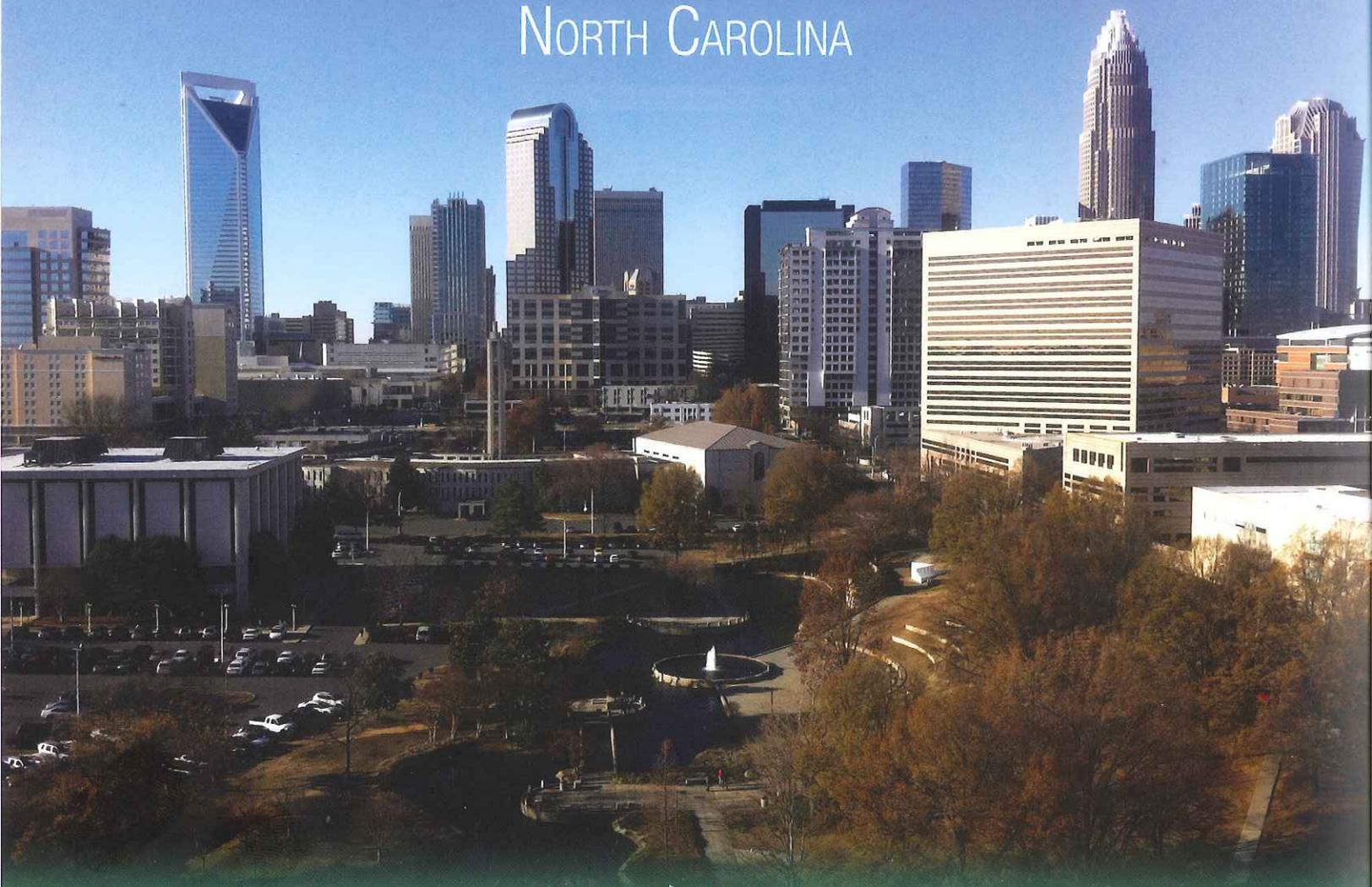




CHARLOTTE.

CITY OF CHARLOTTE  
NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

*City of Charlotte, North Carolina*  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2011*

*Mayor: Anthony Foxx*

*Mayor Pro Tem: Patrick Cannon*

*City Council:*

*Michael Barnes*

*Jason Burgess*

*Nancy G. Carter*

*Warren Cooksey*

*Andy Dulin*

*David Howard*

*Patsy Kinsey*

*James Mitchell, Jr.*

*Edwin Peacock*

*Warren Turner*

*City Manager: W. Curtis Walton, Jr.*

*Prepared by the City of Charlotte Finance Department*

*Greg C. Gaskins, Director of Finance*

*Teresa T. Smith, Financial Reporting Manager*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**TABLE OF CONTENTS**

	Page
<i>INTRODUCTORY SECTION</i>	
Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	13
Organizational Chart.....	14
 <i>FINANCIAL SECTION</i>	
Independent Auditors' Report.....	15
Management's Discussion and Analysis .....	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	29
Statement of Activities .....	30
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets .....	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	35
Statement of Budgetary Comparison – General Fund .....	36
Reconciliation of the Statement of Budgetary Comparison to the Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund .....	37
Statement of Net Assets – Proprietary Funds .....	38
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	42
Statement of Cash Flows – Proprietary Funds.....	44
Statement of Fiduciary Net Assets – Fiduciary Funds .....	48
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	49
Index to the Notes to the Financial Statements .....	50
Notes to the Financial Statements .....	52

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**TABLE OF CONTENTS-(Continued)**

Page

*FINANCIAL SECTION (continued)*

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Description .....	111
Combining Balance Sheet .....	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	114
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Special Revenue Funds (Budgeted Annually) .....	116
Schedule of Expenditures Compared with Authorizations:	
Public Safety Grants Fund .....	119
Neighborhood Development Fund .....	120
Employment and Training Fund .....	121
Stimulus Grants Fund .....	122
Emergency Communications Fund .....	123

Debt Service and Capital Projects Funds:

Description .....	125
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – Debt Service Fund .....	126
Schedule of Expenditures and Encumbrances Compared with Authorizations – Capital Projects Fund .....	128

Enterprise Funds:

Description .....	131
Water and Sewer:	
Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):	
Operating Fund .....	133
Debt Service Fund .....	134
Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis .....	135
Schedule of Expenditures and Encumbrances Compared with Authorizations – Capital Projects Fund .....	136

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**TABLE OF CONTENTS-(Continued)**

Page

*FINANCIAL SECTION (continued)*

Combining and Individual Fund Statements and Schedules (continued):

Enterprise Funds (continued):

Storm Water:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):	
Operating Fund.....	139
Debt Service Fund.....	140
Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis .....	141
Schedule of Expenditures and Encumbrances Compared with Authorizations – Capital Projects Fund .....	142

Airport:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):	
Operating Fund.....	145
Debt Service Fund.....	146
Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis .....	147
Schedule of Expenditures and Encumbrances Compared with Authorizations – Capital Projects Fund .....	148

Public Transit:

Schedule of Revenues, Expenditures and Transfers – Budget and Actual (Non-GAAP Basis):	
Operating Fund.....	151
Debt Service Fund.....	152
Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis .....	153
Schedule of Expenditures and Encumbrances Compared with Authorizations – Capital Projects Fund .....	154

Internal Service Funds:

Description.....	157
Combining Statement of Net Assets .....	158
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	159
Combining Statement of Cash Flows .....	160

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**TABLE OF CONTENTS-(Continued)**

	Page
<i>STATISTICAL SECTION</i>	
Description .....	161
Government-wide Information:	
Net Assets By Component.....	163
Changes in Net Assets.....	164
Fund Information:	
Fund Balances, Governmental Funds, Post-GASB 54.....	166
Fund Balances, Governmental Funds, Pre-GASB 54 .....	167
Changes in Fund Balances, Governmental Funds .....	168
Assessed and Actual Value of Taxable Property.....	170
Direct and Overlapping Property Tax Rates .....	171
Principal Property Tax Payers .....	172
Property Tax Levies and Collections .....	173
Analysis of Current Tax Levy .....	174
Ratios of Outstanding Debt By Type.....	176
Direct and Overlapping Bonded Debt .....	178
Legal Debt Margin Information.....	179
Special Obligation Bond Coverage .....	180
Water and Sewer Revenue Bond Coverage.....	181
Storm Water Revenue Bond Coverage .....	182
Airport Revenue Bond Coverage .....	183
Demographic and Economic Statistics .....	184
Principal Employers .....	185
Full-Time Equivalent Employees by Function/Program.....	186
Operating Indicators by Function/Program .....	187
Capital Asset Statistics by Function/Program.....	188

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**TABLE OF CONTENTS-(Continued)**

Page

*SINGLE AUDIT SECTION*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards .....	189
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act.....	191
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act .....	193
Schedule of Findings and Questioned Costs .....	195
Schedule of Corrective Action Plan .....	199
Summary of Prior Year Findings .....	200
Schedule of Expenditures of Federal and State Awards.....	201
Notes to the Schedule of Expenditures of Federal and State Awards .....	214



CHARLOTTE



**October 31, 2011**

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Charlotte (City) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control 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 City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City'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. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The Single Audit was performed in compliance with the Single Audit Act of the U.S. Office of Management and Budget Circular A-133 and North Carolina General Statute 159-34 (Single Audit Implementation Act). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and

compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit Section at the end of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## Profile of the Government



Charlotte, located in Mecklenburg County, North Carolina, is the largest city between Baltimore and Jacksonville, Florida. The City is in the Piedmont Region of the Carolinas, two hours east of the Appalachian Mountains and three and one-half hours west of the Atlantic Ocean. New York City is 631 miles to the northeast and Atlanta is 256 miles to the southwest. Location and growth reinforce the City's role as a regional center in the Southeast.

The City, incorporated in 1768, became the county seat in 1774 and has grown from an initial 360 acres to a present area covering 303 square miles of the 527 square miles in Mecklenburg County. The City owes its name to German born Queen Charlotte, wife of England's King George III, and the County's name to her birthplace of Mecklenburg. That is why Charlotte is referred to as the "Queen City." With an estimated population of 731,424, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area (MSA), an area of over 1.8 million people that includes six counties. The vision of the City is to be a model of excellence that puts citizens first and makes this a community of choice for living, working and leisure activities. The mission of the City is to ensure the delivery of quality public services that promote safety, health, and quality of life of its citizens.



The City of Charlotte has had a **council-manager** form of government since 1929. Policy-making and legislative authority are vested in a governing council consisting of a mayor and eleven other members elected every two years on a partisan basis. The Mayor and four Council members are elected at-large by a citywide vote. The remaining seven Council members are elected by district, from voters who reside in each district. The City Council is responsible for appointing the City Manager, City Attorney, City Clerk and members of various boards and

commissions which enact ordinances, resolutions and orders; reviewing the annual budget, setting the tax rate and approving the financing of all City operations; and authorizing contracts on behalf of the City. The City Manager is responsible for carrying out policies and ordinances, and directs the daily operations of the City through Manager-appointed key business executives (department heads).

The City provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; solid waste collection; water and sewer; storm water; an airport; and public transit. The City also has component units that are controlled by or dependent on the City. Control or dependence is determined in accordance with criteria established by the Governmental Accounting Standards Board (GASB). The **Charlotte Firefighters' Retirement System**, a blended component unit, is presented as a Pension Trust Fund. The **Charlotte Regional Visitors Authority** is reported as a discretely presented component unit. Additional information on these legally separate entities and the reporting entity can be found in Note 1.a. in the notes to the financial statements.

The **Strategic Operating and Capital Investment Plan** illustrates the allocation of resources to fund the City's operations and capital programs. The City develops annually updated two-year operating budgets and five-year capital budgets. The City Council identifies priorities enabling key business units to submit their budget requests based on organization focus and strategy. The Council Budget Committee ensures that the operating budget reflects the needs and issues of the City and the organization. Requests are submitted in January, followed by several half-day retreats, beginning in February, held to discuss requests that serve as the basis for the preliminary strategic operating plan presented to City Council in May. Workshops and public hearings are scheduled to enable citizens an opportunity to respond to the preliminary plan. In June, City Council adopts a final Strategic Operating and Capital Investment Plan. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements. For other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the Combining and Individual Fund Statements and Schedules section of this report. Additional information on the budget can be found in the MD&A and Note 3.a. in the notes to the financial statements.

## Local Economy

Charlotte has emerged as a financial, distribution and transportation center of an entire urban region. There are 6.9 million people living within a 100-mile radius.



**Financial Services Center** - One of Charlotte's many strengths as a leading business center is the concentration of financial institutions and resources. The City ranks as the nation's second largest financial center in headquartered banking assets and is the home of Bank of America Corporation, one of the nation's largest banks based on deposits. Twenty-six banks, with approximately 226 banking offices, and a branch of the Federal Reserve Bank operate in Charlotte. Other financial services that have a significant presence include mortgage banking, commercial finance and insurance industries.



Patrick Schneider Photography

**Transportation and Distribution Hub** - The City plays a major role in the transportation and distribution of goods throughout the nation. Charlotte/Douglas International Airport is considered the “gateway to the world” and is undergoing a major construction program that has added a third runway, and will result in additional parking and expanded terminals. The airport served 38,254,207 passengers in 2010. The Airport ranks 7<sup>th</sup> nationwide in operations, 11<sup>th</sup> in passengers and 34<sup>th</sup> in cargo. Ten major commercial airlines and eighteen regional carriers offer direct or non-stop service to 179 destinations, including 36 international destinations. There are twenty cargo carriers serving the area. With customs services available at the Airport and a foreign trade zone designation, the City is a port of entry and export.

Charlotte’s trucking industry is served by two interstate highways that pass through the City limits, Interstate Highways 77 and 85 (I-77 and I-85), running north/south and northeast/southwest, respectively. Convenient access to the nation’s interstate highway system makes Charlotte an appealing location for the trucking industry and more than fifty percent of the nation’s population is within a 24-hour drive from the city. There are over 303 trucking companies located in Charlotte, including most of the nation’s top trucking companies. Interstate 485 (I-485) is the Outer Belt highway serving Mecklenburg County and metropolitan Charlotte. The planned 67-mile loop is presently open or under construction with the exception of a six-mile segment to the northeast. Construction of this section is scheduled to begin in the summer of 2011. The unexpected growth that has surrounded the Interstate has led engineers to expand the newer freeway segments with additional lanes and better interchanges in order to handle the increased capacity. Upon completion, the highway will facilitate traffic from I-77 and I-85 with an alternative route to bypass the city. Economic development will continue to boom as much of it passes through suburban areas.

Charlotte is also the center of the country’s largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, bring approximately 300 trains through Charlotte weekly and link Charlotte to 23 states, Washington, D.C. and Canada.

**Business Environment** – Charlotte enjoys a vibrant, balanced economy that encompasses many sectors, as well as companies that range in size from multinational to micro-business. Charlotte ranks 6<sup>th</sup> nationally in number of Fortune 500 headquartered companies, and it is home to operations for 274 companies that are listed on the Fortune 500. The City also has 957 Dun & Bradstreet “Million Dollar Companies.” Approximately 630 foreign-owned firms representing forty five nations are located in the Charlotte region. Charlotte was ranked number one by *Site Selection* magazine’s list of top U.S. cities for foreign investment. Charlotte is a major manufacturing force. There are approximately 1,156 manufacturing firms here, more than any other City and County in the Carolinas. Based on Charlotte Chamber New & Expanded business reports in both 2009 and 2010 more jobs were created in manufacturing than any other industry sector. Foreign Direct Investment Magazine reaffirmed Charlotte’s strength by ranking the City 5<sup>th</sup> out of 405 large cities in “Economic Vitality.”

**Top Five Industries  
(by number of employees)**

- Education, Healthcare and Social Services
- Wholesale and Retail Trade
- Finance and Insurance
- Accommodations and Food Services
- Administrative and Waste Services

**Growth Outlook** - While many cities have seen construction costs rise, significant commercial growth continues throughout Charlotte. Charlotte's construction costs are 22 percent lower than the national average and one of the lowest of the major U.S. Distribution Centers and cities of comparable size. In 2010, more than 10,000 new jobs were created by over 900 firms, making a total investment of \$1.06 billion. Charlotte has since seen the creation of 5,459 jobs by 541 firms; making a total investment of \$365 million in the first half of 2011 which demonstrates the economic momentum Charlotte has created to overcome the current downturn.

Construction on the first phase of First Ward Urban Village will begin by summer 2012. UNC Charlotte's new academic building will anchor the initial phase. The project will result in two million square feet of office space, 282,000 square feet of retail space, 2,150 residential units, a three acre park, and a 1,500 space underground parking deck.



Romare Bearden Park broke ground on September 2<sup>nd</sup>, 2011, the anniversary of the artists' 100<sup>th</sup> birthday. The 5.2 acre park is located in Third Ward Uptown and at one point Bearden lived near the location of the new park. The park design is inspired by Bearden's multimedia collages where he used memory, experiences and tradition as the basis of his work. The main pathway of the park is intended to link Church Street to the future Charlotte Knights Ballpark.

The North Carolina Dance Theatre, the oldest ballet company in North Carolina, now has a new permanent home in Uptown Charlotte. The \$11.5 million project resulted in a 37,000 square feet, two-story LEED accredited building housing six dance studios and a 200-seat performance venue. Construction began in April 2009 and was completed in summer of 2010.



The North Carolina Music Factory is continuing to expand at its location just within the northern corner of Uptown's freeway loop. This \$35 million project is part of Uptown Village, a new Center City mixed use entertainment center. The project consists of The Fillmore-Charlotte, a 2,000 seat indoor music hall and the 5,000-seat Time Warner Cable Uptown Amphitheatre. The venues opened in 2009 but have continued to draw additional bars, restaurants, recording studios and offices to the development. Phase two of the project is anticipated to include a residential component.

SKYE Condominiums is located in the building previously known as The Park. This revitalized 22 story tower will be Charlotte's newest mixed-use development, including 67 luxury residential condominiums, a 172-room Hyatt limited-service hotel, a 10<sup>th</sup> floor Sky Lobby that includes hotel and private residence amenities, and ground floor retail. The building will also feature an open-air rooftop restaurant. This project has a scheduled completion date of August 2012.





Just outside of uptown, redevelopment continues in the Historic South End. Originally a hub for the railroad and textiles, the area fell into decline only to undergo a revival beginning in the 1990s that continues today. The LYNX Blue Line continues to be a major catalyst for development in Charlotte's Historic South End. More residents seeking to relocate to this developing neighborhood are spurring the creation of more multifamily projects. These include the second phase of 1225 South Church condos which is currently under construction and soon to begin projects such as the Fountains at New Bern Station and Southline Apartments. These and other planned projects will likely add more than 800 new residential units to the South End area.

Charlotte's LYNX Blue Line South Corridor is the first light rail project in North Carolina. The line is approximately ten miles long and runs along I-77 from I-485 at South Boulevard to Center City Charlotte. The Blue Line provides service to fifteen stations where dozens of bus routes are timed to connect with the light rail. The Blue Line made its first trip in November 2007 and has significantly exceeded expectations for ridership numbers. The weekday LYNX average for fiscal year 2011 was 15,590 trips. Work also continues on



the design and engineering for the LYNX Blue Line Extension, which will connect uptown Charlotte with UNC Charlotte. The City of Charlotte is currently working with the North Carolina Department of Transportation to secure a State Full Funding Grant Agreement in fiscal year 2012 in anticipation of a Federal Full Funding Grant Agreement in fiscal year 2013 for the LYNX Blue Line Extension. Despite the impact of the economic recession, CATS maintained core transportation services with no service or staff reductions.

**Recreational, Visitor and Cultural Events** - The City's eight percent hotel/motel and one percent prepared food and beverage taxes have provided a dedicated resource for the purpose of promoting the City as a destination for convention, business and leisure travel. Despite a general reduction in business travel due to the economy, Mecklenburg County received \$3.7 billion in domestic – traveler spending in 2010 (an increase of 11.9 percent over 2009), the highest amount in North Carolina.



Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit, focuses on tourism promotions and facilities management. Through CRVA, the City provides entertainment and exhibition facilities consisting of an auditorium, two enclosed sports arenas and a convention center. The CRVA also operates the NASCAR Hall of Fame complex.

In May 2005, the North Carolina General Assembly passed legislation providing for funding a NASCAR Hall of Fame. On March 6, 2006, NASCAR awarded the Hall of Fame to the City of Charlotte. A two percent county-wide occupancy tax, which is a component of the eight percent hotel/motel tax, finances the construction, repair, maintenance and financing of the Hall of Fame. The Hall of Fame celebrated its grand opening on May 11, 2010. The Hall includes a 150,000 square foot museum, a new 102,000 square foot expansion to the

Convention Center which includes a new 40,000 square foot ballroom and NASCAR Plaza, a 19-story, 390,000 square foot Class A office tower.

The City is home to two major-league sports franchises, the Carolina Panthers of the National Football League (NFL) and the Charlotte Bobcats of the National Basketball Association (NBA). Home for the Carolina Panthers is the Bank of America Stadium, a privately owned, 73,778-seat stadium in uptown Charlotte. The NBA's Charlotte Bobcats play in the uptown Time Warner Cable Arena. The Queen City is also home to the Charlotte Knights, the AAA affiliate of the Chicago White Sox; the Charlotte Checkers of the American Hockey League, affiliate of the NHL Carolina Hurricanes; and the Charlotte Eagles and Lady Eagles professional soccer teams of the United Soccer League.



Charlotte Motor Speedway, the 1.5 mile super speedway, annually hosts three series of racing, including the Sprint Cup Series NASCAR Sprint All-Star Race, Coca-Cola 600, and the Bank of America 500; the Nationwide Series Top Gear 300 and Dollar General 300; and the Camping World Truck Series North Carolina Education Lottery 200. Charlotte Motor Speedway is the largest sports facility in the Southeast, with 140,000 permanent seats and the capacity for nearly 40,000 more spectators in the infield, and is recognized as one of the finest NASCAR facilities in the U.S. Charlotte Motor Speedway is also home to the world's largest high definition television. The 200 foot-wide, 80-foot tall HDTV, created by Panasonic, had its public debut on May 21, 2011, during the NASCAR Sprint All-Star race. Also attracting race fans is the zMax Dragway at Charlotte Motor Speedway. The drag racing facilities' track, pit areas and midway cover 125 acres and seats 30,000.



College sports fans can attend the Belk Bowl at Bank of America Stadium, which matches an ACC team against a Big East team, and the CIAA Basketball Tournament which is held in the Time Warner Cable Arena. Golf lovers can attend one of the top events on the PGA tour, the Wells Fargo Championship. The U.S. National Whitewater Center is located on the Catawba River and is the world's largest artificial whitewater river and U.S. Olympic Training site. The 307-acre facility includes whitewater rafting, kayaking, mountain biking and hiking trails, a climbing center and ropes course, along with a 2,400 square foot conference facility and restaurants.



Charlotte offers diverse facilities for culture, the arts, nature and science. The Bechtler Museum of Modern Art features mid-century modern art in various media by artists such as Alberto Giacometti, Joan Miro, Jean Tinguely and Barbara Hepworth. The Knight Theater, part of the Blumenthal Performing Arts Center, is the new home for North Carolina Dance Theatre and also hosts other performing arts. The Harvey B. Gantt Center for African-American Arts + Culture serves as a community epicenter for

music, dance, theater, visual art, film, arts education programs, literature and community outreach. In October of 2010, the 145,000 square foot Mint Museum Uptown opened, combining four collections (Craft + Design, Contemporary, American and selected European pieces) under one roof. The North Carolina Blumenthal Center for the Performing Arts, containing a 2,100-seat performance hall and a 440-seat theater, showcases the best in opera, symphony, chorus, dance and theater. The Charlotte Nature Museum, founded in 1946, provides programs and exhibits centered around a science theme of "Nature and Man." The "hands-on" science and technology museum, Discovery Place, features a 300-seat Omnimax theater and the largest planetarium dome in the United States. The 40,000 square foot Billy Graham Library on the grounds of the ministry's international headquarters in Charlotte includes a bookstore and a café. Also on the grounds is the Graham Family Home place.

**Education** - The County operates Charlotte-Mecklenburg Schools (CMS), a consolidated City-County public school system with current enrollment of more than 141,000 students. The City has no direct financial responsibility for the school system operations or capital. CMS has a diverse mix of students representing 160 different countries and various ethnic and cultural backgrounds. In September of 2011, CMS received the Broad Prize naming CMS as the country's top urban school district. Among the reasons cited by the Broad Prize judges for selecting CMS were CMS's efforts to get top educators into struggling, high-poverty schools, provide additional aid for the neediest students and identify and reward the most effective teachers.

There are numerous opportunities for secondary education in the Charlotte area. Within the greater-Charlotte region there are eighteen public and private secondary institutions offering baccalaureate degrees; twelve schools offering graduate opportunities; fifteen junior colleges, community colleges and technical institutes conferring two-year associate degrees; and seven community colleges that are part of the state system of community colleges. Central Piedmont Community College is the largest of the North Carolina Community College System colleges, serving nearly 70,000 students per year. UNC Charlotte is the 4<sup>th</sup> largest of the sixteen institutions comprising the University of North Carolina system. UNC Charlotte offers 90 bachelor's programs, 62 master's degrees and 18 doctoral programs. A survey by U.S. News & World Report ranked nearby Davidson College 8<sup>th</sup> among the best liberal arts colleges in the country. In the southern region, Belmont Abbey College was recognized as a tier 1 school for its undergraduate program, while Queens University was recognized as a tier 1 school for its master's programs.

Johnson & Wales University's Charlotte Campus combines career-focused educational programs with a full university experience at its downtown campus. Pfeiffer University at Charlotte has an urban campus and offers adult learners the opportunity to earn both undergraduate and graduate degrees. Wake Forest University continues to have a strong graduate school presence in Charlotte with several top-ranked MBA programs. In March of



2011, Wake Forest announced signing a lease with Bank of America for nearly 30,000 square feet of space in the former International Trade Center building in uptown Charlotte. In addition to housing MBA classes, Wake Forest also intends to use the new uptown site to serve as a clearinghouse for more than 6,000 alumni in the area. Charlotte School of Law is a component of the Bryant Park Project, situated as the Western Gateway to Charlotte's Center City, and continues to serve as an anchor for future development of west side Charlotte. The school received full accreditation from the American Bar Association in June 2011, which is the earliest a law school can receive full accreditation.

**Health Care** - The City and County are served by a number of health care providers. There are nine major hospitals located in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Presbyterian HealthCare. Carolina's HealthCare System operates 33 hospitals in the Carolinas, and operates a regional network of more than 1,700 employed primary and specialty care physicians. Charlotte's largest hospital, Carolinas Medical Center (CMC), is a state-designated Academic Medical Center Teaching Hospital and for the 13<sup>th</sup> year has been recognized as Charlotte's most preferred hospital by the National Research Corporation. The center includes the Sanger Heart and Vascular Institute, a nationally known center with over 80 heart specialist, the nationally ranked Neuroscience and Spine Institute and the Women's Institute that specializes in the diagnosis and management of women's medical and reproductive conditions. The CMC campus also includes the 234-bed Levine Children's Hospital dedicated to the care of children and their families, and is the largest such facility between Washington, D.C. and Atlanta. Levine offers care in over 30 specialties and sub-specialties including pediatric surgery; a pediatric kidney, liver and heart transplant program; a pediatric intensive care unit and a children's diagnostic center. Presbyterian Healthcare is a not-for-profit healthcare provider under the parent organization of Novant Health. Novant Health was ranked 14<sup>th</sup> nationally among the Top 100 Integrated networks.

## Long Term Financial Planning

Each year, in the early stages of budget planning, City Council establishes the areas of the community into which it wants to focus resources. These Focus Areas are the basis for budget decisions and operational programs. For fiscal year 2012, those areas are: **Community Safety, Housing and Neighborhood Development, Environment, Transportation and Economic Development**. The City uses the **Corporate Balanced Scorecard** performance measurement system to translate mission and strategy related to the Focus Areas into tangible objectives and measures; communicate strategy to employees; and ensure alignment of resources throughout the organization. City Strategy is documented in the Focus Area Plan and includes sixteen critical Corporate Objectives that guide and direct planning, decision making, and the accomplishment of the vision and mission of the City. For fiscal year 2012, Initiatives within each Focus Area include:

*"Charlotte will be America's safest community."*

**Community Safety.** Community Safety is a major priority for the City. The cornerstone of the City's community safety philosophy is based on crime and fire reduction, prevention, collaboration, and the innovative use of technology. Initiatives in community safety include decreasing crime and life and property damages from fires; enhancing citizen safety through crime and fire prevention activities and education; building collaborations with partners that enhance community safety initiatives; utilizing technology to enhance operational effectiveness and customer service; and developing recruitment strategies that attract diverse applicant pools to the Police and Fire departments.

**Housing and Neighborhood Development.** The City's long-term health, vitality, and distinction as a competitive city is predicated upon its ability to utilize national and local best practices to create and sustain communities of choice for living, working and recreation. Initiatives in housing and neighborhood development include creating healthy and vibrant neighborhoods by improving and implementing quality physical infrastructure; strengthening opportunities for public and private partnerships to

*"Creating and sustaining communities of choice for living, working and recreation."*

encourage the integration of education, recreation, employment and housing resources in identified redevelopment areas; developing and assisting with increasing the supply of affordable housing; and redesigning the quality of life study to more accurately reflect the City's neighborhood conditions.

*“Charlotte will become a national leader in environmental and energy sustainability, preserving our natural resources while balancing growth with sound fiscal policy.”*

**Environment.** The City recognizes that environmental stewardship is fundamentally important to quality of life and essential to maintaining a vibrant economy. Protecting our natural resources, promoting conservation, and improving the environment all enhance the City's mission to preserve the quality of life of its citizens. Initiatives in environment include leading by example by practicing environmental stewardship in City operations and facilities; seeking and supporting collaborative and regional solutions to environmental problems; and facilitating the growth of the clean energy industry, including the alternative energy sector.

**Transportation.** Safe, convenient, efficient and sustainable transportation choices are critical to a viable community. The City takes a proactive approach to land use and transportation planning. Initiatives in transportation include enhancing multi-modal mobility, environmental quality and long term sustainability by collaborating with local and regional partners on land use, transportation and air quality strategies and projects; prioritizing, designing, constructing and maintaining convenient and efficient transportation facilities to improve safety, neighborhood livability, promote transportation choices, meet land use objectives and make progress on a plan to reach a pavement survey rating of ninety over five years; communicating land use and transportation objectives as outlined in the Transportation Action Plan; and seeking financial resources, external grants and funding partnerships necessary to implement transportation programs and services.

*“Charlotte will be the premier city in the country for integrating land use and transportation choices.”*

*“Charlotte will be the most prosperous and livable city for all citizens through quality economic development.”*

**Economic Development.** The City's long-term economic health is in large part driven by its ability to facilitate private sector job growth and investment through partnerships which require public investment in public services and facilities and infrastructure. A healthy economy also requires a commitment to strengthen and grow existing businesses, small business enterprises, entrepreneurship, business corridors and adjacent neighborhoods. Initiatives in economic development include helping grow small businesses; continuing to focus on jobs and tax base growth in business corridors; focusing on continuous improvement within the permitting and regulatory environment to facilitate job and tax base growth and to improve the customer experience; and working with economic development partners to grow and retain business in the targeted industry sectors of energy and environment, finance, healthcare, manufacturing, defense, motorsports, tourism, film and international firms.

## Major Initiatives

The City's capital policy and future capital plans are established in a five-year capital investment plan which matches the City's highest priority capital needs with a financing schedule. The 2012-2016 Capital Investment Plan (Plan) totals \$3.29 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities. This is a 27.5 percent increase from the FY2011-2015 CIP. The 2012-2016 Plan increase of \$708.9 million is due to increases in transit, aviation, storm water, and environmental services. The increases are offset by decreases in utilities and general capital programs which reflect the absence of any new debt-financed projects in the 2012-2016 Plan.

Capacity for capital formation is determined annually through a comprehensive model that evaluates revenues dedicated to capital and future debt service requirements. The model specifies the additional capacity to issue debt that can be fully repaid with existing or planned revenues. As a result, when voters approve General Obligation Bonds, revenues are expected to be available to repay debt service without future tax increases. Revenue restraints in recent years have led to minimal new capacity.

- **General Government.** The General Government Plan totals \$277.1 million, including \$112.5 million for housing and neighborhoods; \$56.3 million for facility investments; \$30.3 million for transportation; \$16.5 million for environmental services; and \$14.3 million for economic development. General government projects are funded through a variety of sources including long-term financing, pay-as-you-go and capital reserves.
- **Water and Sewer.** Charlotte-Mecklenburg Utilities' Plan is designed to address increased demand, environmental issues, and State and Federal regulations. This includes maintenance and expansion of the existing system of water and sewer mains and water and sewer treatment plants. The Plan totals \$489.6 million and is fully financed from water and sewer fees. Major projects include \$108.5 million for water and sewer line rehabilitation and replacement; \$51.5 million for water and street main extensions; \$47.5 million for water line rehabilitation and replacement; \$25.7 million for the Northeast water transmission main; and \$20 million for Briar Creek relief sewer.
- **Aviation.** The Aviation Plan includes maintenance and expansions to the airfield, terminal, cargo and parking areas. The Plan totals \$981.8 million and is fully funded from airline, cargo, and general aviation revenues, federal grants and commercial leases. Major projects include \$198.0 million for terminal lobby expansion; \$140.0 million for a new hourly parking deck, \$125.0 million for international terminal phase I; \$75.5 million for a fourth parallel runway; \$50.0 million for concourse B expansion; and \$45.0 million for the in-line baggage system.
- **Charlotte Area Transit System (CATS).** The CATS Plan includes funding for maintenance and expansion of the existing bus, special transportation, circulator, community and regional transportation systems. The program also includes planning, design and construction of rapid transit. The program totals \$1.3 billion and is fully financed through the one half-cent sales tax and federal and state capital grants. Major projects include \$888.7 million for the LYNX Blue Line extension; \$227.2 million for the north corridor commuter rail (red line); \$85.0 million for bus and special transportation vehicle replacement; and \$29.4 million for preventative maintenance.

- **Storm Water.** The Storm Water Plan funds repairs to private properties with flooding problems and improvements in the public right-of-way drainage system. The Plan totals \$252.0 million and is fully financed through storm water fees. Major projects include \$117.8 million for flood control projects in neighborhood water basins; \$54.0 million for storm water repairs; \$34.6 million for stream restoration and mitigation projects; \$22.7 million for minor storm water projects; and \$12.9 million for pollution control projects.

## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charlotte for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-sixth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The cooperation of each City key business unit is appreciated as we continue to provide a high level of public services at a reasonable tax rate. We appreciate the professional competency and dedication of the Finance Department staff throughout the year, especially during the preparation of this CAFR. Credit is given to the Mayor and City Council for their leadership and support in maintaining the highest standards of professionalism in the fiscal management of the City.

