

City of Charlotte North Carolina Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2013

City of Charlotte, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013

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CHARLOTTESM



OCTOBER 31, 2013

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, 2013.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the preparation and fair presentation of the information presented in this report. To provide a reasonable basis for making these representations, management 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 LLP, 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, 2013, are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements; evaluating 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 sufficient audit evidence for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, 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 306 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 796,921, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area, an area of over 1.9 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 and to promote the 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 department directors.

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, organizations for which the City is financially accountable. Financial accountability 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 Community 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 departments 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 Community 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 7.5 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. Thirty-five banks, with approximately 250 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.

Transportation and Distribution Hub - The City plays a major role in the transportation and distribution of goods throughout the nation. Charlotte/Douglas International Airport (CLT) is considered the "gateway to the world"; averaging 730 flights per day with non-stop service to 171 cities. CLT has five concourses with 95 airline gates; the airport's large number of gates helps 87 percent of flights leave CLT on time, compared to 86 percent nationally. The airport served 41 million passengers in 2012.



The Airport currently ranks 6th nationwide in operations, 8th in passengers, and 33rd in cargo. Nine major commercial airlines and fourteen regional carriers offer direct or non-stop service. There are more than fifteen cargo carriers serving the area. With customs services available at the Airport and a foreign trade zone designation, Charlotte is a port of entry and export.



In addition to being accessible, CLT is also renowned for its facilities and hospitality. Charlotte Douglas' 1.8 million square foot state-of-the art terminal includes a glass-enclosed expansion terminal that feels more like a shopping mall than an airport. CLT was recently named the third most efficient North American airport by Air Transport Research Society's Global Airport Performance Benchmarking study. Travel Leaders Group ranked CLT as the second best airport in the U.S. for making a connection.

Trucking is a major industry in Charlotte. 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. Approximately sixty percent of the nation's population is within a 24-hour drive from the city. There are over 329 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 67-mile loop is presently open or under construction. NCDOT has taken steps to coordinate the three remaining projects that will complete the I-485 loop. These projects include building the final 5.7 miles of I-485, linking I-77 to I-85; converting the existing I-485 interchange to a turbine interchange, the first of its kind in North Carolina; and widening approximately 7 miles of I-85 from four to eight lanes in Cabarrus County. All three I-485/I-85 improvement projects will feature innovative interchange designs that will help save on construction costs while moving traffic more efficiently and safely. The final segment of I-485 has a scheduled completion date of early 2015.

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. To better integrate air, rail, and communications, Charlotte Douglas International Airport is constructing a \$92 million intermodal rail and trucking facility that is expected to bring the region an economic boost of \$7.6 billion over the next two decades. The intermodal yard is situated on a 200 acre tract of land that is located between the airport runways. Once construction has been completed in December 2013, the intermodal yard will create yet another competitive edge for Charlotte, and will provide a boost to approximately 100 distribution centers operating in the Southeast.



Business Environment – Charlotte enjoys a vibrant, highly diversified economy that encompasses many sectors, as well as companies that range in size from multinational to micro-business. Charlotte currently ranks 10th nationally in the number of Fortune 500

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

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

headquartered companies. Charlotte is home to operations for 270 companies that are listed on the Fortune 500. The City also has 4,277 Hoover's Million Dollar Companies. There are approximately 950 foreign-owned firms in the region, which have spawned the creation of several international and cultural organizations. Charlotte was ranked as the top U.S. city for foreign investment by *Site Selection* magazine. Charlotte is a major manufacturing force and is home to every major manufacturing sector. Manufacturing in the Charlotte region includes industrial machinery, metal working, computer and electronic products, and biomedical facilities. The over 3,371 manufacturers in the Charlotte-Mecklenburg region employ more than 155,000 workers.

Growth Outlook - While many cities have seen construction costs rise, significant commercial growth continues throughout Charlotte. Charlotte construction costs rank as one of the lowest of the major metro centers. These low costs are reflected in the City awarding nearly 15,244 building permits in 2013 that represent more than \$2.3 billion of new construction. In 2012 a total of 1,180 firms created 9,595 jobs and square footage increased by 6.9 million.

On September 14, 2012, The Charlotte Knights, the AAA affiliate of the Chicago White Sox, broke ground on their new uptown BB&T Ballpark in Third Ward. The Knights will play their first home game on April 11, 2014, nearly 25 years since the team last played in Charlotte. The team hopes to improve attendance and has reported that all 1,000 club level seats for the 2014 season have already sold out. The new stadium will have views of the Charlotte skyline, picnic tables, a lounge area, and suites facing home plate. The new ballpark is anticipated to encourage additional development in the Third Ward.



On October 4, 2012, the ribbon was cut to open Mosaic Village. This mixed-use development includes suite-style apartments and 7,500 square feet of retail space. Mosaic Village is in close proximity to Johnson C. Smith University. The project is a \$25 million public-private partnership between Johnson C. Smith University and the Griffin Family, operators of Griffin Brothers Tire Stores. In addition, on October 25, 2012, Johnson C. Smith University broke ground on their 62,000 square foot Science Center that will house innovative programs in the College of Science, Technology Engineering, and Mathematics.

Romare Bearden Park's grand opening was August 30, 2013. The 5.2 acre park is located in the Third Ward 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 links Church Street to the future Charlotte Knights Ballpark.



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; all four phases of the project are currently being constructed simultaneously. The development includes 67 luxury residential condominiums, a 172-room Hyatt Place Hotel, ground floor retail, and a rooftop restaurant with breathtaking 360-degree skyline views. The building will also feature the first and only open-air rooftop restaurant in Charlotte. The project opened in the third quarter of 2013.

Work to complete the much-anticipated First Ward Urban Village project is currently underway. The estimated public-private project could cost up to \$700 million and take fifteen years to complete. The project would transform nine blocks or 30 acres to include a new park, 1,500 apartments, 1.5 million square feet of offices, 350 hotel rooms, 350,000 square feet of retail, three parking decks and a new set of streets and sidewalks.

