224
Benefit payments	(14,537)	(8,818)	(18,016)
Additional contributions into the trust	-	-	-
Administrative expense	(1,903)	(1,774)	(1,984)
Other	-	-	(41)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(30,564)	60,699	1,140
Plan fiduciary net position-beginning	161,748	101,049	99,909
Plan fiduciary net position-ending	131,184	161,748	101,049
CITY OF CHARLOTTE'S NET OPEB LIABILITY-ENDING	\$ 332,111	\$ 184,866	\$ 531,962

Continued

Valuation Date	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017 ⁽¹⁾</u>	<u>JUNE 30, 2016⁽¹⁾</u>
Measurement Date	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
Reporting Date	<u>JUNE 30, 2019</u>	<u>JUNE 30, 2018</u>	<u>JUNE 30, 2017</u>
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY			
Service cost at end of year	\$ 8,123	\$ 7,545	\$ 7,002
Interest on the total OPEB liability	24,031	24,372	23,432
Difference between expected and actual experience	(106,807)	-	(294)
Changes of assumptions or other inputs	(45,850)	-	-
Benefit payments	(15,592)	(25,143)	(14,639)
NET CHANGE IN TOTAL OPEB LIABILITY	\$ (136,095)	\$ 6,774	\$ 15,501
City of Charlotte's total OPEB liability - beginning	605,495	598,721	583,220
CITY OF CHARLOTTE'S TOTAL OPEB LIABILITY-ENDING	\$ 469,400	\$ 605,495	\$ 598,721
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 21,689	\$ 20,454	\$ 16,361
Net investment income	4,730	5,881	7,532
Benefit payments	(15,592)	(14,782)	(14,639)
Additional contributions into the trust	-	20,325	-
Administrative expense	(223)	(266)	(232)
Other	-	(2,746)	(1,844)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	10,604	28,866	7,178
Plan fiduciary net position-beginning	89,305	60,439	53,261
Plan fiduciary net position-ending	99,909	89,305	60,439
CITY OF CHARLOTTE'S NET OPEB LIABILITY-ENDING	\$ 369,491	\$ 516,190	\$ 538,282

NOTE: Information on this page is for the employer, the City of Charlotte, unless otherwise noted. Valuation dates for 2017 were as of July 1, 2017. This schedule will not present ten years' worth of fiscal information until 2026.

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

	2025	2024	2023
City of Charlotte’s total OPEB Liability	\$ 353,087	\$ 373,906	\$ 362,261
Plan fiduciary net position	180,350	165,962	147,982
CITY OF CHARLOTTE’S NET OPEB LIABILITY	172,737	207,944	214,279
Plan fiduciary net position as a percentage of the total OPEB liability (%)	51.08%	44.39%	40.85%
City of Charlotte’s covered payroll	\$ 202,683	\$ 222,893	\$ 222,893
City of Charlotte’s net OPEB liability as a percentage of covered payroll (%)	85.23%	93.29%	96.14%

Continued

	2022	2021	2020
City of Charlotte's total OPEB Liability	\$ 463,295	\$ 346,614	\$ 633,011
Plan fiduciary net position	131,184	161,748	101,049
CITY OF CHARLOTTE'S NET OPEB LIABILITY	332,111	184,866	531,962
Plan fiduciary net position as a percentage of the total OPEB liability (%)	28.32%	46.67%	15.96%
City of Charlotte's covered payroll	\$ 222,802	\$ 240,688	\$ 252,834
City of Charlotte's net OPEB liability as a percentage of covered payroll (%)	149.06%	76.81%	210.40%

Continued

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City of Charlotte's total OPEB Liability	\$ 469,400	\$ 605,495	\$ 598,721
Plan fiduciary net position	99,909	89,305	60,439
CITY OF CHARLOTTE'S NET OPEB LIABILITY	<u>369,491</u>	<u>516,190</u>	<u>538,282</u>
Plan fiduciary net position as a percentage of the total OPEB liability (%)	21.28%	14.75%	10.09%
City of Charlotte's covered payroll	\$ 252,834	\$ 402,489	\$ 402,489
City of Charlotte's net OPEB liability as a percentage of covered payroll (%)	146.14%	128.25%	133.74%

NOTE: 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 NINE FISCAL YEARS
Dollar Amount in Thousands**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Actuarially determined contribution	\$ 23,706	\$ 23,706	\$ 24,483
Contributions in relation to actuarially determined contribution	10,527	16,227	15,550
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 13,179</u>	<u>\$ 7,479</u>	<u>\$ 8,933</u>
 City of Charlotte's covered payroll	 \$ 202,683	 \$ 222,893	 \$ 222,893
 Contributions in relation to actuarially determined contribution as a percentage of covered payroll (%)	 5.19%	 7.28%	 6.98%

Continued

	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 24,483	\$ 26,605
Contributions in relation to actuarially determined contribution	15,550	44,303
CONTRIBUTION DEFICIENCY (EXCESS)	\$ 8,933	\$ (17,698)
City of Charlotte's covered payroll	\$ 240,688	\$ 240,688
Contributions in relation to actuarially determined contribution as a percentage of covered payroll (%)	6.98%	18.41%

The Total OPEB Liability was determined based on actuarial valuation as of June 30, 2022, using the following key actuarial assumptions and other inputs:

Inflation	
Real wage growth	2.50%
Wage inflation	0.75%
Salary increases, including wage inflation	3.25%
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	7.25%
Municipal Bond Index Rate	
Prior Measurement Date	3.93%
Measurement Date	5.20%
Year FNP is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	7.25%
Measurement Date	7.25%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.00% for 2024 decreasing to an ultimate rate of 4.50% by 2034
Medicare Medical and Prescription Drug	5.125% for 2024 decreasing to an ultimate rate of 4.50% by 2027

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expenses	14.30%	14.30%	13.85%	(18.28%)	25.41%

Continued

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 26,605	\$ 26,605	\$ 25,967	\$ 22,729
Contributions in relation to actuarially determined contribution	19,957	21,689	40,778	24,630
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 6,648</u>	<u>\$ 4,916</u>	<u>\$ (14,811)</u>	<u>\$ (1,901)</u>
City of Charlotte's covered payroll	\$ 252,834	\$ 252,834	\$ 402,489	\$ 402,489
Contributions in relation to actuarially determined contribution as a percentage of covered payroll (%)	7.89%	8.58%	10.13%	6.12%
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expenses	1.30%	4.38%	7.60%	13.84%

NOTE: 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.



Statistical Section

- 99 Financial Trends
- 114 Revenue Capacity
- 126 Debt Capacity
- 131 Demographic and Economic Information
- 138 Operating Information

The Statistical Section contains unaudited information about the Charlotte Water Enterprise Fund.

This part of the annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about Charlotte Water's overall financial health. This information is presented in five categories.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how Charlotte Water's financial performance and well-being have changed over time.

REVENUE CAPACITY – These schedules contain information to help the reader understand and access the factors that affect Charlotte Water's ability to generate its own revenues.

DEBT CAPACITY – These schedules present information to help the reader assess the affordability of Charlotte Water's current levels of outstanding debt and Charlotte Water's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which Charlotte Water's financial activities take place.

OPERATING INFORMATION – These schedules contain operational data to help the reader understand how the information in Charlotte Water's Financial Report relates to the services Charlotte Water provides.

SOURCES – Unless otherwise noted, the information in these schedules is derived from Charlotte Water's Annual Comprehensive Financial Report for the relevant year.