Respectfully submitted,

W. Curtis Walton, Jr.  
City Manager

Greg C. Gaskins  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Charlotte  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



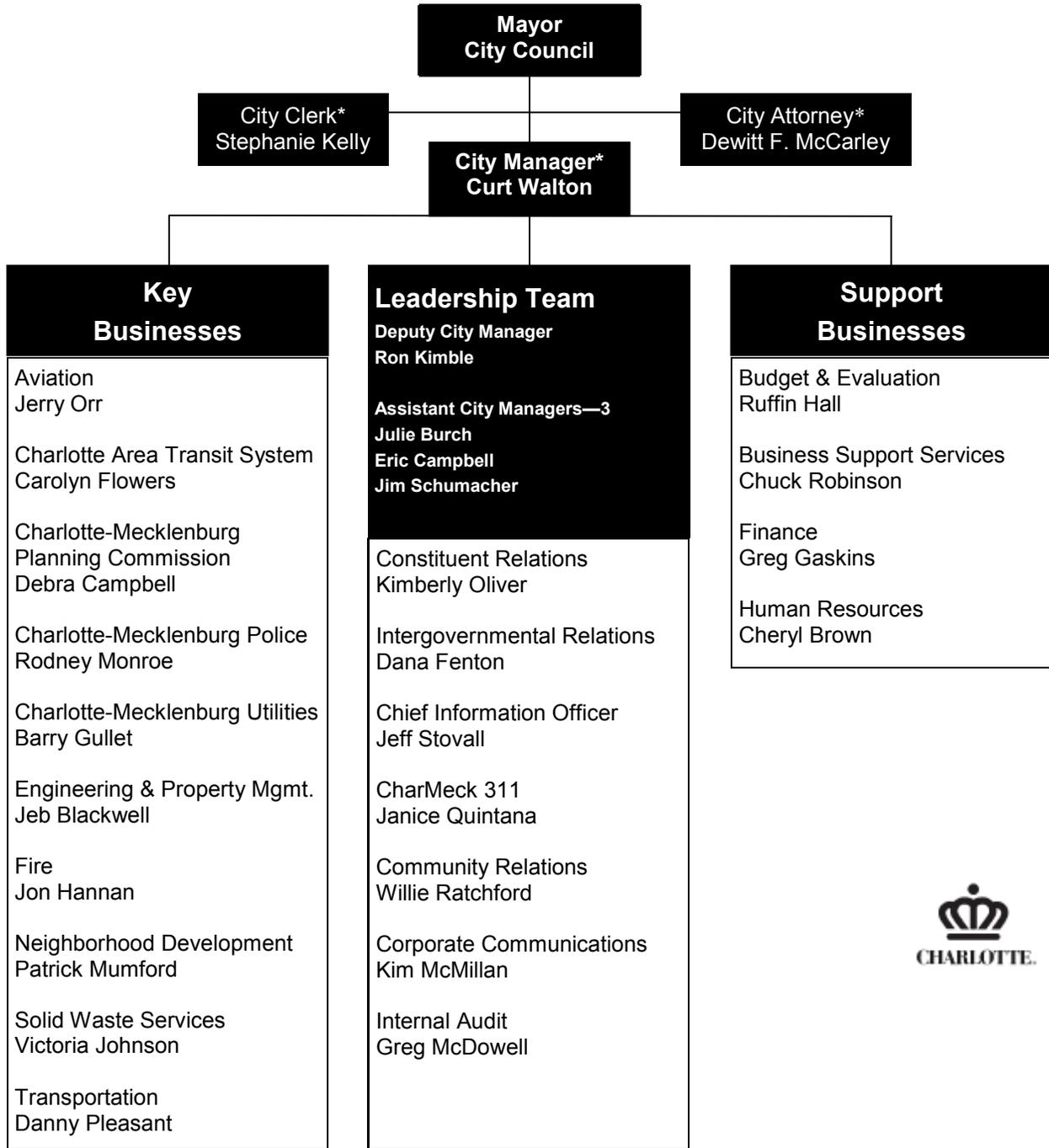
A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director

# City of Charlotte Organizational Chart



\* Council Appointed





## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City") as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

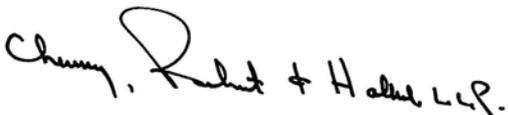
In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, and is also not a required part of the financial statements. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. The introductory and statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

Handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P."

Raleigh, North Carolina  
October 31, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

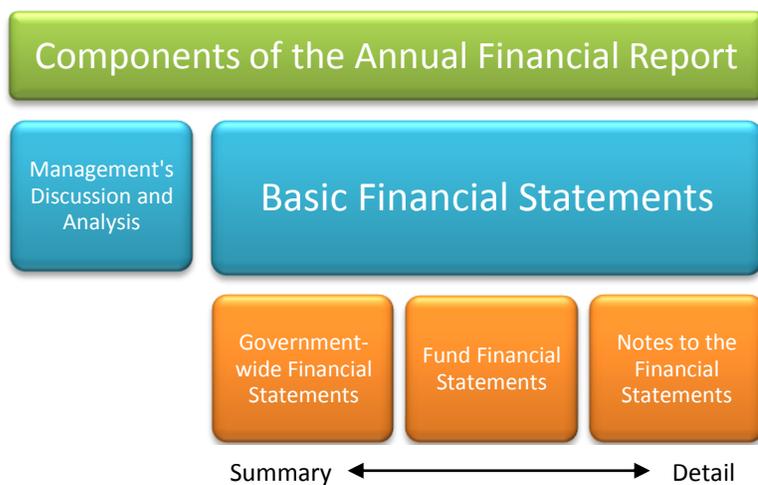
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$8,726.5, (net assets). Of this amount, \$1,263.6 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2011 as evidenced by an increase in total net assets of \$252.7. This increase was from both governmental (\$87.7) and business-type (\$165.0) activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$618.6, a decrease of \$18.1 in comparison with the prior year. This decrease resulted from less debt being issued this year.
- Unassigned fund balance in the General fund was \$84.7 at June 30, 2011 and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength. This meets the City Council's goal of 16 percent of the budget for fiscal year 2012. The amount exceeding the City Council's goal of 16 percent, \$3.8, is committed.
- The City maintained its AAA bond rating from all three major rating agencies.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the City's basic financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This diagram shows how the components of the annual report are arranged and relate to one another.



The first two statements (pages 29-31) are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status. The remaining statements (pages 32-49) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The *governmental funds statements* tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General fund to demonstrate budgetary compliance.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The *fiduciary funds statements* reflect the financial relationship with the Firefighters' Retirement System, which provides benefits exclusively for certain City employees, and the Employee Benefit Trust, which accumulates resources for the provision of other postemployment benefit payments for retirees and their beneficiaries.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data (pages 50-110). A section is also included with combining statements that provides details about nonmajor governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 111-160) also includes detailed budgetary information required by North Carolina General Statutes.

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

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

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

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

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

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

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

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

The City has three kinds of funds:

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

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

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the government-wide financial statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements.
- Fiduciary funds - The City is the trustee, or fiduciary, for the Firefighters' Retirement System and the Employee Benefit Trust. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

## FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

**Net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$8,726.5 at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2011 and 2010 is presented below.

	<b>Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Current and other assets	\$ 897.8	\$ 921.0	\$ 1,454.2	\$ 1,544.4	\$ 2,352.0	\$ 2,465.4
Capital assets	<u>5,886.7</u>	<u>5,785.5</u>	<u>5,076.1</u>	<u>4,942.7</u>	<u>10,962.8</u>	<u>10,728.2</u>
<b>Total assets</b>	<b><u>6,784.5</u></b>	<b><u>6,706.5</u></b>	<b><u>6,530.3</u></b>	<b><u>6,487.1</u></b>	<b><u>13,314.8</u></b>	<b><u>13,193.6</u></b>
Current and other liabilities	111.4	121.6	135.1	144.4	246.5	266.0
Noncurrent liabilities	<u>1,490.2</u>	<u>1,489.7</u>	<u>2,851.5</u>	<u>2,964.1</u>	<u>4,341.7</u>	<u>4,453.8</u>
<b>Total liabilities</b>	<b><u>1,601.6</u></b>	<b><u>1,611.3</u></b>	<b><u>2,986.6</u></b>	<b><u>3,108.5</u></b>	<b><u>4,588.2</u></b>	<b><u>4,719.8</u></b>
Net assets:						
Invested in capital assets, net of related debt	4,523.2	4,443.3	2,450.4	2,522.7	6,973.6	6,966.0
Restricted	233.3	237.1	256.1	245.0	489.4	482.1
Unrestricted	<u>426.4</u>	<u>414.8</u>	<u>837.2</u>	<u>610.9</u>	<u>1,263.6</u>	<u>1,025.7</u>
<b>Total net assets</b>	<b><u>\$ 5,182.9</u></b>	<b><u>\$ 5,095.2</u></b>	<b><u>\$ 3,543.7</u></b>	<b><u>\$ 3,378.6</u></b>	<b><u>\$ 8,726.6</u></b>	<b><u>\$ 8,473.8</u></b>

By far the largest portion of the City's net assets (80 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,263.6) may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Government-wide net assets increased by \$252.7 during the current fiscal year from increases in both governmental and business-type activities. The increases resulted in part from contributed assets including the addition of streets due to annexation and contributions of infrastructure assets from developers.

**Changes in net assets.** The following table presents the City's changes in net assets for the fiscal years ended June 30, 2011 and 2010:

	<b>Change in Net Assets</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program revenues:						
Fees, fines and charges for services	\$ 87.3	\$ 88.4	\$ 552.0	\$ 506.9	\$ 639.3	\$ 595.3
Operating grants and contributions	64.0	65.0	12.9	12.8	76.9	77.8
Capital grants and contributions	103.0	135.1	85.3	98.5	188.3	233.6
General revenues:						
Property taxes	362.8	356.9	-	-	362.8	356.9
Other taxes	190.1	185.9	57.3	57.8	247.4	243.7
Grants and contributions not restricted to specific programs	17.0	13.5	-	-	17.0	13.5
Other	12.1	18.9	17.5	17.5	29.6	36.4
<b>Total revenues</b>	<b><u>836.3</u></b>	<b><u>863.7</u></b>	<b><u>725.0</u></b>	<b><u>693.5</u></b>	<b><u>1,561.3</u></b>	<b><u>1,557.2</u></b>
<b>Program expenses</b>						
Public safety	324.9	318.6	-	-	324.9	318.6
Sanitation	48.2	55.7	-	-	48.2	55.7
General administration	38.3	38.2	-	-	38.3	38.2
Support services	21.4	21.1	-	-	21.4	21.1
Engineering and property management	27.3	29.2	-	-	27.3	29.2
Streets and highways	119.0	116.2	-	-	119.0	116.2
Culture and recreation	10.1	17.8	-	-	10.1	17.8
Community planning and development	83.6	81.7	-	-	83.6	81.7
Interest and other charges	57.4	64.6	-	-	57.4	64.6
Water	-	-	105.1	97.9	105.1	97.9
Sewer	-	-	141.7	157.5	141.7	157.5
Storm water	-	-	20.2	21.6	20.2	21.6
Airport	-	-	160.3	137.1	160.3	137.1
Public transit	-	-	151.1	155.2	151.1	155.2
<b>Total expenses</b>	<b><u>730.2</u></b>	<b><u>743.1</u></b>	<b><u>578.4</u></b>	<b><u>569.3</u></b>	<b><u>1,308.6</u></b>	<b><u>1,312.4</u></b>
Excess before transfers	106.1	120.6	146.6	124.2	252.7	244.8
Transfers	(18.4)	(18.5)	18.4	18.5	-	-
<b>Increase in net assets</b>	<b><u>87.7</u></b>	<b><u>102.1</u></b>	<b><u>165.0</u></b>	<b><u>142.7</u></b>	<b><u>252.7</u></b>	<b><u>244.8</u></b>
Net assets - beginning	<u>5,095.2</u>	<u>4,993.1</u>	<u>3,378.6</u>	<u>3,235.9</u>	<u>8,473.8</u>	<u>8,229.0</u>
<b>Net assets - ending</b>	<b><u>\$ 5,182.9</u></b>	<b><u>\$ 5,095.2</u></b>	<b><u>\$ 3,543.6</u></b>	<b><u>\$ 3,378.6</u></b>	<b><u>\$ 8,726.5</u></b>	<b><u>\$ 8,473.8</u></b>

Total government-wide revenues of \$1,561.3 were derived primarily from grants and contributions (17 percent) and property and other taxes (39 percent). These sources of revenues decreased 4 percent from the prior year, primarily due to decreased donations of infrastructure through annexation.

The total expenses of all programs were \$1,308.6. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 33 percent and public safety (fire and police) for 25 percent. Transportation expenses increased slightly from the prior year due to commencement of deicing operations by the airport.

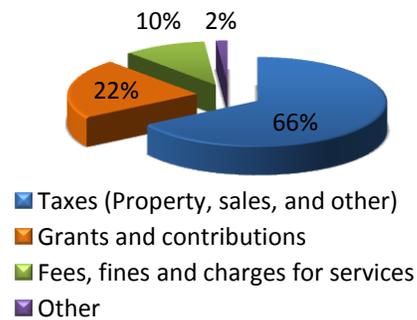
## Governmental Activities

As shown in the chart, property, sales and other taxes (66 percent) and grants and contributions (22 percent) were the major sources of revenues for governmental activities.

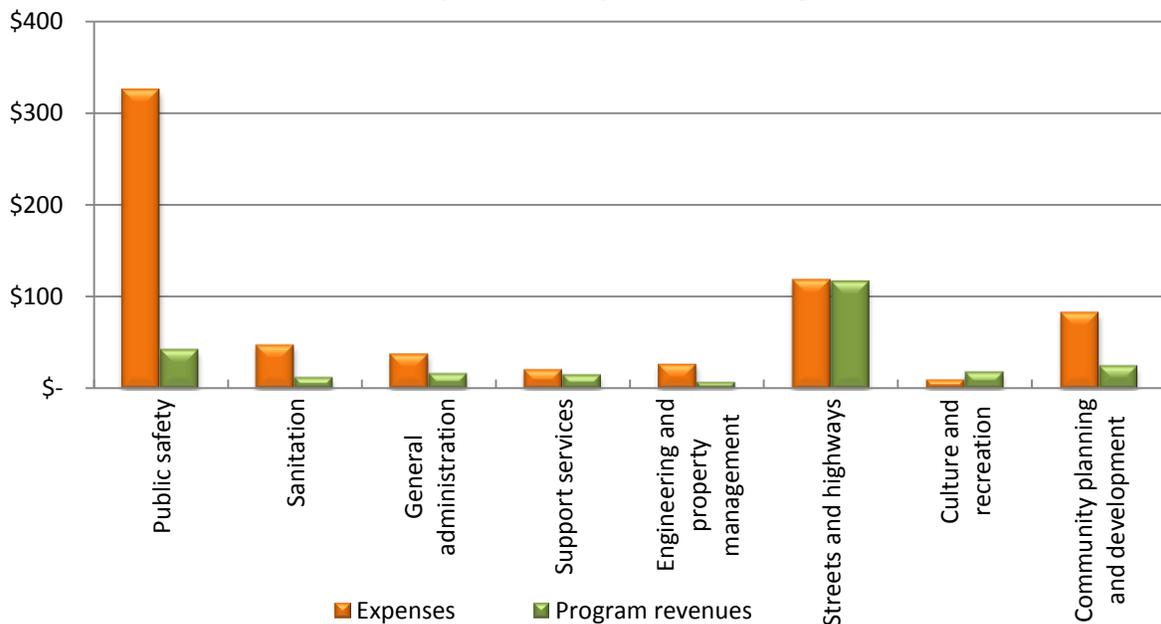
Governmental expenses decreased from \$743.1 to \$730.2 during this fiscal year. Expenses in the prior year related to Convention Center improvements and the purchase of rollout recycling containers for single stream recycling contributed to the decrease when compared to the current year. As in prior years, public safety continues to be the largest expense with 44 percent in the current and 43 percent in the prior year.

This chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City's governmental programs mainly public safety, streets and highways and community planning and development. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

### Governmental Revenues by Source



### Governmental Expenses Compared with Program Revenues



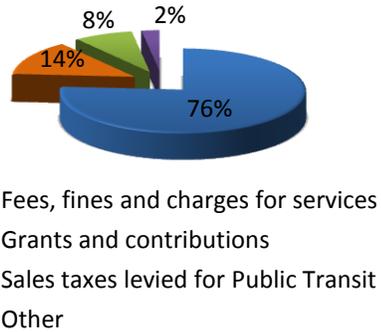
In addition to property and other taxes, the total cost of services of \$730.2 was supported by \$167.0 provided by other governments and organizations for specific programs and \$87.3 provided by fees, fines and charges from those who directly benefited from the programs.

**Business-type Activities**

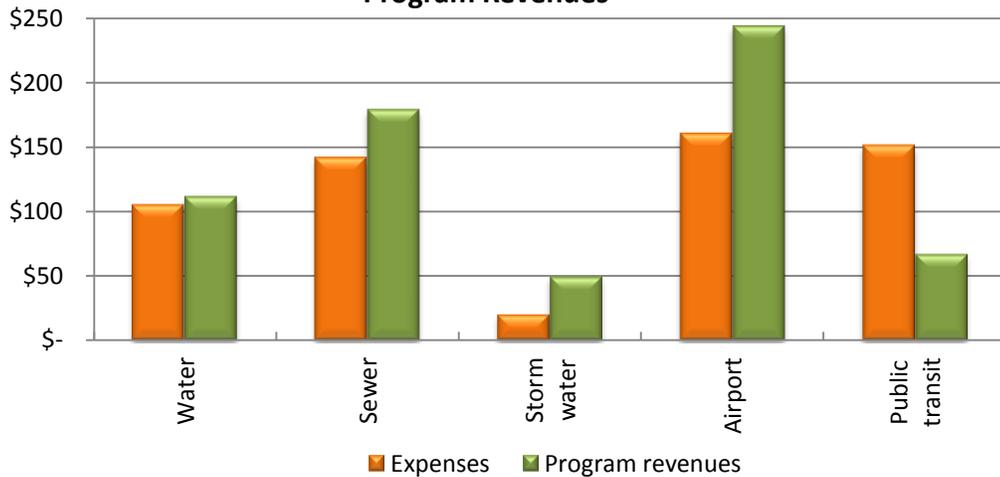
Revenues for the business-type activities were \$725.0, an increase of 5 percent from the prior year. This increase is due in part to a 7.65 percent increase in water and sewer rates in the current year.

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

**Business-type Revenues by Source**



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



Water and sewer expenses decreased \$8.6 or 3 percent from the prior year due in part to increased interest costs capitalized as part of construction. Airport expenses increased \$23.2 or 17 percent from the prior year due in part to increased fuel costs, funding 28 additional firefighters at the Airport, and commencement of deicing operations.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2011, the governmental funds reported a combined fund balance of \$618.6, a decrease of \$18.1, or 3 percent from last year. This amount consists of the following:

- (a) \$4.1 nonspendable for inventories and perpetual care,
- (b) \$223.6 restricted for State Statutes, special obligation debt service and specific programs,
- (c) \$98.1 committed primarily for capital projects,
- (d) \$208.1 assigned for debt service and specific programs, and
- (e) \$84.7 unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$84.7, while total fund balance reached \$149.5. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. \$3.8 is committed for capital projects.

Other major governmental funds are the debt service and the capital projects funds. The debt service fund has a total fund balance of \$220.5, all of which will be used for either the payment of debt service or is restricted by State Statutes. Debt service fund balance increased \$9.2 from the prior year due primarily to transfers from other funds to pay future debt service. The capital projects fund has a total fund balance of \$92.1, all of which is restricted or committed for future capital projects. Capital project fund balance decreased \$36.5 from the prior year due to construction of public facilities.

**Proprietary funds.** Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amounted to \$252.8 in the Water and Sewer fund, \$53.7 in the Storm Water fund, \$391.9 in the Airport fund and \$145.6 in the Public Transit fund. The change in net assets for the funds was \$50.2, \$31.2, \$87.8 and (\$9.3) respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

## GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, City Council approved several immaterial budget amendments. The most significant amendments related to funding future corporate technology investments and increased loss funding needs in the Risk Management Internal Service Fund.

Revenues were \$7.3 above the final budgeted amount. Property tax revenues were \$7.4 greater than expected due in part to lower than estimated rebates and higher than expected collection rates.

The fiscal 2011 budget reflected the transition from a period of low- to no- growth to a slow economic recovery. As a result, the budget included \$6.1 to fund increases in the pay plan which were offset by a \$1.8 decrease in the City's contribution to the employees' 401k plan, \$1.7 to fund staff at the new Airport Fire Station, and \$1.6 to fund increased operating costs for Police. Actual expenditures were \$5.9 below final budget amounts for fiscal year 2011.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** At June 30, 2011, the City had \$10,962.8 (net of accumulated depreciation) in capital assets consisting primarily of land, buildings, roads, and water and sewer lines. This amount represents a net increase of \$234.6, or 2 percent over last year. The following is a summary of capital assets at June 30, 2011 and 2010:

	<b>Capital Assets</b> (Net of Depreciation)					
	<b>Governmental</b>		<b>Business-type</b>		<b>Total Primary</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Government</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 3,045.5	\$ 2,981.6	\$ 382.3	\$ 344.1	\$ 3,427.8	\$ 3,325.7
Buildings	822.1	800.0	341.9	336.5	1,164.0	1,136.5
Improvements other than buildings	-	-	3,236.6	3,140.6	3,236.6	3,140.6
Infrastructure	1,653.6	1,639.0	-	-	1,653.6	1,639.0
Intangibles	1.6	1.3	3.8	2.8	5.4	4.1
Machinery and equipment	41.2	46.3	125.4	126.0	166.6	172.3
Construction in progress	<u>322.7</u>	<u>317.3</u>	<u>986.1</u>	<u>992.7</u>	<u>1,308.8</u>	<u>1,310.0</u>
Totals	<u>\$ 5,886.7</u>	<u>\$ 5,785.5</u>	<u>\$ 5,076.1</u>	<u>\$ 4,942.7</u>	<u>\$ 10,962.8</u>	<u>\$ 10,728.2</u>

This year's major capital asset additions included:

- Discovery Place museum improvements - \$30.0
- Streets in annexed areas - \$103.2
- Water main construction - \$110.4
- Airport Public Parking Deck - \$46.3
- Taxiway construction - \$21.8

At June 30, 2011, authorized and unexpended capital projects totaled \$1,717.3 as follows: governmental (\$514.5), water and sewer (\$787.0), airport (\$217.2), storm water (\$106.8), and public transit (\$91.8). The City has plans to issue additional debt to finance these projects in addition to using resources currently available.

More detailed information about the City's capital assets is presented in Note 4.f. to the financial statements.

**Long-term Debt.** At June 30, 2011, the City had \$4,188.4 of debt outstanding in bonds, installment purchases, commercial paper notes, derivative instrument liability, and other financing agreements. This was a decrease of \$109.6 or 3 percent over last year. Details by type of debt are presented in the following table:

	<b>Outstanding Debt</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds (backed by the City's taxing authority)	\$ 456.0	\$ 483.8	\$ 266.6	\$ 290.5	\$ 722.6	\$ 774.3
Revenue bonds (backed by specific fee revenues)	-	-	2,299.4	2,360.6	2,299.4	2,360.6
Special obligation bonds	11.0	11.0	-	-	11.0	11.0
Installment purchases	722.8	759.1	173.4	187.5	896.2	946.6
Commercial paper notes	109.2	46.5	-	-	109.2	46.5
Derivative instrument liability	28.3	32.5	57.4	65.0	85.7	97.5
Other financial agreements	58.0	54.4	6.3	7.1	64.3	61.5
Totals	<u>\$ 1,385.3</u>	<u>\$ 1,387.3</u>	<u>\$ 2,803.1</u>	<u>\$ 2,910.7</u>	<u>\$ 4,188.4</u>	<u>\$ 4,298.0</u>

New debt for 2011 resulted from issuing commercial paper notes for street construction (\$51.8) and neighborhood improvements (\$11.0).

The City's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service and AAA rating from Standard & Poor's Ratings Services and Fitch Ratings. Charlotte is one of the few cities in the nation that maintains the highest financial category rating from these major rating agencies. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City's total debt of \$4,188.4 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (55 percent), which are backed by specific fee revenues, rather than the City's taxing authority.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2011, was \$4.2 billion. The City had \$493.0 in authorized but unissued debt for streets, housing, and neighborhood improvements.

More detailed information about the City's long-term liabilities is presented in Note 4.j. of the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic indicators impact the City's budget outlook:

- During fiscal year 2011, 13,209 building permits were issued with a value of over \$1.3 billion compared to 12,238 permits for 2010.
- The occupancy rate in the uptown area has decreased to 88 percent for 2011, compared to 92 percent for 2010.
- Retail sales during 2010 were \$13.3 billion compared to \$12.1 billion for 2009.
- The June 2011 unemployment rate was 10.0 percent compared to 10.4 percent for the state and 9.3 percent for the nation.
- Assessed property valuations are expected to exceed \$85.5 billion for 2011 compared to \$77.5 billion for 2010, or an increase of 10 percent, and is due primarily to a county-wide revaluation.

The fiscal 2012 budget reflects slow growth following a three-year period of economic decline, which the City weathered through budget reductions and conservative financial strategies.

The General fund budget increased to \$529.8. Property tax revenues including current and prior year collections, interest, and other penalties and rebates are expected to increase 4.8 percent over 2011. Sales tax and Utilities franchise tax are expected to increase 3.8 and 4.7 percent respectively. The most significant expenditure increases are \$2.3 to fund 50 police officers hired under the American Recovery and Reinvestment Act Grant, \$1.6 to fund increased operating costs for Police, and \$1.0 for maintenance and repair of the digital and analog Public Safety Radio System.

The following are highlights for the 2012 budgets for the business-type activities:

- Charlotte Mecklenburg Utilities will implement a new rate structure in which customers will experience changes in both water and sewer volume rates and the fixed charges on both water and sewer. The average residential water and sewer bill will increase \$4.59 per month. Operating expenses will increase 7.5 percent.
- Storm water revenues are expected to increase 6.0 percent due to an impervious surface fee rate increase of 6.5 percent.

- Airport revenues are expected to increase 11.3 percent due to conservative growth in passenger levels. Operating expenses are also expected to increase 11.3 percent. This increase is due primarily to increased transfers to debt service funds.
- Public transit fare revenue and service reimbursements are expected to increase 3.8 percent. Operating expenditures are expected to increase \$1.0 due in part to increased projected fuel costs.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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



**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(In Thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 663,748	\$ 963,143	\$ 1,626,891	\$ 10,157
Receivables, net	18,373	76,469	94,842	2,300
Due from other governmental agencies	65,026	64,041	129,067	466
Due from component unit	5,898	-	5,898	-
Due from primary government	-	-	-	924
Internal balances	6,681	(6,681)	-	-
Inventories	951	7,695	8,646	345
Other	315	-	315	784
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	8,439	64,527	72,966	-
Investments	3,683	171,133	174,816	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Receivables	9	-	9	-
Notes receivable	95,033	-	95,033	-
Deferred charges	7,028	27,643	34,671	-
Deferred outflow of resources	12,934	57,426	70,360	-
Other postemployment benefit assets (Note 5.f.)	-	28,772	28,772	-
Pension assets (Note 5.b.)	6,609	-	6,609	-
Capital assets (Note 4.f.)				
Land	3,045,512	382,337	3,427,849	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,518,440	3,707,655	6,226,095	-
Construction in progress	322,745	986,107	1,308,852	-
Total assets	<u>6,784,535</u>	<u>6,530,267</u>	<u>13,314,802</u>	<u>14,976</u>
<b>LIABILITIES</b>				
Accounts payable/claims payable	92,321	47,773	140,094	3,536
Deposits and retainage payable	4,396	10,411	14,807	4,302
Accrued interest payable	9,526	32,460	41,986	-
Due to component unit	817	107	924	-
Due to primary government	-	-	-	5,898
Unearned revenues	4,205	-	4,205	1,060
Liabilities payable from restricted assets	170	44,313	44,483	-
Noncurrent liabilities (Note 4.j.):				
Due within one year	101,693	81,316	183,009	-
Due after one year	1,388,541	2,770,214	4,158,755	2,643
Total liabilities	<u>1,601,669</u>	<u>2,986,594</u>	<u>4,588,263</u>	<u>17,439</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	4,523,168	2,450,425	6,973,593	-
Restricted for:				
State statute	62,533	-	62,533	-
Debt service	10,970	51,786	62,756	-
Perpetual care - Nonexpendable	3,120	-	3,120	-
Firefighters' retirement benefits	6,609	-	6,609	-
Public safety	13,190	-	13,190	-
Streets and highways	10,878	-	10,878	-
Culture and recreation	121,702	-	121,702	43
Community planning and development	4,291	-	4,291	-
Passenger facility charges	-	185,656	185,656	-
Airport working capital	-	18,613	18,613	-
Unrestricted	426,405	837,193	1,263,598	(2,506)
Total net assets	<u>\$ 5,182,866</u>	<u>\$ 3,543,673</u>	<u>\$ 8,726,539</u>	<u>\$ (2,463)</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

ACTIVITIES	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental-				
Public safety	\$ 324,920	\$ 24,959	\$ 15,290	\$ 2,266
Sanitation	48,210	12,148	476	134
General administration	38,272	16,980	-	-
Support services	21,454	15,500	-	17
Engineering and property management	27,265	5,024	2,459	-
Streets and highways	119,024	6,493	20,127	88,542
Culture and recreation	10,085	1,593	5,739	11,239
Community planning and development	83,608	4,571	19,958	767
Interest and other charges	57,383	-	-	-
Total governmental	<u>730,221</u>	<u>87,268</u>	<u>64,049</u>	<u>102,965</u>
Business-type-				
Water	105,079	101,868	115	9,475
Sewer	141,720	163,622	107	15,196
Storm water	20,233	48,589	-	1,018
Airport	160,281	212,935	-	30,497
Public transit	151,115	25,025	12,701	29,133
Total business-type	<u>578,428</u>	<u>552,039</u>	<u>12,923</u>	<u>85,319</u>
Total primary government	<u>\$ 1,308,649</u>	<u>\$ 639,307</u>	<u>\$ 76,972</u>	<u>\$ 188,284</u>
Component Unit:				
Charlotte Regional Visitors Authority	<u>\$ 48,350</u>	<u>\$ 30,949</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues:				
Taxes-				
Property				
Sales				
Sales, levied for Public Transit				
Utility franchise				
Occupancy				
Prepared foods				
Business privilege				
Municipal vehicle				
Payment from City of Charlotte				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (282,405)	\$ -	\$ (282,405)	\$ -
(35,452)	-	(35,452)	-
(21,292)	-	(21,292)	-
(5,937)	-	(5,937)	-
(19,782)	-	(19,782)	-
(3,862)	-	(3,862)	-
8,486	-	8,486	-
(58,312)	-	(58,312)	-
(57,383)	-	(57,383)	-
<u>(475,939)</u>	<u>-</u>	<u>(475,939)</u>	<u>-</u>
-	6,379	6,379	-
-	37,205	37,205	-
-	29,374	29,374	-
-	83,151	83,151	-
-	<u>(84,256)</u>	<u>(84,256)</u>	<u>-</u>
-	71,853	71,853	-
<u>(475,939)</u>	<u>71,853</u>	<u>(404,086)</u>	<u>-</u>
-	-	-	<u>(17,401)</u>
362,780	-	362,780	-
73,340	-	73,340	-
-	57,355	57,355	-
36,804	-	36,804	-
29,448	-	29,448	-
20,378	-	20,378	-
15,430	-	15,430	-
14,695	-	14,695	-
-	-	-	15,150
16,979	-	16,979	-
5,369	8,842	14,211	77
6,806	8,612	15,418	160
<u>(18,402)</u>	<u>18,402</u>	<u>-</u>	<u>-</u>
<u>563,627</u>	<u>93,211</u>	<u>656,838</u>	<u>15,387</u>
87,688	165,064	252,752	(2,014)
5,095,178	3,378,609	8,473,787	(449)
<u>\$ 5,182,866</u>	<u>\$ 3,543,673</u>	<u>\$ 8,726,539</u>	<u>\$ (2,463)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2011**  
**(In Thousands)**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 139,797	\$ 217,106	\$ 87,882	\$ 148,167	\$ 592,952
Receivables, net:					
Property taxes	7,122	327	956	118	8,523
Accounts	2,341	-	4,242	17	6,600
Other	-	-	-	498	498
Total receivables	9,463	327	5,198	633	15,621
Due from other governmental agencies	36,962	3,402	2,787	21,875	65,026
Due from other funds	3,518	-	-	-	3,518
Due from component unit	-	5,620	298	-	5,918
Inventories	951	-	-	-	951
Restricted assets:					
Cash and cash equivalents	-	1	8,438	-	8,439
Investments	-	-	3,683	-	3,683
Total restricted assets	-	1	12,121	-	12,122
Notes receivable	15	-	43,786	51,232	95,033
Total assets	<u>\$ 190,706</u>	<u>\$ 226,456</u>	<u>\$ 152,072</u>	<u>\$ 221,907</u>	<u>\$ 791,141</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 28,239	\$ 13	\$ 8,722	\$ 5,202	\$ 42,176
Deposits and retainage payable	2,126	-	1,701	569	4,396
Due to other funds	802	-	-	3,518	4,320
Due to component unit	-	-	125	692	817
Deferred revenues	10,022	5,947	49,282	55,422	120,673
Liabilities payable from restricted assets	-	-	170	-	170
Total liabilities	<u>41,189</u>	<u>5,960</u>	<u>60,000</u>	<u>65,403</u>	<u>172,552</u>
Fund balances:					
Nonspendable:					
Inventories	951	-	-	-	951
Perpetual care	-	-	-	3,120	3,120
Restricted:					
State statute	59,131	3,402	-	-	62,533
Special obligation debt service	-	10,970	-	-	10,970
Public safety	-	-	-	13,190	13,190
Streets and highways	-	-	500	10,378	10,878
Culture and recreation	-	-	-	121,702	121,702
Community planning and development	-	-	-	4,291	4,291
Committed:					
Capital projects	3,790	-	91,572	-	95,362
Culture and recreation	-	-	-	1,896	1,896
Component unit	848	-	-	-	848
Assigned:					
Debt service	-	206,124	-	-	206,124
Public safety	-	-	-	1,927	1,927
Culture and recreation	94	-	-	-	94
Unassigned	84,703	-	-	-	84,703
Total fund balances	<u>149,517</u>	<u>220,496</u>	<u>92,072</u>	<u>156,504</u>	<u>618,589</u>
Total liabilities and fund balances	<u>\$ 190,706</u>	<u>\$ 226,456</u>	<u>\$ 152,072</u>	<u>\$ 221,907</u>	<u>\$ 791,141</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2011  
(In Thousands)**

Total fund balances for governmental funds	\$ 618,589
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	5,886,686
Pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds.	6,609
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	138,098
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	30,555
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	<u>(1,497,671)</u>
Total net assets of governmental activities	<u>\$ 5,182,866</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$296,023	\$ 53,440	\$ 9,813	\$ 3,784	\$ 363,060
Other taxes	69,245	10,623	4,756	48,934	133,558
Intergovernmental	66,300	1,379	1,344	60,538	129,561
Licenses, fees and fines	46,228	56	12,459	1,375	60,118
Investment earnings	963	1,726	780	1,208	4,677
Private contributions	-	1,282	10,948	-	12,230
Administrative charges	28,391	-	122	-	28,513
Charges for current services	9,004	-	-	-	9,004
Miscellaneous	1,983	160	528	6,502	9,173
Total revenues	<u>518,137</u>	<u>68,666</u>	<u>40,750</u>	<u>122,341</u>	<u>749,894</u>
<b>EXPENDITURES:</b>					
Current-					
Public safety	298,252	-	-	19,003	317,255
Sanitation	45,859	-	-	71	45,930
General administration	35,031	-	-	1,618	36,649
Support services	19,520	-	-	375	19,895
Engineering and property management	20,216	-	-	948	21,164
Streets and highways	33,894	-	-	30,028	63,922
Culture and recreation	-	-	-	10,068	10,068
Community planning and development	26,582	-	-	25,666	52,248
Debt service-					
Principal	-	64,029	-	-	64,029
Interest and other charges	-	60,296	-	-	60,296
Capital outlay	-	-	126,119	-	126,119
Total expenditures	<u>479,354</u>	<u>124,325</u>	<u>126,119</u>	<u>87,777</u>	<u>817,575</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,783</u>	<u>(55,659)</u>	<u>(85,369)</u>	<u>34,564</u>	<u>(67,681)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sales of capital assets	1,343	-	-	92	1,435
Commercial paper issued	-	-	62,786	-	62,786
Private loan	-	-	3,785	-	3,785
Transfers in	3,059	65,159	27,217	31,083	126,518
Transfers out	(48,920)	(319)	(44,921)	(50,760)	(144,920)
Total other financing sources (uses)	<u>(44,518)</u>	<u>64,840</u>	<u>48,867</u>	<u>(19,585)</u>	<u>49,604</u>
Net change in fund balances	(5,735)	9,181	(36,502)	14,979	(18,077)
Fund balances - beginning	155,252	211,315	128,574	141,525	636,666
Fund balances - ending	<u>\$149,517</u>	<u>\$220,496</u>	<u>\$ 92,072</u>	<u>\$ 156,504</u>	<u>\$ 618,589</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Net change in fund balances - total governmental funds \$ (18,077)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2.b.) 17,898