In November 2007, Charlotte opened the first light rail line in the Carolinas, a 9.6-mile line known as the LYNX Blue Line. It runs between Uptown Charlotte and I-485 just north of Pineville. With fifteen stations and twenty light rail vehicles in operation, the LYNX Blue Line has exceeded opening year ridership projections by sixty-five percent and is approaching the future year forecast of 18,200 riders nearly fifteen years ahead of schedule. The LYNX Blue Line had 4.9 million riders at a cost of \$2.72 per rider in fiscal year 2013.



In October 2012, CATS was awarded a Federal Full Funding Grant Agreement for the LYNX Blue Line Extension project. Construction recently began on this project, which will extend the current system 9.3 miles connecting Center City Charlotte with UNC Charlotte's main campus. Revenue service is anticipated to begin in fiscal year 2017.

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 the slowly recovering economy, Mecklenburg County received \$4.4 billion in domestic traveler spending in 2012 (an increase of 7.0 percent over 2011).



The 2012 Democratic National Convention (DNC) held in Charlotte, N. C., in September 2012 was the single largest event in the City's history, producing an equally impressive economic impact of \$163.6 million. The DNC drew approximately 35,000 delegates, media and visitors to the Queen City. The 2012 DNC had a tremendously positive impact on the

City and the region.

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 which opened in 2010 includes a 150,000 square foot museum, a 102,000 square foot expansion

to the Convention Center which includes a 40,000 square foot ballroom and NASCAR Plaza, a 19-story, 393,000 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. In July 2013, the NBA voted to approve the Bobcats' petition to change its name back to the Hornets for the 2014-15 seasons. The Charlotte Hornets was the original franchise in Charlotte for fourteen seasons between 1988 and 2002. The team's owner, Michael Jordan, sought to "bring the buzz back" by reclaiming the "Hornets" nickname. The Queen City is also home to the Charlotte Knights; 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 is the largest sports facility in the southeast. The 1.5 mile superspeedway, 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 History 300 and Dollar General 300; and the Camping World Truck Series North Carolina Education Lottery 200. The Coca-Cola 600 has the second largest attendance of all sporting events in the nation. The speedway hosts 140,000 permanent seats and has the capacity for nearly 40,000 more spectators in the infield. Charlotte Motor Speedway is recognized as one of the busiest 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, debuted 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. The dragway is unique in that it is the only four-lane, all concrete quarter-mile dragway surface.



College sports fans can attend the Belk Bowl at Bank of America Stadium, which has matched an ACC team against a Big East team for the Bowl's twelve year history. Beginning with the 2014 game, schools from the SEC and ACC will face off. College fans can also attend 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 400 acre facility includes whitewater rafting and kayaking, flat water kayaking, mountain biking, rock climbing, zip lines, a canopy tour, team building and rope courses. With over 24 activities, a restaurant, live music shows and events, this is the perfect playground for both children and adults.



Charlotte offers diverse facilities for culture, the arts, nature and science. The Bechtler Museum of Modern Art features collections of work by the most important and influential artist of the mid-20th century such as Alberto Giacometti, Pablo Picasso, Andy Warhol, Joan Miro, Jean Tinguely and Barbara Hepworth. The Knight Theater, part of the Blumenthal Performing Arts Center, is 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.

The 145,000 square foot Mint Museum Uptown combines 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 on a science theme of “Nature and Man.” The “hands-on” science and technology museum, Discovery Place, features a 284 seat IMAX Dome Theatre. The 40,000 square feet 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 for kindergarten through grade 12 of more than 141,171 students. The City has no direct financial responsibility for the school system operations or capital. CMS has a diverse mix of students representing 157 different countries and various ethnic and cultural backgrounds. CMS offers magnet programs in 37 of its schools that develop the talents of students who have interests and talents in specific areas. On October 5, 2013, CMS received the National School Boards Association’s Council of Urban Boards of Education Annual Award for Urban School Board Excellence. Charlotte-Mecklenburg Schools are being recognized for increased student test scores and increased graduation rates. The school board has raised its standing with the public by engaging the community in strategic decisions that will influence the school system’s future.

There are numerous opportunities for secondary education in the Charlotte area. Within the greater-Charlotte region there are twenty-three public and private secondary institutions offering baccalaureate degrees; seventeen schools offering graduate opportunities; seventeen junior colleges, community colleges and technical institutes conferring two-year associate degrees. Central Piedmont Community College (CPCC) is the largest of the North Carolina Community College System colleges, serving nearly 60,000 students per year. CPCC was selected as the Community College of the Year by the National Alliance of Business. UNC Charlotte is the 4th largest of the sixteen institutions comprising the University of North Carolina



system. UNC Charlotte offers 92 bachelor's programs, 59 master's degrees and 19 doctoral programs. A survey by Kiplinger ranked nearby Davidson College as the 5th best value liberal arts college, and U.S. News and World Report rated Davidson as number twelve on its list of the best liberal arts colleges. Queens University, located in the historic Myers Park neighborhood, has an approximate enrollment of 2,500. The Queens University College of Arts and Sciences has been praised by the National Endowment for the Humanities for its interactive approach to teaching liberal arts; serving as a model for other institutions of higher learning across the nation. Johnson & Wales University's Charlotte Campus is growing rapidly with over 2,500 full-time students enrolled in one of three colleges: the College of Business, the College of Culinary Arts or the Hospitality College. 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. These programs attract talented professionals and foster an “urban campus” in the heart of the City’s business district. The Charlotte School of Law relocated to Charlotte Plaza in August 2013. This strategic move puts students closer to businesses and Mecklenburg and federal courts located uptown. The new facility includes 243,000 total square feet and 32,250 square feet in the library. There are seventeen classrooms, three moot court rooms, one training room, one courtroom, thirty-eight study rooms and five knowledge bars. Charlotte School of Law received full accreditation from the American Bar Association in June 2011.