FINANCIAL TRENDS

- Schedule 1:** Net Position
- Schedule 2:** Changes in Net Position
- Schedule 3:** Reconciliation of Cash Balances, Non-GAAP
- Schedule 4:** Operating Expenses Per Capita
- Schedule 5:** Capital Assets

REVENUE CAPACITY

- Schedule 6:** Annual Water Consumption Billed by Customer Type
- Schedule 7:** Operating Revenues and Rate Increases
- Schedule 8:** Ten Largest Water and Sewer Customers - Current and Nine Years Ago
- Schedule 9:** Retail Water and Sewer Rates
- Schedule 10:** Residential Water and Sewer Bill Comparisons as a Percentage of Median Household Income
- Schedule 11:** Residential Water and Sewer Bill Comparisons to Local and Regional Utilities

DEBT CAPACITY

- Schedule 12:** Revenue Bond Coverage
- Schedule 13:** Outstanding Debt

DEMOGRAPHIC AND ECONOMIC INFORMATION

- Schedule 14:** Population
- Schedule 15:** Total Personal Income
- Schedule 16:** Per Capita Personal Income
- Schedule 17:** Unemployment Rate
- Schedule 18:** Ten Largest Charlotte-Area Non-Governmental Employers

OPERATING INFORMATION

- Schedule 19:** Employee Count by Function/Program
- Schedule 20:** Number of Service Accounts
- Schedule 21:** Average Daily Water Delivered (Pumped)
- Schedule 22:** Average Daily Sewer Treated
- Schedule 23:** Summary of Major Permits
- Schedule 24:** Capital Assets by Function/Program

Financial Trends

SCHEDULE 1

NET POSITION

FISCAL YEARS ENDED JUNE 30

Dollar Amounts in Thousands

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net investments in capital assets	\$ 3,152,062	\$ 2,958,568	\$ 3,071,617	\$ 2,796,494
Restricted for:				
Debt service	-	-	-	-
Net OPEB Asset	27,817	25,221	24,984	14,218
Unrestricted	399,386	376,045	53,385	152,205
TOTAL NET POSITION	<u>\$ 3,579,265</u>	<u>\$ 3,359,834</u>	<u>\$ 3,149,986</u>	<u>\$ 2,962,917</u>

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net investments in capital assets	\$ 2,503,569	\$ 2,184,781	\$ 1,977,806	\$ 1,786,625
Restricted for:				
Debt service	-	-	-	-
Net OPEB Asset	30,412	-	-	-
Unrestricted	245,045	319,684	382,121	411,160
TOTAL NET POSITION	<u>\$ 2,779,026</u>	<u>\$ 2,504,465</u>	<u>\$ 2,359,927</u>	<u>\$ 2,197,785</u>

Continued

	<u>2017</u>	<u>2016</u>
Net investments in capital assets	\$ 1,720,933	\$ 1,583,337
Restricted for:		
Debt service	-	-
Net OPEB Asset	-	-
Unrestricted	<u>363,349</u>	<u>334,392</u>
TOTAL NET POSITION	<u>\$ 2,084,282</u>	<u>\$ 1,917,729</u>

SOURCE: City of Charlotte Finance Department

SCHEDULE 2
CHANGES IN NET POSITION
FISCAL YEARS ENDED JUNE 30
Dollar Amount in Thousands

	2025	2024	2023	2022
Operating revenues				
Water	\$ 243,468	\$ 223,755	\$ 215,157	\$ 193,947
Sewer	373,055	347,738	325,379	305,192
TOTAL OPERATING REVENUE	616,523	571,493	540,536	499,139
Operating expenses ⁽²⁾				
Water	(245,656)	(224,726)	(218,363)	(223,397)
Sewer	(217,846)	(199,285)	(201,565)	(206,212)
TOTAL OPERATING EXPENSES	(463,502)	(424,011)	(419,928)	(429,609)
Nonoperating revenues (expenses)				
Water	(18,350)	(17,731)	(14,947)	(12,350)
Sewer	(66,895)	(53,574)	(45,597)	(32,796)
Investment earnings	16,905	9,153	9,291	(2,675)
Miscellaneous	4,670	1,105	2,793	3,413
TOTAL NONOPERATING REVENUES (EXPENSES)	(63,670)	(61,047)	(48,460)	(44,408)
Income before capital contributions	\$ 89,351	\$ 86,435	\$ 72,148	\$ 25,122
Capital contributions ⁽¹⁾				
Water	\$ 68,630	\$ 58,634	\$ 54,640	\$ 47,244
Sewer	66,284	68,204	61,993	111,802
TOTAL CAPITAL CONTRIBUTIONS	134,914	126,838	116,633	159,046
Transfers in (out)	(3,296)	(3,425)	(1,712)	(277)
CHANGE IN NET POSITION	\$ 220,969	\$ 209,848	\$ 187,069	\$ 183,891

Continued

	2021	2020	2019	2018
Operating revenues				
Water	\$ 177,114	\$ 173,923	\$ 181,823	\$ 171,796
Sewer	281,555	264,182	242,504	235,548
TOTAL OPERATING REVENUE	458,669	438,105	424,327	407,344
Operating expenses ⁽²⁾				
Water	(154,111)	(161,981)	(137,648)	(124,368)
Sewer	(142,256)	(149,520)	(142,686)	(132,366)
TOTAL OPERATING EXPENSES	(296,367)	(311,501)	(280,334)	(256,734)
Nonoperating revenues (expenses)				
Water	(14,790)	(18,319)	(20,149)	(23,975)
Sewer	(35,071)	(38,602)	(41,228)	(43,001)
Investment earnings	(1,133)	6,838	10,287	5,830
Miscellaneous	1,640	5,148	3,425	7,166
TOTAL NONOPERATING REVENUES (EXPENSES)	(49,354)	(44,935)	(47,665)	(53,980)
Income before capital contributions	\$ 112,948	\$ 81,669	\$ 96,328	\$ 96,630
Capital contributions ⁽¹⁾				
Water	\$ 69,311	\$ 20,627	\$ 21,181	\$ 18,726
Sewer	92,647	36,531	44,731	29,752
TOTAL CAPITAL CONTRIBUTIONS	161,958	57,158	65,912	48,478
Transfers in (out)	(345)	5,711	(98)	(331)
CHANGE IN NET POSITION	\$ 274,561	\$ 144,538	\$ 162,142	\$ 144,777

Continued

	<u>2017</u>	<u>2016</u>
Operating revenues		
Water	\$ 171,798	\$ 166,043
Sewer	230,511	211,084
TOTAL OPERATING REVENUE	402,309	377,127
Operating expenses ⁽²⁾		
Water	(122,216)	(105,490)
Sewer	(136,711)	(120,426)
TOTAL OPERATING EXPENSES	(258,927)	(225,916)
Nonoperating revenues (expenses)		
Water	(20,680)	(38,887)
Sewer	(28,512)	(43,481)
Investment earnings	1,600	1,768
Miscellaneous	6,653	4,404
TOTAL NONOPERATING REVENUES (EXPENSES)	(40,939)	(76,196)
Income before capital contributions	\$ 102,443	\$ 75,015
Capital contributions ⁽¹⁾		
Water	\$ 21,725	\$ 11,032
Sewer	39,004	15,238
TOTAL CAPITAL CONTRIBUTIONS	60,729	26,270
Transfers in (out)	3,381	-
CHANGE IN NET POSITION	\$ 166,553	\$ 101,285

NOTES:
⁽¹⁾The increase in capital contributions from 2020 to 2021 was primarily due to an increase in donated assets.

⁽²⁾The increase in 2022 was primarily due to an \$80,000 accrual for potential lawsuit settlement and costs of contracted services and chemicals in the treatment of water and sewer.