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets. (Note 2.b.) 83,315

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 594

The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.) (2,130)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2.b.) (6,015)

Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities. 12,103

Change in net assets of governmental activities \$ 87,688

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF BUDGETARY COMPARISON**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (inflows):				
Property tax	\$ 288,613	\$ 288,613	\$ 296,023	\$ 7,410
Sales tax	64,350	64,350	65,782	1,432
Utilities franchise tax	35,900	35,900	36,804	904
Police services	15,068	15,068	15,031	(37)
Tax reimbursements	3,786	3,786	3,765	(21)
Solid waste fee	12,400	12,400	11,999	(401)
Business privilege licenses	16,600	16,600	15,025	(1,575)
Licenses and permits	15,317	15,317	14,960	(357)
Fines, forfeits and penalties	3,040	3,040	2,398	(642)
Interlocal grants and agreements	9,352	9,382	8,829	(553)
Federal and state shared revenues	3,163	3,461	3,241	(220)
General government	5,475	5,475	6,082	607
Public safety	3,352	3,352	4,430	1,078
Cemeteries	503	503	523	20
Use of money and property	1,767	1,570	1,388	(182)
Sale of salvage and land	1,166	1,166	1,343	177
Other	915	884	296	(588)
Occupancy taxes	2,952	2,952	3,310	358
Intragovernmental	24,556	28,021	28,252	231
Transfers from other funds	3,359	3,359	3,058	(301)
Resources available for appropriation	511,634	515,199	522,539	\$ 7,340
Fund balance appropriated	16,001	34,937	21,703	
Total amounts available for appropriation	<u>\$ 527,635</u>	<u>\$ 550,136</u>	<u>\$ 544,242</u>	
Charges to appropriations (outflows):				
Police	\$ 196,770	\$ 202,342	\$ 202,342	\$ -
Fire	97,935	99,438	99,438	-
Solid waste	45,414	46,190	44,944	1,246
Transportation	22,275	22,890	22,890	-
Engineering and property management	20,173	18,969	17,273	1,696
Neighborhood development	11,821	11,976	11,463	513
Planning	5,306	5,377	5,081	296
Mayor and council	1,402	1,570	1,559	11
City attorney	1,943	1,994	1,989	5
City clerk	536	536	467	69
City manager	15,731	15,949	15,214	735
Human resources	4,040	4,377	4,377	-
Finance	10,216	10,255	9,693	562
Business support services	21,193	25,287	24,625	662
Budget and evaluation	1,451	1,479	1,380	99
Non-departmentals	71,429	81,507	81,507	-
Total charges to appropriations	<u>\$ 527,635</u>	<u>\$ 550,136</u>	<u>\$ 544,242</u>	<u>\$ 5,894</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON TO THE**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$544,242
Differences - budget to GAAP:	
Contributed fund balance is a budgetary resource available for appropriation but is not a current-year revenue for financial reporting purposes.	(21,703)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,059)
Proceeds from the sale of salvage and land are budgetary resources but are regarded as other financing resources, rather than revenue, for financial reporting purposes.	<u>(1,343)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$518,137</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$544,242
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(15,968)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(48,920)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$479,354</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 193,201	\$ 53,933	\$ 605,785
Receivables, net-			
Accounts	38,630	6,560	27,682
Other	615	168	1,740
Total receivables	39,245	6,728	29,422
Due from other governmental agencies	1,535	2,217	21,164
Due from other funds	-	-	-
Prepaid insurance	-	-	-
Inventories	1,358	-	-
Restricted assets-			
Cash and cash equivalents	5,385	1,691	57,451
Investments	102,354	-	68,779
Total restricted assets	107,739	1,691	126,230
Total current assets	343,078	64,569	782,601
Noncurrent assets:			
Deferred charges	11,638	927	13,089
Deferred outflow of resources	57,426	-	-
Other postemployment benefit assets	17,940	1,457	7,119
Capital assets-			
Land	40,379	-	291,994
Buildings	25,704	-	618,045
Improvements other than buildings:			
Water and sewer systems	3,476,396	-	-
Storm water systems	-	178,825	-
Runways	-	-	356,693
Transit corridors	-	-	-
Other	-	-	80,318
Total improvements other than buildings	3,476,396	178,825	437,011
Intangibles	13,238	3,359	-
Machinery and equipment	26,140	33	33,234
Construction in progress	468,456	265,499	80,607
Total capital assets	4,050,313	447,716	1,460,891
Less accumulated depreciation	1,012,160	37,908	496,136
Total capital assets, net	3,038,153	409,808	964,755
Total noncurrent assets	3,125,157	412,192	984,963
Total assets	3,468,235	476,761	1,767,564

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 110,224	\$ 963,143	\$ 73,907
736	73,608	-
<u>338</u>	<u>2,861</u>	<u>1,073</u>
1,074	76,469	1,073
39,125	64,041	-
1	1	801
-	-	315
6,337	7,695	-
-	64,527	-
<u>-</u>	<u>171,133</u>	<u>-</u>
<u>-</u>	<u>235,660</u>	<u>-</u>
<u>156,761</u>	<u>1,347,009</u>	<u>76,096</u>
1,989	27,643	-
-	57,426	-
2,256	28,772	-
49,964	382,337	-
85,242	728,991	-
-	3,476,396	-
-	178,825	-
-	356,693	-
335,994	335,994	-
24,090	104,408	-
<u>360,084</u>	<u>4,452,316</u>	<u>-</u>
5,885	22,482	-
184,437	243,844	159
<u>171,545</u>	<u>986,107</u>	<u>-</u>
857,157	6,816,077	159
<u>193,774</u>	<u>1,739,978</u>	<u>148</u>
<u>663,383</u>	<u>5,076,099</u>	<u>11</u>
<u>667,628</u>	<u>5,189,940</u>	<u>11</u>
<u>824,389</u>	<u>6,536,949</u>	<u>76,107</u>

*Continued on next page*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS-(Continued)**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2011**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 8,208	\$ 5,031	\$ 23,280
Claims payable	-	-	-
Deposits and retainage payable	3,367	3,836	2,437
Accrued interest payable	31,329	529	-
Due to component unit	-	-	107
Current maturities of long-term liabilities	68,781	4,692	739
Current liabilities payable from restricted assets-			
Accounts payable	5,696	-	2,414
Deposits and retainage payable	2,107	-	706
Accrued interest payable	-	-	14,647
Revenue bonds payable	-	-	18,743
Total current liabilities payable from restricted assets	<u>7,803</u>	<u>-</u>	<u>36,510</u>
Total current liabilities	<u>119,488</u>	<u>14,088</u>	<u>63,073</u>
Noncurrent liabilities:			
General obligation bonds payable - net of deferred amount on refunding and unamortized premium	237,065	10,742	-
Revenue bonds payable - net of deferred amount on refunding and unamortized premium	1,485,082	114,357	684,723
Other financing agreements - net of unamortized premium	11,499	-	-
Derivative instrument liability	57,426	-	-
Refundable water and sewer construction deposits	5,766	-	-
Due to participants	-	-	-
Compensated absences payable	1,351	232	693
Net OPEB liability	-	-	-
Total noncurrent liabilities	<u>1,798,189</u>	<u>125,331</u>	<u>685,416</u>
Total liabilities	<u>1,917,677</u>	<u>139,419</u>	<u>748,489</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,283,140	281,982	387,502
Restricted for:			
Debt service	14,644	1,691	35,451
Passenger facility charges	-	-	185,656
Working capital	-	-	18,613
Unrestricted	<u>252,774</u>	<u>53,669</u>	<u>391,853</u>
Total net assets	<u>\$1,550,558</u>	<u>\$337,342</u>	<u>\$ 1,019,075</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net assets of business-type activities

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ 11,254	\$ 47,773	\$ -
-	-	50,145
771	10,411	-
602	32,460	-
-	107	-
7,104	81,316	-
-	8,110	-
-	2,813	-
-	14,647	-
-	18,743	-
-	44,313	-
19,731	216,380	50,145
-	247,807	-
-	2,284,162	-
159,355	170,854	-
-	57,426	-
-	5,766	-
-	-	1,842
1,923	4,199	151
-	-	96
161,278	2,770,214	2,089
181,009	2,986,594	52,234
497,801	2,450,425	11
-	51,786	-
-	185,656	-
-	18,613	-
145,579	843,875	23,862
<u>\$ 643,380</u>	<u>3,550,355</u>	<u>\$ 23,873</u>
	(6,682)	
	<u>\$3,543,673</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 256,733	\$ 48,589	\$ 126,949
Capacity fees	5,951	-	-
Miscellaneous	2,806	-	23,974
Total operating revenues	<u>265,490</u>	<u>48,589</u>	<u>150,923</u>
<b>OPERATING EXPENSES:</b>			
Administration	31,366	1,805	12,812
Operations and maintenance	67,587	9,523	43,784
Claims and insurance premiums	-	-	-
Other	436	-	21,348
Depreciation	86,043	3,216	36,351
Total operating expenses	<u>185,432</u>	<u>14,544</u>	<u>114,295</u>
Operating income (loss)	<u>80,058</u>	<u>34,045</u>	<u>36,628</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Sales tax	-	-	-
Grant contributions	222	-	-
Passenger facility charges	-	-	54,714
Contract facility charges	-	-	7,298
Investment earnings	2,320	447	5,275
Interest expense and other charges	(63,932)	(5,802)	(29,082)
Non-airline terminal revenue distribution	-	-	(16,344)
Miscellaneous	6,828	1,517	(1,235)
Total nonoperating revenues (expenses)	<u>(54,562)</u>	<u>(3,838)</u>	<u>20,626</u>
Income (loss) before contributions and transfers	25,496	30,207	57,254
<b>CAPITAL CONTRIBUTIONS</b>	24,671	1,018	30,497
<b>TRANSFERS IN</b>	-	-	-
Change in net assets	50,167	31,225	87,751
Total net assets - beginning	<u>1,500,391</u>	<u>306,117</u>	<u>931,324</u>
Total net assets - ending	<u>\$1,550,558</u>	<u>\$ 337,342</u>	<u>\$1,019,075</u>

Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.  
Change in net assets of business-type activities

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ 25,025	\$ 457,296	\$ 106,805
-	5,951	-
-	26,780	-
<u>25,025</u>	<u>490,027</u>	<u>106,805</u>
9,776	55,759	7,007
96,516	217,410	-
-	-	83,116
-	21,784	-
<u>39,038</u>	<u>164,648</u>	<u>2</u>
<u>145,330</u>	<u>459,601</u>	<u>90,125</u>
<u>(120,305)</u>	<u>30,426</u>	<u>16,680</u>
57,355	57,355	-
12,701	12,923	-
-	54,714	-
-	7,298	-
800	8,842	604
(7,613)	(106,429)	-
-	(16,344)	-
<u>267</u>	<u>7,377</u>	<u>-</u>
<u>63,510</u>	<u>25,736</u>	<u>604</u>
(56,795)	56,162	17,284
29,133	85,319	-
<u>18,402</u>	<u>18,402</u>	<u>-</u>
(9,260)	159,883	17,284
<u>652,640</u>		<u>6,589</u>
<u>\$ 643,380</u>		<u>\$ 23,873</u>
	5,181	
	<u>\$ 165,064</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$264,621	\$ 48,047	\$140,934
Receipts from participants	-	-	-
Payments to suppliers	(46,315)	(3,780)	(53,045)
Internal activity - (payments to) receipts from other funds	(22,083)	(1,956)	(9,995)
Receipts from trust	-	-	-
Payments to employees	(32,999)	(5,117)	(14,279)
Payments to airlines for non-airline terminal revenue distribution	-	-	(15,605)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	2,647	1,526	-
Net cash provided (used) by operating activities	<u>165,871</u>	<u>38,720</u>	<u>48,010</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers in	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Water and sewer construction deposits	887	-	-
Passenger facility charges	-	-	57,635
Contract facility charges	-	-	7,747
Acquisition and construction of capital assets	(132,535)	(26,163)	(57,503)
Principal paid on capital debt	(64,606)	(4,240)	(24,995)
Interest and other charges paid on capital debt	(86,992)	(6,336)	(30,186)
Capital contributions	52	296	13,286
Net cash (used) by capital and related financing activities	<u>(283,194)</u>	<u>(36,443)</u>	<u>(34,016)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of investments	(214,397)	-	(150,595)
Proceeds from sale and maturities of investments	329,487	-	285,566
Interest received	2,667	447	4,805
Net cash provided by investing activities	<u>117,757</u>	<u>447</u>	<u>139,776</u>
Net increase (decrease) in cash and cash equivalents	434	2,724	153,770
Cash and cash equivalents - beginning of year	<u>198,152</u>	<u>52,900</u>	<u>509,466</u>
Cash and cash equivalents - end of year	<u>\$198,586</u>	<u>\$ 55,624</u>	<u>\$663,236</u>

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 25,221	\$ 478,823	\$ -
-	-	32,339
(41,376)	(144,516)	(5,515)
(9,338)	(43,372)	67,079
-	-	15,894
(55,695)	(108,090)	(1,452)
-	(15,605)	-
-	-	(75,514)
-	-	(16,608)
337	4,510	-
<u>(80,851)</u>	<u>171,750</u>	<u>16,223</u>
12,701	12,701	-
56,940	56,940	-
<u>18,402</u>	<u>18,402</u>	-
<u>88,043</u>	<u>88,043</u>	-
-	887	-
-	57,635	-
-	7,747	-
(36,020)	(252,221)	-
(7,432)	(101,273)	-
(7,612)	(131,126)	-
<u>30,500</u>	<u>44,134</u>	-
<u>(20,564)</u>	<u>(374,217)</u>	-
-	(364,992)	-
-	615,053	-
837	8,756	693
<u>837</u>	<u>258,817</u>	<u>693</u>
(12,535)	144,393	16,916
<u>122,759</u>	<u>883,277</u>	<u>56,991</u>
<u>\$ 110,224</u>	<u>\$ 1,027,670</u>	<u>\$ 73,907</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS-(Continued)**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 80,058	\$ 34,045	\$ 36,628
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	86,043	3,216	36,351
Other receipts (payments)	2,647	1,526	-
Non-airline terminal revenue distribution	-	-	(15,605)
Change in assets and liabilities:			
(Increase) decrease in receivables	(872)	(542)	(9,989)
(Increase) in due from other governmental agencies	(4)	-	(36)
(Increase) in due from other funds	-	-	-
(Increase) decrease in inventories	70	-	-
(Increase) in prepaid insurance	-	-	-
(Increase) decrease in other postemployment benefit assets	(783)	(11)	(308)
Increase (decrease) in accounts payable	(1,346)	435	955
Increase in claims payable	-	-	-
(Decrease) in due to participants	-	-	-
Increase (decrease) in deposits and retainage payable	3	-	(93)
(Decrease) in due to component unit	-	-	(33)
Increase in compensated absences payable	55	51	140
Increase in net OPEB liability	-	-	-
Total adjustments	<u>85,813</u>	<u>4,675</u>	<u>11,382</u>
Net cash provided (used) by operating activities	<u>\$165,871</u>	<u>\$ 38,720</u>	<u>\$ 48,010</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	<u>\$ 24,581</u>	<u>\$ 698</u>	<u>\$ -</u>

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ (120,305)	\$ 30,426	\$ 16,680
39,038	164,648	2
337	4,510	-
-	(15,605)	-
196	(11,207)	(494)
(4)	(44)	-
-	-	(163)
(574)	(504)	-
-	-	(106)
183	(919)	-
195	239	-
-	-	3,349
-	-	(3,084)
-	(90)	-
-	(33)	-
83	329	1
-	-	38
<u>39,454</u>	<u>141,324</u>	<u>(457)</u>
<u>\$ (80,851)</u>	<u>\$ 171,750</u>	<u>\$ 16,223</u>
<u>\$ -</u>	<u>\$ 25,279</u>	<u>\$ -</u>

**CITY OF CHARLOTTE, NORTH CAROLINA  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2011  
 (In Thousands)**

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,622	\$ 17,965
Receivables:		
Employer contributions	263	-
Member contributions	258	-
Interest and dividends	400	143
Total receivables	<u>921</u>	<u>143</u>
Investments:		
Equity securities - stocks	140,291	-
Fixed income securities - bonds	38,554	-
Mutual funds	182,395	22,593
Total investments	<u>361,240</u>	<u>22,593</u>
Capital assets, at cost, net of accumulated depreciation of \$235	<u>364</u>	<u>-</u>
Total assets	<u>367,147</u>	<u>40,701</u>
<u>LIABILITIES</u>		
Accounts payable	<u>1,077</u>	<u>36</u>
<u>NET ASSETS</u>		
Held in trust for pension/other postemployment benefits	<u>\$ 366,070</u>	<u>\$ 40,665</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ADDITIONS:		
Contributions-		
Member	\$ 8,288	\$ 5,480
Employer	7,670	11,659
Other	-	1,308
Total contributions	<u>15,958</u>	<u>18,447</u>
Investment income -		
Net appreciation (depreciation) in fair value of investments	73,501	(33)
Interest	1,510	457
Dividends	2,179	-
	<u>77,190</u>	<u>424</u>
Investment expense	1,891	78
Net investment income	<u>75,299</u>	<u>346</u>
Total additions	<u>91,257</u>	<u>18,793</u>
DEDUCTIONS:		
Benefits	20,080	10,608
Refunds	248	-
Insurance premiums	-	4,877
Administration	510	490
Depreciation	34	-
Total deductions	<u>20,872</u>	<u>15,975</u>
Change in net assets	70,385	2,818
Net assets - beginning	<u>295,685</u>	<u>37,847</u>
Net assets - ending	<u>\$ 366,070</u>	<u>\$ 40,665</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**

Note	Topic	Page
1.	<i>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</i>	
	Reporting Entity .....	52
	Basis of Presentation.....	53
	Measurement Focus and Basis of Accounting .....	55
	Assets, Liabilities and Net Assets/Fund Balances	
	Cash and Investments .....	56
	Receivables and Payables.....	57
	Inventories.....	57
	Capital Assets .....	57
	Compensated Absences .....	58
	Long-term Liabilities .....	58
	Net Assets/Fund Balances.....	59
2.	<i>RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS</i>	
	Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets.....	61
	Explanation of certain differences between the governmental funds statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities .....	62
3.	<i>STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY</i>	
	Budgetary Information .....	64
4.	<i>DETAILED DISCLOSURES ON ALL FUNDS</i>	
	Deposits.....	64
	Investments .....	65
	Receivables .....	68
	Property Taxes .....	69
	Restricted Assets.....	69
	Capital Assets.....	70
	Interfund Receivables, Payables and Transfers.....	73
	Payables .....	74
	Deferred Revenues .....	75
	Long-term Liabilities .....	76
	General Obligation Bonds .....	78
	Special Obligation Bonds.....	80

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INDEX TO THE NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**

Note	Topic	Page
4.	<i>DETAILED DISCLOSURES ON ALL FUNDS-(Continued)</i>	
	Revenue Bonds.....	81
	Installment Purchases.....	84
	Commercial Paper.....	86
	Other Long-term Liabilities	
	Section 108 Loan Guarantee.....	87
	Private Loan.....	87
	Municipal Systems.....	88
	Derivative Instruments.....	89
	Other Debt Information.....	92
	Early Extinguishment.....	92
	Subsequent Events.....	92
	Fund Balance.....	93
5.	<i>PENSION PLANS AND OTHER BENEFITS</i>	
	Local Governmental Employees' Retirement System.....	94
	Charlotte Firefighters' Retirement System.....	94
	Law Enforcement Officers' Separation Allowance.....	96
	Supplemental Retirement Income Plan for Law Enforcement Officers.....	99
	Death Benefit Plan.....	99
	Other Postemployment Benefits.....	99
	Deferred Compensation Plan.....	103
6.	<i>OTHER INFORMATION</i>	
	Airport Leasing Arrangements with Tenants.....	103
	Passenger Facility Charges.....	104
	Insurance	
	Employee Health and Life.....	104
	Risk Management.....	105
	Commitments and Contingencies.....	106
	Arena.....	108
	NASCAR Hall of Fame.....	109
	Cultural Arts Facilities.....	109
	US Airways.....	109

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

The City of Charlotte (City) is a municipal corporation governed by an elected mayor and eleven-member council. The accompanying financial statements present the activities of the City and its two component units, entities for which the City is financially accountable. The Charlotte Firefighters' Retirement System (System) is so intertwined with the City that it is, in substance, the same as the City. Accordingly, the System is blended and reported as if it was part of the City. The Charlotte Regional Visitors Authority (Authority) is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The following table describes the City's component units:

Component Unit	Criteria for Inclusion	Reporting Method	Separate Financial Statements
Charlotte Firefighters' Retirement System	The System provides retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. These services are exclusively for the City.	Blended	Charlotte Firefighters' Retirement System 428 East Fourth Street, Suite 205 Charlotte, North Carolina 28202
Charlotte Regional Visitors Authority	A "special district" as defined by state statutes. The City Council appoints the governing board and the City pays outstanding general obligation bonded debt. Net operating proceeds are to be used to pay principal and interest on the bonded debt or as otherwise directed by City Council.	Discrete	Charlotte Regional Visitors Authority 501 South College Street Charlotte, North Carolina 28202

The Charlotte Housing Authority (Housing Authority), which is excluded from the City's financial statements, is considered a related organization. The City Council appoints the Housing Authority's governing board; however, the City is not financially accountable for the Housing Authority.

The Charlotte Transit Center, Inc. is a joint venture resulting from an agreement between the City and Bank of America. The corporation was established to build and operate a public transportation terminal known as the Charlotte Transit Center (Center). The Board of Directors is comprised of two members appointed by the City and two members appointed by Bank of America. The City provided

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

the land and Bank of America constructed the building. The Center has two sections, transit and retail. The City funds all expenses related to the transit section and common areas which benefit transit riders and employees. Bank of America funds all expenses related to the retail area which is available for lease to tenants. The City does not have an equity interest but does have an ongoing financial responsibility because the Center's existence depends on continued funding by the City. The City's expenditures related to the transit section are reflected in the Public Transit Enterprise Fund. The financial statements of the Center, which has a December 31 year-end, may be obtained from the following address:

Charlotte Transit Center, Inc  
c/o Lincoln Harris, LLC  
200 North College Street, Suite 2098  
Charlotte, North Carolina 28202

b. Basis of Presentation

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City as well as the City and its discretely presented component unit. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

*Water and sewer.* This fund accounts for the activities of Charlotte-Mecklenburg Utilities, provider of water and sewer services

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

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

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The City reports the following fund types:

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

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

c. Measurement Focus and Basis of Accounting

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

*Governmental Fund Financial Statements:* Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the current fiscal period except reimbursement grants which are accrued based on expenditures. Primary sources of revenue susceptible to accrual include occupancy tax, sales tax, Alcoholic Beverage Commission profits and federal and state grants. Expenditures are recorded when a liability is incurred, except for principal and interest on general debt, claims and judgments, and compensated absences, which are recognized as expenditures when payment occurs. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of debt issues are reported as other financing sources.

The government-wide and proprietary funds financial statements follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board (APB) Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply grant resources to such programs followed by general revenues.

d. Assets, Liabilities and Net Assets/Fund Balances

(1) Cash and Investments

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

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

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

Investments, except for North Carolina Capital Management Trust (NCCMT) and Firefighters' Retirement System Fund, are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC registered money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. See Note 5.b., "Method Used to Value Investments," for an explanation of reporting the Firefighters' Retirement System's investments at fair value.

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(2) Receivables and Payables

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

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

(3) Inventories

Inventories are recorded as an expenditure/expense when consumed rather than when purchased. Inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

(4) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets include annexed streets that were acquired or received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add value to the assets or materially extend assets' lives are not capitalized.

Capital assets are assets with an initial, individual cost of more than \$5, except intangible assets which have a minimum cost of \$100. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 - 40 years
Infrastructure	40 years
Improvements other than buildings	10 - 60 years
Intangible	5 - 10 years
Machinery and equipment	3 - 40 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the Water and Sewer, Storm Water, Airport and Public Transit Enterprise Funds in the amounts of \$20,368, \$555, \$2,110 and \$2, respectively, for the year ended June 30, 2011.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(5) Compensated Absences

Employees earn vacation leave at the rate of 10 to 20 days per year and can accrue a maximum of 20 to 40 days, depending on length of service. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation. However, twenty percent of outstanding sick leave, with a maximum of 43.5 days, is payable upon retirement or death.

Compensated absences payable includes accumulated unpaid vacation leave and sick leave. This liability is recorded in the government-wide and proprietary fund financial statements.

(6) Long-term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

Long-term liabilities are reported net of the deferred amounts on refunding. The deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. This amount is amortized as a component of interest expense, using the straight-line basis, over the life of the old debt or new debt, whichever is shorter.

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

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(7) Net Assets/Fund Balances

*Net Assets.* Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

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

North Carolina State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

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

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

*Perpetual care* – portion of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

*Restricted fund balance* – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for State statute* – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

*Restricted for Special obligation debt service* – portion of fund balance that is legally restricted through financing agreements for future payment of debt service requirements.

*Restricted for Public safety* – portion of fund balance that is restricted by revenue source for public safety expenditures.

*Restricted for Streets and highways* – Powell Bill and other portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill funds.

*Restricted for Culture and Recreation* – portion of fund balance that is restricted by revenue source for culture and recreation expenditures.

*Restricted for Community planning and development* – portion of fund balance that is restricted by revenue source for community planning and development expenditures.

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

*Committed for Capital projects* – portion of fund balance committed by the City Council for capital projects.

*Committed for Culture and recreation* – portion of fund balance that is committed by contractual obligation for culture and recreation expenditures.

*Committed for Component unit* – portion of fund balance committed by the City Council for the Charlotte Regional Visitors Authority.

*Assigned fund balance* – This classification includes amounts that the City intends to use for specific purposes.

*Assigned for Debt service* – portion of fund balance in the Debt Service fund that is not nonspendable, restricted, nor committed that will be used for future payment of debt service requirements.

*Assigned for Public safety* – portion of fund balance in the nonmajor Special Revenue funds that is not nonspendable, restricted, nor committed that will be used for public safety expenditures.

*Assigned for Culture and recreation* – portion of fund balance in the nonmajor Special Revenue funds that is not nonspendable, restricted, nor committed that will be used for culture and recreation expenditures.

*Unassigned fund balance* – This classification includes amounts that have not been assigned to another fund or is restricted, committed, or assigned to specific purposes within the general fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent first. For purposes of fund

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned, and unassigned fund balance.

The City's Capital Investment Plan Financial Policies which are approved annually by the City Council include a policy to maintain the General fund balance at sixteen percent of the operating budget. Any portion of the General fund balance in excess of sixteen percent of budgeted expenditures is dedicated to capital expenses, unless otherwise directed by City Council.

**2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

a. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$1,497,671 difference are as follows:

Bonds and installment purchases payable	\$ 1,189,788
Net of deferred amounts on refunding, premiums and discounts	41,162
Commercial paper notes	109,248
Derivative instrument liability	28,322
Swaption borrowing payable	7,587
Compensated absences	40,564
Section 108 loan guarantee	11,575
Private Loan	38,830
Law enforcement officers' separation allowance	13,321
Unfunded OPEB liability	7,748
Accrued interest payable	9,526
	<hr/>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u><u>\$ 1,497,671</u></u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$17,898 difference are as follows:

Capital outlay	\$ 116,426
Depreciation expense	<u>(98,528)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 17,898</u>

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this \$83,315 difference are as follows:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (2,156)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>85,471</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 83,315</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Another element of that reconciliation states "The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this (\$2,130) difference are as follows:

Debt issued or incurred:	
Issuance of commercial paper notes	\$ (62,786)
Private loan	(3,785)
Derivative instrument	33
Swaption borrowing	(329)
Arbitrage	150
Principal repayments:	
General obligation debt	27,761
Installment purchases	36,268
Section 108 loan guarantee	<u>558</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (2,130)</u>

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this (\$6,015) difference are as follows:

Accrued interest	\$ 324
Amortization on deferred amount on refunding	(908)
Amortization of issuance costs	(541)
Amortization of debt premiums	4,399
Amortization of discounts	(32)
Compensated absences	(2,269)
Law enforcement officers' separation allowance	(2,406)
Unfunded OPEB liability	(4,264)
Change in pension assets	<u>(318)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (6,015)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budgets shown in the statements are as amended at June 30, 2011.

Annual budgets are adopted on the modified accrual basis except that they include encumbrances for the current year. Current year's appropriations are charged for encumbrances when commitments for the expenditures of monies are issued. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

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

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2011, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	\$152,441	\$ 120,490
City - Fiduciary Fund	160	17,993
Component unit - Authority	10,210	9,797

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

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.

All of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact 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. The City has no policy regarding custodial credit risk for deposits. Of the City's bank balances, \$10,339 was covered at the federal depository insurance coverage level and \$142,105 was covered by collateral held under the Pooling Method.

Component Unit: The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, \$2,560 was covered by federal depository insurance (including coverage by the Certificate of Deposit Account Registry Service Program). The remaining balances were covered by collateral held under the Pooling Method.

b. Investments

State statute 159-30 authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Charlotte Firefighters' Retirement System (System) Pension Trust fund are governed by the North Carolina Act (Act) establishing the System. This Act authorizes additional investment types which include corporate bonds, common stock, guaranteed investment contracts and mutual funds. The investments of the Employee Benefit Trust Plan (EBTP) are governed by state statute 147-69.2(b)(1)-(6)&(8). This legislation authorizes additional investment types which include corporate bonds, common stock, and mutual funds.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The investments and maturities at June 30, 2011, were as follows:

City - Governmental and Business-type Activities

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less than 1</u>	<u>1-3</u>
U.S. Agencies	\$ 1,453,294	\$ 480,588	\$ 972,706
Commercial Paper	87,000	87,000	-
Mutual Funds	72,965	N/A	N/A
NCCMT Cash Portfolio	135,820	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-
Total	<u>\$ 1,757,079</u>	<u>\$ 575,588</u>	<u>\$ 972,706</u>

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

*Interest Rate Risk.* Although the City does not have a formal investment policy, internal investment guidelines prohibit maturities longer than five years which helps manage exposure to fair value losses in rising interest rate environments.

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's). As of June 30, 2011, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAM by S&P as of June 30, 2011. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in instruments permitted by State statute 159-30 described above. At June 30, 2011 the City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AAA 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, 2011, the City had no investments subject to custodial credit risk. The City had no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.

*Concentration of Credit Risk.* The City's informal 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 \$10 million may be invested in any one issuer. For bankers acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The investments and maturities at June 30, 2011 of the Charlotte Firefighters' Retirement System were as follows:

City – Fiduciary Fund

Investment type	Fair Value	Investment Maturities (in Years)		
		1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 4,770	\$ 1,924	\$ 1,751	\$ 1,095
U.S. Agencies	12,901	176	-	12,725
Corporate bonds	20,883	8,732	5,189	6,962
Common stocks	140,291	N/A	N/A	N/A
Mutual funds	182,395	N/A	N/A	N/A
Total	<u>\$ 361,240</u>	<u>\$ 10,832</u>	<u>\$ 6,940</u>	<u>\$ 20,782</u>

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

*Credit Risk.* The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2011 are as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 11,412	29.60%
Baa > AA	14,643	37.98%
B > Ba	87	0.23%
Total credit risk debt securities	26,142	67.81%
US Government fixed income securities:		
Government National Mortgage Association	3,426	8.89%
U.S. Treasury	4,770	12.37%
Not rated	4,216	10.93%
Total fixed income securities	<u>\$ 38,554</u>	<u>100.00%</u>

*Concentration of Credit Risk.* The System limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

In accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. CMO rates trade in sympathy with treasury rates. At year-end, the System held \$1,461 of these securities.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

At June 30, 2011, the Employee Benefit Trust Plan (EBTP) had investments of \$22,593 in mutual funds.

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

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

*Concentration of Credit Risk.* The EBTP limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

Component Unit: At June 30, 2011, the Authority had investments of \$190 in the NCCMT's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

c. Receivables

Accounts receivable are presented net of allowance for uncollectibles in the accompanying financial statements. The receivables and applicable allowances for uncollectibles are as follows:

	<u>Gross</u> <u>Receivable</u>	<u>Allowance</u>	<u>Net</u> <u>Receivable</u>
<u>Governmental</u>			
General	\$ 33,550	\$ 24,087	\$ 9,463
Debt Service	2,798	2,471	327
Capital Projects	12,478	7,280	5,198
Nonmajor	<u>4,392</u>	<u>3,759</u>	<u>633</u>
Total Governmental	<u>53,218</u>	<u>37,597</u>	<u>15,621</u>
<u>Proprietary</u>			
Water and Sewer	47,344	8,099	39,245
Storm Water	8,947	2,219	6,728
Airport	29,632	210	29,422
Public Transit	1,614	540	1,074
Internal Service	<u>1,073</u>	<u>-</u>	<u>1,073</u>
Total Proprietary	<u>88,610</u>	<u>11,068</u>	<u>77,542</u>
<u>Fiduciary</u>			
Firefighters' Retirement	921	-	921
Employee Benefit	<u>143</u>	<u>-</u>	<u>143</u>
Total	<u>\$142,892</u>	<u>\$ 48,665</u>	<u>\$ 94,227</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

In February 2002, City Council approved an interest-free loan to the Authority for \$5,000 for the renovation of Ovens Auditorium. In May 2007, the Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a \$160 per year repayment through fiscal year 2037. At June 30, 2011 the balance of the loan outstanding was \$3,918.

d. Property Taxes

Pursuant to State statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. The taxes levied effective July 1, 2010, were based on the assessed values listed as of January 1, 2010, which is the lien date.