Health Care – Charlotte and Mecklenburg County are served by a number of health care providers. There are nearly 2,500 hospital beds in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Novant Health. Carolina’s HealthCare System is one of nation’s largest public hospital systems in the country and is the most prominent health care system in the Carolinas. Carolinas Health Care System operates 33 hospitals in the Carolinas, and operates a regional network of more than 1,900 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 14th 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 specialists, 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 most comprehensive 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 21st nationally among the Top 100 Integrated networks. Presbyterian Hospital was recently recognized as one of the “100 Great Hospitals” in the nation for 2012 by Becker’s Hospital Review. Presbyterian earned a place on this list because of accolades including innovative patient care, specialty programs that provide the highest level of care for patients, and clinical quality.

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 2014, 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 2014, Initiatives within each Focus Area include:

“Charlotte will be one of America’s safest communities.” Community Safety is a major



priority for the City. The City’s approach to building a safe community is focused on reducing crime and the loss of life and property resulting from fires. Initiatives in community safety include decreasing crime and life and property damages from fires; enhancing citizen perception of safety through citizen partnerships, crime and fire prevention and education activities; developing recruitment strategies that attract

diverse applicant pools to the Police and Fire departments; and building collaborations with partners that enhance community safety initiatives.

“Creating and sustaining communities of choice for living, working and recreation.” 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 encourage the integration of education, recreation, employment and housing resources in identified redevelopment areas; 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 sustainability, preserving our natural resources while balancing growth with sound fiscal policy.”



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.

“Charlotte will be the premier city in the country for integrating land use and transportation choices.” Safe, convenient, efficient and sustainable



transportation choices are critical to a viable community. The City’s strategy focuses on integrating land use and transportation choices for motorists, transit users, bicyclists and pedestrians. Initiatives in transportation include enhancing multi-modal mobility, environmental quality and long term sustainability; promoting transportation choices,

land use objectives, and transportation investments that improve safety, promote sustainability and livability; 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 most prosperous and livable city for all citizens through quality 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; continue to focus on job and tax 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; 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; and working with community partners to support youth employment and development in the community.

MAJOR INITIATIVES

The City’s capital policy and future capital plans are established in a five-year community investment plan which matches the City’s highest priority capital needs with a financing schedule. The FY2014 - FY2018 Community Investment Plan (Plan) totals \$3.4 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities. This is a 2.7percent increase from the FY2013 - 2017 Plan. The increase in the overall five-year Plan is a result of increases in the Transit, Aviation and General Government capital programs.

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 \$663.2 million, including \$197.7 million for housing and neighborhoods; \$149.5 million for facility investments; \$16.5 million for environmental services; \$205.5 million for transportation; and \$94.0 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 \$461.7 million, and is fully financed from water and sewer fees. Major projects include \$187.8 million to maintain and extend existing infrastructure; \$165.3 million to support growth and development; \$85.8 million to support other public projects and Utilities operations.

Aviation. The Aviation Plan includes maintenance and expansions to the airfield, terminal, cargo and parking areas. The Plan totals \$966.8 million and is fully funded from airline, cargo, and general aviation revenues, federal and state grants and commercial leases. Major projects include \$175.0 million for the International Terminal (phase I); \$125.0 million for terminal lobby expansion; \$92.3 million for a fourth parallel runway; \$67.0 million for Concourse B; \$47.5 million for the Business Valet Parking Deck; \$45.0 million for an In-line Baggage System; and \$45.0 million for the Air Traffic Control.

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 \$1.1 billion, and is fully financed through the one half-cent sales tax and federal and state capital grants. Major projects include: \$907.8 million for the LYNX Blue Line Extension (NE Corridor Light Rail); \$76.8 million for bus and special transportation vehicle replacement; \$22.3 million for the Light Rail facilities, maintenance, and equipment; and \$22.2 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 \$213.2 million and is fully financed through storm water fees. Major projects include: \$112.9 million for flood control projects in neighborhood water basins; \$70.7 million for storm water repairs; \$11.4 million for minor storm water projects; and \$10.7 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, 2012. This was the twenty-eighth 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 department 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,

Ron Carlee
City Manager

Greg C. Gaskins
Chief Financial Officer

Cover Photos courtesy of Scott Greer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Charlotte
North Carolina**