SOURCE: City of Charlotte Finance Department

SCHEDULE 3
RECONCILIATION OF CASH BALANCES, NON-GAAP
FISCAL YEARS ENDED JUNE 30
Dollar Amount in Thousands

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
CASH AND CASH EQUIVALENTS, JUNE 30⁽¹⁾	\$ 414,314	\$ 385,078	\$ 340,580	\$ 227,744
RESTRICTED FUNDS:				
Cash and cash equivalents held by trustee	70	-	-	3
TOTAL RESTRICTED FUNDS	\$ 70	\$ -	\$ -	\$ 3
TOTAL REDUCTIONS	70	-	-	3
UNRESTRICTED CASH, JUNE 30	<u>\$ 414,244</u>	<u>\$ 385,078</u>	<u>\$ 340,580</u>	<u>\$ 227,741</u>
DAYS CASH ON HAND CALCULATION				
Total water & sewer cash on hand, June 30	\$ 414,244	\$ 385,078	\$ 340,580	\$ 227,741
Total operating expenses ⁽²⁾	254,892	230,051	243,309	270,897
DAYS CASH ON HAND	593	611	511	307

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
CASH AND CASH EQUIVALENTS, JUNE 30⁽¹⁾	\$ 246,050	\$ 392,383	\$ 397,163	\$ 439,530
RESTRICTED FUNDS:				
Cash and cash equivalents held by trustee	-	1,026	1,007	88
TOTAL RESTRICTED FUNDS	\$ -	\$ 1,026	\$ 1,007	\$ 88
TOTAL REDUCTIONS	-	1,026	1,007	88
UNRESTRICTED CASH, JUNE 30	<u>\$ 246,050</u>	<u>\$ 391,357</u>	<u>\$ 396,156</u>	<u>\$ 439,442</u>
DAYS CASH ON HAND CALCULATION				
Total water & sewer cash on hand, June 30	\$ 246,050	\$ 391,357	\$ 396,156	\$ 439,442
Total operating expenses ⁽²⁾	152,163	177,113	154,110	136,215
DAYS CASH ON HAND	590	807	938	1,178

Continued

	<u>2017</u>	<u>2016</u>
CASH AND CASH EQUIVALENTS, JUNE 30⁽¹⁾	\$ 345,719	\$ 321,897
RESTRICTED FUNDS:		
Cash and cash equivalents held by trustee	4	4
TOTAL RESTRICTED FUNDS	\$ 4	\$ 4
TOTAL REDUCTIONS	4	4
UNRESTRICTED CASH, JUNE 30	<u>\$ 345,715</u>	<u>\$ 321,893</u>
 DAYS CASH ON HAND CALCULATION		
Total water & sewer cash on hand, June 30	\$ 345,715	\$ 321,893
Total operating expenses ⁽²⁾	146,964	122,144
DAYS CASH ON HAND	859	962

NOTES:

⁽¹⁾GAAP balance from the Statement of Cash Flows on page 41.

⁽²⁾GAAP Basis excluding depreciation and amortization.

SOURCE: City of Charlotte Finance Department

SCHEDULE 4
OPERATING EXPENSES PER CAPITA
FISCAL YEARS ENDED JUNE 30
Dollar Amounts in Thousands

	2025	2024	2023	2022
OPERATING EXPENSES				
Administration ⁽¹⁾	\$ 57,108	\$ 46,505	\$ 69,946	\$ 129,997
Operating and maintenance ⁽²⁾	195,794	181,609	171,295	139,655
Other ⁽³⁾	1,990	1,937	2,068	1,245
Right to use lease amortization	479	229	180	178
Right to use SBITA amortization	1,280	1,072	578	-
Depreciation	206,851	192,659	175,861	158,534
TOTAL OPERATING EXPENSES	\$ 463,502	\$ 424,011	\$ 419,928	\$ 429,609
TOTAL POPULATION⁽⁴⁾	N/A	1,206	1,176	1,149
OPERATING EXPENSES PER CAPITA⁽⁵⁾	N/A	\$ 351.50	\$ 357.01	\$ 373.78

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
OPERATING EXPENSES				
Administration ⁽¹⁾	\$ 30,794	\$ 43,394	\$ 26,136	\$ 36,598
Operating and maintenance ⁽²⁾	109,675	132,641	127,432	99,496
Other ⁽³⁾	11,694	1,078	542	121
Right to use lease amortization	-	-	-	-
Right to use SBITA amortization	-	-	-	-
Depreciation	144,204	134,388	126,224	120,519
TOTAL OPERATING EXPENSES	<u>\$ 296,367</u>	<u>\$ 311,501</u>	<u>\$ 280,334</u>	<u>\$ 256,734</u>
TOTAL POPULATION⁽⁴⁾	1,125	1,116	1,104	1,088
OPERATING EXPENSES PER CAPITA⁽⁵⁾	<u>\$ 263.37</u>	<u>\$ 279.06</u>	<u>\$ 253.96</u>	<u>\$ 236.08</u>

Continued

	<u>2017</u>	<u>2016</u>
OPERATING EXPENSES		
Administration ⁽¹⁾	\$ 39,864	\$ 28,728
Operating and maintenance ⁽²⁾	104,917	91,487
Other ⁽³⁾	2,183	1,929
Right to use lease amortization	-	-
Right to use SBITA amortization	-	-
Depreciation	111,963	103,772
TOTAL OPERATING EXPENSES	<u>\$ 258,927</u>	<u>\$ 225,916</u>
TOTAL POPULATION⁽⁴⁾	1,072	1,052
OPERATING EXPENSES PER CAPITA⁽⁵⁾	<u>\$ 241.47</u>	<u>\$ 214.81</u>

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. In fiscal year 2022, the increase is due an \$80,000 accrual for a potential lawsuit settlement. In fiscal year 2023, an additional \$26,000 was accrued for the lawsuit settlement.

⁽²⁾ 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. In fiscal year 2022, increased expenses resulted from costs of contracted services and chemicals in the treatment of water and sewer. In fiscal year 2023, increased expenses resulted from increased personnel costs, increased materials, supplies, and internal fleet costs as well as increased prices of chemicals for waste and sludge disposal.

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

⁽⁴⁾ N/A: population not available. Bureau of Economic Analysis U.S. Department of Commerce - Mecklenburg County. U.S. Census Bureau midyear population estimates. New statistics for 2024; revised statistics for 2020-2023.

⁽⁵⁾ Operating expenses per capita calculated as operating expenses divided by the total population.

SOURCE: City of Charlotte Finance Department and Bureau of Economic Analysis U.S. Department of Commerce

SCHEDULE 5
CAPITAL ASSETS
FISCAL YEARS ENDED JUNE 30
Dollar Amounts in Thousands

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
TOTAL CAPITAL ASSETS				
Land	\$ 72,946	\$ 69,440	\$ 66,528	\$ 61,878
Buildings	112,592	105,651	96,992	51,938
Water and sewer systems	8,207,502	7,747,175	7,046,256	6,442,203
Machinery and equipment	108,668	96,589	89,169	80,508
Intangibles	77,958	63,935	48,832	28,008
Construction in progress	38,215	33,720	143,767	264,032
Right to Use lease assets	4,266	4,266	1,109	1,067
Right to Use SBITA assets	5,293	4,599	3,067	-
TOTAL	<u>\$ 8,627,440</u>	<u>\$ 8,125,375</u>	<u>\$ 7,495,720</u>	<u>\$ 6,929,634</u>
Less accumulated depreciation	\$ 2,856,326	\$ 2,653,064	\$ 2,462,275	\$ 2,288,233
Less accumulated lease asset amortization	1,062	583	354	178
Less accumulated SBITA asset amortization	2,705	1,650	578	-
TOTAL CAPITAL ASSETS, NET	<u>\$ 5,767,347</u>	<u>\$ 5,470,078</u>	<u>\$ 5,032,513</u>	<u>\$ 4,641,223</u>