The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City's agent for listing and collecting property taxes levied. The distribution of the City's levy for 2011 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3773
Debt Service	0.0687
Capital Projects	0.0126
Total	<u>\$ 0.4586</u>

In addition, special taxes are levied on areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2011 for Districts 1, 2, 3, 4 and 5 were \$.0174, \$.0239, \$.0386, \$.0668 and \$.0300, respectively.

e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 1
Capital Projects	<u>12,121</u>
Total Governmental	<u>12,122</u>
<u>Enterprise-</u>	
Water and Sewer	107,739
Storm Water	1,691
Airport	<u>126,230</u>
Total Enterprise	<u>235,660</u>
Total	<u>\$247,782</u>

These fund assets are restricted pursuant to bond orders and other financing agreements.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities-</u>				
Capital assets, not being depreciated:				
Land	\$ 2,981,608	\$ 63,908	\$ 4	\$ 3,045,512
Construction in progress	317,348	116,012	110,615	322,745
Total capital assets, not being depreciated	<u>3,298,956</u>	<u>179,920</u>	<u>110,619</u>	<u>3,368,257</u>
Capital assets, being depreciated:				
Buildings	1,004,477	48,141	786	1,051,832
Infrastructure	2,272,143	72,165	-	2,344,308
Intangibles	12,263	700	-	12,963
Machinery and equipment	159,378	11,586	13,504	157,460
Total capital assets being depreciated	<u>3,448,261</u>	<u>132,592</u>	<u>14,290</u>	<u>3,566,563</u>
Less accumulated depreciation for:				
Buildings	204,484	25,318	117	229,685
Infrastructure	633,133	57,620	-	690,753
Intangibles	10,979	419	-	11,398
Machinery and equipment	113,135	15,173	12,021	116,287
Total accumulated depreciation	<u>961,731</u>	<u>98,530</u>	<u>12,138</u>	<u>1,048,123</u>
Total capital assets, being depreciated, net	<u>2,486,530</u>	<u>34,062</u>	<u>2,152</u>	<u>2,518,440</u>
Governmental activities capital assets, net	<u>\$ 5,785,486</u>	<u>\$ 213,982</u>	<u>\$ 112,771</u>	<u>\$ 5,886,697</u>

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 12,096
Sanitation	3,173
General administration	1,471
Support services	1,258
Engineering and property management	7,034
Streets and highways	55,173
Community planning and development	18,323
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of assets	<u>2</u>
Total depreciation expense - governmental activities	<u>\$ 98,530</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Capital asset activity for business-type activities for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities-</u>				
Water and Sewer:				
Capital assets, not being depreciated:				
Land	\$ 38,894	\$ 1,485	\$ -	\$ 40,379
Construction in progress	<u>498,805</u>	<u>146,039</u>	<u>176,388</u>	<u>468,456</u>
Total capital assets, not being depreciated	<u>537,699</u>	<u>147,524</u>	<u>176,388</u>	<u>508,835</u>
Capital assets, being depreciated:				
Buildings	10,801	14,903	-	25,704
Improvements other than buildings:				
Water and sewer systems	3,294,638	181,758	-	3,476,396
Intangibles	11,659	1,579	-	13,238
Machinery and equipment	<u>26,198</u>	<u>395</u>	<u>453</u>	<u>26,140</u>
Total capital assets being depreciated	<u>3,343,296</u>	<u>198,635</u>	<u>453</u>	<u>3,541,478</u>
Less accumulated depreciation for:				
Buildings	4,838	633	-	5,471
Improvements other than buildings:				
Water and sewer systems	893,814	82,149	-	975,963
Intangibles	10,335	832	-	11,167
Machinery and equipment	<u>17,577</u>	<u>2,429</u>	<u>447</u>	<u>19,559</u>
Total accumulated depreciation	<u>926,564</u>	<u>86,043</u>	<u>447</u>	<u>1,012,160</u>
Total capital assets, being depreciated, net	<u>2,416,732</u>	<u>112,592</u>	<u>6</u>	<u>2,529,318</u>
Water and Sewer capital assets, net	<u>2,954,431</u>	<u>260,116</u>	<u>176,394</u>	<u>3,038,153</u>
Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	<u>238,306</u>	<u>28,923</u>	<u>1,730</u>	<u>265,499</u>
Capital assets, being depreciated:				
Improvements other than buildings:				
Storm water systems	176,397	2,428	-	178,825
Intangibles	3,359	-	-	3,359
Machinery and equipment	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>
Total capital assets being depreciated	<u>179,789</u>	<u>2,428</u>	<u>-</u>	<u>182,217</u>
Less accumulated depreciation for:				
Improvements other than buildings:				
Storm water systems	31,501	3,016	-	34,517
Intangibles	3,162	197	-	3,359
Machinery and equipment	<u>29</u>	<u>3</u>	<u>-</u>	<u>32</u>
Total accumulated depreciation	<u>34,692</u>	<u>3,216</u>	<u>-</u>	<u>37,908</u>
Total capital assets, being depreciated, net	<u>145,097</u>	<u>(788)</u>	<u>-</u>	<u>144,309</u>
Storm Water capital assets, net	<u>383,403</u>	<u>28,135</u>	<u>1,730</u>	<u>409,808</u>

continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Airport:</b>				
Capital assets, not being depreciated:				
Land	\$ 255,206	\$ 36,788	\$ -	\$ 291,994
Construction in progress	<u>113,251</u>	<u>47,006</u>	<u>79,650</u>	<u>80,607</u>
Total capital assets, not being depreciated	<u>368,457</u>	<u>83,794</u>	<u>79,650</u>	<u>372,601</u>
Capital assets, being depreciated:				
Buildings	600,532	17,513	-	618,045
Improvements other than buildings:				
Runways	332,951	23,742	-	356,693
Other	79,909	518	109	80,318
Machinery and equipment	<u>19,896</u>	<u>13,659</u>	<u>321</u>	<u>33,234</u>
Total capital assets being depreciated	<u>1,033,288</u>	<u>55,432</u>	<u>430</u>	<u>1,088,290</u>
Less accumulated depreciation for:				
Buildings	332,331	21,130	-	353,461
Improvements other than buildings:				
Runways	90,626	10,072	-	100,698
Other	24,123	3,190	-	27,313
Machinery and equipment	<u>13,024</u>	<u>1,959</u>	<u>319</u>	<u>14,664</u>
Total accumulated depreciation	<u>460,104</u>	<u>36,351</u>	<u>319</u>	<u>496,136</u>
Total capital assets, being depreciated, net	<u>573,184</u>	<u>19,081</u>	<u>111</u>	<u>592,154</u>
Airport capital assets, net	<u>941,641</u>	<u>102,875</u>	<u>79,761</u>	<u>964,755</u>
<b>Public Transit:</b>				
Capital assets, not being depreciated:				
Land	50,002	4	42	49,964
Construction in progress	<u>142,281</u>	<u>39,145</u>	<u>9,881</u>	<u>171,545</u>
Total capital assets, not being depreciated	<u>192,283</u>	<u>39,149</u>	<u>9,923</u>	<u>221,509</u>
Capital assets, being depreciated:				
Buildings	85,242	-	-	85,242
Improvements other than buildings:				
Transit corridors	330,740	5,254	-	335,994
Other	23,703	387	-	24,090
Intangibles	4,880	1,005	-	5,885
Machinery and equipment	<u>182,228</u>	<u>3,340</u>	<u>1,131</u>	<u>184,437</u>
Total capital assets being depreciated	<u>626,793</u>	<u>9,986</u>	<u>1,131</u>	<u>635,648</u>
Less accumulated depreciation for:				
Buildings	24,317	3,883	-	28,200
Improvements other than buildings:				
Transit corridors	46,048	18,971	-	65,019
Other	10,170	2,007	-	12,177
Intangibles	3,557	590	-	4,147
Machinery and equipment	<u>71,738</u>	<u>13,587</u>	<u>1,094</u>	<u>84,231</u>
Total accumulated depreciation	<u>155,830</u>	<u>39,038</u>	<u>1,094</u>	<u>193,774</u>
Total capital assets, being depreciated, net	<u>470,963</u>	<u>(29,052)</u>	<u>37</u>	<u>441,874</u>
Public Transit capital assets, net	<u>663,246</u>	<u>10,097</u>	<u>9,960</u>	<u>663,383</u>
Business-type capital assets, net	<u>\$ 4,942,721</u>	<u>\$ 401,223</u>	<u>\$ 267,845</u>	<u>\$ 5,076,099</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables and payables at June 30, 2011, by fund:

Due to/from other funds:	Interfund Receivables	Interfund Payables
General	\$ 3,518	\$ 802
Nonmajor governmental	-	3,518
Enterprise - Public Transit	1	-
Employee Health and Life	801	-
Total	<u>\$ 4,320</u>	<u>\$ 4,320</u>

The balances are for reimbursable expenditures and will be paid within 30 days.

Due to/from primary government and component unit for reimbursable expenditures:

	Receivable Entity	Payable Entity
Primary Government:		
Debt Service	\$ 5,600	\$ -
Capital Projects	298	125
Nonmajor governmental	-	692
Enterprise - Airport	-	107
Component Unit - Authority	924	5,898
Total	<u>\$ 6,822</u>	<u>\$ 6,822</u>

Interfund transfers:

Transfer out:	Transfers In:					Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	
General	\$ -	\$ 17,592	\$ 25,969	\$ 5,359	\$ -	\$ 48,920
Debt Service	98	-	44	175	2	319
Capital Projects	845	127	-	25,549	18,400	44,921
Nonmajor governmental	2,116	47,440	1,204	-	-	50,760
Total	<u>\$ 3,059</u>	<u>\$ 65,159</u>	<u>\$ 27,217</u>	<u>\$ 31,083</u>	<u>\$ 18,402</u>	<u>\$ 144,920</u>

The transfers consist primarily of the following: (a) \$65,159 to Debt Service from General, Capital Projects and nonmajor governmental to cover debt service costs, (b) \$18,400 to Enterprise - Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, (c) \$31,083 to nonmajor governmental from General, Debt Service and Capital Projects.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

h. Payables

Payables at June 30, 2011 were as follows:

	<u>Vendors</u>	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
<u>Governmental</u>				
General	\$ 14,706	\$ 7,193	\$ 6,340	\$ 28,239
Debt Service	13	-	-	13
Capital Projects	8,892	-	-	8,892
Nonmajor governmental	<u>5,190</u>	<u>12</u>	-	<u>5,202</u>
Total Governmental	<u>28,801</u>	<u>7,205</u>	<u>6,340</u>	<u>42,346</u>
<u>Proprietary</u>				
Water and Sewer	11,433	1,645	826	13,904
Storm Water	4,767	264	-	5,031
Airport	24,957	737	-	25,694
Public Transit	6,463	1,878	2,913	11,254
Internal Service	<u>50,068</u>	<u>77</u>	-	<u>50,145</u>
Total Business-type	<u>97,688</u>	<u>4,601</u>	<u>3,739</u>	<u>106,028</u>
Total	<u>\$ 126,489</u>	<u>\$ 11,806</u>	<u>\$ 10,079</u>	<u>\$ 148,374</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

i. Deferred Revenues

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources received but not yet earned. At the end of the current fiscal year, the components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General	\$ 7,659	\$ 531
Debt Service	327	-
Capital Projects	956	-
Nonmajor governmental	118	-
Notes receivable:		
General	15	-
Capital Projects	43,786	-
Nonmajor governmental	51,232	-
Accounts receivable:		
General	2,345	-
Capital Projects	4,242	-
Nonmajor governmental	398	-
Due from component unit:		
Debt Service	5,620	-
Capital Projects	298	-
Due from other governmental agencies		
General	3	-
Grant advances:		
Nonmajor governmental	<u>3,674</u>	<u>3,674</u>
	<u>\$ 120,673</u>	<u>\$ 4,205</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2011 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 483,770	\$ -	\$ 27,761	\$ 456,009	\$ 28,477
Less unamortized deferred on refundings	(6,460)	-	(505)	(5,955)	(505)
Plus unamortized premiums	31,589	-	2,265	29,324	2,194
Total bonds payable	<u>508,899</u>	<u>-</u>	<u>29,521</u>	<u>479,378</u>	<u>30,166</u>
Special obligation bonds	10,970	-	-	10,970	850
Installment purchases	759,077	-	36,268	722,809	43,702
Less unamortized deferred on refundings	(3,913)	-	(403)	(3,510)	(354)
Plus unamortized premiums	24,319	-	2,134	22,185	2,017
Less unamortized discounts	(914)	-	(32)	(882)	(32)
Total installment purchases	<u>778,569</u>	<u>-</u>	<u>37,967</u>	<u>740,602</u>	<u>45,333</u>
Commercial paper notes payable	46,462	62,786	-	109,248	-
Derivative instrument liability	32,557	-	4,235	28,322	-
Swaption borrowing payable	7,258	329	-	7,587	-
Compensated absences	38,445	32,609	30,339	40,715	24,761
Arbitrage	150	-	150	-	-
Section 108 loan guarantee	12,133	-	558	11,575	583
Private loan	35,045	3,785	-	38,830	-
Due to participants	4,832	-	2,990	1,842	-
Law enforcement officers' separation allowance	10,915	2,406	-	13,321	-
Unfunded OPEB liability	3,542	4,302	-	7,844	-
Total governmental activities	<u>\$1,489,777</u>	<u>\$106,217</u>	<u>\$105,760</u>	<u>\$1,490,234</u>	<u>\$101,693</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2011 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Water and Sewer:					
General obligation bonds	\$ 278,262	\$ -	\$ 23,112	\$ 255,150	\$ 24,287
Less unamortized deferred on refundings	(13,881)	-	(1,594)	(12,287)	(1,594)
Plus unamortized premiums	20,477	-	1,791	18,686	1,791
Revenue bonds	1,517,825	-	32,790	1,485,035	34,025
Less unamortized deferred on refundings	(10,755)	-	(979)	(9,776)	(979)
Plus unamortized premiums	46,971	-	2,051	44,920	2,051
Total bonds payable	1,838,899	-	57,171	1,781,728	59,581
Installment purchases	17,348	-	6,702	10,646	4,898
Plus unamortized premiums	811	-	288	523	212
Total installment purchases	18,159	-	6,990	11,169	5,110
Other financing agreements -					
Municipal systems	7,120	-	845	6,275	835
Derivative instrument liability	65,018	-	7,592	57,426	-
Refundable construction deposits	6,809	887	1,195	6,501	735
Compensated absences	3,154	2,686	2,631	3,209	1,858
Arbitrage	600	163	101	662	662
Total Water and Sewer	1,939,759	3,736	76,525	1,866,970	68,781
Storm Water:					
General obligation bonds	12,234	-	820	11,414	859
Less unamortized deferred on refundings	(595)	-	(48)	(547)	(48)
Plus unamortized premiums	814	-	64	750	64
Revenue bonds	120,385	-	3,420	116,965	3,550
Less unamortized deferred on refundings	(1,567)	-	(108)	(1,459)	(108)
Plus unamortized premiums	2,495	-	101	2,394	101
Total bonds payable	133,766	-	4,249	129,517	4,418
Compensated absences	455	417	366	506	274
Total Storm Water	134,221	417	4,615	130,023	4,692

continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Airport:</b>					
Revenue bonds	\$ 722,365	\$ -	\$ 24,995	\$ 697,370	\$ 18,345
Less unamortized deferred on refundings	(2,683)	-	(269)	(2,414)	(269)
Plus unamortized premiums	9,177	-	667	8,510	667
Total bonds payable	728,859	-	25,393	703,466	18,743
Compensated absences	1,292	1,140	1,000	1,432	739
Arbitrage	206	-	206	-	-
Total Airport	730,357	1,140	26,599	704,898	19,482
<b>Public Transit:</b>					
General obligation bonds	4	-	2	2	2
Installment purchases	170,200	-	7,430	162,770	6,120
Less unamortized deferred on refundings	(280)	-	(30)	(250)	(29)
Plus unamortized premiums	3,193	-	133	3,060	134
Total installment purchases	173,113	-	7,533	165,580	6,225
Compensated absences	2,717	1,436	1,353	2,800	877
Arbitrage	38	-	38	-	-
Total Public Transit	175,872	1,436	8,926	168,382	7,104
Total business-type activities	\$ 2,980,209	\$ 6,729	\$ 116,665	\$ 2,870,273	\$ 100,059

The government-wide statement of net assets includes \$18,743 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$81,316 is displayed as *noncurrent liabilities, due within one year* on that same statement.

(1) General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. Interest rates on fixed rate general obligation bonds outstanding range from 1.50 to 5.25 percent with final maturity in the year 2030.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

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

<u>Governmental Activities</u>						
Year Ended						
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>				
2012	\$ 28,477	\$ 21,479				
2013	27,479	20,313				
2014	26,588	18,963				
2015	27,357	17,657				
2016	25,443	16,311				
2017-2021	131,305	63,266				
2022-2026	130,445	31,205				
2027-2030	58,915	4,863				
	<u>\$ 456,009</u>	<u>\$ 194,057</u>				
<u>Business-type Activities</u>						
Year Ended						
<u>June 30</u>	<u>Water and Sewer</u>		<u>Storm Water</u>		<u>Public Transit</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 24,287	\$ 11,954	\$ 859	\$ 551	\$ 2	\$ -
2013	24,962	10,733	914	508	-	-
2014	26,087	9,508	960	463	-	-
2015	26,453	8,231	1,000	415	-	-
2016	27,513	6,913	969	364	-	-
2017-2021	111,264	15,727	4,846	1,085	-	-
2022-2024	14,584	920	1,866	119	-	-
	<u>\$ 255,150</u>	<u>\$ 63,986</u>	<u>\$ 11,414</u>	<u>\$ 3,505</u>	<u>\$ 2</u>	<u>\$ -</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(2) Special Obligation Bonds

In November 2004, the City issued taxable variable rate special obligation bonds to acquire property for purposes of revitalizing the uptown area. Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. These bonds are solely secured by and payable from a portion of the sales and use tax distributed revenues and are non-general obligation financings. These revenues are not pledged by the City, directly or indirectly, as collateral, and no lien or claim can be made against such revenues. 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 bonds.

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

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 850	\$ 13
2013	900	11
2014	950	10
2015	1,000	9
2016	1,055	8
2017-2021	6,215	21
	<u>\$ 10,970</u>	<u>\$ 72</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(3) Revenue Bonds

The following table summarizes the City's revenue bonds:

<u>Business-type activities</u>					
<u>Date Sold</u>	<u>Original Issue</u>	<u>Refunded</u>	<u>Original Interest Rates</u>	<u>Final Maturity</u>	<u>Balance June 30, 2011</u>
Water and Sewer -					
June 2001	\$ 149,000	-	4.25% - 5.50%	2026	\$ 114,930
February 2002	61,035	-	3.50% - 5.50%	2016	31,590
March 2002	114,430	-	Variable	2028	114,430
August 2002	108,390	*	Variable	2025	102,565
March 2005	68,790	-	3.00% - 5.00%	2022	52,960
July 2006	100,290	-	4.00% - 5.00%	2037	93,285
July 2006	300,000	August 2009	Variable	2037	178,665
August 2008	342,715	-	3.50% - 5.00%	2039	336,465
August 2009	93,765	**	3.00% - 5.25%	2036	93,765
December 2009	366,380	-	3.50% - 5.00%	2040	366,380
Storm Water -					
January 2002	29,840	***	3.00% - 5.25%	2025	27,165
October 2004	54,265	-	3.00% - 5.00%	2034	48,650
October 2006	43,675	-	4.00% - 5.00%	2036	41,150
Airport -					
December 1985	108,780	February 2009	2.50% - 5.00%	2017	44,605
December 1999	102,255	February 2010	4.63% - 6.85%	2029	65,000
December 1999	88,805	November 2008	Variable	2030	24,480
September 2004	150,775	-	2.31% - 5.25%	2035	135,560
September 2004	16,160	November 2008	Variable	2035	15,480
August 2007	99,995	****	4.00% - 5.00%	2038	94,960
August 2007	47,570	-	Variable	2038	41,355
February 2010	130,100	*****	2.00% - 5.50%	2040	130,100
February 2010	31,145	-	Variable	2040	30,920
Airport Special Facility-					
June 1987	67,000	March 1998	5.60%	2028	66,300
March 1998	19,700	-	5.60%	2028	19,700
September 2000	34,700	-	7.75%	2028	28,910
* The August 2002 issue for \$108,390 includes refunding of \$37,890 of August 1999 bonds and \$58,990 of October 2000 bonds.					
** The August 2009 issue for \$93,765 refunds \$100,000 of July 2006 variable rate bonds.					
*** The January 2002 issue for \$29,840 includes refunding of \$27,355 of May 2000 bonds.					
**** The August 2007 issue for \$99,995 includes refunding of \$7,950 of December 1999 bonds.					
***** The February 2010 issue for \$130,100 includes refunding of \$3,000 of December 1985 bonds.					

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into interest rate swap agreements for the variable rate March 2002 Water and Sewer Revenue Bonds, the August 2002 Water and Sewer Refunding Revenue bonds and the July 2006 Water and Sewer Refunding Revenue Bonds. See note 4.j.7 for additional information concerning derivative instruments.

The principal and interest on the Airport Revenue bonds are payable from net revenues of the Airport. Pursuant to the Revenue Bond Order, the City has covenanted to charge rates which produce revenues sufficient to cover principal and interest payments.

The Airport Special Facility Revenue Bonds are payable solely from and secured solely by a pledge of debt service rentals pursuant to a Special Facility Lease (Lease) agreement with US Airways Group, Inc.

The principal and interest on the Water and Sewer and Storm Water Revenue Bonds are payable from net revenues of the water and sewer and storm water systems, respectively. Pursuant to the general trust indentures, the City has covenanted to charge rates that produce net revenues which (1) including 50 percent of the surplus fund, after providing for a two-month operating reserve, are at least 120 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements and (2) are at least 110 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements. Based on the 2011 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 115 percent. Based on the 2011 Storm Water Fund budgets, revenue bond debt service coverage was at least 380 percent.

The Revenue and Special Facility Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders or Lease. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default under the Revenue Bond Orders or Lease.

The Revenue Bond Orders provide for the establishment of reserves for working capital and debt service. The reserves in the Airport Enterprise Fund at June 30, 2011 are \$18,613 for working capital and \$35,451 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds, except for the June 2001 and February 2002 issues, were satisfied with the purchase of surety bonds or insurance policies. For the June 2001 and February 2002 Water and Sewer and the Storm Water Revenue bonds, the reserve for debt service in the Water and Sewer and Storm Water Enterprise Funds is \$14,487 and \$1,691, respectively, at June 30, 2011.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Revenue bond debt service requirements to maturity are as follows:

<u>Business-type Activities</u>						
Year Ended	<u>Water and Sewer</u>		<u>Storm Water</u>		<u>Airport</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 34,025	\$ 53,241	\$ 3,550	\$ 5,601	\$ 18,345	\$ 29,402
2013	41,285	51,637	3,690	5,463	18,980	28,797
2014	43,890	49,820	3,845	5,310	19,830	28,071
2015	45,445	47,857	4,025	5,128	20,585	27,327
2016	47,690	45,816	4,220	4,933	21,485	26,493
2017-2021	275,785	206,270	24,400	21,356	85,955	121,210
2022-2026	313,105	163,092	28,025	14,986	105,685	102,729
2027-2031	238,780	116,272	23,100	8,873	242,445	56,281
2032-2036	273,170	66,552	22,110	2,815	110,825	21,295
2037-2040	171,860	13,448	-	-	53,235	3,644
	<u>\$ 1,485,035</u>	<u>\$ 814,005</u>	<u>\$ 116,965</u>	<u>\$ 74,465</u>	<u>\$ 697,370</u>	<u>\$ 445,249</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(4) Installment Purchases

The following table summarizes the City's installment purchases:

<u>Date Sold</u>	<u>Original Issue</u>	<u>Refunded</u>	<u>Original Interest Rates</u>	<u>Final Maturity</u>	<u>Balance June 30, 2011</u>
<u>Governmental activities:</u>					
Convention Center -					
July 1991	\$ 120,695	September 2003	5.00% - 5.50%	2020	\$ 84,995
July 1991	24,335	February 2007	Variable	2022	19,490
May 2005	33,665	February 2007	3.00% - 5.00%	2026	19,160
February 2007	22,655	-	5.34% - 5.49%	2012	5,030
June 2009	30,620	-	2.00% - 5.00%	2034	29,835
Tourism -					
May 2003	41,000	-	Variable	2033	19,785
August 2003	136,850	-	4.00% - 5.38%	2033	136,850
August 2003	16,800	-	2.00%	2015	4,720
Cultural Facilities -					
September 2009	139,135	-	4.00% - 5.00%	2039	139,135
Public Safety -					
July 1993	14,000	May 2003	2.00% - 4.00%	2013	1,960
March 1995	10,500	November 2001	3.50% - 4.50%	2016	3,760
November 2001	12,865	-	4.13% - 5.25%	2021	2,190
April 2005	15,725	-	Variable	2025	12,080
May 2005	16,805	-	3.00% - 5.00%	2025	15,760
March 2007	2,139	-	4.00% - 5.00%	2012	474
June 2009	41,675	-	3.00% - 5.00%	2029	37,720
May 2010	13,685	-	3.625% - 5.00%	2024	13,685
Hall of Fame -					
June 2009	37,295	-	5.00%	2039	37,295
July 2009	100,000	-	Variable	2035	97,975
Equipment -					
2006 - 2010	78,394	-	3.00% - 5.00%	2016	40,910
<u>Business-type activities:</u>					
Water and Sewer Equipment -					
2006 - 2010	33,972	-	3.00% - 5.00%	2016	10,646
Public Transit Equipment and Facilities -					
December 2003	58,440	-	2.00% - 5.00%	2033	54,245
January 2004	28,595	-	Variable	2014	9,515
August 2005	74,400	-	3.00% - 5.00%	2035	66,205
June 2008	34,965	*	3.50% - 5.00%	2035	32,805

\* The June 2008 issue for \$34,965 includes refunding of \$35,905 of August 2005 installment purchases.

Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The City entered into an installment purchase contract in July 1991 to construct a new convention center. An indenture of trust required the creation and maintenance of a reserve fund in an amount equal to the lesser of (a) 10 percent of the proceeds of the contract, (b) the maximum annual installment payments or (c) 125 percent of the average annual installment payments. The July 1991 installment purchase contract matured during 2010 and the reserve fund was liquidated. The April and October 2000 installment purchase financings were for additions and modifications. For these two contracts a surety bond was purchased in lieu of funding a debt service requirement.

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. Net revenues from room occupancy and prepared food and beverage taxes are dedicated for debt service payments for these financings. These revenues are not pledged by the City, directly or indirectly, as collateral, and no lien or claim can be made against such revenues.

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Installment purchases debt service requirements to maturity are as follows:

<u>Governmental Activities</u>				
Year Ended				
June 30	Principal	Interest		
2012	\$ 43,702	\$ 27,673		
2013	35,867	25,907		
2014	36,190	24,422		
2015	31,410	22,811		
2016	31,435	21,468		
2017-2021	150,380	88,281		
2022-2026	133,275	61,628		
2027-2031	108,775	38,718		
2032-2036	101,370	21,738		
2037-2039	50,405	5,057		
	<u>\$ 722,809</u>	<u>\$ 337,703</u>		
<u>Business-type Activities</u>				
Year Ended	Water and Sewer		Public Transit	
June 30	Principal	Interest	Principal	Interest
2012	\$ 4,898	\$ 514	\$ 6,120	\$ 7,341
2013	2,473	273	6,350	7,208
2014	2,575	155	6,570	7,084
2015	350	26	4,415	6,951
2016	350	9	4,600	6,766
2017-2021	-	-	26,360	30,471
2022-2026	-	-	33,155	23,667
2027-2031	-	-	42,120	14,706
2032-2035	-	-	33,080	3,756
	<u>\$ 10,646</u>	<u>\$ 977</u>	<u>\$ 162,770</u>	<u>\$ 107,950</u>

(5) Commercial Paper

The City has available a general obligation commercial paper bond program to finance street improvements, neighborhood improvements, public improvements and housing projects. The City has authorized the issuance of bonds up to the amount of \$150,000 outstanding at any time. The bonds are general obligations of the City, and the City has pledged its faith and credit to the payment of principal of and interest on the bonds. In addition, the City has entered into a Standby Bond Purchase Agreement which will expire in November 2012. The bonds will mature no later than 270 days after the date of issuance or October 1, 2034. The bonds will be replaced by general obligation bonds. The City had general obligation commercial paper bonds payable of \$109,248 outstanding at June 30, 2011. Interest rates are based upon market conditions.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Commercial paper debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 273
2013	109,248	105
	<u>\$ 109,248</u>	<u>\$ 378</u>

(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

This is the loan guarantee provision of the Community Development Block Grant (CDGB) program that provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. Local governments borrowing funds guaranteed by Section 108 loans must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. Debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 583	\$ 462
2013	610	443
2014	643	420
2015	696	395
2016	615	368
2017-2021	3,242	1,392
2022-2026	3,001	781
2027-2029	2,185	144
	<u>\$ 11,575</u>	<u>\$ 4,405</u>

(b) Private Loan

The City has entered into a private loan agreement for up to \$41.5 million dollars to finance pre-opening expenses for the NASCAR Hall of Fame project, construction of additional parking and construction of the facility. The interest rate is 4.00 percent and will be due in June 2014. As of June 30, 2011, \$38,830 had been advanced under this agreement.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ -	\$ 1,553
2013	-	1,553
2014	38,830	1,554
	<u>\$ 38,830</u>	<u>\$ 4,660</u>

(c) Municipal Systems

Pursuant to agreements, the City is leasing water and sewer facilities owned by municipalities within Mecklenburg County. These lease agreements continue until the outstanding bonds on these facilities have been retired, at which time title to the facilities will be conveyed to the City. Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ended		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 835	\$ 281
2013	830	246
2014	835	210
2015	825	175
2016	820	139
2017-2020	2,130	218
	<u>\$ 6,275</u>	<u>\$ 1,269</u>

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

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2011, a liability for \$662 is included in the Water and Sewer Fund for estimated arbitrage profits payable.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011 classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ 4,202	Debt	\$ (12,934)	\$ 97,975
Pay-fixed interest rate sw aption	Investment revenue	\$ 33	Debt	\$ (15,388)	\$ 128,245
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ 7,592	Debt	\$ (57,426)	\$ 395,660

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2002B Water and Sewer Revenue Bonds	\$ 114,430	3/13/2002	7/1/2027	Pay 4.03%; receive 67% of LIBOR	A2/A
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2002C Water and Sewer Revenue Bonds	\$ 102,565	8/8/2002	6/1/2025	Pay 3.79%; receive lesser of the bond floating rate or 67% of LIBOR not to exceed 12.00%	A2/A
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006B Water and Sewer Revenue Bonds	\$ 178,665	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/AA
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 97,975	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/AA
Pay-fixed interest rate swaption	Hedge of changes in cash flows in the 2003G Tourism Certificates of Participation	\$ 128,245	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/AA

*Interest rate risk.* The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR, the bond floating rate swap index, or the SIFMA swap index decreases, the City's net payment on the swaps increases.

*Basis risk.* The City's hedging derivative instruments expose the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30 the rate received by the City for the 2002B and 2002C agreements was 67 percent of LIBOR or 0.13 percent, whereas the bond floating rates paid by the City were 0.08 percent for Series 2002B and 0.06 percent for Series 2002C. As of June 30 the rate received by the City for the 2006B agreement was 0.23 percent, whereas the bond floating rate paid by the City was 0.08 percent. As of June 30 the rate received by the City for the 2009D agreement was 0.19 percent, whereas the bond floating rate paid by the City was 0.10 percent.

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

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

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

<u>Governmental Activities</u>				
Year Ended	<u>Variable Rate Bonds</u>		Hedging	
June 30	Principal	Interest	Derivatives, Net	Total
2012	\$ 2,125	\$ 103	\$ 4,530	\$ 6,758
2013	2,255	96	4,433	6,784
2014	2,380	94	4,329	6,803
2015	2,510	91	4,219	6,820
2016	2,640	89	4,102	6,831
2017-2021	15,620	401	18,536	34,557
2022-2026	20,485	313	14,498	35,296
2027-2031	26,845	199	9,205	36,249
2032-2035	23,115	53	2,463	25,631
	<u>\$ 97,975</u>	<u>\$ 1,439</u>	<u>\$ 66,315</u>	<u>\$ 165,729</u>
<u>Business-type Activities</u>				
Year Ended	<u>Variable Rate Bonds</u>		Hedging	
June 30	Principal	Interest	Derivatives, Net	Total
2012	\$ 4,585	\$ 423	\$ 15,241	\$ 20,249
2013	4,780	291	15,159	20,230
2014	4,955	287	14,969	20,211
2015	5,145	283	14,771	20,199
2016	13,270	279	14,567	28,116
2017-2021	115,600	1,162	60,197	176,959
2022-2026	122,455	708	35,785	158,948
2027-2031	59,690	347	17,156	77,193
2032-2036	47,730	174	8,630	56,534
2037	17,450	7	343	17,800
Total	<u>\$ 395,660</u>	<u>\$ 3,961</u>	<u>\$ 196,818</u>	<u>\$ 596,439</u>

*Commitments.* The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below A3 by Moody's and A- by S&P. The hedging derivative instruments will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. At June 30, the aggregate fair value of all hedging

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

derivative instruments with these collateral posting provisions is (\$85,748). If the collateral posing requirements were triggered at June 30, the City would not be required to post collateral to its counterparties because they had negative fair values. The City's credit rating is Aaa/AAA, therefore, no collateral has been posted at June 30.

(8) Other Debt Information

In prior years, the City defeased various general obligation bonds, revenue bonds and installment purchases by placing the proceeds of the new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2011, \$13,860 of general government debt outstanding is considered defeased.

As of June 30, 2011, the City has authorized but unissued bonds of \$493,032 consisting of \$383,642 for street improvements, \$34,373 for housing and \$75,017 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed value of real and personal property. As of June 30, 2011, the City's legal debt limit was \$6,205,146. The outstanding debt subject to this limit was \$2,008,079, leaving a net legal debt margin of \$4,197,067.

(9) Early Extinguishment

On August 24, 2010, the City early extinguished \$5,790 of fixed rate Airport Special Facility Revenue Bonds, Series 2000.

On December 1, 2010, the City early extinguished \$3,670 of variable rate Airport Revenue Bonds, Series 2007.

(10) Subsequent Events

On July 20, 2011, the City issued \$93,390 of fixed rate Water and Sewer System Refunding Revenue Bonds. The proceeds will be used to redeem \$114,930 of Water Sewer System Revenue Bonds Series 2001. The interest rates range from 1.5 to 5.0 percent with a final maturity in 2025.

On October 1, 2011, the City early extinguished \$9,405 of variable rate Airport Revenue Bonds, Series 2007.

On October 1, 2011, the City early extinguished \$7,395 of variable rate Airport Revenue Bonds, Series 2010.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

k. Fund Balance

The following schedule provides information on the portion of General fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 149,517
Less:	
Inventories	951
Restricted by State statute	59,131
Committed for Capital projects	3,790
Committed for Component unit	848
Assigned for Culture and recreation	94
Fund balance policy	<u>84,703</u>
Remaining fund balance	<u><u>\$ -</u></u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances are included within the restricted, committed, or assigned fund balances, as appropriate and are established in the funds as follows:

General	\$ 15,968
Capital Projects	63,242
Nonmajor governmental	<u>34,010</u>
Total	<u><u>\$ 113,220</u></u>

5. PENSION PLANS AND OTHER BENEFITS

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

*Component Unit:* The Authority participates in the North Carolina LGERS which is described in Note 5.a. The Authority's contribution to the LGERS for the year ended June 30, 2011 was \$721, which was 6.35 percent of annual covered payroll.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

a. LGERS

*Description:* The City of Charlotte contributes to the statewide LGERS, a cost-sharing multiple-employer defined benefit pension plan. All employees of the City, except members of the Charlotte Firefighters' Retirement System, participate in LGERS which provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the North Carolina Office of the State Controller, Accounting and Financial Reporting Section, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410.

*Funding Policy:* Plan members are required to contribute 6.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.35 percent and 6.41 percent, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009, were \$18.8 million, \$14.0 million, and \$13.9 million, respectively. The contributions made by the City equaled the required contributions for each year.

b. Charlotte Firefighters' Retirement System

*Description:* The Charlotte Firefighters' Retirement System (System), a single-employer defined benefit plan, provides retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202.

*Basis of Accounting:* The financial statements of the System are presented on the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income are reported as earned. The net appreciation (depreciation) in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

*Method Used to Value Investments:* The investments of the System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

*Contributions:* Pursuant to the North Carolina Act (Act) which established the System, the City is required to match the member's contribution. The Act establishes the contribution rate pursuant to the Board of Trustees' recommendation and approval by the City Council. The current rate is 12.65 percent. The Act was established and may be amended by the North Carolina General Assembly.