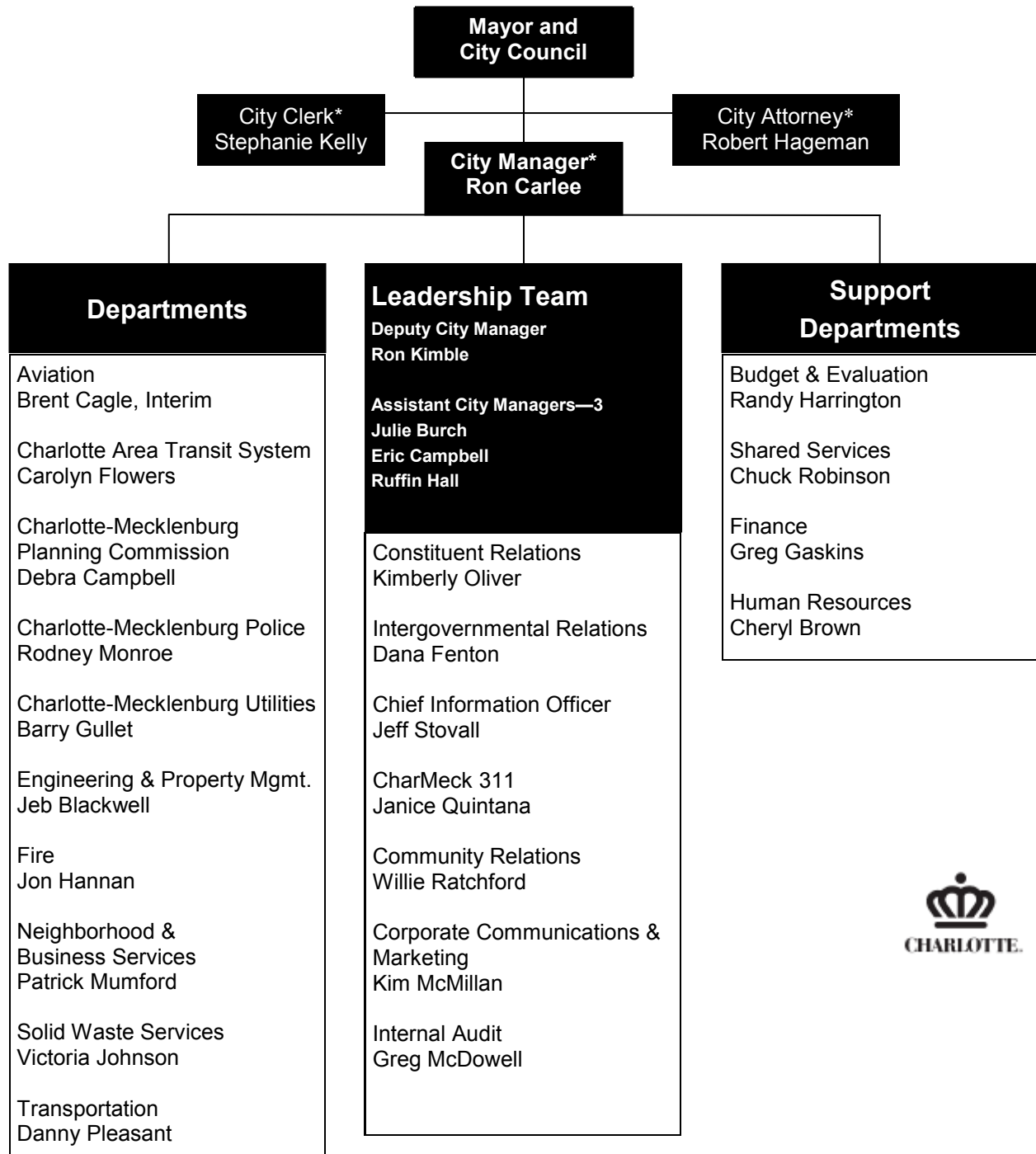
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

City of Charlotte Organizational Chart



* Council Appointed



Report of Independent Auditor

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express 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 statements were audited by other auditors whose report thereon has 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2013, and the respective changes in financial position and, where applicable, cash flows 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.

Other Matters

Emphasis of a Matter

As discussed in Note 6k to the basic financial statements, it was discovered that capital assets were understated and long-term debt were overstated as of and for the year ended June 30, 2012. Accordingly, beginning capital assets and long-term debt have been restated to properly reflect balances as of June 30, 2012.

As discussed in Note 6k to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012.

Required Supplementary Information

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.

Supplementary and Other Information

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, statistical section as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Handwritten signature of Cherry R. Smith, followed by the letters "LLP".

Raleigh, North Carolina
October 31, 2013



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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

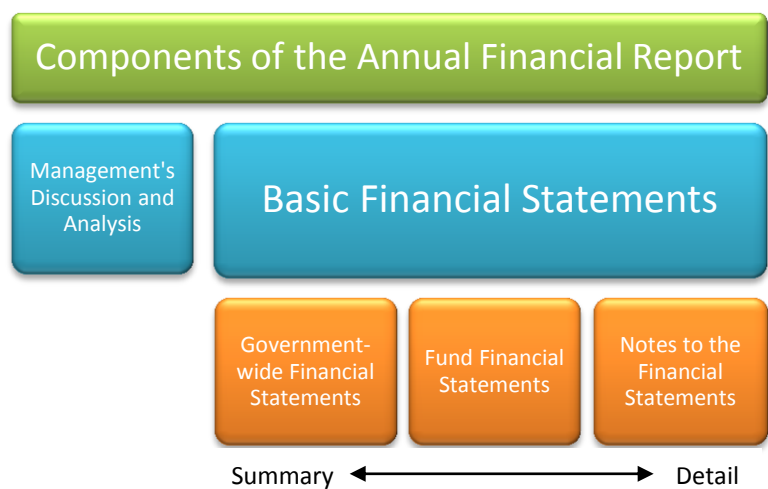
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2013. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial 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 \$9,319.6, (net position). Of this amount, \$1,203.0 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2013 as evidenced by an increase in total net position of \$317.4. This increase was from both governmental (\$63.7) and business-type (\$253.7) activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$653.7, an increase of \$29.8 in comparison with the prior year. This increase resulted from increased property tax revenue.
- Unassigned fund balance in the General fund was \$90.2 at June 30, 2013 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 2014. The amount exceeding the City Council's goal of 16 percent, \$12.5, 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 33-35) 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 36-53) 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 54-116). 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 117-166) 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 position* includes all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position 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 Position 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 position and a statement of changes in fiduciary net position. 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 position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$9,319.6 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2013 and 2012, as restate, is presented below. Information about the restatement is presented in Note 6.k. to the financial statements.