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
TOTAL CAPITAL ASSETS				
Land	\$ 56,424	\$ 54,100	\$ 52,615	\$ 49,632
Buildings	48,804	45,539	44,598	29,867
Water and sewer systems	5,750,408	5,312,632	4,983,254	4,724,768
Machinery and equipment	72,818	59,469	56,395	49,837
Intangibles	26,274	25,373	20,839	20,114
Construction in progress	417,865	321,725	325,289	320,831
Right to Use lease assets	-	-	-	-
Right to Use SBITA assets	-	-	-	-
TOTAL	<u>\$ 6,372,593</u>	<u>\$ 5,818,838</u>	<u>\$ 5,482,990</u>	<u>\$ 5,195,049</u>
Less accumulated depreciation	\$ 2,131,801	\$ 1,989,434	\$ 1,858,052	\$ 1,733,333
Less accumulated lease asset amortization	-	-	-	-
Less accumulated SBITA asset amortization	-	-	-	-
TOTAL CAPITAL ASSETS, NET	<u>\$ 4,240,792</u>	<u>\$ 3,829,404</u>	<u>\$ 3,624,938</u>	<u>\$ 3,461,716</u>

Continued

	<u>2017</u>	<u>2016</u>
TOTAL CAPITAL ASSETS		
Land	\$ 49,635	\$ 43,600
Buildings	29,867	27,770
Water and sewer systems	4,588,961	4,149,870
Machinery and equipment	42,160	39,143
Intangibles	19,780	18,610
Construction in progress	247,207	491,342
Right to Use lease assets	-	-
Right to Use SBITA assets	-	-
TOTAL	<u>\$ 4,977,610</u>	<u>\$ 4,770,335</u>
Less accumulated depreciation	\$ 1,614,043	\$ 1,504,222
Less accumulated lease asset amortization	-	-
Less accumulated SBITA asset amortization	-	-
TOTAL CAPITAL ASSETS, NET	<u>\$ 3,363,567</u>	<u>\$ 3,266,113</u>

SOURCE: City of Charlotte Finance Department

Revenue Capacity

SCHEDULE 6

ANNUAL WATER CONSUMPTION BILLED BY CUSTOMER TYPE

FISCAL YEARS ENDED JUNE 30

Consumption Amounts in Ccf

FISCAL YEAR	RESIDENTIAL	MULTIFAMILY	COMMERCIAL
2025	20,923,977	11,214,269	12,150,533
2024	20,542,768	10,727,470	12,064,586
2023	20,585,275	10,404,793	11,677,944
2022	20,705,215	10,003,955	11,067,204
2021	20,290,137	9,628,132	10,057,851
2020	19,784,141	9,302,685	10,822,759
2019	19,213,371	9,272,519	11,309,810
2018	19,113,097	9,168,264	11,448,951
2017	19,649,314	8,927,028	11,714,146
2016	19,110,749	8,605,215	11,530,836
Change from 2025 to 2024	1.86%	4.54%	0.71%

Continued

FISCAL YEAR	INDUSTRIAL	IRRIGATION	BULK WHOLESALE
2025	264,649	3,301,286	216,274
2024	143,938	3,017,506	152,333
2023	137,700	3,070,044	103,068
2022	111,336	3,053,265	144,874
2021	75,381	2,626,609	136,390
2020	100,309	3,007,450	227,039
2019	134,874	2,860,597	90,120
2018	124,960	2,598,352	67,008
2017	146,818	3,213,471	177,759
2016	150,936	3,060,029	230,597
Change from 2025 to 2024	3.42%	9.40%	41.97%

Continued

FISCAL YEAR	OTHER	TOTAL WATER CONSUMPTION
2025	77,642	48,148,630
2024	72,874	46,721,475
2023	88,152	46,066,976
2022	79,973	45,165,822
2021	71,123	42,885,623
2020	59,716	43,304,099
2019	62,032	42,943,323
2018	62,115	42,582,747
2017	46,687	43,875,222
2016	43,317	42,731,679
Change from 2025 to 2024	6.54%	3.05%

NOTE: Charlotte Water customer service records as of June 30 of every year.

SOURCE: Charlotte Water

SCHEDULE 7
OPERATING REVENUES AND RATE INCREASES
FISCAL YEARS ENDED JUNE 30
Dollar Amounts in Thousands

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues				
Charges for services	\$ 473,223	\$ 443,904	\$ 424,449	\$ 396,831
Availability Fees	60,398	56,795	53,896	52,190
Capacity fees ⁽¹⁾	-	-	-	-
System development fees ⁽¹⁾	76,607	62,712	57,126	45,377
Miscellaneous	6,295	8,082	5,065	4,741
TOTAL OPERATING REVENUES	<u>\$ 616,523</u>	<u>\$ 571,493</u>	<u>\$ 540,536</u>	<u>\$ 499,139</u>
Average residential rate increase ⁽³⁾	<u>5.75%</u>	<u>4.25%</u>	<u>3.54%</u>	<u>3.42%</u>

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018⁽²⁾</u>
Operating revenues				
Charges for services	\$ 363,572	\$ 355,501	\$ 343,705	\$ 318,084
Availability Fees	50,813	47,903	51,141	51,039
Capacity fees ⁽¹⁾	-	-	-	-
System development fees ⁽¹⁾	38,890	30,115	23,829	28,316
Miscellaneous	5,394	4,586	5,652	9,905
TOTAL OPERATING REVENUES	<u>\$ 458,669</u>	<u>\$ 438,105</u>	<u>\$ 424,327</u>	<u>\$ 407,344</u>
Average residential rate increase ⁽³⁾	<u>1.86%</u>	<u>3.42%</u>	<u>3.01%</u>	<u>2.84%</u>

Continued

	<u>2017</u>	<u>2016</u>
Operating revenues		
Charges for services	\$ 324,311	\$ 313,781
Availability Fees	44,913	37,113
Capacity fees ⁽¹⁾	24,290	19,157
System development fees ⁽¹⁾	-	-
Miscellaneous	8,795	7,076
TOTAL OPERATING REVENUES	<u>\$ 402,309</u>	<u>\$ 377,127</u>
Average residential rate increase ⁽³⁾	<u>4.35%</u>	<u>2.72%</u>

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.

⁽³⁾ Rate increase for an average residential customer at 7 Ccf. 7 Ccf=5,236 gallons.

SOURCE: Charlotte Water

**SCHEDULE 8
TEN LARGEST WATER AND SEWER CUSTOMERS - CURRENT
AND NINE YEARS AGO
FISCAL YEARS ENDED JUNE 30**

The following table presents information on the ten largest users of the water and sewer system during the fiscal year ended June 30, 2025, and nine years ago. There have been no substantial new users added to the water and sewer system since June 30, 2025.