*Annual Pension Cost and Net Pension Obligation:* The City's annual pension cost and net pension obligation to the System for the current year were as follows:

Annual required contribution	\$ 8,131
Interest on net pension obligation	(537)
Adjustment to annual required contribution	<u>394</u>
Annual pension cost	7,988
Contributions made	<u>(7,670)</u>
Increase in net pension obligation	318
Net pension obligation, beginning of year	<u>(6,927)</u>
Net pension obligation, end of year	<u><u>\$ (6,609)</u></u>

Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 6,560	111.91%	\$ (7,692)
2010	8,205	90.68	(6,927)
2011	7,988	96.02	(6,609)

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2009	\$ 360,003	\$ 376,027	\$ 16,024	95.74%	\$ 56,890	28.17%
7/1/2010	357,652	395,393	37,741	90.45	59,080	63.88
7/1/2011	366,147	408,999	42,852	89.52	59,086	72.52

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The information presented in the schedule of funding progress was determined as part of the actuarial valuation. Additional information follows:

Actuarial valuation date	7/1/11
Actuarial cost method	Entry age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.25 to 11.25%
Includes inflation at	3.25%
Cost of living adjustments	None

*Concentrations:* The System had individual fixed income or equity investments at June 30, 2011 managed by the following organizations that represented five percent or more of the System's net assets:

State Street Global Advisors	16%
Morgan Stanley	13
Barrow, Hanley, Mewhinney & Strauss	11
Winslow Capital Management	11
Aronson + Johnson + Oritz	10
Cadence Capital Management	6
Eagle Asset Management	6
Investment Counselors of Maryland	6
Robeco Boston Partners	6
DE Shaw Investment Management	5

c. LEO Separation

*Description:* The City of Charlotte administers a public employee retirement system (LEO Separation), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The LEO Separation is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A stand-alone financial report is not issued for the LEO Separation.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2010, the LEO Separation's membership consisted of:

Retirees receiving benefits	184
Active plan members	<u>1,788</u>
Total	<u>1,972</u>

*Basis of Accounting:* The City has chosen to fund the LEO Separation on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

*Method Used to Value Investments:* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

*Contributions:* The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

*Annual Pension Cost and Net Pension Obligation:* The City's annual pension cost and net pension obligation to the LEO Separation for the current year were as follows:

Annual required contribution	\$ 5,894
Interest on net pension obligation	546
Adjustment to annual required contribution	<u>(584)</u>
Annual pension cost	5,856
Contributions made	<u>(3,450)</u>
Increase in net pension obligation	2,406
Net pension obligation, beginning of year	<u>10,915</u>
Net pension obligation, end of year	<u>\$ 13,321</u>

Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 4,175	72.57%	\$ 9,565
2010	4,629	70.85	10,915
2011	5,856	58.91	13,321

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

<u>Schedule of Funding Progress</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2005	\$ -	\$ 30,823	\$30,823	-	\$83,671	36.84%
12/31/2006	-	34,026	34,026	-	87,917	38.70
12/31/2007	-	39,453	39,453	-	93,043	42.40
12/31/2008	-	42,984	42,984	-	100,289	42.86
12/31/2009	-	58,656	58,656	-	105,765	55.46
12/31/2010	-	54,478	54,478	-	106,419	51.19

<u>Schedule of Employer Contributions</u>		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2006	\$ 3,548	68.97%
2007	3,268	82.83
2008	3,538	85.30
2009	4,079	74.28
2010	4,538	72.27
2011	5,894	58.53

The information presented in the previous schedules was determined as part of the actuarial valuation. Additional information follows:

Actuarial valuation date	12/31/10
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay closed
Remaining amortization period	20 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.25 to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

d. Supplemental Retirement Income Plan for Law Enforcement Officers

*Description:* The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

*Funding Policy:* Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for 1,784 law enforcement officers. Contributions for the year ended June 30, 2011 were \$8,259, which consisted of \$5,279 from the City and \$2,980 from the law enforcement officers.

e. Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the LGERS, or who die within 180 days after retirement of termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50 or be less than \$25. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the City made contributions of \$149 to the State for death benefits. The City's contributions for employees engaged in law enforcement represented .14 percent of covered payroll.

f. Other Postemployment Benefits

*Description:* The City of Charlotte Employee Benefit Trust Plan (EBTP) is a single-employer defined benefit healthcare plan administered by the City of Charlotte. The EBTP provides health and welfare benefit plans for the benefit of eligible retired employees of the City. Section 4.05 of the Charlotte City Code assigns the authority to establish benefit provisions for EBTP to the City Council. A stand-alone financial report is not issued.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Membership of the EBTP consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,673
Active plan members	<u>5,361</u>
	<u><u>8,034</u></u>

*Funding Policy.* The contribution requirements of plan members and the City are established and may be amended by the City Council. The City Council set the employer contribution rate based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) of the plan over a period not to exceed thirty years.

For the current year, the City contributed \$11,659 to the plan. Plan members receiving benefits contributed \$5,480 through their required contribution. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$132 to \$1,218 per retiree.

*Summary of Significant Accounting Policies.* The City's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, and deposits, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through contributions and investment earnings.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

*Annual OPEB Cost and Net OPEB Obligation:* The City's annual other postemployment benefit (OPEB) cost (expense) and net OPEB Obligation for the current year were as follows:

Annual required contribution	\$ 14,405
Interest on net OPEB obligation	(480)
Adjustment to annual required contribution	<u>1,117</u>
Annual OPEB cost (expense)	15,042
Contributions made	<u>(11,659)</u>
Increase in net OPEB obligation	3,383
Net OPEB obligation, beginning of year	<u>(24,311)</u>
Net OPEB obligation, end of year	<u><u>\$(20,928)</u></u>

Trend Information			
Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 15,076	186.38%	\$(24,353)
2010	15,009	99.72	(24,311)
2011	15,042	77.51	(20,928)

*Funded Status and Funding Progress:* As of July 1, 2011, the most recent actuarial valuation date, the plan was 18 percent funded. The actuarial accrued liability for benefits was \$224,184. The actuarial value of assets was \$40,742, resulting in an unfunded actuarial accrued liability (UAAL) of \$183,442. The covered payroll (annual payroll of active employees covered by the plan) was \$294,793 and the ratio of the UAAL to the covered payroll was 62.23 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

<u>Schedule of Funding Progress</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
01/01/07	\$ -	\$ 229,764	\$ 229,764	-%	\$ 275,955	83.26%
07/01/09	33,006	207,301	174,295	15.92	322,162	54.10
07/01/11	40,742	224,184	183,442	18.17	294,793	62.23

<u>Schedule of Employer Contributions</u>		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 17,041	166.49%
2009	14,405	195.06
2010	14,405	103.90
2011	14,405	80.94

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Additional information follows:

Actuarial valuation date	07/01/11
Actuarial cost method	Projected Unit Credit
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%
Annual healthcare cost trend rate	7.00 to 5.00% (year of ultimate trend rate 2016)
Includes inflation at	4.50%
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	26 years

g. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The plan assets are placed in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not included in the City's financial statements.

6. OTHER INFORMATION

a. Airport Leasing Arrangements with Tenants

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants. The total cost and accumulated depreciation of the assets at June 30, 2011 follows:

Land	\$ 291,994
Buildings	618,045
Runways	356,693
Improvements other than buildings	80,318
Machinery and equipment	<u>33,234</u>
Total	1,380,284
Less accumulated depreciation	<u>496,136</u>
Total	<u><u>\$ 884,148</u></u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2011:

2012	\$ 35,615
2013	35,734
2014	35,854
2015	35,975
2016	30,363
2017-2021	35,283
2022-2026	35,283
2027-2028	<u>126,615</u>
Total minimum future rental income	<u>\$ 370,722</u>

Of the \$370,722 minimum future rental income on noncancelable operating leases, \$283,146 relates to agreements with US Airways, Inc. See Note 6.g. for additional information related to US Airways, Inc.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately \$54,445 were received during the year ended June 30, 2011.

b. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$875,474. Collections during fiscal year 2011 were \$54,714 and aggregate collections from inception through June 30, 2011 were \$303,059.

c. Insurance

(1) Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims, vision claims, and excess coverage for health claims in excess of \$275 per year per person. In the fiscal year ended June 30, 2011, the City was responsible for the first \$400 in total group claims over the \$275 individual stop loss deductible. 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.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

All City funds participate in the program and make payments to the EHLIF for both an amount per employee and a proportionate share of the administrative cost. The amount per employee is based on actuarial estimates of amounts needed to pay prior and current year claims. The employees and retirees contribute a portion of the cost for health coverage. The City provides life insurance for employees in the amount of two times the employees' salary up to a maximum of \$100. Employees may purchase additional life insurance up to a maximum of four times their salary.

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

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2011	\$ 7,499	\$ 59,404	\$ (58,799)	\$ 8,104
2010	7,185	65,492	(65,178)	7,499

At June 30, 2011, the EHLIF held \$13,567 in cash and equivalents for payments of these claims.

(2) Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents and City buses; excess workers' compensation; excess vehicle and general liability; police professional liability; police helicopter hull liability and airport liability, City bus liability, railroad protective liability, passenger railway liability for the light rail train operations and property insurance on the light rail vehicles. 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 \$100,000 in all flood zones, except \$5,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$250. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County and the Charlotte-Mecklenburg Board of Education. There is no transfer or pooling of risks

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

among entities. Amounts collected or due and amounts paid or to be paid to settle claims for Mecklenburg County and the Charlotte-Mecklenburg Board of Education are reported as a net liability on an accrual basis. At June 30, 2011, \$1,842 was held as deposits for these entities. This amount is reflected as a long-term liability, Due to Participants, in the RMF.

The claims liability of \$42,041 reported in the RMF at June 30, 2011, is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2011	\$ 39,355	\$ 19,401	\$ (16,715)	\$ 42,041
2010	39,812	16,812	(17,269)	39,355

At June 30, 2011, the RMF held \$60,340 in cash and cash equivalents for payments of these claims.

d. Commitments and Contingencies

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

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

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs can only be estimated. During the current fiscal year a provision for cleanup costs of \$580 has been provided within the financial statements. In the opinion of City management, costs ultimately incurred are not expected to have a material effect on the City's financial position after giving effect to the provision for clean-up costs.

The City manages a Brownfield Assessment Grant Program which assists property and business owners and infill developers in overcoming barriers that contamination presents for the redevelopment of underutilized brownfield sites in distressed business districts and neighborhoods.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The Program provides fifty percent matching funds, up to \$20 per site, to property owners for site assessment, design of remediation activities, and legal expenses for redevelopment sites suspected of contamination. When the City enters into the agreements, it legally obligates itself to participate in the cleanup activities of the remediation effort. The amount of the liability is derived from the grant agreements and assumes no unexpected change orders.

The City has received a number of federal and state grants for specific purposes that are subject to review by the grantor agencies. Such reviews could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under terms of the grants. The City management believes that such disallowances, if any, would not be significant.

Authorized capital projects at June 30, 2011, are comprised of the following by fund:

	Project		
	<u>Authorization</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Governmental-</u>			
Capital Projects	\$ 1,938,224	\$ 1,423,740	\$ 514,484
<u>Enterprise-</u>			
Water and Sewer	2,331,238	1,544,209	787,029
Storm Water	382,645	275,864	106,781
Airport	934,649	717,402	217,247
Public Transit	871,773	779,936	91,837
Total Enterprise	<u>4,520,305</u>	<u>3,317,411</u>	<u>1,202,894</u>
Total	<u>\$ 6,458,529</u>	<u>\$ 4,741,151</u>	<u>\$ 1,717,378</u>

Financial resources are available to fund the total amount of unexpended authorizations.

The City has construction and other contractual commitments at June 30, 2011, as follows by fund:

<u>Governmental-</u>	
General	\$ 689
Capital Projects	69,370
Nonmajor governmental	27,375
Total Governmental	<u>97,434</u>
<u>Enterprise-</u>	
Water and Sewer	67,090
Storm Water	43,366
Airport	62,878
Public Transit	32,088
Total Enterprise	<u>205,422</u>
Total	<u>\$ 302,856</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2011, as shown below:

<u>Year</u>	<u>Amount</u>
2012	\$ 2,727
2013	2,142
2014	1,419
2015	1,005
2016	706
2017-2029	<u>2,166</u>
	<u>\$ 10,165</u>

Related lease expense was approximately \$2,980 in 2011.

The City has obligations issued to local financial institutions, in the form of “master notes,” to evidence borrowings for mortgage loan programs in redevelopment areas. The obligations are collateralized by and payable solely from program revenues and therefore do not represent a claim against the revenues of the City. Funds are advanced under the notes, up to the face amounts thereof, as required to fund qualifying mortgage loans.

The amounts authorized and outstanding by loan program at June 30, 2011, are as follows:

Loan Program	Purpose	Amount Authorized	Amount Outstanding
Third/Fourth Ward	Residential	\$44,000	\$ -
Five Points	Residential	1,850	-
Uptown	Residential	21,000	-

The City has issued \$10,165 in Mortgage Revenue Bonds, Series 1983A to fund an FHA-insured mortgage loan for acquisition and rehabilitation of a multi-family housing project. The City also has issued \$5,045 in Mortgage Revenue Bonds, Series 1983B to establish a residential mortgage loan program to finance the acquisition, construction and rehabilitation of residences in a redevelopment area. These obligations are payable exclusively from the income, proceeds and revenues of the project. In 1993 Series 1983A was refunded at \$9,000 with final maturity in 2026 and Series 1983B was refunded at \$4,935 with final maturity in 2025.

e. Arena

Time Warner Cable Arena was built, financed and is owned by the City. The arena opened in 2005. The primary tenant of the arena is the Charlotte Bobcats of the National Basketball Association. Per the terms of a twenty-five year lease, the Team is entitled to all operating revenues and is responsible for all operating expense, including non-basketball related events. The City and the

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

Team each contribute \$250 annually (escalating at five percent per year to a maximum of \$500) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. The Charlotte Regional Visitors Authority provides much of the operations support for the Arena. The \$200 million project was funded primarily through a combination of installment financing obligations supported by a portion of an occupancy tax and a dedicated rental car tax, private contributions and the sale of City assets. If the Team violates the terms of the lease, the City is entitled to damages based on the number of years remaining on the lease.

f. NASCAR Hall of Fame

NASCAR Hall of Fame was built, financed and is owned by the City. The Hall opened in 2010. The \$140 million project was funded through a combination of installment financing obligations supported by a dedicated two percent occupancy tax and private loans repaid through land sales and private contributions. The City also receives a portion of sponsorship money and a deferral of royalty payments to NASCAR to help service the debt. The Charlotte Regional Visitors Authority is fully responsible for Hall operations and is not supported by the City. However, the City can supplement maintenance and exhibit costs through the dedicated revenues if it so chooses. The City is responsible for any capital costs for the facility.

g. Cultural Arts Facilities

The Cultural Arts Facilities consist of the Harvey B. Gantt Center for African-American Arts & Culture, the Bechtler Museum of Modern Art, the Mint Museum, and the Knight Theater, and are known collectively as the Levine Center for the Arts. All four facilities opened in within six months of October 2009 and are owned by the City, with Mecklenburg County entitled to a 30 percent share when the debt is defeased. The \$120 million project is part of a \$600 million mixed-use development project, including the 50 story Duke Energy Center. A synthetic tax increment finance payment of \$1.65 million (divided between the City and County) annually through 2026 is a component of the larger development project. The projects were funded through a combination of installment financing obligations supported by a dedicated vehicle rental tax, ongoing City and County contributions and private contributions. All four sites are leased by the City to non-profits, which are responsible for operating the facilities. The City and County (70/30 share) are responsible for capital repairs and major maintenance.

h. US Airways

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2011, US Airways and its affiliates provided 23.68 percent of the Airport's operating revenues.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS-(Continued)**  
**JUNE 30, 2011**  
**(Dollar Amounts In Thousands)**

US Airways conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 1985 Airport Agreements and Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airline (collectively, the Signatory Airlines). Pursuant to the Airport Agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Airport Revenue Bonds (GARBS) issued by the City to fund airfield and terminal improvements.

As of June 30, 2011, the City had \$582,460 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield and terminal. The City has \$35,451 in reserve to pay principal and interest on GARBS.

In addition to the GARBS, the City has also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways by the City. As rental for the Special Facilities, US Airways is obligated to pay directly to the City a Ground Rental and an Airport Service Fee Rental. In addition, US Airways is obligated to pay directly to a Trustee for the benefit of bondholders a facility rental (Special Facilities Debt Service Rental) in an amount equal to the annual installments of principal and interest on the Special Facility Revenue Bonds. The Special Facilities Debt Service Rental is not a general obligation of the City. If US Airways fails to pay the Special Facilities Debt Service Rentals, the City is obligated to use reasonable efforts to re-let the Special Facilities to another tenant and apply the debt service rentals from such re-letting to the payment of the principal and interest on the Special Facility Revenue Bonds. The City is not obligated to make any payments relating to the Special Facilities or the Special Facility Revenue Bonds except for such debt service rentals as it receives from the tenant of the Special Facilities. As of June 30, 2011, there was \$114,910 of Special Facility Revenue Bonds outstanding. The Special Facility Revenue Bonds provide for the semi-annual payment of interest with a lump-sum payment of principal on the maturity date of the bonds. The Special Facility Revenue Bonds mature on July 1, 2027 and February 1, 2028.



**NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than funding for major capital projects) that are restricted to expenditures for specified purposes.

Convention Center Tax Fund – This fund accounts for room occupancy and prepared food and beverage tax revenues to be used for convention and tourism purposes. Monies received are used for debt service, maintenance and operation of convention center facilities and to promote tourism.

Tourism Fund – This fund accounts for room occupancy and other tax revenues to be used for tourism purposes.

Hall of Fame Tax Fund – This fund accounts for room occupancy tax and private contribution revenues to be used for the NASCAR Hall of Fame.

Municipal Services District Fund – This fund accounts for activities which enhance economic vitality and quality of life within the designated Municipal Services Districts. These activities are financed by a property tax on property within the designated districts.

Public Safety Grants Fund – This fund accounts for public safety activities, including police, fire and emergency management, which are funded primarily by federal and state grants.

Neighborhood Development Fund – This fund accounts for neighborhood activities which develop viable urban communities providing adequate housing and economic opportunities, principally for persons of low and moderate income. This program is financed primarily by federal grants.

Employment and Training Fund – This fund accounts for activities providing comprehensive employment and training services to enable individuals to secure and retain employment at their maximum capacity. The Workforce Investment Act funds this program.

Stimulus Grants Fund – This fund accounts for governmental-type activities which are funded by American Recovery and Reinvestment Act (ARRA) grants.

State Street Aid Fund – This fund accounts for motor fuel taxes distributed by the State on the basis of local street mileage and population. The funds are specifically for maintenance, repair and construction of streets and highways.

Emergency Communications Fund – This fund accounts for revenues remitted by the NC911 Board from service charges imposed on voice communications service connections to fund the operation and enhancement of the 911 system.

**Permanent Fund**

A permanent fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used.

Perpetual Care Fund – This fund accounts for monies held by the City for cemetery maintenance.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2011**  
**(In Thousands)**

	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety Grants
<b>ASSETS</b>					
Cash and cash equivalents	\$ 42,793	\$ 55,448	\$ 21,983	\$ 452	\$ -
Receivables, net:					
Property taxes	-	-	-	118	-
Accounts	-	17	-	-	-
Other	-	476	-	-	-
Total receivables	-	493	-	118	-
Due from other governmental agencies	2,592	687	679	-	8,032
Notes receivable	-	-	-	-	-
Total assets	<u>\$ 45,385</u>	<u>\$ 56,628</u>	<u>\$ 22,662</u>	<u>\$ 570</u>	<u>\$ 8,032</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 222	\$ 397
Deposits and retainage payable	-	-	-	-	12
Due to other funds	-	-	-	-	961
Due to component unit	692	-	-	-	-
Deferred revenues	-	385	-	118	1,317
Total liabilities	<u>692</u>	<u>385</u>	<u>-</u>	<u>340</u>	<u>2,687</u>
Fund balances:					
Nonspendable:					
Perpetual care	-	-	-	-	-
Restricted:					
Public safety	-	-	-	-	5,345
Cultural and recreation	44,693	54,347	22,662	-	-
Community planning and development	-	-	-	230	-
Streets and highways	-	-	-	-	-
Committed:					
Cultural and recreation	-	1,896	-	-	-
Assigned:					
Public safety	-	-	-	-	-
Total fund balances	<u>44,693</u>	<u>56,243</u>	<u>22,662</u>	<u>230</u>	<u>5,345</u>
Total liabilities and fund balances	<u>\$ 45,385</u>	<u>\$ 56,628</u>	<u>\$ 22,662</u>	<u>\$ 570</u>	<u>\$ 8,032</u>

Special Revenue Funds						Permanent Fund	Total
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Communications	Total	Perpetual Care	Nonmajor Governmental Funds
\$ 2,940	\$ -	\$ -	\$ 11,912	\$ 9,528	\$ 145,056	\$ 3,111	\$ 148,167
-	-	-	-	-	118	-	118
-	-	-	-	-	17	-	17
-	-	-	13	-	489	9	498
-	-	-	13	-	624	9	633
2,696	1,640	4,996	140	413	21,875	-	21,875
51,232	-	-	-	-	51,232	-	51,232
<u>\$ 56,868</u>	<u>\$ 1,640</u>	<u>\$ 4,996</u>	<u>\$ 12,065</u>	<u>\$ 9,941</u>	<u>\$ 218,787</u>	<u>\$ 3,120</u>	<u>\$ 221,907</u>
\$ 1,020	\$ 1,190	\$ 564	\$ 1,604	\$ 205	\$ 5,202	\$ -	\$ 5,202
458	-	29	70	-	569	-	569
-	450	2,107	-	-	3,518	-	3,518
-	-	-	-	-	692	-	692
51,329	-	2,260	13	-	55,422	-	55,422
<u>52,807</u>	<u>1,640</u>	<u>4,960</u>	<u>1,687</u>	<u>205</u>	<u>65,403</u>	<u>-</u>	<u>65,403</u>
-	-	-	-	-	-	3,120	3,120
-	-	36	-	7,809	13,190	-	13,190
-	-	-	-	-	121,702	-	121,702
4,061	-	-	-	-	4,291	-	4,291
-	-	-	10,378	-	10,378	-	10,378
-	-	-	-	-	1,896	-	1,896
-	-	-	-	1,927	1,927	-	1,927
4,061	-	36	10,378	9,736	153,384	3,120	156,504
<u>\$ 56,868</u>	<u>\$ 1,640</u>	<u>\$ 4,996</u>	<u>\$ 12,065</u>	<u>\$ 9,941</u>	<u>\$ 218,787</u>	<u>\$ 3,120</u>	<u>\$ 221,907</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety Grants
REVENUES:					
Property taxes	\$ -	\$ -	\$ -	\$ 3,784	\$ -
Other taxes	32,540	8,324	8,070	-	-
Intergovernmental	-	2,948	-	-	6,528
Licenses, fees and fines	-	394	-	-	-
Investment earnings	389	383	66	-	32
Miscellaneous	-	2,301	-	-	1,946
Total revenues	<u>32,929</u>	<u>14,350</u>	<u>8,136</u>	<u>3,784</u>	<u>8,506</u>
EXPENDITURES:					
Current-					
Public safety	-	-	-	-	8,602
Sanitation	-	-	-	-	-
General administration	-	-	-	-	-
Support Services	-	-	-	-	-
Engineering and property management	-	-	-	-	-
Streets and highways	-	-	-	-	-
Culture and recreation	10,068	-	-	-	-
Community planning and development	-	-	-	3,755	-
Total expenditures	<u>10,068</u>	<u>-</u>	<u>-</u>	<u>3,755</u>	<u>8,602</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,861</u>	<u>14,350</u>	<u>8,136</u>	<u>29</u>	<u>(96)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	-	-	-	-	-
Transfers in-					
General	-	959	-	-	139
Debt service	-	175	-	-	-
Capital projects	-	12,523	12,316	-	-
Total transfers in	<u>-</u>	<u>13,657</u>	<u>12,316</u>	<u>-</u>	<u>139</u>
Transfers out-					
General	(2,088)	-	-	-	-
Debt service	(21,867)	(14,524)	(9,923)	-	-
Capital projects	-	(1,204)	-	-	-
Total transfers out	<u>(23,955)</u>	<u>(15,728)</u>	<u>(9,923)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(23,955)</u>	<u>(2,071)</u>	<u>2,393</u>	<u>-</u>	<u>139</u>
Net change in fund balances	(1,094)	12,279	10,529	29	43
Fund balances - beginning	45,787	43,964	12,133	201	5,302
Fund balances - ending	<u>\$ 44,693</u>	<u>\$ 56,243</u>	<u>\$ 22,662</u>	<u>\$ 230</u>	<u>\$ 5,345</u>

Special Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Communications	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,784	\$ -	\$ 3,784
-	-	-	-	-	48,934	-	48,934
8,766	6,226	13,500	17,614	4,956	60,538	-	60,538
-	-	-	981	-	1,375	-	1,375
22	-	25	117	147	1,181	27	1,208
2,154	-	-	101	-	6,502	-	6,502
<u>10,942</u>	<u>6,226</u>	<u>13,525</u>	<u>18,813</u>	<u>5,103</u>	<u>122,314</u>	<u>27</u>	<u>122,341</u>
-	-	4,087	-	6,314	19,003	-	19,003
-	-	71	-	-	71	-	71
1,003	374	241	-	-	1,618	-	1,618
-	-	375	-	-	375	-	375
-	-	948	-	-	948	-	948
-	-	2,611	27,417	-	30,028	-	30,028
-	-	-	-	-	10,068	-	10,068
<u>10,857</u>	<u>5,852</u>	<u>5,202</u>	<u>-</u>	<u>-</u>	<u>25,666</u>	<u>-</u>	<u>25,666</u>
<u>11,860</u>	<u>6,226</u>	<u>13,535</u>	<u>27,417</u>	<u>6,314</u>	<u>87,777</u>	<u>-</u>	<u>87,777</u>
<u>(918)</u>	<u>-</u>	<u>(10)</u>	<u>(8,604)</u>	<u>(1,211)</u>	<u>34,537</u>	<u>27</u>	<u>34,564</u>
-	-	-	92	-	92	-	92
-	-	-	4,261	-	5,359	-	5,359
-	-	-	-	-	175	-	175
710	-	-	-	-	25,549	-	25,549
<u>710</u>	<u>-</u>	<u>-</u>	<u>4,261</u>	<u>-</u>	<u>31,083</u>	<u>-</u>	<u>31,083</u>
-	-	-	-	-	(2,088)	(28)	(2,116)
-	-	-	(1,126)	-	(47,440)	-	(47,440)
-	-	-	-	-	(1,204)	-	(1,204)
-	-	-	(1,126)	-	(50,732)	(28)	(50,760)
<u>710</u>	<u>-</u>	<u>-</u>	<u>3,227</u>	<u>-</u>	<u>(19,557)</u>	<u>(28)</u>	<u>(19,585)</u>
(208)	-	(10)	(5,377)	(1,211)	14,980	(1)	14,979
4,269	-	46	15,755	10,947	138,404	3,121	141,525
<u>\$ 4,061</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 10,378</u>	<u>\$ 9,736</u>	<u>\$ 153,384</u>	<u>\$ 3,120</u>	<u>\$ 156,504</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
<b>REVENUES:</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	29,972	32,540	2,568	6,923	8,324	1,401
Intergovernmental	-	-	-	2,948	2,948	-
Licenses, fees and fines	-	-	-	-	394	394
Investment earnings	680	389	(291)	580	383	(197)
Miscellaneous	-	-	-	304	2,301	1,997
Total revenues	<u>30,652</u>	<u>32,929</u>	<u>2,277</u>	<u>10,755</u>	<u>14,350</u>	<u>3,595</u>
<b>EXPENDITURES:</b>						
Current-						
General administration	75	-	75	100	-	100
Streets and highways	-	-	-	-	-	-
Culture and recreation	10,428	10,068	360	-	-	-
Community planning and development	-	-	-	-	-	-
Total expenditures	<u>10,503</u>	<u>10,068</u>	<u>435</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,149</u>	<u>22,861</u>	<u>2,712</u>	<u>10,655</u>	<u>14,350</u>	<u>3,695</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	14,130	13,657	(473)
Transfers out	<u>(24,259)</u>	<u>(23,955)</u>	<u>304</u>	<u>(15,754)</u>	<u>(15,728)</u>	<u>26</u>
Total other financing sources (uses)	<u>(24,259)</u>	<u>(23,955)</u>	<u>304</u>	<u>(1,624)</u>	<u>(2,071)</u>	<u>(447)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (4,110)</u>	<u>(1,094)</u>	<u>\$ 3,016</u>	<u>\$ 9,031</u>	<u>12,279</u>	<u>\$ 3,248</u>
<b>RECONCILIATION TO GAAP BASIS:</b>						
Current year encumbrances		-			-	
Net change in fund balances		(1,094)			12,279	
Fund balances - beginning (annually budgeted funds)		<u>45,787</u>			<u>43,964</u>	
Fund balances - ending (annually budgeted funds)		<u>\$ 44,693</u>			<u>\$ 56,243</u>	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Municipal Services District			State Street Aid		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ 3,634	\$ 3,784	\$ 150	\$ -	\$ -	\$ -
7,201	8,070	869	-	-	-	-	-	-
-	-	-	-	-	-	17,423	17,614	191
-	-	-	-	-	-	750	981	231
320	66	(254)	-	-	-	391	117	(274)
-	-	-	-	-	-	-	101	101
<u>7,521</u>	<u>8,136</u>	<u>615</u>	<u>3,634</u>	<u>3,784</u>	<u>150</u>	<u>18,564</u>	<u>18,813</u>	<u>249</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	35,372	34,795	577
-	-	-	-	-	-	-	-	-
-	-	-	3,755	3,755	-	-	-	-
-	-	-	3,755	3,755	-	35,372	34,795	577
<u>7,521</u>	<u>8,136</u>	<u>615</u>	<u>(121)</u>	<u>29</u>	<u>150</u>	<u>(16,808)</u>	<u>(15,982)</u>	<u>826</u>
-	-	-	-	-	-	-	92	92
12,316	12,316	-	-	-	-	4,261	4,261	-
(9,699)	(9,923)	(224)	-	-	-	(1,301)	(1,126)	175
<u>2,617</u>	<u>2,393</u>	<u>(224)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,960</u>	<u>3,227</u>	<u>267</u>
<u>\$ 10,138</u>	<u>10,529</u>	<u>\$ 391</u>	<u>\$ (121)</u>	<u>29</u>	<u>\$ 150</u>	<u>\$ (13,848)</u>	<u>(12,755)</u>	<u>\$ 1,093</u>
-	-	-	-	-	-	-	7,378	-
-	10,529	-	-	29	-	-	(5,377)	-
-	12,133	-	-	201	-	-	15,755	-
<u>\$ 22,662</u>			<u>\$ 230</u>			<u>\$ 10,378</u>		

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**SPECIAL REVENUE FUNDS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Total		Variance- Positive (Negative)
	Budget	Actual	
<b>REVENUES:</b>			
Property taxes	\$ 3,634	\$ 3,784	\$ 150
Other taxes	44,096	48,934	4,838
Intergovernmental	20,371	20,562	191
Licenses, fees and fines	750	1,375	625
Investment earnings	1,971	955	(1,016)
Miscellaneous	304	2,402	2,098
Total revenues	<u>71,126</u>	<u>78,012</u>	<u>6,886</u>
<b>EXPENDITURES:</b>			
Current-			
General administration	175	-	175
Streets and highways	35,372	34,795	577
Culture and recreation	10,428	10,068	360
Community planning and development	3,755	3,755	-
Total expenditures	<u>49,730</u>	<u>48,618</u>	<u>1,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,396</u>	<u>29,394</u>	<u>7,998</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Sales of capital assets	-	92	92
Transfers in	30,707	30,234	(473)
Transfers out	(51,013)	(50,732)	281
Total other financing sources (uses)	<u>(20,306)</u>	<u>(20,406)</u>	<u>(100)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 1,090</u>	8,988	<u>\$ 7,898</u>
<b>RECONCILIATION TO GAAP BASIS:</b>			
Current year encumbrances		<u>7,378</u>	
Net change in fund balances		16,366	
Fund balances - beginning (annually budgeted funds)		<u>117,840</u>	
Fund balances - ending (annually budgeted funds)		<u>134,206</u>	
Project funds:			
Fund balances - beginning		20,564	
Net change in fund balances		<u>(1,386)</u>	
Fund balances - ending		<u>19,178</u>	
Fund balances - ending		<u>\$ 153,384</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC SAFETY GRANTS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
High Intensity Drug Trafficking Areas	\$ 150	\$ 2	\$ -	\$ 2	\$ 148
Assistance to Firefighters	4,729	965	743	1,708	3,021
Part E - Promising New Programs	2,063	513	807	1,320	743
Bulletproof Vest Partnership	6	-	6	6	-
Public Safety Partnership and Community Policing	4,167	298	745	1,043	3,124
Forensic DNA Backlog Reduction	1,063	288	223	511	552
Federal pass through:					
Public Health and Social Services Emergency	440	-	436	436	4
State/Local Homeland Security Exercise Support	141	1	137	138	3
Urban Areas Security Initiative	4,970	150	3,354	3,504	1,466
Metropolitan Medical Response System	258	28	230	258	-
Homeland Security	23,357	2,599	10,669	13,268	10,089
Buffer Zone Protection Plan	366	101	263	364	2
Emergency Management Performance	384	108	75	183	201
Crime Victim Assistance	76	68	-	68	8
Project Safe Neighborhoods	41	-	21	21	20
Coverdell Forensic Science Improvement	333	118	196	314	19
Antigang Initiative	234	-	216	216	18
Justice Assistance	3,792	609	2,104	2,713	1,079
State and Local Law Enforcement Assistance	690	228	149	377	313
Highway Safety	80	-	70	70	10
State:					
State Medical Assistance	24	6	13	19	5
Gang of One	100	-	87	87	13
Asset forfeiture	4,777	1,633	1,461	3,094	1,683
Other public safety programs	3,211	887	2,000	2,887	324
Total public safety grants	<u>\$ 55,452</u>	<u>\$ 8,602</u>	<u>\$ 24,005</u>	<u>\$ 32,607</u>	<u>\$ 22,845</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NEIGHBORHOOD DEVELOPMENT FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
Community Development Block Grants	\$ 12,784	\$ 3,933	\$ 5,443	\$ 9,376	\$ 3,408
Emergency Shelter	417	220	197	417	-
HOME Investment Partnerships Program	12,580	2,535	4,576	7,111	5,469
Housing Opportunities For Persons With AIDS	2,178	732	285	1,017	1,161
National Stabilization Program	5,432	1,363	2,908	4,271	1,161
Lead-Based Paint Hazard Control	2,999	-	2,999	2,999	-
Federal pass through:					
Community Development Block Grants	2,625	1,839	672	2,511	114
Community Capacity Development	292	88	199	287	5
Housing Rehabilitation Program	176	-	176	176	-
State:					
One NC Grant	3,755	-	-	-	3,755
Housing Urgent Repair Program	150	-	63	63	87
Local:					
Property Acquisitions for Housing	436	136	55	191	245
Wingate Community	1,145	31	1,109	1,140	5
Other	4,344	983	1,408	2,391	1,953
Total neighborhood development	<u>\$ 49,313</u>	<u>\$ 11,860</u>	<u>\$ 20,090</u>	<u>\$ 31,950</u>	<u>\$ 17,363</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMPLOYMENT AND TRAINING FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>	
Workforce Investment Act	<u>\$ 15,470</u>	<u>\$ 6,226</u>	<u>\$ 5,543</u>	<u>\$ 11,769</u>	<u>\$ 3,701</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STIMULUS GRANTS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Federal:					
Broadband Technology Opportunities (BTOP)	\$ 16,702	\$ 17	\$ -	\$ 17	\$ 16,685
Energy Efficiency and Conservation Block Grant	6,780	2,279	272	2,551	4,229
Community Development Block Grant	1,262	707	-	707	555
Homelessness Prevention and Rapid Re-Housing	1,930	1,222	256	1,478	452
Lead-Based Paint Hazard Control	3,000	1,886	515	2,401	599
Public Safety Partnership and Community Policing	8,546	2,660	2,006	4,666	3,880
Federal pass through:					
State Energy	947	383	85	468	479
Justice Assistance	6,347	1,223	1,302	2,525	3,822
Workforce Investment Act	4,510	884	3,626	4,510	-
Highway Planning and Construction	5,240	2,274	2,019	4,293	947
NC GangNet - Replication	247	-	247	247	-
<b>Total stimulus grants</b>	<b>\$ 55,511</b>	<b>\$ 13,535</b>	<b>\$ 10,328</b>	<b>\$ 23,863</b>	<b>\$ 31,648</b>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**EMERGENCY COMMUNICATIONS FUND**  
**SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>	<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>		
Police communications	\$ 13,194	\$ 5,882	\$ 1,383	\$ 7,265	\$ 5,929
Fire communications	1,341	432	550	982	359
Total emergency communications	<u>\$ 14,535</u>	<u>\$ 6,314</u>	<u>\$ 1,933</u>	<u>\$ 8,247</u>	<u>\$ 6,288</u>



*THIS PAGE INTENTIONALLY BLANK.*

**DEBT SERVICE FUND**

The Debt Service fund is used to account for the accumulation of resources and the payment of principal, interest and related costs for all long-term debt other than debt issued for and serviced by business-type activities.