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 953.8	\$ 921.7	\$ 1,595.3	\$ 1,491.8	\$ 2,549.1	\$ 2,413.5
Capital assets	6,097.2	6,056.5	5,390.1	5,206.3	11,487.3	11,262.8
Total assets	7,051.0	6,978.2	6,985.4	6,698.1	14,036.4	13,676.3
Deferred outflows of resources	57.8	40.4	91.9	126.4	149.7	166.8
Current and other liabilities	126.3	132.0	148.1	140.0	274.4	272.0
Noncurrent liabilities	1,598.2	1,568.2	2,990.8	2,999.8	4,589.0	4,568.0
Total liabilities	1,724.5	1,700.2	3,138.9	3,139.8	4,863.4	4,840.0
Deferred inflows of resources	3.1	0.9	-	-	3.1	0.9
Net position:						
Net investment in capital assets	4,685.4	4,673.8	2,826.3	2,575.1	7,511.7	7,248.9
Restricted	248.4	221.8	356.5	316.9	604.9	538.7
Unrestricted	447.4	421.9	755.6	792.7	1,203.0	1,214.6
Total net position	\$ 5,381.2	\$ 5,317.5	\$ 3,938.4	\$ 3,684.7	\$ 9,319.6	\$ 9,002.2

By far the largest portion of the City's net position (81 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 position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,203.0) 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 position, 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 position increased by \$317.4 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 position. The following table presents the City's changes in net position for the fiscal years ended June 30, 2013 and 2012:

Change in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 98.0	\$ 93.9	\$ 635.0	\$ 591.4	\$ 733.0	\$ 685.3
Operating grants and contributions	97.3	78.6	12.2	12.6	109.5	91.2
Capital grants and contributions	14.5	121.7	145.8	73.9	160.3	195.6
General revenues:						
Property taxes	397.6	377.3	-	-	397.6	377.3
Other taxes	218.0	206.4	66.5	65.8	284.5	272.2
Grants and contributions not restricted to specific programs	19.1	18.5	-	-	19.1	18.5
Other	34.1	(14.4)	(8.4)	7.7	25.7	(6.7)
Total revenues	<u>878.6</u>	<u>882.0</u>	<u>851.1</u>	<u>751.4</u>	<u>1,729.7</u>	<u>1,633.4</u>
Program expenses						
Public safety	372.9	347.4	-	-	372.9	347.4
Sanitation	49.6	47.9	-	-	49.6	47.9
General administration	45.3	45.0	-	-	45.3	45.0
Support services	25.6	35.4	-	-	25.6	35.4
Engineering and property management	31.6	24.9	-	-	31.6	24.9
Streets and highways	122.2	114.4	-	-	122.2	114.4
Culture and recreation	28.7	17.9	-	-	28.7	17.9
Community planning and development	68.8	73.5	-	-	68.8	73.5
Interest and other charges	56.4	56.1	-	-	56.4	56.1
Water	-	-	103.9	116.6	103.9	116.6
Sewer	-	-	145.0	132.8	145.0	132.8
Stormwater	-	-	22.0	20.7	22.0	20.7
Airport	-	-	172.1	170.3	172.1	170.3
Public transit	-	-	168.2	160.7	168.2	160.7
Total expenses	<u>801.1</u>	<u>762.5</u>	<u>611.2</u>	<u>601.1</u>	<u>1,412.3</u>	<u>1,363.6</u>
Excess before transfers	77.5	119.5	239.9	150.3	317.4	269.8
Transfers	(13.8)	(18.4)	13.8	18.4	-	-
Increase in net position	63.7	101.1	253.7	168.7	317.4	269.8
Net position - beginning, restated	5,317.5	5,216.4	3,684.7	3,516.0	9,002.2	8,732.4
Net position - ending	<u>\$ 5,381.2</u>	<u>\$ 5,317.5</u>	<u>\$ 3,938.4</u>	<u>\$ 3,684.7</u>	<u>\$ 9,319.6</u>	<u>\$ 9,002.2</u>

Total government-wide revenues of \$1,729.7 were derived primarily from grants and contributions (16 percent) and property and other taxes (39 percent). These sources of revenues increased 2 percent from the prior year, primarily due to increased property tax revenues due to a higher than anticipated collection rate.

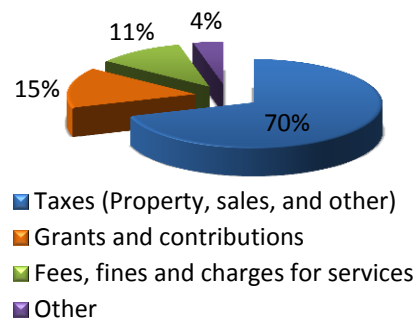
The total expenses of all programs were \$1,412.3. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 33 percent and public safety (fire and police) for 26 percent. Transportation expenses increased over the prior year in part due to increased expenditures for street maintenance.

Governmental Activities

As shown in the chart, property, sales and other taxes (70 percent) and grants and contributions (15 percent) were the major sources of revenues for governmental activities.

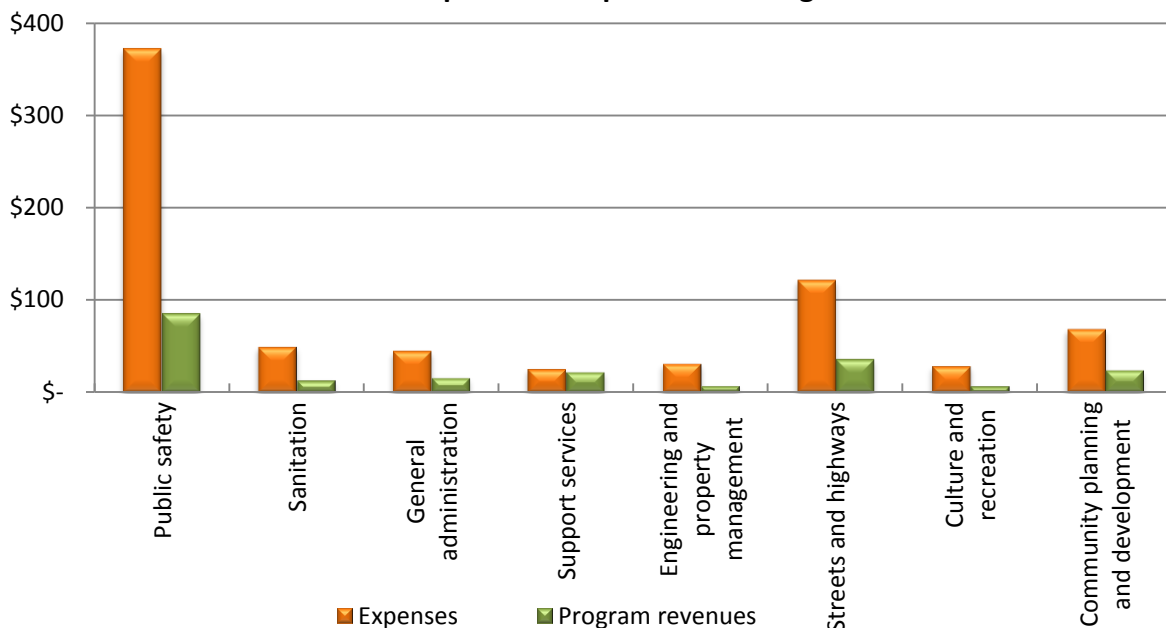
Governmental expenses increased from \$762.5 to \$801.1 during this fiscal year. Expenses in the current year related to public safety costs for the Democratic National Convention (funded by a Federal grant) contributed to this increase. As in prior years, public safety continues to be the largest expense with 47 percent in the current and prior year.