CUSTOMER	2025		
	REVENUES	RANK OF TOP 10	PERCENTAGE OF TOP 10
City of Charlotte	\$ 2,216,530	1	26%
Atrium Health	1,274,363	2	15%
Novant / Presbyterian Hospital	905,030	3	10%
University of North Carolina - Charlotte	862,761	4	10%
Chesapeake Treatment Co, LLC	770,244	5	9%
Frito Lay, Inc.	648,660	6	8%
Independent Beverage Corporation	634,338	7	7%
Charlotte Mecklenburg School System	584,896	8	7%
Lance, Inc.	369,433	9	4%
Mecklenburg County	359,537	10	4%
Town of Harrisburg	–		0%
Crosland Retail	–		0%
Paramount Carowinds	–		0%
TOTAL	\$ 8,625,792		100%

Continued

CUSTOMER	2016		
	REVENUES	RANK OF TOP 10	PERCENTAGE OF TOP 10
City of Charlotte	\$ 699,845	5	12%
Atrium Health	934,933	1	15%
Novant / Presbyterian Hospital	560,706	6	9%
University of North Carolina - Charlotte	780,549	2	13%
Chesapeake Treatment Co, LLC	755,434	4	13%
Frito Lay, Inc.	498,102	7	8%
Independent Beverage Corporation	345,765	9	6%
Charlotte Mecklenburg School System	—	-	0%
Lance, Inc.	—	-	0%
Mecklenburg County	—	-	0%
Town of Harrisburg	767,028	3	13%
Crosland Retail	358,189	8	6%
Paramount Carowinds	298,415	10	5%
TOTAL	\$ 5,998,966		100%

SOURCE: Charlotte Water

**SCHEDULE 9
RETAIL WATER AND SEWER RATES
FISCAL YEARS ENDED JUNE 30**

FISCAL YEAR	FIXED BILLING WATER	AVAILABILITY FEE WATER	VOLUMETRIC WATER	FIXED BILLING FEE SEWER
2025	\$ 6.16	\$ 1.44	\$ 15.60	\$ 6.16
2024	5.52	1.38	14.88	5.52
2023	5.30	1.30	14.02	5.30
2022	4.22	1.29	13.95	4.22
2021	4.22	1.29	13.30	4.22
2020	4.73	1.24	12.82	4.73
2019	4.45	2.95	12.82	4.45
2018	4.02	3.17	12.44	4.02
2017	3.57	2.97	12.44	3.57
2016	3.15	3.03	12.44	3.15

Continued

FISCAL YEAR	AVAILABILITY FEE SEWER	VOLUMETRIC SEWER⁽²⁾	AVERAGE MONTHLY BILL⁽¹⁾
2025	\$ 9.48	\$ 41.51	\$ 80.35
2024	9.06	39.62	75.98
2023	8.74	38.22	72.88
2022	8.70	38.01	70.39
2021	8.70	36.33	68.06
2020	8.37	34.93	66.82
2019	7.39	32.55	64.61
2018	7.50	31.57	62.72
2017	6.87	31.57	60.99
2016	5.11	31.57	58.45

NOTES:

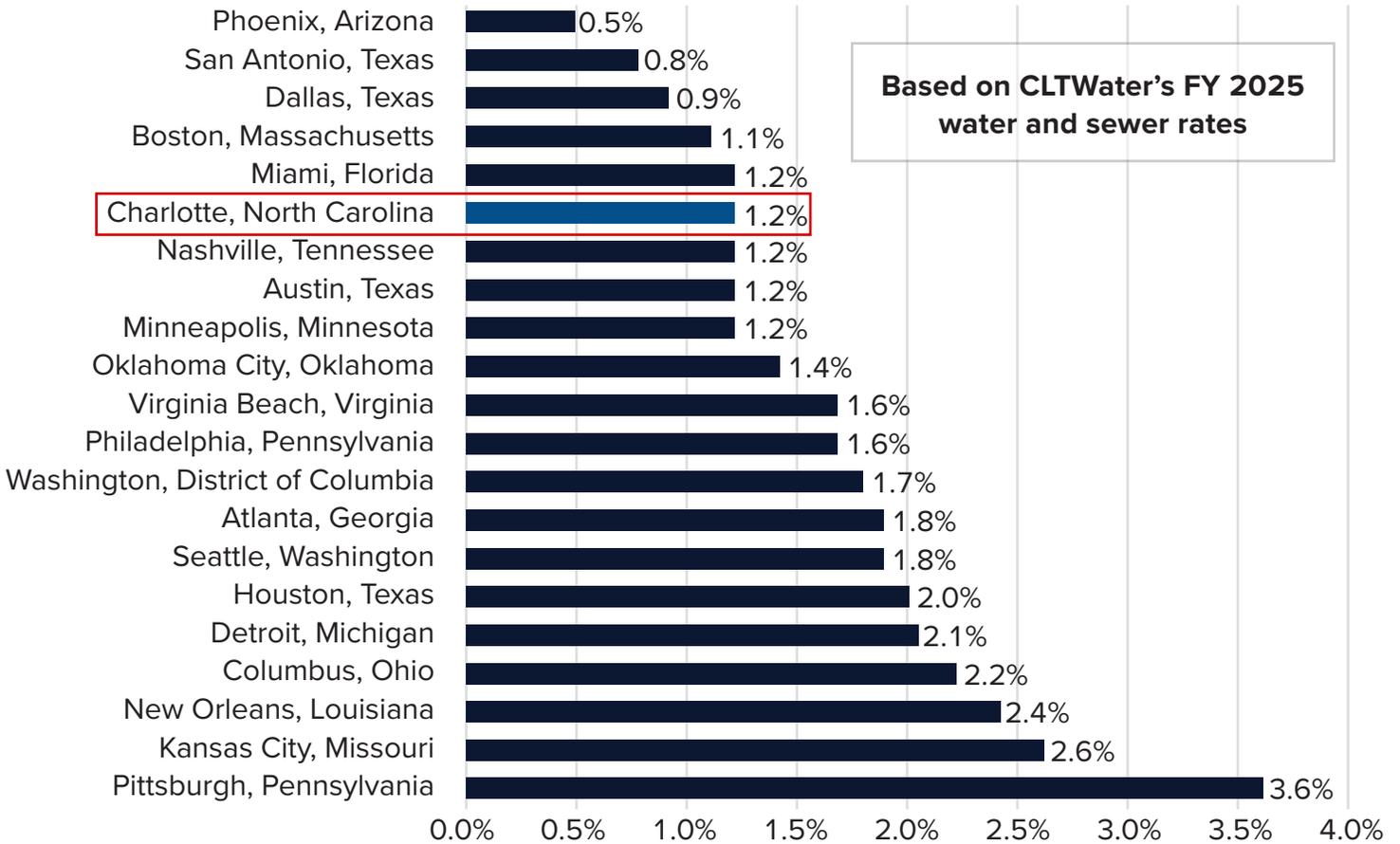
⁽¹⁾ This analysis represents a single family residential average monthly bill based on 7 Ccf customer, 1 Ccf is equivalent to 748 gallons.

⁽²⁾ Up to 16 Ccf for residential customers.

SOURCE: Charlotte Water

**SCHEDULE 10
RESIDENTIAL WATER AND SEWER BILL COMPARISONS AS A PERCENTAGE
OF MEDIAN HOUSEHOLD INCOME
FISCAL YEARS ENDED JUNE 30**