**CAPITAL PROJECTS FUND**

The Capital Projects fund accounts for financial resources, primarily bond proceeds and property taxes, used for the acquisition, construction or improvement of capital assets.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Property tax	\$ 52,555	\$ 53,440	\$ 885
Other taxes-			
Sales tax	12,187	10,595	(1,592)
Heavy equipment	-	28	28
Total other	<u>12,187</u>	<u>10,623</u>	<u>(1,564)</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	911	691	(220)
Debt service contributions	688	688	-
Total intergovernmental	<u>1,599</u>	<u>1,379</u>	<u>(220)</u>
Licenses, fees and fines	61	56	(5)
Investment earnings	2,800	1,726	(1,074)
Private contributions	1,282	1,282	-
Miscellaneous	193	160	(33)
Total revenues	<u>70,677</u>	<u>68,666</u>	<u>(2,011)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	27,762	27,761	1
Interest	22,706	22,706	-
Installment purchases-			
Principal retirement	38,264	36,268	1,996
Interest	36,523	34,149	2,374
Fiscal agents fees	3,369	3,369	-
Other	72	72	-
Total expenditures	<u>128,696</u>	<u>124,325</u>	<u>4,371</u>
Revenues (under) expenditures	<u>(58,019)</u>	<u>(55,659)</u>	<u>2,360</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Installment purchases issued	\$ 275	\$ -	\$ (275)
Premium on debt issuance	1,500	-	(1,500)
Transfers in-			
General	17,592	17,592	-
Capital projects	127	127	-
Special revenue:			
Convention Center tax	21,938	21,867	(71)
Tourism	14,549	14,524	(25)
Hall of Fame	9,699	9,923	224
State street aid	1,301	1,126	(175)
Total transfers in	<u>65,206</u>	<u>65,159</u>	<u>(47)</u>
Transfers out-			
General	98	98	-
Capital projects	44	44	-
Public Transit	2	2	-
Special revenue - Tourism	247	175	72
Total transfers out	<u>391</u>	<u>319</u>	<u>72</u>
Total other financing sources (uses)	<u>66,590</u>	<u>64,840</u>	<u>(1,750)</u>
Net change in fund balance	<u>\$ 8,571</u>	9,181	<u>\$ 610</u>
Fund balance - beginning		<u>211,315</u>	
Fund balance - ending		<u>\$ 220,496</u>	

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Economic development	\$ 253,546	\$ 17,586	\$ 121,383	\$ 138,969
Streets and highways	654,253	52,589	304,080	356,669
Culture and recreation	567,921	7,342	551,102	558,444
General government	180,480	23,523	119,597	143,120
Public safety	94,844	14,195	53,484	67,679
Public housing	187,180	10,884	147,975	158,859
Total capital projects	<u>\$ 1,938,224</u>	<u>\$ 126,119</u>	<u>\$ 1,297,621</u>	<u>\$ 1,423,740</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2011</u>	<u>Unencumbered Authorizations June 30, 2011</u>
\$ 114,577	\$ 13,335	\$ 101,242
297,584	32,872	264,712
9,477	1,048	8,429
37,360	7,767	29,593
27,165	5,008	22,157
28,321	3,212	25,109
<u>\$ 514,484</u>	<u>\$ 63,242</u>	<u>\$ 451,242</u>



*THIS PAGE INTENTIONALLY BLANK.*

**ENTERPRISE FUNDS**

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

Water and Sewer Fund – This fund accounts for the operation of Charlotte-Mecklenburg Utilities, provider of water and wastewater services.

Storm Water Fund – This fund accounts for the operation of Charlotte Storm Water Services, administrator of storm water programs and policies.

Airport Fund – This fund accounts for the operation of the Charlotte Douglas International Airport.

Public Transit Fund – This fund accounts for the operation of Charlotte Area Transit System, provider of community-wide public transportation services.



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA  
WATER AND SEWER OPERATING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Water sales	\$103,684	\$ 98,483	\$ (5,201)
Sewer services fees	157,942	158,250	308
Capacity fees	6,800	5,951	(849)
Intergovernmental	240	222	(18)
Other	4,882	4,328	(554)
Investment earnings	862	688	(174)
Total revenues	<u>274,410</u>	<u>267,922</u>	<u>(6,488)</u>
EXPENDITURES:			
Water supply and treatment	14,070	13,002	1,068
Sewer system and treatment	31,859	29,751	2,108
Administration and engineering	24,512	24,511	1
Field operations	28,265	27,417	848
Nondepartmental charges	8,148	7,365	783
Total expenditures	<u>106,854</u>	<u>102,046</u>	<u>4,808</u>
Revenues over expenditures	<u>167,556</u>	<u>165,876</u>	<u>(1,680)</u>
TRANSFERS IN:			
Water and Sewer Capital Projects	<u>15,870</u>	<u>15,870</u>	<u>-</u>
TRANSFERS OUT:			
Water and Sewer Debt Service	137,448	130,680	6,768
Water and Sewer Capital Projects	<u>27,867</u>	<u>27,847</u>	<u>20</u>
Total transfers out	<u>165,315</u>	<u>158,527</u>	<u>6,788</u>
Revenues and transfers over expenditures and transfers	<u>\$ 18,111</u>	<u>\$ 23,219</u>	<u>\$ 5,108</u>

**CITY OF CHARLOTTE, NORTH CAROLINA  
WATER AND SEWER DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ 830	\$ 869	\$ 39
Installment purchases issued	20	-	(20)
Premium on debt issuance	<u>120</u>	<u>-</u>	<u>(120)</u>
Total revenues	<u>970</u>	<u>869</u>	<u>(101)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	55,903	55,902	1
Interest	85,767	82,699	3,068
Other financing agreements-			
Principal retirement	7,898	7,547	351
Interest	1,147	1,060	87
Bond issue expense	20	-	20
Other	<u>1,881</u>	<u>1,390</u>	<u>491</u>
Total expenditures	<u>152,616</u>	<u>148,598</u>	<u>4,018</u>
Revenues (under) expenditures	<u>(151,646)</u>	<u>(147,729)</u>	<u>3,917</u>
TRANSFERS IN:			
Water and Sewer Operating	137,448	130,680	(6,768)
Water and Sewer Capital Projects	<u>784</u>	<u>784</u>	<u>-</u>
Total transfers in	<u>138,232</u>	<u>131,464</u>	<u>(6,768)</u>
TRANSFERS OUT:			
Water and Sewer Capital Projects	<u>15</u>	<u>15</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (13,429)</u>	<u>\$ (16,280)</u>	<u>\$ (2,851)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**WATER AND SEWER FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ 23,219
Debt Service Fund	(16,280)
Investment earnings in the	
Capital Projects Fund	763
Current year encumbrances	4,275
Debt principal retirement	64,606
Depreciation	(86,043)
Capital outlay	(1,650)
Capital contributions	24,671
Amortization of deferred charges	(3,281)
Amortization of premium	4,130
Capitalized interest	20,368
Other	4,181
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	11,977
Debt Service Fund	(769)
Change in net assets	<u>\$ 50,167</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**WATER AND SEWER CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Water projects	\$ 772,849	\$ 43,207	\$ 502,958	\$ 546,165
Sewer projects	<u>1,558,389</u>	<u>78,191</u>	<u>919,853</u>	<u>998,044</u>
Total water and sewer capital projects	<u>\$ 2,331,238</u>	<u>\$ 121,398</u>	<u>\$ 1,422,811</u>	<u>\$ 1,544,209</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2011</u>	<u>Unencumbered Authorizations June 30, 2011</u>
\$ 226,684	\$ 19,963	\$ 206,721
<u>560,345</u>	<u>35,857</u>	<u>524,488</u>
<u>\$ 787,029</u>	<u>\$ 55,820</u>	<u>\$ 731,209</u>



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Storm water fees	\$ 49,798	\$ 48,558	\$ (1,240)
Other	-	182	182
Investment earnings	<u>407</u>	<u>77</u>	<u>(330)</u>
Total revenues	<u>50,205</u>	<u>48,817</u>	<u>(1,388)</u>
EXPENDITURES:			
Storm water systems	12,163	10,302	1,861
Administration	<u>1,805</u>	<u>1,805</u>	<u>-</u>
Total expenditures	<u>13,968</u>	<u>12,107</u>	<u>1,861</u>
Revenues over expenditures	<u>36,237</u>	<u>36,710</u>	<u>473</u>
TRANSFERS OUT:			
Storm Water Capital Projects	30,000	30,000	-
Storm Water Debt Service	<u>10,594</u>	<u>10,566</u>	<u>28</u>
Total transfers out	<u>40,594</u>	<u>40,566</u>	<u>28</u>
Revenues (under) expenditures and transfers	<u>\$ (4,357)</u>	<u>\$ (3,856)</u>	<u>\$ 501</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	\$ 4,240	\$ 4,240	\$ -
Interest	6,324	6,307	17
Other	<u>30</u>	<u>12</u>	<u>18</u>
Total expenditures	<u>10,594</u>	<u>10,559</u>	<u>35</u>
TRANSFERS IN:			
Storm Water Operating	<u>10,594</u>	<u>10,566</u>	<u>(28)</u>
Transfers over expenditures	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 7</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ (3,856)
Debt Service Fund	7
Capital Projects Fund:	
Charges for services	31
Investment earnings	370
Current year encumbrances	779
Debt principal retirement	4,240
Depreciation	(3,216)
Capital contributions	1,018
Amortization of deferred charges	(203)
Amortization of premium	165
Capitalized interest	555
Other	1,335
Net transfers to Capital	
Projects Fund:	
Operating Fund	<u>30,000</u>
Change in net assets	<u>\$ 31,225</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**STORM WATER CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Flood control	\$ 153,589	\$ 10,858	\$ 106,332	\$ 117,190
Storm drain repair	84,380	8,426	59,229	67,655
Channel and other projects	<u>144,676</u>	<u>9,084</u>	<u>81,935</u>	<u>91,019</u>
Total storm water capital projects	<u>\$ 382,645</u>	<u>\$ 28,368</u>	<u>\$ 247,496</u>	<u>\$ 275,864</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2011</u>	<u>Unencumbered Authorizations June 30, 2011</u>
\$ 36,399	\$ 20,442	\$ 15,957
16,725	6,849	9,876
<u>53,657</u>	<u>14,696</u>	<u>38,961</u>
<u>\$ 106,781</u>	<u>\$ 41,987</u>	<u>\$ 64,794</u>



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT OPERATING FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
<b>REVENUES:</b>			
Terminal area	\$ 26,189	\$ 28,983	\$ 2,794
Airfield	10,049	13,428	3,379
Concessions	33,656	40,097	6,441
Parking	34,836	37,154	2,318
Passenger facility charges	25,445	54,714	29,269
Contract facility charges	-	7,298	7,298
Other	21,996	23,974	1,978
Investment earnings	3,318	4,282	964
Total revenues	<u>155,489</u>	<u>209,930</u>	<u>54,441</u>
<b>EXPENDITURES:</b>			
Operating	90,615	85,414	5,201
Nonoperating	39,012	16,344	22,668
Total expenditures	<u>129,627</u>	<u>101,758</u>	<u>27,869</u>
Revenues over expenditures	<u>25,862</u>	<u>108,172</u>	<u>82,310</u>
<b>TRANSFERS IN:</b>			
Airport Debt Service	190	128	(62)
Airport Capital Projects	438	438	-
Total transfers in	<u>628</u>	<u>566</u>	<u>(62)</u>
<b>TRANSFERS OUT:</b>			
Airport Debt Service	46,580	42,009	4,571
Airport Capital Projects	40,189	40,189	-
Total transfers out	<u>86,769</u>	<u>82,198</u>	<u>4,571</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (60,279)</u>	<u>\$ 26,540</u>	<u>\$ 86,819</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-**  
**BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Maintenance facility	\$ 7,548	\$ 7,287	\$ (261)
Investment earnings	155	50	(105)
Total revenues	<u>7,703</u>	<u>7,337</u>	<u>(366)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	44,744	24,995	19,749
Interest	34,775	30,011	4,764
Other	901	741	160
Total expenditures	<u>80,420</u>	<u>55,747</u>	<u>24,673</u>
Revenues (under) expenditures	<u>(72,717)</u>	<u>(48,410)</u>	<u>24,307</u>
TRANSFERS IN:			
Airport Operating	46,580	42,009	(4,571)
Airport Capital Projects	26,268	9,464	(16,804)
Total transfers in	<u>72,848</u>	<u>51,473</u>	<u>(21,375)</u>
TRANSFERS OUT:			
Airport Operating	190	128	62
Airport Capital Projects	29	28	1
Total transfers out	<u>219</u>	<u>156</u>	<u>63</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (88)</u>	<u>\$ 2,907</u>	<u>\$ 2,995</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Revenues and transfers over expenditures and transfers:	
Operating Fund	\$ 26,540
Debt Service Fund	2,907
Investment earnings in the	
Capital Projects Fund	943
Current year encumbrances	4,318
Debt principal retirement	24,995
Depreciation	(36,351)
Capital outlay	3,152
Capital contributions	30,497
Amortization of deferred charges	(1,107)
Amortization of premium	667
Capitalized interest	2,110
Other	(1,235)
Net transfers to Capital	
Projects Fund:	
Operating Fund	39,751
Debt Service Fund	(9,436)
Change in net assets	<u>\$ 87,751</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Capital improvements	\$ 375,824	\$ 14,924	\$ 292,430	\$ 307,354
Airport expansion	551,325	40,514	362,034	402,548
Airline maintenance facility	7,500	-	7,500	7,500
Total airport capital projects	<u>\$ 934,649</u>	<u>\$ 55,438</u>	<u>\$ 661,964</u>	<u>\$ 717,402</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2011</u>	<u>Unencumbered Authorizations June 30, 2011</u>
\$ 68,470	\$ 7,027	\$ 61,443
148,777	49,250	99,527
-	-	-
<u>\$ 217,247</u>	<u>\$ 56,277</u>	<u>\$ 160,970</u>



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA  
PUBLIC TRANSIT OPERATING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Passenger fares	\$ 23,572	\$ 23,444	\$ (128)
Other operating	1,544	1,581	37
Sales tax	59,377	57,355	(2,022)
Intergovernmental	12,794	12,701	(93)
Other	500	329	(171)
Investment earnings	3,500	308	(3,192)
Total revenues	<u>101,287</u>	<u>95,718</u>	<u>(5,569)</u>
EXPENDITURES:			
Transit operations	82,740	78,020	4,720
Transit vehicle maintenance	11,263	10,765	498
Administration	11,778	10,258	1,520
Total expenditures	<u>105,781</u>	<u>99,043</u>	<u>6,738</u>
Revenues (under) expenditures	<u>(4,494)</u>	<u>(3,325)</u>	<u>1,169</u>
TRANSFERS IN:			
Capital Projects	18,400	18,400	-
Public Transit Capital Projects	3,299	3,299	-
Total transfers in	<u>21,699</u>	<u>21,699</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Capital Projects	11,751	11,751	-
Public Transit Debt Service	8,682	8,682	-
Total transfers out	<u>20,433</u>	<u>20,433</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (3,228)</u>	<u>\$ (2,059)</u>	<u>\$ 1,169</u>

**CITY OF CHARLOTTE, NORTH CAROLINA  
PUBLIC TRANSIT DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-  
BUDGET AND ACTUAL (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Grant contributions	\$ 7,163	\$ 6,345	\$ (818)
EXPENDITURES:			
Bonds-			
Principal retirement	2	2	-
Installment purchases-			
Principal retirement	7,430	7,430	-
Interest	8,081	7,535	546
Other	<u>153</u>	<u>62</u>	<u>91</u>
Total expenditures	<u>15,666</u>	<u>15,029</u>	<u>637</u>
Revenues (under) expenditures	<u>(8,503)</u>	<u>(8,684)</u>	<u>(181)</u>
TRANSFERS IN:			
Public Transit Operating	8,682	8,682	-
Debt service	<u>2</u>	<u>2</u>	-
Total transfers in	<u>8,684</u>	<u>8,684</u>	-
Revenues and transfers over expenditures	<u>\$ 181</u>	<u>\$ -</u>	<u>\$ (181)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC TRANSIT FUND**  
**SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)**  
**TO FULL ACCRUAL BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (2,059)
Investment earnings in the	
Capital Projects Fund	492
Current year encumbrances	1,506
Debt principal retirement	7,432
Depreciation	(39,038)
Capital outlay	100
Capital contributions	22,788
Amortization of deferred charges	(151)
Amortization of premium	133
Capitalized interest	2
Other	(8,917)
Net transfers to Capital	
Projects Fund:	
Operating Fund	<u>8,452</u>
Change in net assets	<u>\$ (9,260)</u>

Note: Pursuant to state law, budgets are adopted on an annual basis for Operating and Debt Service Funds. Budgets for Capital Projects Funds are adopted on a project basis.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**PUBLIC TRANSIT CAPITAL PROJECTS FUND**  
**SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Buses and vehicles	\$ 152,189	\$ 10,686	\$ 117,081	\$ 127,767
Planning and consulting	136,600	10,992	107,171	118,163
Facilities	209,899	22,308	148,107	170,415
Technology	5,585	123	4,612	4,735
Passenger amenities	4,010	125	2,112	2,237
Services expansion	<u>363,490</u>	<u>3,764</u>	<u>352,855</u>	<u>356,619</u>
Total public transit capital projects	<u>\$ 871,773</u>	<u>\$ 47,998</u>	<u>\$ 731,938</u>	<u>\$ 779,936</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2011</u>	<u>Unencumbered Authorizations June 30, 2011</u>
\$ 24,422	\$ 14,123	\$ 10,299
18,437	9,760	8,677
39,484	3,223	36,261
850	429	421
1,773	465	1,308
<u>6,871</u>	<u>452</u>	<u>6,419</u>
<u>\$ 91,837</u>	<u>\$ 28,452</u>	<u>\$ 63,385</u>



*THIS PAGE INTENTIONALLY BLANK.*

**INTERNAL SERVICE FUNDS**

Internal service funds are used to account for centralized services provided to City departments and other governmental units and agencies on a cost-reimbursement basis.

Risk Management Fund – This fund accounts for the general insurance program, claim and loss control services for the City as well as services provided, on a cost-reimbursement basis to other governmental units and agencies in Mecklenburg County.

Employee Health and Life Fund – This fund accounts for funds contributed by the City and employees for health and life benefits.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**JUNE 30, 2011**  
**(In Thousands)**

	Risk Management	Employee Health and Life	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 60,340	\$ 13,567	\$ 73,907
Receivables - other	992	81	1,073
Due from other funds	-	801	801
Prepaid insurance	-	315	315
Total current assets	<u>61,332</u>	<u>14,764</u>	<u>76,096</u>
Capital assets:			
Machinery and equipment	159	-	159
Less accumulated depreciation	148	-	148
Total capital assets, net	<u>11</u>	<u>-</u>	<u>11</u>
Total assets	<u>61,343</u>	<u>14,764</u>	<u>76,107</u>
<b>LIABILITIES</b>			
Current liabilities:			
Claims payable	42,041	8,104	50,145
Noncurrent liabilities:			
Due to participants	1,842	-	1,842
Compensated absences payable	151	-	151
Net OPEB liability	96	-	96
Total noncurrent liabilities	<u>2,089</u>	<u>-</u>	<u>2,089</u>
Total liabilities	<u>44,130</u>	<u>8,104</u>	<u>52,234</u>
<b>NET ASSETS</b>			
Invested in capital assets	11	-	11
Unrestricted	17,202	6,660	23,862
Total net assets	<u>\$ 17,213</u>	<u>\$ 6,660</u>	<u>\$ 23,873</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
(In Thousands)

	Risk Management	Employee Health and Life	Total
<b>OPERATING REVENUES:</b>			
Charges for services-			
Risk management and safety fees	\$ 2,916	\$ 4,040	\$ 6,956
Claims:			
Employer	20,401	36,061	56,462
Employee	-	13,784	13,784
Other	-	49	49
Total claims	<u>20,401</u>	<u>49,894</u>	<u>70,295</u>
Premiums	5,091	8,569	13,660
Reimbursement from trust	-	15,894	15,894
Total operating revenues	<u>28,408</u>	<u>78,397</u>	<u>106,805</u>
<b>OPERATING EXPENSES:</b>			
Administration	2,967	4,040	7,007
Claims	10,052	59,422	69,474
Insurance premiums	5,073	8,569	13,642
Depreciation	2	-	2
Total operating expenses	<u>18,094</u>	<u>72,031</u>	<u>90,125</u>
Operating income	<u>10,314</u>	<u>6,366</u>	<u>16,680</u>
<b>NONOPERATING REVENUES:</b>			
Investment earnings	310	294	604
Change in net assets	10,624	6,660	17,284
Total net assets - beginning	6,589	-	6,589
Total net assets - ending	<u>\$ 17,213</u>	<u>\$ 6,660</u>	<u>\$ 23,873</u>

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2011**  
**(In Thousands)**

	Risk Management	Employee Health and Life	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from participants	\$ 9,937	\$ 22,402	\$ 32,339
Payments to suppliers	(1,428)	(4,087)	(5,515)
Internal activity - receipts from other funds	27,141	39,938	67,079
Receipts from trust	-	15,894	15,894
Payments to employees	(1,452)	-	(1,452)
Payments for claims	(16,715)	(58,799)	(75,514)
Payments for premiums	(7,962)	(8,646)	(16,608)
Net cash provided by operating activities	<u>9,521</u>	<u>6,702</u>	<u>16,223</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	<u>413</u>	<u>280</u>	<u>693</u>
Net increase in cash and cash equivalents	9,934	6,982	16,916
Cash and cash equivalents - beginning of year	<u>50,406</u>	<u>6,585</u>	<u>56,991</u>
Cash and cash equivalents - end of year	<u>\$ 60,340</u>	<u>\$ 13,567</u>	<u>\$ 73,907</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 10,314	\$ 6,366	\$ 16,680
Adjustments to reconcile operating income to net cash provided by operating activities-			
Depreciation	2	-	2
Change in assets and liabilities:			
(Increase) in receivables	(494)	-	(494)
(Increase) in due from other funds	-	(163)	(163)
(Increase) in prepaid insurance	-	(106)	(106)
Increase in claims payable	2,744	605	3,349
(Decrease) in due to participants	(3,084)	-	(3,084)
Increase in compensated absences payable	1	-	1
Increase in net OPEB liability	<u>38</u>	<u>-</u>	<u>38</u>
Total adjustments	<u>(793)</u>	<u>336</u>	<u>(457)</u>
Net cash provided by operating activities	<u>\$ 9,521</u>	<u>\$ 6,702</u>	<u>\$ 16,223</u>



STATISTICAL SECTION

This part of the City of Charlotte’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

	Page
Financial Trends – These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time. ....	163
Revenue Capacity – These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax. ....	170
Debt Capacity – These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future. ....	176
Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place. ....	184
Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs. ....	186

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS <sup>1</sup>**  
**(In Thousands)**  
*(accrual basis of accounting)*

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 2,815,150	\$ 2,972,120	\$ 3,190,678	\$ 3,522,102	\$ 3,619,269	\$ 3,808,344	\$ 3,926,510	\$ 4,370,958	\$ 4,443,273	\$ 4,523,168
Restricted	212,371	236,683	296,074	183,105	165,156	166,634	183,323	237,956	237,147	233,293
Unrestricted <sup>2</sup>	<u>180,331</u>	<u>153,994</u>	<u>157,095</u>	<u>245,322</u>	<u>302,310</u>	<u>342,353</u>	<u>417,217</u>	<u>384,115</u>	<u>414,758</u>	<u>426,405</u>
Total governmental activities net assets	<u>3,207,852</u>	<u>3,362,797</u>	<u>3,643,847</u>	<u>3,950,529</u>	<u>4,086,735</u>	<u>4,317,331</u>	<u>4,527,050</u>	<u>4,993,029</u>	<u>5,095,178</u>	<u>5,182,866</u>
Business-type activities										
Invested in capital assets, net of related debt <sup>3</sup>	1,205,332	1,386,154	1,564,727	1,593,752	1,783,920	2,049,966	2,129,484	2,393,701	2,522,680	2,450,425
Restricted	66,160	67,003	67,720	78,544	104,035	143,941	177,226	199,530	245,033	256,055
Unrestricted <sup>2, 4</sup>	<u>383,409</u>	<u>393,486</u>	<u>297,963</u>	<u>440,866</u>	<u>496,774</u>	<u>603,245</u>	<u>790,954</u>	<u>642,657</u>	<u>610,896</u>	<u>837,193</u>
Total business-type activities net assets	<u>1,654,901</u>	<u>1,846,643</u>	<u>1,930,410</u>	<u>2,113,162</u>	<u>2,384,729</u>	<u>2,797,152</u>	<u>3,097,664</u>	<u>3,235,888</u>	<u>3,378,609</u>	<u>3,543,673</u>
Primary government										
Invested in capital assets, net of related debt	4,020,482	4,358,274	4,755,405	5,115,854	5,403,189	5,858,310	6,055,994	6,764,659	6,965,953	6,973,593
Restricted	278,531	303,686	363,794	261,649	269,191	310,575	360,549	437,486	482,180	489,348
Unrestricted <sup>2</sup>	<u>563,740</u>	<u>547,480</u>	<u>455,058</u>	<u>686,188</u>	<u>799,084</u>	<u>945,598</u>	<u>1,208,171</u>	<u>1,026,772</u>	<u>1,025,654</u>	<u>1,263,598</u>
Total primary government net assets	<u>\$ 4,862,753</u>	<u>\$ 5,209,440</u>	<u>\$ 5,574,257</u>	<u>\$ 6,063,691</u>	<u>\$ 6,471,464</u>	<u>\$ 7,114,483</u>	<u>\$ 7,624,714</u>	<u>\$ 8,228,917</u>	<u>\$ 8,473,787</u>	<u>\$ 8,726,539</u>

<sup>1</sup> In 2002, the City of Charlotte began reporting accrual information when it implemented GASB Statement 34.

<sup>2</sup> 2003 through 2009 have been restated for the effects of a prior period adjustment.

<sup>3</sup> In 2003, a wastewater treatment plant and major water mains were placed in service. In 2004, construction began on light rail projects.

<sup>4</sup> In 2004, unrestricted net assets declined due to an allowance for uncollectible receivables related to US Airways, Inc.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**CHANGES IN NET ASSETS**  
**LAST TEN FISCAL YEARS <sup>1</sup>**  
**(In Thousands)**  
*(accrual basis of accounting)*

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses</b>										
Governmental activities:										
Public safety	\$ 214,502	\$ 227,189	\$ 224,870	\$ 241,985	\$ 258,375	\$ 275,078	\$ 286,271	\$ 301,866	\$ 318,576	\$ 324,920
Sanitation	35,990	39,833	39,567	38,997	39,726	43,137	45,848	49,817	55,721	48,210
General administration	35,065	35,653	38,530	37,510	37,688	42,613	45,641	48,798	38,188	38,272
Support services	6,104	17,737	19,441	19,184	18,907	18,814	20,326	23,719	21,066	21,454
Engineering and property management	20,187	18,830	23,154	22,711	26,828	30,595	56,844	33,049	29,232	27,265
Streets and highways	42,350	73,742	77,422	81,157	86,217	91,636	94,888	103,289	116,141	119,024
Culture and recreation	6,125	4,019	4,263	7,670	8,336	8,208	9,146	13,914	17,834	10,085
Community planning and development	42,895	66,122	57,637	56,460	63,773	66,428	65,355	74,104	81,691	83,608
Interest and other charges <sup>2</sup>	29,942	33,958	44,745	42,240	48,248	46,727	47,819	45,593	64,630	57,383
Total governmental activities expenses	<u>433,160</u>	<u>517,083</u>	<u>529,629</u>	<u>547,914</u>	<u>588,098</u>	<u>623,236</u>	<u>672,138</u>	<u>694,149</u>	<u>743,079</u>	<u>730,221</u>
Business-type activities:										
Water	63,904	72,840	87,894	84,017	88,914	87,729	100,020	103,069	97,894	105,079
Sewer	83,243	95,293	94,013	95,160	114,341	140,468	141,511	160,668	157,503	141,720
Storm water	12,757	12,507	16,039	18,955	19,569	22,242	22,613	21,652	21,565	20,233
Airport	86,065	85,712	90,912	107,033	128,746	134,015	148,369	157,400	137,144	160,281
Public transit	63,683	72,082	80,320	92,285	110,828	121,522	146,155	155,602	155,226	151,115
Total business-type activities expenses	<u>309,652</u>	<u>338,434</u>	<u>369,178</u>	<u>397,450</u>	<u>462,398</u>	<u>505,976</u>	<u>558,668</u>	<u>598,391</u>	<u>569,332</u>	<u>578,428</u>
Total primary government expenses	<u>\$ 742,812</u>	<u>\$ 855,517</u>	<u>\$ 898,807</u>	<u>\$ 945,364</u>	<u>\$ 1,050,496</u>	<u>\$ 1,129,212</u>	<u>\$ 1,230,806</u>	<u>\$ 1,292,540</u>	<u>\$ 1,312,411</u>	<u>\$ 1,308,649</u>
<b>Program Revenues</b>										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 26,611	\$ 26,800	\$ 25,969	\$ 23,931	\$ 26,480	\$ 23,689	\$ 24,197	\$ 24,692	\$ 23,719	\$ 24,959
Sanitation	9,318	9,474	9,503	9,897	10,680	10,865	11,277	11,503	11,895	12,148
General administration	9,981	13,432	14,786	11,589	10,856	11,694	12,805	15,930	14,853	16,980
Community planning and development	8,003	10,383	8,989	12,968	8,309	6,089	10,383	7,954	11,440	4,571
Other activities	11,265	17,046	14,899	20,158	22,983	25,120	26,844	29,196	26,478	28,610
Operating grants and contributions	41,155	44,627	40,243	41,803	49,747	46,231	47,158	63,714	65,051	64,049
Capital grants and contributions <sup>3</sup>	252,793	162,917	290,961	286,685	138,597	190,815	172,262	450,950	135,080	102,965
Total governmental activities program revenues	<u>359,126</u>	<u>284,679</u>	<u>405,350</u>	<u>407,031</u>	<u>267,652</u>	<u>314,503</u>	<u>304,926</u>	<u>603,939</u>	<u>288,516</u>	<u>254,282</u>
Business-type activities:										
Fees, fines, and charges for services:										
Water	70,406	68,625	75,133	76,359	100,497	98,444	94,320	90,866	98,954	101,868
Sewer	82,416	82,539	88,610	98,298	118,737	127,870	137,617	144,033	151,653	163,622
Storm water	23,124	25,634	27,643	31,097	34,625	38,286	40,837	43,642	45,782	48,589
Airport <sup>4</sup>	91,659	81,144	72,982	120,372	161,302	185,079	201,259	190,052	188,935	212,935
Public transit	8,972	10,043	11,068	11,751	13,747	14,907	18,220	23,132	21,548	25,025
Operating grants and contributions	8,095	9,531	12,749	12,996	12,985	12,880	19,019	14,413	12,803	12,923
Capital grants and contributions <sup>5</sup>	102,351	162,575	84,798	144,960	173,189	297,368	224,739	119,356	98,504	85,319
Total business-type activities program revenues	<u>387,023</u>	<u>440,091</u>	<u>372,983</u>	<u>495,833</u>	<u>615,082</u>	<u>774,834</u>	<u>736,011</u>	<u>625,494</u>	<u>618,179</u>	<u>650,281</u>
Total primary government program revenues	<u>\$ 746,149</u>	<u>\$ 724,770</u>	<u>\$ 778,333</u>	<u>\$ 902,864</u>	<u>\$ 882,734</u>	<u>\$ 1,089,337</u>	<u>\$ 1,040,937</u>	<u>\$ 1,229,433</u>	<u>\$ 906,695</u>	<u>\$ 904,563</u>

**Net (Expense)/Revenue**

Governmental activities	\$ (74,034)	\$ (232,404)	\$ (124,279)	\$ (140,883)	\$ (320,446)	\$ (308,733)	\$ (367,212)	\$ (90,210)	\$ (454,563)	\$ (475,939)
Business-type activities	77,371	101,657	3,805	98,383	152,684	268,858	177,343	27,103	48,847	71,853
Total primary governmental net expense	<u>\$ 3,337</u>	<u>\$ (130,747)</u>	<u>\$ (120,474)</u>	<u>\$ (42,500)</u>	<u>\$ (167,762)</u>	<u>\$ (39,875)</u>	<u>\$ (189,869)</u>	<u>\$ (63,107)</u>	<u>\$ (405,716)</u>	<u>\$ (404,086)</u>

**General Revenues and Other Changes in Net Assets**

## Governmental activities:

Taxes-										
Property	\$ 237,125	\$ 240,926	\$ 263,607	\$ 265,316	\$ 280,844	\$ 313,274	\$ 331,431	\$ 345,755	\$ 356,913	\$ 362,780
Sales <sup>2,6</sup>	52,486	59,328	64,785	69,658	75,938	80,059	87,035	74,434	72,715	73,340
Utility franchise <sup>2</sup>	22,009	27,636	27,731	28,372	29,737	31,486	34,278	35,158	36,911	36,804
Occupancy <sup>7</sup>	12,972	13,611	14,499	15,622	19,686	29,361	32,611	27,036	25,999	29,448
Prepared foods	12,932	13,286	14,476	15,595	17,491	19,087	20,172	19,226	19,598	20,378
Business privilege	9,229	11,412	9,465	9,503	15,501	15,894	20,703	16,390	16,250	15,430
Municipal vehicle	12,102	12,910	6,928	14,423	14,072	13,848	14,184	15,527	14,388	14,695
Grants and contributions not restricted to specific programs										
	12,849	6,432	6,750	11,674	12,896	17,400	20,362	16,756	13,508	16,979
Investment earnings <sup>2</sup>	20,852	11,791	6,879	11,955	10,334	26,124	23,056	15,218	7,212	5,369
Miscellaneous <sup>2</sup>	2,908	8,312	8,864	10,653	8,731	11,161	11,536	9,099	11,683	6,806
Special items <sup>8</sup>	-	-	-	13,444	(10,098)	-	-	-	-	-
Transfers	(18,701)	(18,295)	(18,655)	(18,650)	(18,480)	(18,365)	(18,437)	(18,410)	(18,465)	(18,402)
Total governmental activities	<u>376,763</u>	<u>387,349</u>	<u>405,329</u>	<u>447,565</u>	<u>456,652</u>	<u>539,329</u>	<u>576,931</u>	<u>556,189</u>	<u>556,712</u>	<u>563,627</u>
Business-type activities:										
Sales taxes levied for Public transit <sup>2</sup>	51,061	54,002	55,191	58,606	67,199	70,301	71,212	59,510	57,870	57,355
Investment earnings	30,786	17,710	6,657	16,716	31,710	50,207	51,241	29,516	13,181	8,842
Miscellaneous	564	78	(541)	(9,603)	1,494	4,692	(17,721)	3,685	4,358	8,612
Transfers	18,701	18,295	18,655	18,650	18,480	18,365	18,437	18,410	18,465	18,402
Total business-type activities	<u>101,112</u>	<u>90,085</u>	<u>79,962</u>	<u>84,369</u>	<u>118,883</u>	<u>143,565</u>	<u>123,169</u>	<u>111,121</u>	<u>93,874</u>	<u>93,211</u>
Total primary government	<u>\$ 477,875</u>	<u>\$ 477,434</u>	<u>\$ 485,291</u>	<u>\$ 531,934</u>	<u>\$ 575,535</u>	<u>\$ 682,894</u>	<u>\$ 700,100</u>	<u>\$ 667,310</u>	<u>\$ 650,586</u>	<u>\$ 656,838</u>

**Change in Net Assets**

Governmental activities	\$ 302,729	\$ 154,945	\$ 281,050	\$ 306,682	\$ 136,206	\$ 230,596	\$ 209,719	\$ 465,979	\$ 102,149	\$ 87,688
Business-type activities	178,483	191,742	83,767	182,752	271,567	412,423	300,512	138,224	142,721	165,064
Total primary government	<u>\$ 481,212</u>	<u>\$ 346,687</u>	<u>\$ 364,817</u>	<u>\$ 489,434</u>	<u>\$ 407,773</u>	<u>\$ 643,019</u>	<u>\$ 510,231</u>	<u>\$ 604,203</u>	<u>\$ 244,870</u>	<u>\$ 252,752</u>

## Notes:

<sup>1</sup> In 2002, the City of Charlotte began reporting accrual information when it implemented GASB Statement 34.