Governmental Revenues by Source



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 Expenses Compared with Program Revenues

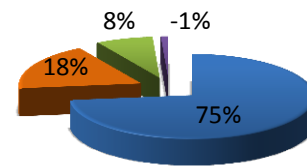


In addition to property and other taxes, the total cost of services of \$801.1 was supported by \$111.8 provided by other governments and organizations for specific programs and \$98.0 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

Revenues for the business-type activities were \$851.1, an increase of 13 percent from the prior year. This increase is due in part to receipt of grants for the construction of the Blue Line Extension and runway and bridge improvements at the Airport.

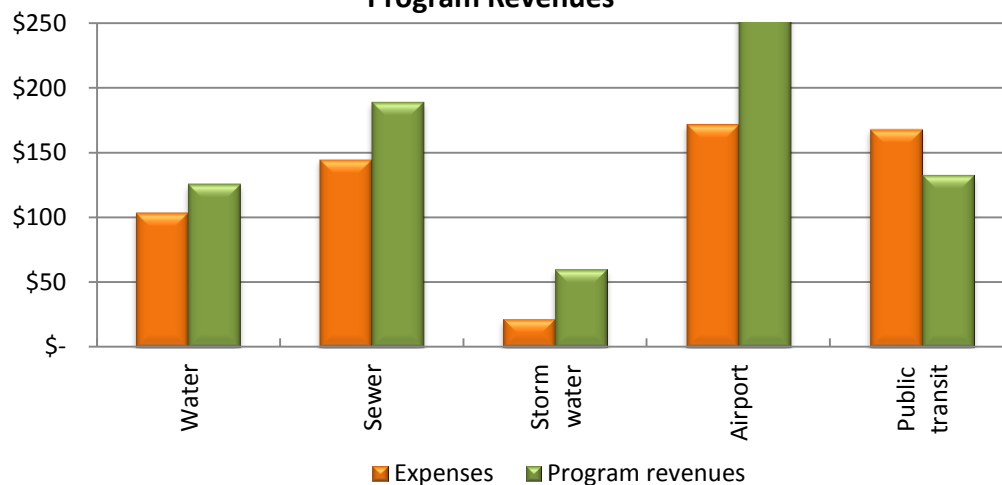
**Business-type Revenues
by Source**



- Fees, fines and charges for services
- Grants and contributions
- Sales taxes levied for Public Transit
- Other

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 Expenses Compared with
Program Revenues**



Airport expenses increased \$1.8 or 1 percent from the prior year due in part to increased security and utility costs. Transit expenses increased \$7.5 or 5 percent from the prior year due in part to the purchase of new equipment such as buses and the addition of staff for the Blue Line Extension project.

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, 2013, the governmental funds reported a combined fund balance of \$653.7, an increase of \$29.8, or 5 percent from last year. This amount consists of the following:

- (a) \$4.1 nonspendable for inventories and perpetual care,
- (b) \$245.3 restricted for State Statutes, special obligation debt service and specific programs,
- (c) \$103.0 committed primarily for capital projects,
- (d) \$211.1 assigned for debt service and specific programs, and
- (e) \$90.2 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 \$90.2, while total fund balance reached \$179.5. 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. \$12.5 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 \$223.7, all of which will be used for either the payment of debt service or is restricted by State Statutes. Debt service fund balance decreased \$6.3 from the prior year due primarily to a transfer to the capital project fund to finance the Eastland Acquisition project. The capital projects fund has a total fund balance of \$87.8, all of which is committed for future capital projects. Capital project fund balance increased \$0.8 from the prior year due a transfer from the debt service fund to finance the Eastland Acquisition project.

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

Unrestricted net position at the end of the year amounted to \$172.9 in the Water and Sewer fund, \$49.2 in the Storm Water fund, \$370.4 in the Airport fund and \$147.4 in the Public Transit fund. The change in net position for the funds was \$61.2, \$38.1, \$106.1 and \$47.3 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 a transfer from the debt service fund from general obligation bond refunding savings to be applied to the Eastland Acquisition project.

Revenues were \$6.6 above the final budgeted amount. Property tax revenues were \$6.7 greater than expected due in part to lower than estimated rebates and higher than expected collection rates.