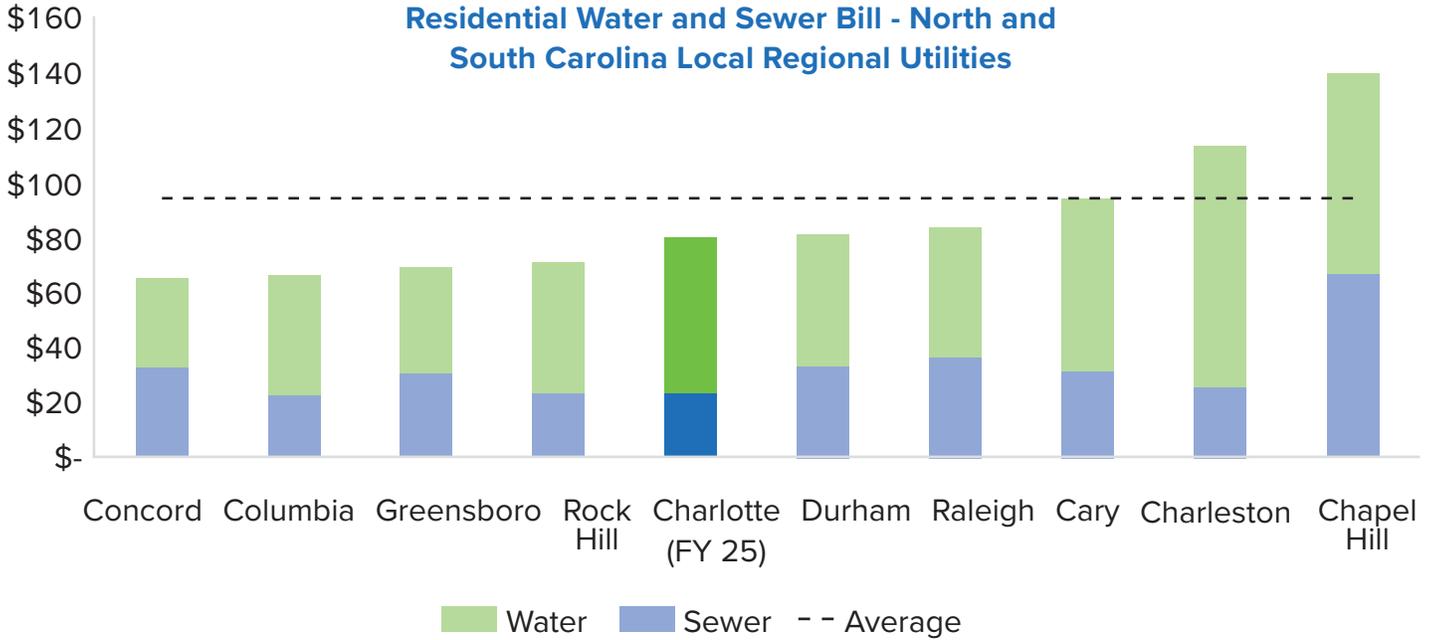
**Annual Residential Water & Sewer Bill (at 7 CCF/Mo)
as % of Median Household Income**



NOTE: This analysis represents a single family residential average monthly bill based on rates in effect January 2025.

SOURCE: Charlotte Water

**SCHEDULE 11
RESIDENTIAL WATER AND SEWER BILL COMPARISONS TO LOCAL AND
REGIONAL UTILITIES
FISCAL YEARS ENDED JUNE 30**



NOTE: This analysis represents a single family residential average monthly bill based on rates in effect January 2025.

SOURCE: Charlotte Water

Debt Capacity

SCHEDULE 12

REVENUE BOND COVERAGE

FISCAL YEARS ENDED JUNE 30

Dollar Amounts in Thousands

FISCAL YEAR	ALLOWABLE REVENUES ⁽¹⁾	FINAL BUDGETED EXPENSES ⁽¹⁾⁽²⁾	DEBT SERVICE REQUIREMENT
2025	\$ 626,427	\$ 249,432	\$ 177,453
2024	580,213	229,413	167,013
2023	551,726	230,974	139,905
2022	499,601	186,738	133,079
2021	458,253	189,558	143,370
2020	446,647	181,441	147,719
2019	435,750	166,869	153,687
2018	418,226	159,952	146,441
2017	410,308	153,487	150,819
2016	382,826	132,948	150,528

Continued

REVENUE BOND COVERAGE	50% OF SURPLUS FUND⁽¹⁾	REVENUE BOND COVERAGE, INCLUDING SURPLUS FUND
2.1	\$ 125,698	2.8
2.1	121,419	2.8
2.3	103,878	3.0
2.4	144,166	3.4
1.9	141,997	2.9
1.8	135,666	2.7
1.7	142,149	2.7
1.8	132,748	2.7
1.7	118,010	2.5
1.7	92,141	2.3

NOTES:

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

⁽²⁾ In 2023, final budgeted expenses include \$26,000 for system development fee lawsuit.

SOURCE: City of Charlotte Finance Department

SCHEDULE 13
OUTSTANDING DEBT
FISCAL YEARS ENDED JUNE 30
Dollar Amounts in Thousands

	2025	2024	2023	2022
Outstanding Debt				
General Obligation Bonds	\$ -	\$ -	\$ 1,535	\$ 6,759
Revenue Bonds (Restated)	1,879,420	1,950,870	1,481,305	1,207,425
Installment Purchases	14,621	19,659	14,066	22,342
Revenue Bond Anticipation Notes	301,506	94,086	239,610	250,000
State Revolving Funds	93,655	97,966	88,298	87,137
Other Financing Agreements - Municipal	-	-	-	-
Lease Liabilities	3,260	3,665	725	858
SBITA Liabilities	1,958	2,644	2,362	-
TOTAL OUTSTANDING DEBT	2,294,420	2,168,890	1,827,901	1,574,521
Total Population ⁽¹⁾	N/A	1,206	1,176	1,149
CHARLOTTE WATER DEBT PER CAPITA⁽²⁾	N/A	\$ 1,798	\$ 1,554	\$ 1,370

DEBT CAPACITY

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Outstanding Debt				
General Obligation Bonds	\$ 11,835	\$ 26,208	\$ 44,017	\$ 69,074
Revenue Bonds (Restated)	1,272,740	1,298,740	1,373,365	1,432,675
Installment Purchases	18,404	25,284	10,967	5,443
Revenue Bond Anticipation Notes	85,000	96,241	32,947	-
State Revolving Funds	72,807	49,052	13,992	2,527
Other Financing Agreements - Municipal	-	-	250	675
Lease Liabilities	-	-	-	-
SBITA Liabilities	-	-	-	-
TOTAL OUTSTANDING DEBT	<u>1,460,786</u>	<u>1,495,525</u>	<u>1,475,538</u>	<u>1,510,394</u>
Total Population ⁽¹⁾	1,125	1,116	1,104	1,088
CHARLOTTE WATER DEBT PER CAPITA⁽²⁾	<u>\$ 1,298</u>	<u>\$ 1,340</u>	<u>\$ 1,337</u>	<u>\$ 1,389</u>

Continued

	<u>2017</u>	<u>2016</u>
Outstanding Debt		
General Obligation Bonds	\$ 95,158	\$ 122,851
Revenue Bonds (Restated)	1,354,285	1,403,080
Installment Purchases	8,892	12,482
Revenue Bond Anticipation Notes	64,919	18,118
State Revolving Funds	2,753	-
Other Financing Agreements-Municipal	1,320	2,130
Lease Liabilities	-	-
SBITA Liabilities	-	-
TOTAL OUTSTANDING DEBT	<u>1,527,327</u>	<u>1,558,661</u>
Total Population ⁽¹⁾	1,072	1,052
CHARLOTTE WATER DEBT PER CAPITA⁽²⁾	<u>\$ 1,424</u>	<u>\$ 1,482</u>

NOTES:

⁽¹⁾ Bureau of Economic Analysis U.S. Department of Commerce - Mecklenburg County. U.S. Census Bureau midyear population estimates. New statistics for 2024; revised statistics for 2020-2023

⁽²⁾ Charlotte Water debt per capita calculated as total outstanding debt divided by the total population.

SOURCE: City of Charlotte Finance Department and the Bureau of Economic Analysis U.S. Department of Commerce

Demographic and Economic Information

SCHEDULE 14 POPULATION

CALENDAR YEAR	POPULATION
2025	N/A
2024	1,206,285
2023	1,176,228
2022	1,149,349
2021	1,125,279
2020	1,116,263
2019	1,103,865
2018	1,087,510
2017	1,072,273
2016	1,051,691

NOTE: N/A: Information not available

SOURCE: Bureau of Economic Analysis U.S. Department of Commerce - Mecklenburg County. U.S. Census Bureau midyear population estimates. New statistics for 2024; revised statistics for 2020-2023

SCHEDULE 15
TOTAL PERSONAL INCOME
 Dollar Amounts in Thousands

CALENDAR YEAR	TOTAL INCOME
2025	\$ N/A
2024	103,858,464
2023	97,002,272
2022	90,314,022
2021	84,459,108
2020	76,524,860
2019	70,362,774
2018	66,081,094
2017	62,458,332
2016	58,064,732

NOTE: N/A: Information not available.