<sup>2</sup> 2003 through 2009 have been restated for the effects of a prior period adjustment.

<sup>3</sup> In 2003 and in 2006, fewer street miles were added. In 2009, more street miles were added due to annexation.

<sup>4</sup> In 2004, a \$23 million allowance for long-term receivables was recorded due to US Airways bankruptcy. In 2005, the Airport began collecting Passenger Facility Charges.

<sup>5</sup> In 2004, \$105 million in water and sewer assets and \$19 million in storm water assets were added due to annexation.

<sup>6</sup> In 2004, an additional 1/2 cent sales tax was collected.

<sup>7</sup> In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

<sup>8</sup> In 2005, the City sold a civic center. In 2006, the City sold the Charlotte Coliseum.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FUND BALANCES, GOVERNMENTAL FUNDS, POST-GASB 54**  
**LAST FISCAL YEAR<sup>1</sup>**  
**(In Thousands)**  
*(modified accrual basis of accounting)*

	<u>Fiscal Year</u> <u>2011</u>
General fund	
Nonspendable - Inventories	\$ 951
Restricted - State statute	59,131
Committed:	
Capital projects	3,790
Component unit	848
Assigned:	
Culture and recreation	94
Unassigned	<u>84,703</u>
Total general fund	<u>\$149,517</u>
All other governmental funds	
Nonspendable - Perpetual care	\$ 3,120
Restricted:	
State statute	3,402
Special obligation debt service	10,970
Public safety	13,190
Streets and highways	10,878
Culture and recreation	121,702
Community planning and development	4,291
Committed:	
Capital projects	91,572
Culture and recreation	1,896
Assigned:	
Debt service	206,124
Public safety	<u>1,927</u>
Total all other governmental funds	<u>\$469,072</u>

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

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FUND BALANCES, GOVERNMENTAL FUNDS, PRE-GASB 54**  
**LAST NINE FISCAL YEARS<sup>1</sup>**  
**(In Thousands)**  
*(modified accrual basis of accounting)*

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 38,095	\$ 40,162	\$ 39,839	\$ 40,327	\$ 44,958	\$ 43,915	\$ 34,806	\$ 31,887	\$ 54,512
Unreserved <sup>2,3</sup>	<u>54,275</u>	<u>69,199</u>	<u>74,896</u>	<u>80,978</u>	<u>101,340</u>	<u>117,699</u>	<u>128,793</u>	<u>119,197</u>	<u>100,740</u>
Total general fund	<u>\$ 92,370</u>	<u>\$ 109,361</u>	<u>\$ 114,735</u>	<u>\$ 121,305</u>	<u>\$ 146,298</u>	<u>\$ 161,614</u>	<u>\$ 163,599</u>	<u>\$ 151,084</u>	<u>\$ 155,252</u>
All Other Governmental Funds									
Reserved	\$ 32,149	\$ 40,245	\$ 39,827	\$ 31,555	\$ 21,443	\$ 19,236	\$ 46,787	\$ 35,463	\$ 34,430
Unreserved, reported in:									
Debt service funds <sup>3</sup>	116,816	99,870	100,188	96,063	114,946	138,259	168,168	187,409	195,577
Capital projects funds <sup>3,4</sup>	141,102	149,959	195,174	79,328	57,755	46,641	58,322	110,301	128,574
Special revenue funds	<u>58,107</u>	<u>63,486</u>	<u>67,127</u>	<u>78,443</u>	<u>95,443</u>	<u>114,513</u>	<u>123,126</u>	<u>142,212</u>	<u>122,833</u>
Total all other governmental funds	<u>\$348,174</u>	<u>\$353,560</u>	<u>\$402,316</u>	<u>\$285,389</u>	<u>\$289,587</u>	<u>\$318,649</u>	<u>\$396,403</u>	<u>\$475,385</u>	<u>\$481,414</u>

<sup>1</sup> In 2011, the City of Charlotte began reporting fund balance classifications as outlined in GASB Statement 54. See following table.

<sup>2</sup> In 2002, shared funds were withheld by the State of North Carolina.

<sup>3</sup> 2003 through 2009 have been restated for the effects of a prior period adjustment.

<sup>4</sup> In 2004, the City received \$50 million in private contributions to fund the uptown Arena. In 2005, the City constructed a new uptown Arena.

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES:</b>										
Property taxes <sup>1</sup>	\$ 233,223	\$ 237,162	\$ 261,499	\$ 262,867	\$ 285,746	\$ 313,435	\$ 333,032	\$ 344,248	\$ 359,279	\$ 363,060
Other taxes <sup>2,3</sup>	80,033	87,845	95,390	107,202	120,424	140,417	153,985	130,187	127,482	133,558
Intergovernmental <sup>3</sup>	86,445	101,487	91,393	104,057	106,786	102,125	114,400	135,380	137,647	129,561
Licenses, fees and fines <sup>3</sup>	47,829	52,315	50,006	48,318	58,971	59,141	67,907	62,994	60,330	60,118
Investment earnings	20,132	11,451	6,247	10,625	12,720	23,159	25,030	18,662	10,588	4,677
Private contributions <sup>4</sup>	-	-	35,096	3,917	5,686	5,596	4,545	14,172	7,598	12,230
Administrative charges	13,832	17,646	18,602	19,909	20,175	21,685	22,420	25,721	25,446	28,513
Charges for current services	3,802	4,275	5,232	6,365	7,421	7,588	8,259	7,477	7,717	9,004
Facility fees <sup>5</sup>	230	-	-	-	-	-	-	-	-	-
Miscellaneous	9,502	7,714	10,366	11,262	13,167	13,235	10,698	9,636	8,196	9,173
Total revenues	<u>495,028</u>	<u>519,895</u>	<u>573,831</u>	<u>574,522</u>	<u>631,096</u>	<u>686,381</u>	<u>740,276</u>	<u>748,477</u>	<u>744,283</u>	<u>749,894</u>
<b>EXPENDITURES:</b>										
Public safety	203,431	211,635	217,265	230,386	248,382	265,133	274,361	286,542	305,527	317,255
Sanitation	32,385	35,780	36,517	36,742	37,764	41,439	43,776	45,736	46,200	45,930
General administration	33,763	33,343	38,493	36,253	36,001	41,402	43,213	46,183	37,295	36,649
Support services	15,548	15,346	17,799	16,650	17,336	16,971	19,011	20,069	18,523	19,895
Engineering and property management	19,318	19,721	21,098	20,185	22,345	23,684	26,233	23,793	21,808	21,164
Streets and highways	41,488	40,470	42,883	43,524	44,701	47,564	48,297	52,132	58,332	63,922
Culture and recreation <sup>6</sup>	2,807	8,439	6,318	6,649	8,258	8,352	9,551	13,478	17,798	10,068
Community planning and development	33,515	33,981	36,409	37,747	42,771	44,207	41,281	55,330	54,381	52,248
Debt service-										
Principal <sup>7</sup>	50,500	45,577	48,463	47,552	46,205	44,049	55,079	74,356	68,766	64,029
Interest and other charges	32,157	31,671	36,367	43,476	43,171	48,366	47,629	49,710	70,900	60,296
Capital outlay	133,542	164,396	160,747	203,074	145,252	135,814	170,154	280,708	252,408	126,119
Total expenditures	<u>598,454</u>	<u>640,359</u>	<u>662,359</u>	<u>722,238</u>	<u>692,186</u>	<u>716,981</u>	<u>778,585</u>	<u>948,037</u>	<u>951,938</u>	<u>817,575</u>
(Deficiency) of revenues (under) expenditures	(103,426)	(120,464)	(88,528)	(147,716)	(61,090)	(30,600)	(38,309)	(199,560)	(207,655)	(67,681)

OTHER FINANCING SOURCES (USES):

Sales of capital assets <sup>8</sup>	15,622	9,824	9,031	23,610	25,361	3,968	14,081	953	3,160	1,435
Bonds issued	73,000	100,000	-	-	-	-	-	-	20,000	-
Commercial paper issued	-	-	-	-	60,900	68,196	121,348	190,636	88,192	62,786
Installment purchases issued	37,319	50,545	164,576	33,137	14,662	18,694	-	87,491	88,595	-
Refunding debt issued	30,738	39,357	147,587	159,272	-	122,655	11,674	49,102	393,509	-
Premium on debt issuance	-	1,648	8,734	11,027	6,338	694	1,027	3,629	35,845	-
Private loan <sup>9</sup>	-	-	-	-	-	1,143	987	357	32,558	3,785
Payment to refunded bond escrow agent	(30,738)	(40,238)	(168,340)	(171,037)	-	(122,007)	(12,632)	(47,731)	(425,542)	-
Transfers in	55,617	109,476	38,675	43,784	59,322	64,365	137,353	82,201	96,718	126,518
Transfers out	(73,218)	(127,771)	(57,605)	(62,434)	(76,302)	(82,730)	(155,790)	(100,611)	(115,183)	(144,920)
Transfers to component unit <sup>6</sup>	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>108,340</u>	<u>142,841</u>	<u>142,658</u>	<u>37,359</u>	<u>90,281</u>	<u>74,978</u>	<u>118,048</u>	<u>266,027</u>	<u>217,852</u>	<u>49,604</u>
Net change in fund balances	<u>\$ 4,914</u>	<u>\$ 22,377</u>	<u>\$ 54,130</u>	<u>\$ (110,357)</u>	<u>\$ 29,191</u>	<u>\$ 44,378</u>	<u>\$ 79,739</u>	<u>\$ 66,467</u>	<u>\$ 10,197</u>	<u>\$ (18,077)</u>

Debt service as a percentage of  
noncapital expenditures

18.4%	14.7%	15.8%	16.5%	15.4%	15.6%	16.0%	18.3%	19.3%	17.7%
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------

<sup>1</sup> In 2004, property taxes increased as a result of annexation.

<sup>2</sup> In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

<sup>3</sup> 2003 through 2009 have been restated for the effects of a prior period adjustment.

<sup>4</sup> In 2004, private contributions were received to fund construction of a new uptown arena.

<sup>5</sup> In 2002, the NFL Stadium parking deck was sold.

<sup>6</sup> Beginning in 2002, as a result of implementing GASB Statement 34, transfers to component unit are shown as culture and recreation expense.

<sup>7</sup> In 2009, the City early extinguished \$21,215 of installment purchases.

<sup>8</sup> In 2005, the City sold a Civic Center. In 2006, the City sold the Charlotte Coliseum. In 2008, the City sold land adjacent to Time Warner Cable Arena.

<sup>9</sup> In 2007, the City entered into a private loan agreement to finance pre-opening expenses for NASCAR Hall of Fame.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

Fiscal Year	Assessed Value				Less: Tax-Exempt Property <sup>1</sup>	Total Taxable Assessed Value	Direct Tax Rate
	Real Property		Personal Property				
	Residential Property	Commercial Property	Motor Vehicles	Other			
2002	\$24,073,583	\$16,253,598	\$ 4,575,127	\$ 5,286,942	\$ 39,929	\$ 50,149,321	\$ 0.4670
2003	24,689,938	16,491,203	4,653,404	5,234,389	92,310	50,976,624	0.4670
2004	30,562,534	12,964,970	4,672,776	5,437,659	127,844	53,510,095	0.4200
2005	32,193,222	19,949,428	4,694,427	5,446,359	139,424	62,144,012	0.4200
2006	34,291,699	20,956,252	4,992,208	5,503,912	155,476	65,588,595	0.4200
2007	35,342,264	21,807,395	5,490,370	5,702,971	138,138	68,204,862	0.4586
2008	36,900,394	24,204,284	5,542,576	6,123,051	140,608	72,629,697	0.4586
2009	38,328,716	23,791,182	5,519,009	6,781,909	150,448	74,270,368	0.4586
2010	40,557,214	24,696,512	5,046,368	7,092,141	174,573	77,217,662	0.4586
2011	40,862,815	25,231,676	4,761,822	6,900,642	192,624	77,564,331	0.4586

Source: Assessed value data provided by Mecklenburg County. Assessed value is 100% of appraised market value as of the last revaluation date.

<sup>1</sup> In 2003, General Statute 105-277.1 increased the exemption for qualified North Carolina residents.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN FISCAL YEARS**  
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates					
	General	Debt Service	Capital Projects	Total Direct <sup>1</sup>	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5 <sup>2</sup>	
2002	\$.3805	\$.0640	\$.0225	\$.4670	\$.0193	\$.0140	\$.0289	\$.0900	\$ -	\$.8397
2003	.3805	.0640	.0225	.4670	.0193	.0140	.0289	.0900	-	.8397
2004	.3480	.0540	.0180	.4200	.0174	.0124	.0271	.0668	.0300	.7364
2005	.3550	.0470	.0180	.4200	.0174	.0124	.0271	.0668	.0300	.7567
2006	.3570	.0470	.0160	.4200	.0174	.0124	.0271	.0668	.0300	.8368
2007	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8189
2008	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8387
2009	.3698	.0737	.0151	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2010	.3758	.0687	.0141	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2011	.3773	.0687	.0126	.4586	.0174	.0239	.0386	.0668	.0300	.8387

<sup>1</sup> In 2004, tax rates decreased reflecting the revaluation of real property.

<sup>2</sup> Municipal Service District 5 was established in 2004.

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

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bank of America	\$ 1,499,799	1	1.93%	\$ 685,164	2	1.37%
Wells Fargo/Wachovia Corporation	1,201,538	2	1.55	363,756	5	0.73
Duke Energy Corporation	737,864	3	0.95	763,495	1	1.53
AT&T/BellSouth, Incorporated	456,031	4	0.59	387,918	4	0.78
US Airways Group, Incorporated	435,627	5	0.56	620,080	3	1.24
Piedmont Natural Gas	258,468	6	0.33	225,474	7	0.45
Southpark Mall	230,995	7	0.30	-	-	-
TIAA-CREF, LLC	207,935	8	0.27	-	-	-
Panthers Stadium, LLC	199,310	9	0.26	176,620	8	0.35
Time Warner Entertainment	198,165	10	0.26	-	-	-
CK Southern/Childress Klein	-	-	-	355,376	6	0.71
Continental General Tire	-	-	-	139,985	9	0.28
IBM	-	-	-	90,742	10	0.18
<b>Total</b>	<b>\$ 5,425,732</b>		<b><u>7.00%</u></b>	<b>\$ 3,808,610</b>		<b><u>7.62%</u></b>

Source: Mecklenburg County.

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

Fiscal Year <sup>1</sup>	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 237,546	\$ 230,863	97.19%	\$ 5,510	\$ 236,373	99.51%
2003	240,851	234,603	97.41	6,282	240,885	100.00
2004	264,853	257,890	97.37	5,782	263,672	99.55
2005	267,305	261,384	97.78	5,980	267,364	100.00
2006	289,079	281,975	97.54	5,351	287,326	99.39
2007	316,477	308,550	97.50	6,006	314,556	99.39
2008	340,293	332,150	97.61	5,087	337,237	99.10
2009	344,391	336,270	97.64	5,676	341,946	99.29
2010	357,494	350,248	97.97	4,109	354,357	99.12
2011	362,833	355,258	97.91	-	355,258	97.91

Source: Mecklenburg County.

<sup>1</sup> Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2010, for the fiscal year 2011, were based on the assessed values listed as of January 1, 2010.

**CITY OF CHARLOTTE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
CITY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2011  
(In Thousands)**

	City-Wide			Total Levy <sup>1</sup>	
	Property Valuation Adjusted	Rate	Total Levy <sup>1</sup>	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 74,129,611	\$0.459	\$ 342,323	\$ 335,777	\$ 6,546
Registered motor vehicles at prior year's rate	<u>3,474,594</u>	\$0.459	<u>15,934</u>	<u>-</u>	<u>15,934</u>
Total	<u>77,604,205</u>		<u>358,257</u>	<u>335,777</u>	<u>22,480</u>
Discoveries:					
Prior year taxes	<u>497,766</u>	Various	<u>2,242</u>	<u>2,242</u>	<u>-</u>
Total property valuation	<u>\$ 78,101,971</u>				
Net levy			<u>\$ 360,499</u>	<u>\$ 338,019</u>	<u>\$ 22,480</u>
Current year's taxes collected			<u>\$ 351,500</u>	<u>\$ 331,924</u>	<u>\$ 19,576</u>
Current levy collection percentage			97.50%	98.20%	87.08%

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



*THIS PAGE INTENTIONALLY BLANK.*

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands, except Per Capita)**

Fiscal Year	General Bonded Debt				Other Governmental Activities Debt			
	General Obligation Bonds	Percentage of Actual Taxable Value of Property <sup>1</sup>	Per Capita <sup>2</sup>	Special Obligation Bonds	Installment Purchases	Commercial Paper Notes	Private Loan	
2002	\$ 363,107	0.72%	\$ 626	\$ -	\$ 302,625	\$ -	\$ -	
2003	437,816	0.86	737	-	332,591	-	-	
2004	409,384	0.77	666	-	463,586	-	-	
2005	380,236	0.61	601	10,970	468,399	-	-	
2006	356,543	0.54	550	10,970	460,549	60,900	-	
2007	432,729	0.63	651	10,970	460,118	29,559	729	
2008	404,087	0.56	581	10,970	433,186	150,907	1,982	
2009	377,156	0.51	526	10,970	522,353	293,812	2,322	
2010	483,770	0.63	639	10,970	759,077	46,462	35,045	
2011	456,009	0.59	623	10,970	722,809	109,248	38,830	

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

<sup>1</sup> See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

<sup>2</sup> See Schedule of Demographic and Economic Statistics for population and personal income data.

Business-Type Activities

	General Obligation Bonds	Revenue Bonds	Installment Purchases	Commercial Paper Notes	Other Financing Agreements	Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
\$	518,478	\$ 1,010,487	\$ 16,984	\$ -	\$ 13,725	\$ 2,225,406	13.14%	\$3,839
	487,519	990,702	19,572	-	12,900	2,281,100	13.17	3,839
	456,341	970,535	116,942	-	12,425	2,429,213	13.63	3,954
	421,314	1,162,467	125,009	-	11,515	2,579,910	13.68	4,077
	393,522	1,128,460	321,924	370,990	10,610	3,114,468	15.84	4,805
	365,587	1,538,595	300,347	142,605	9,715	3,290,954	16.00	4,954
	330,753	1,640,020	281,889	279,209	8,840	3,541,843	16.89	5,089
	313,649	1,919,585	203,013	55,612	7,975	3,706,447	16.57	5,170
	290,500	2,360,575	187,548	-	7,120	4,181,067	18.14	5,524
	266,566	2,299,370	173,416	-	6,275	4,083,493	17.67	5,583

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2011**  
**(Dollar Amounts in Thousands)**

	Net General Obligation Bonded Debt Outstanding <sup>1</sup>	Percentage Applicable to City <sup>2</sup>	Amount Applicable to City
<u>Jurisdiction</u>			
Direct:			
City of Charlotte	\$ 456,009	100%	\$ 456,009
Overlapping:			
Mecklenburg County	<u>1,428,490</u>	77	<u>1,099,937</u>
Total	<u>\$ 1,884,499</u>		<u>\$ 1,555,946</u>

<sup>1</sup> Excludes general obligation bonds being paid from enterprise funds.

<sup>2</sup> Percentage of direct and overlapping debt is based on June 30, 2011 assessed valuation of the City of Charlotte (\$77,564,331) as compared to the June 30, 2011 assessed valuation of Mecklenburg County (\$100,325,830).

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

Fiscal Year	Debt Limit	Net Debt Outstanding <sup>1</sup>	Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
2002	\$ 3,997,438	\$ 1,161,358	\$ 2,836,080	29.05%
2003	4,074,469	1,249,904	2,824,565	30.68
2004	4,949,232	1,430,944	3,518,288	28.91
2005	5,002,695	1,523,955	3,478,740	30.46
2006	5,247,088	1,673,417	3,573,671	31.89
2007	5,456,389	1,731,566	3,724,823	31.73
2008	5,810,376	1,635,621	4,174,755	28.15
2009	5,941,629	1,835,116	4,106,513	30.89
2010	6,177,413	1,959,961	4,217,452	31.73
2011	6,205,146	2,008,079	4,197,067	32.36

<sup>1</sup> Excludes debt not applicable to the limit.

Legal Debt Margin Calculation for Fiscal Year 2011:	
Assessed value	<u>\$ 77,564,331</u>
Debt limit (8% of assessed value)	<u>\$ 6,205,146</u>
Total outstanding general obligation bonded debt	\$ 722,575
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	896,225
Bonds authorized but unissued	<u>493,032</u>
	2,111,832
Less- Water general obligation bonds	<u>103,753</u>
Outstanding debt, net	<u>2,008,079</u>
Legal debt margin	<u><u>\$ 4,197,067</u></u>

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

<u>Fiscal Year</u>	<u>Allowable Revenues <sup>1</sup></u>	<u>Debt Service Requirement</u>	<u>Revenue Bond Coverage</u>
2005	\$ 9,153	\$ 1,425	6.4
2006	10,781	1,454	7.4
2007	11,866	1,454	8.2
2008	13,012	1,415	9.2
2009	11,956	1,390	8.6
2010	16,250	1,385	11.7
2011	17,638	1,382	12.8

<sup>1</sup> Allowable revenues as defined by the Revenue Bond Order.

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

Fiscal Year	Allowable Revenues <sup>1</sup>	Current Expenses <sup>1</sup>	Net Revenues		Revenue Bond Coverage
			Available for Debt Service	Debt Service Requirement	
2002	\$ 186,187	\$ 67,712	\$ 118,475	\$ 22,970	5.2
2003	176,274	78,259	98,015	30,896	3.2
2004	183,722	87,071	96,651	34,847	2.8
2005	200,368	82,575	117,793	34,492	3.4
2006	257,075	90,693	166,382	43,478	3.8
2007	276,399	93,119	183,280	51,141	3.6
2008	279,870	102,522	177,348	67,871	2.6
2009	284,083	101,583	182,500	78,258	2.3
2010	300,153	99,989	200,164	88,524	2.3
2011	313,555	99,389	214,166	102,720	2.1

<sup>1</sup> Allowable revenues and current expenses as defined by the Revenue Bond Order.

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

Fiscal Year	Allowable Revenues <sup>1</sup>	Current Expenses <sup>1</sup>	Net Revenues		Revenue Bond Coverage
			Available for Debt Service	Debt Service Requirement	
2002	\$ 27,278	\$ 9,921	\$ 17,357	\$ 4,882	3.6
2003	27,435	9,245	18,190	4,736	3.8
2004	32,120	11,287	20,833	4,721	4.4
2005	36,400	12,750	23,650	6,198	3.8
2006	41,946	12,198	29,748	7,187	4.1
2007	48,490	13,021	35,469	9,476	3.7
2008	51,606	12,699	38,907	10,247	3.8
2009	53,542	11,604	41,938	10,954	3.8
2010	54,370	11,884	42,486	11,022	3.9
2011	56,656	11,328	45,328	10,547	4.3

<sup>1</sup> Allowable revenues and current expenses as defined by the Revenue Bond Order.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**AIRPORT REVENUE BOND COVERAGE**  
**LAST TEN FISCAL YEARS**  
**(Dollar Amounts in Thousands)**

Fiscal Year	Gross Revenues <sup>1</sup>	Application of Revenues <sup>1</sup>	Net Revenues Available for Debt Service	Debt Service Requirement <sup>2</sup>	Revenue Bond Coverage <sup>3</sup>
2002	\$ 83,824	\$ 31,723	\$ 52,101	\$ 23,276	2.2
2003	72,909	33,344	39,565	24,571	1.6
2004	86,743	35,506	51,237	23,013	2.2
2005	94,456	40,580	53,876	23,235	2.3
2006	104,196	43,761	60,435	18,203	3.3
2007	117,180	45,432	71,748	18,285	3.9
2008	129,034	52,849	76,185	21,049	3.6
2009	123,920	52,835	71,085	18,273	3.9
2010	122,024	52,435	69,589	20,957	3.3
2011	131,566	57,291	74,275	21,049	3.5

<sup>1</sup> Gross revenues and application of revenues as defined by the Revenue Bond Order.

<sup>2</sup> Net of capitalized interest.

<sup>3</sup> Revenue bond coverage as defined by the Revenue Bond Order.

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
2002	579,684	\$ 16,942,549	\$ 23,250	33.6	6.5%
2003	594,176	17,317,300	23,201	33.4	6.4
2004	614,330	17,827,370	23,322	33.4	5.6
2005	632,760	18,860,073	24,251	34.7	5.1
2006	648,139	19,655,613	24,623	34.5	4.4
2007	664,342	20,570,513	24,853	35.1	4.5
2008	695,995	20,970,350	24,281	35.1	5.6
2009	716,874	22,365,015	24,815	35.1	10.2
2010	756,912	23,046,008	24,782	35.2	9.5
2011	731,424	23,109,445	24,267	N/A	10.0

Source: Data provided by Charlotte Chamber of Commerce. Personal income and median age data are for the County.

N/A: Information not available.

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>
Carolinas Healthcare System	27,432	1	6.70%	11,100	4	2.84%
Wells Fargo/Wachovia Corporation	20,500	2	5.01	17,000	1	4.36
Charlotte-Mecklenburg Schools	18,202	3	4.44	13,683	2	3.51
Bank of America	15,000	4	3.66	12,770	3	3.27
Wal-Mart Stores, Incorporated	14,000	5	3.42	-	-	-
Presbyterian Regional Healthcare Corporation	9,000	6	2.20	-	-	-
Delhaize America Inc/Food Lion LLC	8,700	7	2.12	-	-	-
Lowe's Companies, Incorporated	8,700	7	2.12	-	-	-
Duke Energy Corporation	7,300	9	1.78	7,042	5	1.80
US Airways Group, Incorporated	6,637	10	1.62	7,000	6	1.79
State of North Carolina	-	-	-	6,418	7	1.65
City of Charlotte	-	-	-	5,855	8	1.50
US Government	-	-	-	5,038	9	1.29
Mecklenburg County	-	-	-	4,825	10	1.24
<b>Total</b>	<u>135,471</u>		<u>33.07%</u>	<u>90,731</u>		<u>23.25%</u>

Sources: Number of employees provided by Charlotte Chamber of Commerce. Total city employment provided by NC Employment Security Commission.

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**

Function/Program	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 <sup>2</sup>
Public safety <sup>1</sup>	2,958.50	2,953.50	3,002.50	3,058.50	3,094.50	3,179.50	3,191.50	3,223.50	3,392.50	3,388.50
Sanitation	283.00	264.00	255.00	247.00	239.00	276.00	290.00	289.00	296.00	283.00
General administration	233.00	240.00	245.00	272.00	295.50	297.50	349.00	350.25	367.25	371.25
Support services	182.00	182.00	183.50	186.50	187.50	191.50	197.50	235.00	223.00	246.00
Engineering and property management	290.00	296.00	298.00	299.00	301.00	306.00	314.00	330.00	329.00	330.00
Streets and highways	448.25	433.25	456.25	447.25	437.25	437.25	428.50	429.50	434.50	432.50
Community planning and development	176.00	204.00	210.00	212.00	225.00	227.00	226.00	226.00	233.00	229.00
Water and Sewer	779.50	779.50	784.50	802.50	802.50	818.50	813.50	812.50	802.50	791.50
Storm water	67.00	68.00	77.00	84.00	92.00	85.00	80.00	86.00	83.00	84.00
Airport	241.00	248.00	248.00	268.00	268.00	268.00	268.00	268.00	268.00	266.00
Public transit	159.25	173.25	225.25	242.25	289.75	380.75	392.75	392.75	392.75	360.75
Risk management	23.00	23.00	23.00	25.00	25.00	25.00	26.00	27.00	27.00	27.00
<b>Total</b>	<b>5,840.50</b>	<b>5,864.50</b>	<b>6,008.00</b>	<b>6,144.00</b>	<b>6,257.00</b>	<b>6,492.00</b>	<b>6,576.75</b>	<b>6,669.50</b>	<b>6,848.50</b>	<b>6,809.50</b>

Source: Actual position allocations per Budget and Evaluation Department.

<sup>1</sup> In 2009, positions were added due to annexation. In 2010, positions were added due to receipt of an American Recovery and Reinvestment Act grant.

<sup>2</sup> In 2011, vacant positions were eliminated.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police physical arrests	26,618	26,853	27,226	26,163	28,015	27,005	28,875	29,703	28,326	27,800
911 call volume	N/A	968,055	1,030,578	1,066,176	1,081,065	1,093,542	1,069,433	1,008,457	967,020	1,002,790
Fire calls answered	71,449	73,190	75,624	78,656	84,348	88,024	90,743	91,309	93,139	98,569
Sanitation										
Refuse collected (in tons)	252,529	247,938	257,972	278,598	281,215	338,745	331,806	311,820	310,376	315,717
Recyclables collected (in tons) <sup>1</sup>	26,975	33,096	32,926	33,126	33,036	33,242	34,725	33,213	34,188	44,520
Support services										
Fleet maintained	2,861	2,833	2,845	2,968	3,091	3,137	3,251	3,367	3,470	3,465
Streets and highways										
Miles resurfaced	382	334	304	283	195	194	306	319	246	325
Potholes repaired	697	453	387	376	378	375	288	576	895	790
Community planning and development										
Housing inspections conducted	2,234	2,045	2,818	2,970	2,993	3,689	3,565	3,749	3,142	3,196
Affordable housing production	825	1,005	1,051	1,319	1,187	1,640	1,204	1,093	1,172	1,310
Water										
Number of service connections	197,891	204,110	226,004	223,559	232,545	237,930	241,637	242,631	245,854	248,257
Average daily consumption (in millions of gallons)	110	101	105	100	111	114	106	99	108	110
Sewer										
Number of service connections	176,139	181,700	191,148	196,906	205,569	219,268	222,887	223,855	226,978	229,002
Average daily treatment (in millions of gallons)	72	87	81	84	80	86	78	81	83	76
Storm water										
Requests for services completed	1,072	668	1,500	1,863	1,842	1,627	1,885	2,021	2,266	1,890
Airport										
Number of airline arrivals and departures per day	1,060	1,016	1,048	1,142	1,204	1,228	1,350	1,289	1,281	1,359
Passengers boarding (in thousands)	11,481	11,310	12,166	13,539	14,246	15,712	17,023	17,305	17,725	19,614
Public transit										
Scheduled bus/rail miles operated (in thousands) <sup>2</sup>	8,588	10,215	10,116	14,541	15,769	15,365	16,304	17,280	15,617	15,598
Passengers (in thousands) <sup>2</sup>	14,695	15,528	16,356	17,705	19,157	19,758	23,101	26,034	24,355	24,901

N/A - information not available

<sup>1</sup> The city began collecting recyclables for all four zones in 2011. Prior years only collected three zones.

<sup>2</sup> Light rail service began operations in 2008.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police stations	11	12	12	12	12	13	13	13	13	13
Patrol units	993	993	997	984	990	1,072	1,087	1,169	1,251	1,267
Fire stations	35	35	36	36	37	38	38	39	40	41
Sanitation										
Collection trucks	177	176	165	170	171	182	194	198	200	178
Streets and highways										
Miles of street	2,143	2,147	2,104	2,181	2,197	2,244	2,280	2,368	2,398	2,415
Number of street lights	59,807	62,470	60,565	60,737	63,258	64,644	66,204	67,345	70,000	69,695
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,230	3,294	3,370	3,450	3,528	3,850	3,929	4,025	4,064	4,094
Fire hydrants <sup>1</sup>	9,015	9,141	18,000	20,000	20,000	20,000	22,000	12,425	12,541	12,568
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	3,145	3,210	3,297	3,369	3,433	3,865	3,942	4,028	4,047	4,073
Airport										
Feet of runway <sup>2</sup>	26,345	26,345	26,345	26,345	26,345	26,345	26,345	26,345	35,175	35,175
Public transit										
Motor buses	260	309	313	321	326	324	342	342	324	324
Light rail vehicles	-	-	-	4	4	9	16	16	20	20

<sup>1</sup> Beginning 2009, data represents only assets owned and maintained by the city.

<sup>2</sup> In 2010, the Airport opened its third parallel runway.





**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements in Accordance with *Government Auditing Standards***

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte (the "City"), North Carolina, as of and for the year ended June 30, 2011, which collectively comprises the City's basic financial statements, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Charlotte Regional Visitors Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

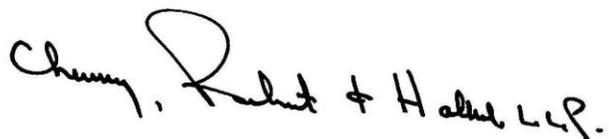
Our consideration of the internal control over financial reporting was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 31, 2011



**Independent Auditors' Report on Compliance with Requirements Applicable  
To Each Major Federal Program and Internal Control Over  
Compliance In Accordance with OMB Circular A-133 and the  
State Single Audit Implementation Act**

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

Compliance

We have audited the City of Charlotte (the "City"), North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned costs as items 11-01 and 11-02.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

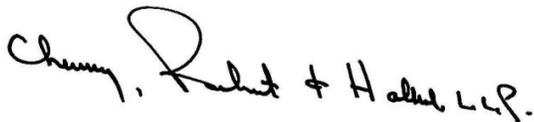
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in black ink that reads "Cherry, Bekaert & Holland L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 31, 2011



**Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act**

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

Compliance

We have audited City of Charlotte (the "City"), North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. The City's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

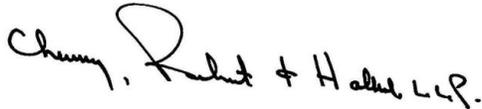
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, members of City Council, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

A handwritten signature in cursive script that reads "Cherry, Bekaert & Holland L.L.P.".