SOURCE: Bureau of Economic Analysis U.S. Department of Commerce - Mecklenburg County. New statistics for 2024; revised statistics for 2020-2023

**SCHEDULE 16
PER CAPITA PERSONAL INCOME**

CALENDAR YEAR	INCOME
2025	\$ N/A
2024	86,098
2023	82,469
2022	78,578
2021	75,056
2020	68,555
2019	63,742
2018	60,764
2017	58,249
2016	55,211

NOTE: N/A: Information not available.

SOURCE: Bureau of Economic Analysis U.S. Department of Commerce - Mecklenburg County. Per capita personal income is the total personal income divided by total midyear population. New statistics for 2024; revised statistics for 2020-2023.

**SCHEDULE 17
UNEMPLOYMENT RATE**

CALENDAR YEAR	UNEMPLOYMENT RATE
2025	N/A
2024	3.63%
2023	3.34%
2022	3.53%
2021	4.72%
2020	7.23%
2019	3.58%
2018	3.78%
2017	4.32%
2016	4.83%

NOTE: N/A: Information not available

SOURCE: Bureau of Labor Statistics - U.S. Department of Labor - Charlotte-Concord-Gastonia, North Carolina & South Carolina (Metropolitan Statistical Area)

SCHEDULE 18
TEN LARGEST CHARLOTTE-AREA NON-GOVERNMENTAL EMPLOYERS
(Ranked by Numbers of Full Time Employees)

2025			2024		
RANK	EMPLOYER	NUMBER OF EMPLOYEES	RANK	EMPLOYER	NUMBER OF EMPLOYEES
1	Atrium Health	39,000	1	Atrium Health	39,000
2	Wells Fargo & Co.	27,000	2	Wells Fargo & Co.	27,000
3	Novant Health, Inc.	16,594	3	Bank of America Corporation	15,000
4	American Airlines Group, Inc.	15,500	4	American Airlines Group, Inc.	14,923
5	Bank of America Corporation	15,000	5	Novant Health, Inc.	14,762
6	Lowe's Cos. Inc.	11,000	6	Lowe's Cos. Inc.	11,000
7	Food Lion LLC	10,500	7	Harris Teeter, LLC	8,239
8	Compass Group USA, Inc.	10,000	8	Duke Energy Corporation	7,900
9	Harris Teeter, LLC	8,239	9	Daimler Trucks North America	6,800
10	Daimler Trucks North America	8,000	10	Spectrum	6,600

2023			2022		
RANK	EMPLOYER	NUMBER OF EMPLOYEES	RANK	EMPLOYER	NUMBER OF EMPLOYEES
1	Atrium Health	39,000	1	Atrium Health	39,000
2	Wells Fargo & Co.	28,000	2	Wells Fargo & Co.	27,200
3	Bank of America Corporation	15,000	3	Wal-Mart Stores, Inc.	16,100
4	Novant Health, Inc.	14,052	4	Bank of America Corporation	15,000
5	American Airlines Group, Inc.	13,500	5	Novant Health, Inc.	13,088
6	Lowe's Cos. Inc.	11,000	6	American Airlines Group, Inc.	13,000
7	Compass Group USA, Inc.	8,800	7	Lowe's Cos. Inc.	11,000
8	Harris Teeter, LLC	8,239	8	Harris Teeter, a division of the Kroger Co.	8,239
9	Duke Energy Corporation	7,700	9	Duke Energy Corporation	7,700
10	Daimler Trucks North America	6,800	10	Daimler Trucks North America	6,800

Continued

2021			2020		
RANK	EMPLOYER	NUMBER OF EMPLOYEES	RANK	EMPLOYER	NUMBER OF EMPLOYEES
1	Atrium Health	39,039	1	Atrium Health	38,320
2	Wells Fargo & Co.	27,500	2	Wells Fargo & Co.	27,500
3	Wal-Mart Stores, Inc.	16,100	3	Wal-Mart Stores, Inc.	16,100
4	Bank of America Corporation	15,000	4	Bank of America Corporation	15,000
5	American Airlines Group, Inc.	12,000	5	Novant Health, Inc.	14,170
6	Novant Health, Inc.	11,635	6	American Airlines Group, Inc.	12,000
7	Lowe's Cos. Inc.	11,000	7	Lowe's Cos. Inc.	9,233
8	Harris Teeter, a division of the Kroger Co.	8,239	8	Delhaize America, Inc./Food Lion, Inc.	8,465
9	Duke Energy Corporation	7,700	9	Harris Teeter, a division of the Kroger Co.	8,329
10	Compass Group USA, Inc.	5,000	10	Duke Energy Corporation	7,700

2019			2018		
RANK	EMPLOYER	NUMBER OF EMPLOYEES	RANK	EMPLOYER	NUMBER OF EMPLOYEES
1	Atrium Health	35,700	1	Atrium Health	35,700
2	Wells Fargo & Co.	26,000	2	Wells Fargo & Co.	25,100
3	Wal-Mart Stores, Inc.	16,100	3	Wal-Mart Stores, Inc.	16,100
4	Bank of America Corporation	15,000	4	Bank of America Corporation	15,000
5	Novant Health, Inc.	12,172	5	American Airlines Group, Inc.	11,000
6	American Airlines Group, Inc.	11,000	6	Delhaize America, Inc./Food Lion, Inc.	10,859
7	Lowe's Cos. Inc.	9,233	7	Novant Health, Inc.	9,679
8	Delhaize America, Inc./Food Lion, Inc.	8,465	8	Lowe's Cos. Inc.	8,500
9	Harris Teeter, a division of the Kroger Co.	8,239	9	Duke Energy Corporation	8,300
10	Duke Energy Corporation	7,700	10	Harris Teeter, a division of the Kroger Co.	8,239

Continued

2017			2016		
RANK	EMPLOYER	NUMBER OF EMPLOYEES	RANK	EMPLOYER	NUMBER OF EMPLOYEES
1	Carolinas Health Care System	35,000	1	Carolinas Health Care System	35,000
2	Wells Fargo & Co.	24,100	2	Wells Fargo & Co.	23,500
3	Wal-Mart Stores, Inc.	16,100	3	Wal-Mart Stores, Inc.	16,100
4	Bank of America Corporation	15,000	4	Bank of America Corporation	15,000
5	American Airlines Group, Inc.	11,500	5	Novant Health, Inc.	11,698
6	Delhaize America, Inc./Food Lion, Inc.	10,859	6	American Airlines Group, Inc.	11,500
7	Novant Health, Inc.	9,679	7	Lowe's Cos. Inc.	9,077
8	Lowe's Cos. Inc.	8,500	8	Harris Teeter, a division of the Kroger Co.	8,239
9	Duke Energy Corporation	8,487	9	Duke Energy Corporation	7,800
10	Harris Teeter, a division of the Kroger Co.	8,239	10	Delhaize America, Inc./Food Lion, Inc.	6,900

NOTE: The Charlotte area includes the following counties: Alexander, Anson, Cabarrus, Catawba, Chester (SC), Chesterfield (SC), Cleveland, Gaston, Iredell, Lancaster (SC), Lincoln, Mecklenburg, Rowan, Stanly, Union and York (SC).

SOURCE: Charlotte Business Journal Book of Lists; rankings reflect publication year methodology.

Operating Information

SCHEDULE 19 EMPLOYEE COUNT BY FUNCTION/PROGRAM FISCAL YEARS ENDED JUNE 30

FISCAL YEAR	WATER AND SEWER TOTAL FULL TIME EQUIVALENT POSITIONS
2025	1,106
2024	1,106
2023	1,050
2022	1,019
2021	997
2020	997
2019	958
2018	912
2017	846
2016	822

NOTES:

⁽¹⁾ In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2019 and 2022 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.

⁽²⁾ In 2023, positions were added for operation and maintenance of facilities and for the management and administrative functions related to increase in construction projects.

⁽³⁾ In 2024, positions were added for operation and maintenance, customer service and business oversight.

SOURCE: Charlotte Water Department

**SCHEDULE 20
NUMBER OF SERVICE ACCOUNTS
FISCAL YEARS ENDED JUNE 30**

FISCAL YEAR	NUMBER OF WATER SERVICE CONNECTIONS	NUMBER OF SEWER SERVICE CONNECTIONS
2025	328,048	295,747
2024	323,527	292,053
2023	318,067	287,499
2022	310,547	281,983
2021	304,029	276,498
2020	297,098	270,640
2019	290,442	264,981
2018	285,092	260,580
2017	279,380	256,327
2016	273,574	246,299

SOURCE: Charlotte Water

**SCHEDULE 21
AVERAGE DAILY WATER DELIVERED (PUMPED)
FISCAL YEARS ENDED JUNE 30**

FISCAL YEAR	AVERAGE DAILY PUMPED (MILLION GALLONS PER DAY)
2025	125
2024	117
2023	116
2022	118
2021	110
2020	109
2019	108
2018	106
2017	107
2016	107

SOURCE: Charlotte Water

**SCHEDULE 22
AVERAGE DAILY SEWER TREATED
FISCAL YEARS ENDED JUNE 30**

FISCAL YEAR	AVERAGE DAILY TREATED (MILLION GALLONS PER DAY)
2025	88
2024	86
2023	85
2022	80
2021	87
2020	89
2019	91
2018	78
2017	80
2016	80

SOURCE: Charlotte Water

SCHEDULE 23
SUMMARY OF MAJOR PERMITS
FISCAL YEARS ENDED JUNE 30

WASTEWATER	PERMIT NUMBER⁽¹⁾	DESCRIPTION	EXPIRATION DATE	CURRENT STATUS
National Pollutant Discharge Elimination System (NPDES)	NC0024937	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Sugar Creek Wastewater Treatment Plant for municipal wastewater discharge.	August 31, 2028	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0024945	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Irwin Creek Wastewater Treatment Plant for municipal wastewater discharge.	October 31, 2028	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0024970	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the McAlpine Creek Wastewater Treatment Plant for municipal wastewater discharge.	June 30, 2028	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0030210	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Mallard Creek Water Resource Recover Facility for municipal wastewater discharge.	November 30, 2029	In Compliance

Continued

National Pollutant Discharge Elimination System (NPDES)	NC0036277 ⁽¹⁾	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the McDowell Creek Wastewater Treatment Plant for municipal wastewater discharge.	June 30, 2024	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0065749	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Ashe Plantation Wastewater Treatment Plant for discharging 100% domestic wastewater <1MGD.	April 30, 2026	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0089630	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Joe C. Stowe, Jr. Regional Water Resource Recovery Facility for municipal wastewater discharge.	November 30, 2029	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0089923	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water at the Baxter Street Remediation Site to discharge remediated groundwater.	June 30, 2027	In Compliance

OPERATING INFORMATION

Continued

Collection System	WQCS00001	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for the collection system transport of sewage, or untreated wastewater to wastewater treatment facilities through sewer lines and force mains.	December 31, 2025	In Compliance
WATER	PERMIT NUMBER ⁽¹⁾	DESCRIPTION	EXPIRATION DATE	CURRENT STATUS
National Pollutant Discharge Elimination System (NPDES)	NC0084387 ⁽¹⁾	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for water plants and water conditioning discharge at the Lee S. Dukes Water Treatment Plant.	February 28, 2025	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NC0084549 ⁽¹⁾	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for water plants and water conditioning discharge at the Franklin Water Treatment Plant.	May 31, 2025	In Compliance
Public Water System ID (PWSID)	NC0160010	Public Water System ID assigned by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte for the operation of a public water system.	December 31, 2025	In Compliance

Continued

STORMWATER	PERMIT NUMBER	DESCRIPTION	EXPIRATION DATE	CURRENT STATUS
National Pollutant Discharge Elimination System (NPDES)	NCG110008	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for industrial stormwater discharge at the Irwin Creek Wastewater Treatment Plant.	February 28, 2029	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NCG110010	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for industrial stormwater discharge at the McAlpine Creek Wastewater Treatment Plant.	February 28, 2029	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NCG110011	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for industrial stormwater discharge at the McDowell Creek Wastewater Treatment Plant.	February 28, 2029	In Compliance
National Pollutant Discharge Elimination System (NPDES)	NCG110012	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for industrial stormwater discharge at the Sugar Creek Wastewater Treatment Plant.	February 28, 2029	In Compliance

Continued

National Pollutant Discharge Elimination System (NPDES)	NCG110114	Permit issued by the North Carolina Department of Environmental Quality (DEQ) to the City of Charlotte-Charlotte Water for industrial stormwater discharge at the Mallard Creek Water Resource Recover Facility.	February 28, 2029	In Compliance
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NOTE: ⁽¹⁾ The North Carolina Department of Environmental Quality has acknowledged the renewal requests for Permit NC0036277 (McDowell Creek) expired June 30, 2024, Permit NC0084387 (Lee S. Dukes) expired February 28, 2025, and Permit NC0084549 (Franklin Water Treatment Plant) expired May 31, 2025, and has administratively continued the permits while the renewals are under review.

SOURCE: North Carolina Department of Environmental Quality and Charlotte Water

SCHEDULE 24
CAPITAL ASSETS BY FUNCTION/PROGRAM
FISCAL YEARS ENDED JUNE 30

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Function/Program				
Water				
Number of treatment plants	3	3	3	3
Miles of water mains	4,664	4,610	4,570	4,525
Number of fire hydrants	18,797	18,534	18,340	18,128
Number of water quality sampling stations	363	348	342	319
Sewer				
Number of treatment plants	6	6	6	7
Miles of sanitary sewer lines	4,638	4,595	4,562	4,526
Number of lift stations	76	74	75	74
Manhole sewer level monitoring devices	470	470	454	277

Continued

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Function/Program				
Water				
Number of treatment plants	3	3	3	3
Miles of water mains	4,482	4,431	4,393	4,353
Number of fire hydrants	17,925	17,677	17,517	17,344
Number of water quality sampling stations	314	299	267	208
Sewer				
Number of treatment plants	7	7	7	5
Miles of sanitary sewer lines	4,475	4,420	4,376	4,330
Number of lift stations	78	83	82	81
Manhole sewer level monitoring devices	174	45	19	12

Continued

Function/Program	<u>2017</u>	<u>2016</u>
Water		
Number of treatment plants	3	3
Miles of water mains	4,314	4,269
Number of fire hydrants	17,109	16,901
Number of water quality sampling stations	105	43
Sewer		
Number of treatment plants	5	5
Miles of sanitary sewer lines	4,288	4,244
Number of lift stations	82	77
Manhole sewer level monitoring devices	12	12

NOTE: Deployment of manhole cover additions in 2023 resulted in an increase of 177 installs from 2022.

SOURCE: Charlotte Water