Raleigh, North Carolina  
October 31, 2011

**CITY OF CHARLOTTE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

---

**I. SUMMARY OF AUDITORS' RESULTS**

- A. An unqualified opinion was issued on the basic financial statements of the City of Charlotte, North Carolina (the "City").
- B. Our audit of the basic financial statements disclosed no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses or significant deficiencies.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no material weaknesses or significant deficiencies in the internal controls over major programs.
- E. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed two instances of noncompliance related to the federal programs of the City.
- H. Our audit disclosed no instances of noncompliance related to the State programs of the City.
- I. Major federal programs for the City for the year ended June 30, 2011 were:

<b>Program Name</b>	<b>CFDA#</b>
U.S. Department of Housing and Urban Development	
ARRA – Lead Based Paint Hazards Control in Privately-Owned Housing	14.907
CDBG Entitlement Grants Cluster:	
Community Development Block Grants/Entitlement Grants	14.218
ARRA – Community Development Block Grants/Entitlement Grants	14.253
U.S. Department of Justice	
ARRA - Public Safety Partnership & Community Policing Grant	16.710
Public Safety Partnership & Community Policing Grant	16.710
Justice Assistance Grant Cluster:	
Justice Assistance Grant	16.738
ARRA – Justice Assistance Grant	16.803
ARRA – Justice Assistance Grant	16.804

**CITY OF CHARLOTTE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

---

U.S. Department of Transportation	
Federal Transit Cluster:	
Federal Transit – Capital Investment Grants	20.500
Federal Transit – Formula Grants	20.507
ARRA – Federal Transit – Formula Grants	20.507
Highway Planning and Construction Cluster:	
Highway Planning and Construction	20.205
ARRA – Highway Planning and Construction	20.205
U.S. Department of Energy	
ARRA – Energy Efficiency and Conservation Block Grant	81.128

J. Major State programs for the City for the fiscal year ended June 30, 2011 were:

**Program Name**

North Carolina State Department of Transportation  
State Street Aid – Powell Bill  
State Maintenance Assistance Program  
Technology Program – 36235.2.6.8 & 36235.2.8.8  
State Full Funding Grant – 05-NS-002  
Public Transportation Capital Program

K. The threshold for determining Type-A programs, as the term is defined in OMB Circular A-133, for the City is \$2,789,644.

L. The City qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

**II. FINDINGS RELATED TO THE AUDIT OF THE BASIC FINANCIAL STATEMENTS OF THE CITY**

Our audit disclosed no findings related to the basic financial statements of the City.

## CITY OF CHARLOTTE, NORTH CAROLINA

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2011

---

#### III. FINDINGS RELATED TO THE AUDIT OF THE FEDERAL AND STATE PROGRAMS OF THE CITY

U.S. Department of Housing and Urban Development (HUD)

Program Name: CDBG Entitlement Grants Cluster:

14.218

14.253

Finding 11-01

NON MATERIAL NONCOMPLIANCE

REPORTING

Criteria: Each recipient who receives HUD financial assistance directly shall submit to the Assistant Secretary an annual report in such form and with such information as the Assistant Secretary may request, for the purpose of determining effectiveness of Section 3. Where the program providing the Section 3 covered assistance requires submission of an annual performance report, the section 3 report will be submitted with that annual performance report.

Condition: During testing it was noted that the City did not submit the HUD 60002, Section 3 report when the annual performance report was submitted for fiscal year 2011.

Questioned Costs: N/A

Effects: The City is not in compliance with the reporting requirements specified by HUD.

Cause: The City did not complete the HUD 60002, Section 3 report in time to include it along with the annual performance report.

Recommendation: The City should ensure that the Section 3 report is submitted along with the annual performance report.

Views of responsible officials: The City agrees with this finding.

**CITY OF CHARLOTTE, NORTH CAROLINA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2011**

---

US Department of Transportation  
Program Name: Highway Planning and Construction  
20.205

Finding 11-02

NON MATERIAL NONCOMPLIANCE

REPORTING

Criteria: Schedule of Expenditures of Federal and State Awards shall represent the expenditures incurred during the reporting period under audit.

Condition: During testing it was noted that the City reported prior year expenses on the current year Schedule of Expenditures of Federal and State Awards for the Section 104f grant within the Highway Planning and Construction cluster.

Questioned Costs: N/A

Effects: The City is not in compliance with the reporting requirements. The current year Schedule of Expenditures of Federal and State Awards represents 2010 expenditures and when compared to actual FY11 expenditures, is overstated by approximately \$48,000.

Cause: The City submits request for reimbursement in the period after the actual expenses are incurred.

Recommendation: The City should submit quarterly reimbursement requests throughout the year under audit and report only current year expenditures in the Schedule of Expenditures of Federal and State Awards.

Views of responsible officials: The City agrees with this finding.

**CITY OF CHARLOTTE, NORTH CAROLINA**

**SCHEDULE OF CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2011**

---

Finding 11-01

Name of Contact Person: Richard Woodcock, Deputy Director for Neighborhood & Business Services

Corrective Action: The City has reassigned an employee to oversee the process and ensure that this compliance requirement is addressed properly in future years.

Proposed Completion Date: December 2011

Finding 11-02

Name of Contact Person: Phil Reiger, Assistant Director for Charlotte Department of Transportation

Corrective Action: The City will submit quarterly reimbursement requests throughout the year and report only current year expenditures in the Schedule of Expenditures of Federal and State Awards.

Proposed Completion Date: June 2012

## **CITY OF CHARLOTTE, NORTH CAROLINA**

### **SUMMARY OF PRIOR YEAR FINDINGS YEAR ENDED JUNE 30, 2011**

---

For prior year Finding No. 10-01, the City is still not in compliance. See finding 11-01 in current year.

For prior year Finding No. 10-02, the City implemented a monitoring process to ensure that Davis Bacon requirements are met on all applicable projects that receive HUD funding.

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<b>FEDERAL AWARDS:</b>					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G10GA0007A	\$ 150,000	\$ 2,382	\$ 2,382
<u>U.S. Department of Commerce</u>					
Direct Programs:					
ARRA - Broadband Technology Opportunities (BTOP)	11.557	NT10BIX5570088	16,702,490	17,091	17,091
<u>U.S. Department of Defense</u>					
Direct Programs:					
Military Construction, National Guard	12.400	W91242-08-2-2104	7,200,000	1,119,194	5,765,782
<u>U.S. Department of Energy</u>					
Direct Programs:					
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000765	6,780,100	2,278,972	2,551,220
Pass-Through N.C. Department of Commerce / Energy Division					
ARRA - State Energy	81.041	DE-EE0000157	38,042	-	-
ARRA - State Energy	81.041	Letter	425,359	179,468	179,468
Total Pass-Through N.C. Department of Commerce / Energy Division			463,401	179,468	179,468
Pass-Through Triangle J. Council of Governments:					
ARRA - Conservation Research and Development	81.086	TJCOG-CBS-019	1,000,000	1,000,000	1,000,000
Total U.S. Department of Energy					
			8,243,501	3,458,440	3,730,688
<u>U.S. Department of Health and Human Services</u>					
Pass-Through N.C. Department of Health and Human Services:					
Public Health and Social Services Emergency	93.003	BT-07-1106	370,000	-	366,203

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2006-FG-09305	\$ 742,888	\$ -	\$ 742,888
Assistance to Firefighters	97.044	EMW-2009-FO-05755	1,229,712	964,901	964,901
Assistance to Firefighters	97.044	EMW-2010-FO-04187	518,000	-	-
Assistance to Firefighters	97.044	EMW-2010-FR-00382	1,680,000	-	-
Rail and Transit Security	97.075	2009-RA-T9-0082	364,373	28,468	28,468
Rail and Transit Security	97.075	2010-RA-T0-0038	287,760	-	-
ARRA - TSA Airport Checked Baggage Inspection System	97.117	HSTS04-10-H-REC109	45,431,845	868,287	868,287
Total Direct Programs			50,254,578	1,861,656	2,604,544
Pass-Through N.C. Department of Crime Control and Public Safety:					
State and Local Homeland Security Exercise Support	97.006	SRT/USAR 0607-001	141,000	1,245	137,965
Urban Areas Security Initiative	97.008	2007-GE-T7-0048	4,970,000	150,197	3,504,394
Metropolitan Medical Response System	97.071	2007-GE-T7-0048	258,145	27,636	257,982
State Homeland Security	97.073	2007-GE-T7-0048	170,000	3,556	167,246
State Homeland Security	97.073	2007-GE-T7-0048	50,000	1,642	17,832
State Homeland Security	97.073	2007-GE-T7-0048-8017	65,000	-	63,209
Rail and Transit Security	97.075	2007-RL-T7-0004	428,752	428,752	428,752
Rail and Transit Security	97.075	2007-RL-T7-0004	548,766	257,746	401,006
Rail and Transit Security	97.075	2007-RL-T7-0021	146,434	146,434	146,434
Rail and Transit Security	97.075	2007-RL-T7-0021	414,990	-	131,400
Rail and Transit Security	97.075	2008-RL-T8-0002	84,637	49,838	84,637
Rail and Transit Security	97.075	2008-RL-T8-0002	78,593	78,052	78,052
Rail and Transit Security	97.075	2008-RL-T8-0002	270,926	247,635	247,635
Rail and Transit Security	97.075	2008-RL-T8-0002	250,741	-	-
Rail and Transit Security	97.075	2008-RL-T8-0002	253,462	-	-
Rail and Transit Security	97.075	2008-RL-T8-0002	249,441	-	-
Buffer Zone Protection	97.078	2007-BZ-T7-0034	365,770	99,931	363,508
Homeland Security Cluster:					
Homeland Security	97.067	2005-GE-T5-0051	529,129	-	529,129
Homeland Security	97.067	2006-GE-T6-0010	7,176,000	43,671	7,176,000
Homeland Security	97.067	2008-GE-T8-0033	25,000	22,789	24,548
Homeland Security	97.067	2008-GE-T8-0033	321,221	35,452	55,966

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Homeland Security	97.067	2008-GE-T8-0033	\$ 60,000	\$ 2,593	\$ 2,593
Homeland Security	97.067	2008-GE-T8-0033	350,000	16,572	59,496
Homeland Security	97.067	2008-GE-T8-0033	205,714	1,908	22,057
Homeland Security	97.067	2008-GE-T8-0033	4,176,370	388,172	2,181,102
Homeland Security	97.067	2009-SS-T9-0046	311,584	70,058	70,058
Homeland Security	97.067	2009-SS-T9-0046	135,714	-	-
Homeland Security	97.067	2009-SS-T9-0046	4,442,600	1,603,170	1,816,827
Homeland Security	97.067	2009-SS-T9-0046	80,000	-	-
Homeland Security	97.067	2009-SS-T9-0046	100,000	68,848	68,848
Homeland Security	97.067	2010-SS-T0-0075	240,000	222,409	222,409
Homeland Security	97.067	2010-SS-T0-0075	55,000	220	220
Homeland Security	97.067	2010-SS-T0-0075	51,429	-	-
Homeland Security	97.067	2010-SS-T0-0075	62,000	424	424
Homeland Security	97.067	2010-SS-T0-0075	4,016,970	340,107	340,107
Homeland Security	97.067	2010-SS-T0-0075	<u>301,548</u>	<u>-</u>	<u>-</u>
Total Homeland Security Cluster			<u>22,640,279</u>	<u>2,816,393</u>	<u>12,569,784</u>
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>31,386,936</u>	<u>4,309,057</u>	<u>18,599,836</u>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2007-37119	80,483	5,412	80,483
Emergency Management Performance	97.042	EMPG-2008-37119	97,414	97,414	97,414
Emergency Management Performance	97.042	EMPG-2009-37119	99,815	5,146	5,146
Emergency Management Performance	97.042	EMPG-2010-37119	<u>106,419</u>	<u>-</u>	<u>-</u>
Total Pass-Through Mecklenburg County			<u>384,131</u>	<u>107,972</u>	<u>183,043</u>
Total U.S. Department of Homeland Security			<u>82,025,645</u>	<u>6,278,685</u>	<u>21,387,423</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-37-0001	\$ 5,431,777	\$ 1,363,222	\$ 4,271,191
Community Development Block Grants/Entitlement Grants	14.218	B-09-MC-37-0003	4,781,751	2,373,152	4,781,751
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-37-0003	5,195,468	1,136,702	1,136,702
ARRA - Community Development Block Grants/Entitlement Grants	14.253	B-09-MY-37-0003	<u>1,262,296</u>	<u>707,326</u>	<u>707,326</u>
Total CDBG - Entitlement Grants Cluster			<u>16,671,292</u>	<u>5,580,402</u>	<u>10,896,970</u>
Emergency Shelter	14.231	S-09-MC-37-0002	206,926	10,027	206,926
Emergency Shelter	14.231	S-10-MC-37-0002	210,026	210,026	210,026
HOME Investment Partnerships	14.239	M08DC370212	2,590,402	452,378	2,590,402
HOME Investment Partnerships	14.239	M09DC370212	2,841,233	561,600	561,600
HOME Investment Partnerships	14.239	M10DC370212	2,819,428	-	-
Housing Opportunities For Persons With AIDS	14.241	NC19H08-F001	671,000	385,857	671,000
Housing Opportunities For Persons With AIDS	14.241	NC19H09-F001	714,063	345,956	345,956
Housing Opportunities For Persons With AIDS	14.241	NC19H10-F001	793,382	-	-
ARRA - Homelessness Prevention and Rapid Re-Housing	14.262	S-09-MY-37-002	1,930,217	1,221,975	1,478,294
Fair Housing Assistance	14.401	FF204K104008	94,565	86,065	94,565
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0335-06	2,998,974	-	2,998,974
ARRA - Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0412-08	<u>2,999,903</u>	<u>1,886,000</u>	<u>2,401,076</u>
Total Direct Programs			<u>35,541,411</u>	<u>10,740,286</u>	<u>22,455,789</u>
Pass-Through N.C. Department of Commerce:					
Community Development Block Grants/Entitlement Grants	14.218	08-N-1887	<u>2,625,000</u>	<u>1,839,452</u>	<u>2,511,188</u>
Pass-Through N.C. Housing Finance Agency:					
HOME Investment Partnerships	14.239	SFR0707	<u>186,885</u>	<u>10,558</u>	<u>186,885</u>
Total U.S. Department of Housing and Urban Development			<u>38,353,296</u>	<u>12,590,296</u>	<u>25,153,862</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Justice</u>					
Direct Programs:					
Part E - Developing, Testing and Demonstrating					
Promising New Programs	16.541	2008-JL-FX-0488	\$ 1,162,653	\$ 174,420	\$ 954,589
Bulletproof Vest Partnership	16.607	N/A	5,928	305	5,928
Public Safety Partnership and Community Policing	16.710	2007CKWX0044	2,884,170	160,728	566,977
Public Safety Partnership and Community Policing	16.710	2008CSWX0014	321,350	83,453	286,770
ARRA - Public Safety Partnership and Community Policing	16.710	2009RJWX0062	8,545,950	2,659,608	4,665,451
Forensic DNA Backlog Reduction	16.741	2008-DN-BX-K116	362,548	134,376	357,356
Forensic DNA Backlog Reduction	16.741	2009-DN-BX-K150	351,398	132,874	132,874
Forensic DNA Backlog Reduction	16.741	2010-DN-BX-K165	349,200	20,891	20,891
Total Direct Programs			<u>13,983,197</u>	<u>3,366,655</u>	<u>6,990,836</u>
Pass-Through N.C. Department of Crime Control and Public Safety:					
Crime Victim Assistance	16.575	060-1-10-055-AV-169	76,510	68,369	68,369
Project Safe Neighborhoods	16.609	060-1-07-001-BA-728	20,849	-	20,849
Project Safe Neighborhoods	16.609	060-1-10-001-BA-087	20,000	-	-
Coverdell Forensic Sciences Improvement	16.742	2008-CD-BX-0028	39,927	(1,088)	39,927
Coverdell Forensic Sciences Improvement	16.742	2009-CD-BX-0024	60,113	42,635	42,635
AntiGang Initiative	16.744	060-1-06-001-BA-123	52,797	-	52,797
AntiGang Initiative	16.744	060-1-06-001-BK-290	40,280	-	22,386
AntiGang Initiative	16.744	060-1-07-001-BK-243	140,909	-	140,909
JAG Program Cluster:					
Justice Assistance	16.738	060-1-07-006-BH-679	459,057	-	459,057
Justice Assistance	16.738	060-1-10-006-BH-352	303,912	177,908	177,908
ARRA - Justice Assistance	16.803	060-1-09-R06-RJ-532	247,077	-	247,077
Total JAG Program Cluster			<u>1,010,046</u>	<u>177,908</u>	<u>884,042</u>
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>1,461,431</u>	<u>287,824</u>	<u>1,271,914</u>
Pass-Through Mecklenburg County:					
Part E - Developing, Testing and Demonstrating					
Promising New Programs	16.541	2009-JL-FX-0285	900,000	338,375	365,436
State and Local Law Enforcement Assistance	16.580	2006-DD-BX-0524	136,259	(162)	136,259

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Community Capacity Development	16.595	2008-WS-QX-0204	\$ 144,481	\$ -	\$ 144,481
Community Capacity Development	16.595	2009-WS-QX-0138	142,000	87,917	142,000
Coverdell Forensic Sciences Improvement	16.742	2008-DN-BX-K411	197,245	79,997	197,245
Coverdell Forensic Sciences Improvement	16.742	170-1-06-001-BD-091	35,540	-	34,392
Congressionally Recommended	16.753	2009-DI-BX-0334	50,000	30,673	43,243
Congressionally Recommended	16.753	2010-DD-BX-0466	200,000	18,797	18,797
JAG Program Cluster:					
Justice Assistance	16.738	2007-DJ-BX-1241	994,697	47,153	994,697
Justice Assistance	16.738	2008-DJ-BX-0318	325,638	53,033	306,639
Justice Assistance	16.738	2009-DJ-BX-0178	1,060,715	345,230	749,915
Justice Assistance	16.738	2010-DJ-BX-0286	940,519	180,583	180,583
ARRA - Justice Assistance	16.803	260680	1,419,962	202,679	202,679
ARRA - Justice Assistance	16.804	2009-SB-B9-1703	4,453,144	961,401	2,263,642
ARRA - Justice Assistance	16.804	2009-SC-B9-0063	483,825	204,182	288,913
ARRA - Justice Assistance	16.804	260651	62,684	9,976	9,976
ARRA - Justice Assistance	16.804	260681	339,765	14,558	14,558
Total JAG Program Cluster			10,080,949	2,018,795	5,011,602
Total Pass-Through Mecklenburg County			11,886,474	2,574,392	6,093,455
Total U.S. Department of Justice			27,331,102	6,228,871	14,356,205
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
WIA Cluster:					
ARRA - WIA Administration	17.258	2008-4010-37	421,713	183,889	421,713
ARRA - WIA Adult Program	17.258	2008-4020-37	604,839	166,170	604,839
ARRA - WIA Youth Activities	17.259	2008-4030-37	1,681,622	322,617	1,681,622
ARRA - WIA Dislocated Workers	17.260	2008-4031-37	292,580	152,786	292,580
ARRA - WIA Dislocated Workers	17.260	2008-4040-37	1,508,961	58,378	1,508,961
Total WIA Cluster			4,509,715	883,840	4,509,715
Workforce Investment Act	17.267	08-2031	415,507	3,648	415,507
Workforce Investment Act	17.267	09-2010	403,524	71,587	403,524
Workforce Investment Act	17.267	09-2020	1,056,741	303,209	1,056,741

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Workforce Investment Act	17.267	09-2030	\$ 1,288,747	\$ 341,890	\$ 1,288,747
Workforce Investment Act	17.267	09-2031	2,094,748	1,220,622	1,897,764
Workforce Investment Act	17.267	09-2040	1,286,230	279,404	1,286,230
Workforce Investment Act	17.267	09-2050	390,353	131,950	390,336
Workforce Investment Act	17.267	09-3808	85,602	2,064	85,602
Workforce Investment Act	17.267	10-2010	563,261	302,564	302,564
Workforce Investment Act	17.267	10-2020	1,458,581	764,470	764,470
Workforce Investment Act	17.267	10-2030	1,969,696	1,139,260	1,139,260
Workforce Investment Act	17.267	10-2031	1,456,284	5,000	5,000
Workforce Investment Act	17.267	10-2040	1,642,330	1,348,736	1,348,736
Workforce Investment Act	17.267	10-2050	397,200	311,279	311,279
<b>Total U.S. Department of Labor</b>			<b>19,018,519</b>	<b>7,109,523</b>	<b>15,205,475</b>
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-39	5,000,000	-	1,891,682
Airport Improvement Program	20.106	3-37-0012-51	15,359,406	1	15,359,406
Airport Improvement Program	20.106	3-37-0012-54	9,506,664	851,958	9,167,743
Airport Improvement Program	20.106	3-37-0012-60-2009	562,500	11,690	226,034
Airport Improvement Program	20.106	3-37-0012-62-2010	5,246,089	5,246,089	5,246,089
Airport Improvement Program	20.106	3-37-0012-63-2010	3,434,194	2,950,503	3,434,194
Airport Improvement Program	20.106	3-37-0012-64-2011	16,804,107	16,741,117	16,741,117
<b>Total Federal Aviation Administration</b>			<b>55,912,960</b>	<b>25,801,358</b>	<b>52,066,265</b>
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment Grants	20.500	NC-03-0048	192,940,000	-	192,858,383
Federal Transit - Capital Investment Grants	20.500	NC-03-0056	880,000	-	851,654
Federal Transit - Capital Investment Grants	20.500	NC-03-0082-00	22,255,000	4,231,388	14,902,548
Federal Transit - Capital Investment Grants	20.500	NC-04-0006-00	11,326,917	-	4,480,431
Federal Transit - Capital Investment Grants	20.500	NC-04-0018-00	10,557,344	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0020-00	5,000,000	-	4,488,298

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Federal Transit - Capital Investment Grants	20.500	NC-04-0021-00	\$ 380,000	\$ 187,068	\$ 224,717
Federal Transit - Capital Investment Grants	20.500	NC-05-0042-00	452,898	-	-
Federal Transit - Formula Grants	20.507	NC-90-X331	10,217,090	96,024	10,217,090
Federal Transit - Formula Grants	20.507	NC-90-X334	4,980,000	13,858	4,980,000
Federal Transit - Formula Grants	20.507	NC-90-X358	12,220,066	2	12,220,066
Federal Transit - Formula Grants	20.507	NC-90-X403-00	2,147,545	55,567	610,893
Federal Transit - Formula Grants	20.507	NC-90-X408-00	13,294,550	-	13,087,372
Federal Transit - Formula Grants	20.507	NC-90-X431-00	30,569,205	707,112	22,173,072
Federal Transit - Formula Grants	20.507	NC-90-X472-00	15,892,453	6,345,373	6,345,373
Federal Transit - Formula Grants	20.507	NC-95-X014-01	920,000	-	-
ARRA - Federal Transit - Formula Grants	20.507	NC-96-X006-00	20,766,306	12,532,806	15,448,192
<b>Total Federal Transit Cluster</b>			<u>354,799,374</u>	<u>24,169,198</u>	<u>302,888,089</u>
Transit Services Programs Cluster:					
Job Access - Reverse Commute	20.516	NC-37-X016-01	888,363	245,296	613,420
New Freedom Program	20.521	NC-57-X005-01	632,712	-	466,393
<b>Total Transit Services Programs Cluster</b>			<u>1,521,075</u>	<u>245,296</u>	<u>1,079,813</u>
Alternatives Analysis	20.522	NC-39-0001-00	2,695,000	1,663,050	2,695,000
Alternatives Analysis	20.522	NC-39-0002-00	237,500	54,625	237,500
ARRA - Capital Assistance for Reducing Energy Consumption	20.523	NC-77-0001-00	3,000,000	-	-
<b>Total Federal Transit Administration</b>			<u>362,252,949</u>	<u>26,132,169</u>	<u>306,900,402</u>
<b>Total Direct Programs</b>			<u>418,165,909</u>	<u>51,933,527</u>	<u>358,966,667</u>
Pass-Through City of Concord, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	98,710	22,825	22,825
Pass-Through City of Gastonia, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	62,816	14,525	14,525
Pass-Through City of Rockhill, South Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	45,125	10,434	10,434

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through N.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	40924.3.31	\$ 235,000	\$ -	\$ -
ARRA - Highway Planning and Construction	20.205	45051.3.ST28	485,000	38,805	311,041
ARRA - Highway Planning and Construction	20.205	45090.1.ST1 / 45090.3.ST1	4,000,000	1,845,589	3,278,554
Highway Planning and Construction	20.205	45111.1.1 / 45111.3.1	228,668	78,260	228,668
ARRA - Highway Planning and Construction	20.205	45651.3.ST27	754,469	388,963	702,453
Highway Planning and Construction	20.205	47510.3.2 / VPPP-1003(99)	400,000	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (16)	232,880	232,880	232,880
Highway Planning and Construction	20.205	NC C-4405	535,040	65,741	535,040
Highway Planning and Construction	20.205	NC C-4955	3,032,800	522,571	2,628,632
Highway Planning and Construction	20.205	Section 104f	715,221	715,221	715,221
Highway Planning and Construction	20.205	SPR-OSPR (49)	1,029,140	169,330	169,330
Highway Planning and Construction	20.205	U-5014	44,890	(648,110)	44,890
Total Federal Highway Administration			<u>11,693,108</u>	<u>3,409,250</u>	<u>8,846,709</u>
Federal Transit Administration:					
Federal Transit - Metropolitan Planning Grants	20.505	08-08-102	218,003	-	218,003
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.9.6	354,682	263,411	354,682
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.10.6 / 11-08-102	345,696	8,118	8,118
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51001.25.1.2-3 / 11-ED-083	533,140	-	-
Total Federal Transit Administration			<u>1,451,521</u>	<u>271,529</u>	<u>580,803</u>
National Highway Traffic Safety Administration:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	PT-11-03-03-29	10,000	51	51
Alcohol Impaired Driving Countermeasures Incentive	20.601	K8-08-02-48	14,999	-	14,999
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	QN-07-17-01-14	41,096	-	41,096
Total National Highway Traffic Safety Administration			<u>66,095</u>	<u>51</u>	<u>56,146</u>
Total Pass-Through N.C. Department of Transportation			<u>13,210,724</u>	<u>3,680,830</u>	<u>9,483,658</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through S.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	\$ 57,431	\$ 13,280	\$ 13,280
Total U.S. Department of Transportation			<u>431,640,715</u>	<u>55,675,421</u>	<u>368,511,389</u>
<u>U.S. Environmental Protection Agency</u>					
Direct Programs:					
Brownfields Assessment and Cleanup	66.818	BF-95462010-0	<u>400,000</u>	<u>128,328</u>	<u>128,328</u>
Pass-Through N.C. Department of Environment and Natural Resources:					
ARRA - State Clean Diesel	66.040	2D-95421809-0	80,000	7,930	79,298
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0189	1,440,496	61,300	1,416,627
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0244	<u>778,081</u>	<u>258,841</u>	<u>634,223</u>
Total Pass-Through N.C. Department of Environment and Natural Resources			<u>2,298,577</u>	<u>328,071</u>	<u>2,130,148</u>
Pass-Through Mecklenburg County:					
National Clean Diesel Funding	66.039	100385	12,607	-	12,607
National Clean Diesel Funding	66.039	100614	<u>51,836</u>	<u>51,836</u>	<u>51,836</u>
Total Pass-Through Mecklenburg County			<u>64,443</u>	<u>51,836</u>	<u>64,443</u>
Total U.S. Environmental Protection Agency			<u>2,763,020</u>	<u>508,235</u>	<u>2,322,919</u>
TOTAL FEDERAL AWARDS			<u>633,798,288</u>	<u>92,988,138</u>	<u>456,819,419</u>
STATE AWARDS:					
<u>N.C. Clean Water Management Trust Fund</u>					
Stormwater Infrastructure		2006B-702	<u>111,788</u>	-	<u>111,788</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>N.C. Department of Commerce</u>					
One NC Fund		O-2008-4863	\$ 90,000	\$ -	\$ -
One NC Fund		O-2009-5422	1,000,000	-	-
One NC Fund		O-2009-5644	1,000,000	-	-
One NC Fund		O-2009-5986	1,200,000	-	-
One NC Fund		O-2010-6112	55,000	-	-
One NC Fund		O-2010-6659	350,000	-	-
One NC Fund		O-2010-6867	60,000	-	-
Total N.C. Department of Commerce			3,755,000	-	-
<u>N.C. Department of Environment and Natural Resources</u>					
Mobile Source Emissions Reduction		2238	133,500	133,500	133,500
<u>N.C. Department of Transportation</u>					
State Street Aid-Powell Bill		N/A	N/A	28,441,625	N/A
State Maintenance Assistance FY2011		Letter	12,389,800	12,389,800	12,389,800
Rail Agreement		Letter	200,000	200,000	200,000
Advanced Technology Program		03-AT-061	187,200	-	187,200
Advanced Technology Program		04-AT-001	99,859	-	99,859
State Full Funding Grant Agreement		05-NS-002	111,548,573	330,469	109,254,003
State Contract Resurfacing Agreement		10CR.20601.73	175,853	(8,257)	175,853
Municipal Agreement		30922 31475	274,912	-	274,912
Traffic - Construction by Others Agreement		34312.3.2	63,319	63,319	63,319
Traffic Agreement		34410.1.11 / R-2248 BB	444,746	-	311,644
Traffic Agreement		34813.3.8 / U-2510 A	233,874	138,997	233,874
Public Transportation Capital Program		36223.5.7.3 / 36223.5.7.4	730,689	12,003	730,689
Public Transportation Capital Program		36223.5.9.3 / 05-09-347	861,506	3	861,506
Apprentice/Intern Program Non Capital		36223.5.15.1 / 11-DG-024	28,169	13,913	13,913
Public Transportation Section 5309 Capital Program		36224.26.1.1 / 09-NS-082	11,127,500	(414,951)	5,436,604
Public Transportation Section 5309 Capital Program		36224.26.2.1 / 09-NS-004	1,347,500	1,253,219	1,253,219
Public Transportation Rideshare Program		36225.1.8.1	101,172	71,470	101,172
Public Transportation Rideshare Program		36225.1.9.1 / 11-RS-009	103,417	26,333	26,333

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Metropolitan Planning Program		36230.5.7.6 / 08-08-102	\$ 27,250	\$ -	\$ 27,250
Metropolitan Planning Program		36230.5.9.6	44,335	44,335	44,335
Metropolitan Planning Program		36230.5.10.6 / 11-08-102	43,212	1,015	1,015
Public Transportation Section 5307 Capital Program		36231.14.2.6 / 36231.14.2.7	2,188,223	319,693	1,945,158
Public Transportation Section 5307 Capital Program		36231.14.6.3 / 08-95-014	115,000	-	-
Public Transportation Section 5307 Capital Program		36231.14.6.4 / 08-95-015	100,000	100,000	100,000
Public Transportation Section 5309 Capital Program		36232.1.7.4 / 09-04-021	47,500	6,702	30,010
Public Transportation Section 5309 Capital Program		36232.1.7.6 / 09-04-020	469,732	(155,268)	469,732
Public Transportation Section 5309 Capital Program		36232.1.9.3 / 11-05-042	56,612	-	-
Technology Program		36235.2.6.8	765,648	255,242	724,192
Technology Program		36235.2.7.8 / 11-AT-007	923,175	117,238	117,238
Municipal Agreement		37309.1.1	75,000	-	49,840
Municipal Agreement		37772	216,004	177,379	216,004
Public Transportation Moving Ahead		40321 / 04-MA-0003	581,310	(39,458)	581,310
Municipal Agreement		41328	4,847,312	(152,688)	4,847,312
Traffic - Construction by Others Agreement		42213.3	54,000	-	-
Traffic - Construction by Others Agreement		42214.3	70,000	-	-
Traffic - Construction by Others Agreement		42614.3.1	61,500	-	-
Traffic - Construction by Others Agreement		42712.3.1	250,000	-	-
Traffic - Construction by Others Agreement		42785	241,390	241,390	241,390
Traffic - Construction by Others Agreement		42786	57,078	57,078	57,078
Locally Administered Project		43142	250,000	-	-
Locally Administered Project		45200.1	257,285	-	-
Locally Administered Project		47510.3.2	100,000	-	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities		51001.25.1.2-3 / 11-ED-083	26,168	-	-
Transit Development		9.9051996	4,100,000	-	4,095,529
Public Transportation		9.9052299	835,085	(3,756)	835,085
Bus Discretionary		NC-04-0006-00	1,356,774	-	500,963
Congestion Mitigation and Air Quality		NC-90-X403-00	192,682	(17,234)	36,291
Traffic Agreement		U-2512 BB	137,320	-	110,833

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Municipal Agreement		U-3411	\$ 1,700,000	\$ 1,700,000	\$ 1,700,000
Municipal Agreement		U-4911	1,229,910	104,168	366,661
Municipal Agreement		U-5014	48,971	-	48,971
Total N.C. Department of Transportation			161,386,565	45,273,779	148,760,097
<u>N.C. Housing Trust Fund</u>					
Housing Urgent Repair Program		URP0705	75,000	-	63,230
Housing Urgent Repair Program		URP08	75,000	-	-
Total N.C. Housing Trust Fund			150,000	-	63,230
<u>Office of the Governor</u>					
Dispute Settlement		Letter	52,500	265	52,500
Dispute Settlement		Letter	49,875	49,875	49,875
Total Office of the Governor			102,375	50,140	102,375
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III		Letter	16,579	3,715	16,579
SMAT III		Letter	7,300	2,239	2,239
Total N.C. Office of Emergency Medical Services			23,879	5,954	18,818
<u>S.C. Department of Transportation</u>					
Locally Administered Project		45200.1	14,358	3,320	3,320
TOTAL STATE AWARDS			165,677,465	45,466,693	149,193,128
TOTAL FEDERAL AND STATE AWARDS			\$ 799,475,753	\$ 138,454,831	\$ 606,012,547

**CITY OF CHARLOTTE, NORTH CAROLINA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**JUNE 30, 2011**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Charlotte and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act*.

2. SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City of Charlotte provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development-		
Community Development Block Grants/Entitlement Grants	14.218	\$ 3,786,506
Emergency Shelter	14.231	247,660
HOME Investment Partnerships	14.239	700,960
Housing Opportunities For Persons With AIDS	14.241	608,368
ARRA - Homelessness Prevention and Rapid Re-Housing	14.262	1,288,588
U.S. Department of Justice-		
Justice Assistance	16.738	112,620
ARRA - Justice Assistance	16.804	631,491
U.S. Department of Labor-		
ARRA - WIA Adult Program	17.258	350,059
ARRA - WIA Youth Activities	17.259	322,617
ARRA - WIA Dislocated Workers	17.260	211,164
Workforce Investment Act	17.267	6,225,683
U.S. Department of Transportation-		
Job Access - Reverse Commute	20.516	33,329
New Freedom Program	20.521	39,692



# FINANCE DEPARTMENT - FINANCIAL REPORTING

CHARLOTTE-MECKLENBURG GOVERNMENT CENTER

600 EAST FOURTH STREET, 10TH FLOOR

CHARLOTTE, NORTH CAROLINA 28202-2848

[WWW.CHARMECK.ORG](http://WWW.CHARMECK.ORG)