The fiscal 2013 budget reflected slow growth following the economic recession, weathered by the City through budget reductions and a continuation of conservative financial strategies. The most significant expenditure increases were \$2.4 to fund 50 police officers hired under the American Recovery and Reinvestment Act Grant, \$.7 for maintenance and repair of Fire vehicles and equipment plus fuel price escalations, \$.9 for increased solid waste disposal costs, and \$.4 for maintenance and repair of Solid Waste Service vehicles and equipment. Actual expenditures were \$6.9 below final budget amounts for fiscal year 2013.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2013, the City had \$11,487.3 (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 \$224.5, or 2 percent over last year. The following is a summary of capital assets at June 30, 2013 and 2012:

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 3,163.9	\$ 3,146.2	\$ 399.4	\$ 388.7	\$ 3,563.3	\$ 3,534.9
Buildings	799.4	809.1	317.8	325.6	1,117.2	1,134.7
Improvements other than buildings	-	-	3,255.4	3,229.0	3,255.4	3,229.0
Infrastructure	1,629.3	1,652.2	-	-	1,629.3	1,652.2
Intangibles	2.6	1.7	6.1	3.4	8.7	5.1
Machinery and equipment	52.0	43.9	129.2	133.9	181.2	177.8
Construction in progress	450.0	403.4	1,282.2	1,125.7	1,732.2	1,529.1
Totals	<u>\$ 6,097.2</u>	<u>\$ 6,056.5</u>	<u>\$ 5,390.1</u>	<u>\$ 5,206.3</u>	<u>\$ 11,487.3</u>	<u>\$ 11,262.8</u>

This year's major capital asset additions included:

- Fleet maintenance master plan - \$7.8
- Streets in annexed areas - \$39.4
- Annexation area water mains - \$10.7
- Annexation area sewer trunks - \$12.7
- Airport Aircraft Rescue and Fire Fighting facility - \$6.2
- Airport D-check point modifications - \$5.0
- Bus replacement - \$6.3

At June 30, 2013, authorized and unexpended capital projects totaled \$1,955.7 as follows: governmental (\$490.7), water and sewer (\$731.3), airport (\$298.8), storm water (\$123.7), and public transit (\$311.2). 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, 2013, the City had \$4,506.6 of debt outstanding in bonds, installment purchases, commercial paper notes, derivative instrument liability, and other financing agreements. This was an increase of \$14.2 or 0.32 percent over last year. Details by type of debt are presented in the following table:

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General obligation bonds (backed by the City's taxing authority)	\$ 577.4	\$ 606.2	\$ 231.3	\$ 259.0	\$ 808.7	\$ 865.2
Revenue bonds (backed by specific fee revenues)	-	-	2,404.5	2,473.4	2,404.5	2,473.4
Special obligation bonds	9.2	10.1	-	-	9.2	10.1
Installment purchases	727.9	730.3	288.4	167.1	1,016.3	897.4
Commercial paper notes	98.1	24.1	-	-	98.1	24.1
Derivative instrument liability	50.0	68.0	69.6	101.6	119.6	169.6
Swaption borrowing payable	9.1	7.9	-	-	9.1	7.9
Other financial agreements	35.3	39.1	5.8	5.6	41.1	44.7
Totals	<u>\$ 1,507.0</u>	<u>\$ 1,485.7</u>	<u>\$ 2,999.6</u>	<u>\$ 3,006.7</u>	<u>\$ 4,506.6</u>	<u>\$ 4,492.4</u>

New debt for 2013 resulted from issuing Storm Water revenue bonds (\$20.6) for refunding debt; issuing installment purchases for refunding debt (\$178.3), purchasing equipment (\$22.1), improving public facilities (\$16.7), and constructing light rail facilities (\$123.3).

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 \$4,506.6 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (53 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, 2013, was \$5.1 billion. The City had \$354.2 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 2013, 15,244 building permits were issued with a value of over \$2.3 billion compared to 14,572 permits for 2012.
- Retail sales during 2012 were \$15.1 billion compared to \$14.3 billion for 2011.
- The June 2013 unemployment rate was 8.4 percent compared to 9.3 percent for the state and 7.8 percent for the nation.
- Assessed property valuations are expected to exceed \$88.5 billion for 2013 compared to \$89.2 billion for 2012, or a decrease of .8 percent, and is due primarily to a county-wide revaluation.

The fiscal 2014 operating budget reflects the continuation of core services with only small base budget adjustments.

The General fund budget increased to \$563.5. Property tax revenues including current and prior year collections, interest, and other penalties and rebates are expected to increase 1.2 percent over 2013. Sales tax and user fees are expected to increase 3.5 and 9.6 percent respectively. The most significant expenditure increases are \$1.7 for maintenance and repair of Police and Fire vehicles and equipment, fuel price escalations, and specialized training; and \$2.0 to create a Rental Assistance Program Endowment.

The following are highlights for the 2014 budgets for the business-type activities:

- Utilities customers will experience an increase in the volume rate, fixed billing charge, and the availability fee for both water and sewer. The average monthly total water and sewer bill for residential customers is estimated to increase \$2.14 per month. Operating expenses will decrease by \$827.1 over 2013.
- Storm water impervious surface fee rate will increase 5.5 percent while expenses are expected to increase by 6.0 percent.
- Airport revenues are expected to increase 1.8 percent largely due to increased Passenger Facility Charge revenues. Operating expenses are also expected to increase 1.8 percent. This increase is due primarily to increased transfers to debt service funds.
- Public transit revenues are expected to increase from the Sales and Use Tax by 3.5 percent along with 22.0 percent increase from advertising revenue. Operating expenditures are expected to increase 4.8 percent 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 POSITION
JUNE 30, 2013
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
ASSETS				
Cash and cash equivalents	\$ 707,421	\$ 1,013,929	\$ 1,721,350	\$ 15,454
Receivables, net	17,849	89,141	106,990	2,354
Due from other governmental agencies	76,093	91,513	167,606	435
Due from component unit	8,925	-	8,925	-
Due from primary government	-	-	-	798
Internal balances	2,029	(2,029)	-	-
Inventories	985	8,641	9,626	386
Other	511	-	511	381
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	1,779	73,924	75,703	-
Investments	31,042	292,250	323,292	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Notes receivable	99,042	-	99,042	-
Other postemployment benefit assets (Note 5.f.)	-	27,903	27,903	-
Pension assets (Note 5.b.)	5,023	-	5,023	-
Capital assets (Note 4.f.)				
Land	3,163,892	399,357	3,563,249	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,483,295	3,708,616	6,191,911	-
Construction in progress	449,965	1,282,174	1,732,139	-
Total assets	<u>7,050,962</u>	<u>6,985,419</u>	<u>14,036,381</u>	<u>19,808</u>
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated decreases in fair value of hedging derivatives	50,036	69,624	119,660	-
Unamortized bond refunding charges	7,830	22,243	30,073	-
Total deferred outflows of resources	<u>57,866</u>	<u>91,867</u>	<u>149,733</u>	<u>-</u>
LIABILITIES				
Accounts payable/claims payable	106,211	52,926	159,137	5,007
Deposits and retainage payable	6,504	11,166	17,670	4,237
Accrued interest payable	11,342	30,685	42,027	-
Due to component unit	760	38	798	-
Due to primary government	-	-	-	8,925
Unearned revenues	1,168	-	1,168	248
Liabilities payable from restricted assets	290	53,298	53,588	-
Noncurrent liabilities (Note 4.j.):				
Due within one year	142,658	95,795	238,453	-
Due after one year	<u>1,455,549</u>	<u>2,894,999</u>	<u>4,350,548</u>	<u>4,263</u>
Total liabilities	<u>1,724,482</u>	<u>3,138,907</u>	<u>4,863,389</u>	<u>22,680</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	<u>3,137</u>	<u>-</u>	<u>3,137</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	4,685,377	2,826,315	7,511,692	-
Restricted for:				
State statute	77,425	-	77,425	-
Debt service	9,220	57,218	66,438	-
Perpetual care - Nonexpendable	3,111	-	3,111	-
Public safety	10,295	-	10,295	-
Streets and highways	13,373	-	13,373	-
Culture and recreation	129,869	-	129,869	13
Community planning and development	5,111	-	5,111	-
Passenger facility charges	-	248,867	248,867	-
Contract facility charges	-	27,383	27,383	-
Airport working capital	-	23,048	23,048	-
Unrestricted	<u>447,428</u>	<u>755,548</u>	<u>1,202,976</u>	<u>(2,885)</u>
Total net position	<u>\$ 5,381,209</u>	<u>\$ 3,938,379</u>	<u>\$ 9,319,588</u>	<u>\$ (2,872)</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, 2013
(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	\$ 372,986	\$ 28,281	\$ 52,433	\$ 4,217
Sanitation	49,572	12,341	471	191
General administration	45,273	15,779	38	-
Support services	25,599	21,716	-	429
Engineering and property management	31,637	6,412	836	-
Streets and highways	122,168	5,693	22,493	7,571
Culture and recreation	28,744	625	4,960	1,234
Community planning and development	68,789	7,162	16,063	827
Interest and other charges	56,373	-	-	-
Total governmental	<u>801,141</u>	<u>98,009</u>	<u>97,294</u>	<u>14,469</u>
Business-type-				
Water	103,934	119,718	-	6,435
Sewer	144,972	184,630	-	4,541
Storm water	21,975	57,642	-	2,675
Airport	172,091	243,874	-	40,475
Public transit	168,183	29,122	12,197	91,666
Total business-type	<u>611,155</u>	<u>634,986</u>	<u>12,197</u>	<u>145,792</u>
Total primary government	<u>\$ 1,412,296</u>	<u>\$ 732,995</u>	<u>\$ 109,491</u>	<u>\$ 160,261</u>
Component Unit:				
Charlotte Regional				
Visitors Authority	<u>\$ 53,405</u>	<u>\$ 34,762</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 position				
Net position - beginning, previously reported				
Restatement (Note 6.k.)				
Net position - beginning, restated				
Net position - ending				

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (288,055)	\$ -	\$ (288,055)	\$ -
(36,569)	-	(36,569)	-
(29,456)	-	(29,456)	-
(3,454)	-	(3,454)	-
(24,389)	-	(24,389)	-
(86,411)	-	(86,411)	-
(21,925)	-	(21,925)	-
(44,737)	-	(44,737)	-
(56,373)	-	(56,373)	-
<u>(591,369)</u>	<u>-</u>	<u>(591,369)</u>	<u>-</u>
-	22,219	22,219	-
-	44,199	44,199	-
-	38,342	38,342	-
-	112,258	112,258	-
-	(35,198)	(35,198)	-
<u>-</u>	<u>181,820</u>	<u>181,820</u>	<u>-</u>
<u>(591,369)</u>	<u>181,820</u>	<u>(409,549)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,643)</u>
397,629	-	397,629	-
84,890	-	84,890	-
-	66,505	66,505	-
38,069	-	38,069	-
37,963	-	37,963	-
24,643	-	24,643	-
17,721	-	17,721	-
14,783	-	14,783	-
-	-	-	20,315
19,067	-	19,067	-
35,063	(1,107)	33,956	35
(1,001)	(7,293)	(8,294)	160
<u>(13,755)</u>	<u>13,755</u>	<u>-</u>	<u>-</u>
<u>655,072</u>	<u>71,860</u>	<u>726,932</u>	<u>20,510</u>
63,703	253,680	317,383	1,867
5,284,962	3,713,800	8,998,762	(4,739)
32,544	(29,101)	3,443	-
<u>5,317,506</u>	<u>3,684,699</u>	<u>9,002,205</u>	<u>(4,739)</u>
<u>\$ 5,381,209</u>	<u>\$ 3,938,379</u>	<u>\$ 9,319,588</u>	<u>\$ (2,872)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 168,335	\$ 221,963	\$ 66,000	\$ 155,067	\$ 611,365
Receivables, net:					
Property taxes	7,855	303	945	251	9,354
Accounts	2,547	-	4,615	4	7,166
Other	-	-	-	161	161
Total receivables	10,402	303	5,560	416	16,681
Due from other governmental agencies	39,145	3,854	4,219	28,875	76,093
Due from other funds	14,400	-	-	-	14,400
Due from component unit	-	5,301	298	-	5,599
Inventories	985	-	-	-	985
Prepaid expenses	-	-	-	73	73
Restricted assets:					
Cash and cash equivalents	-	-	1,779	-	1,779
Investments	-	13	31,029	-	31,042
Total restricted assets	-	13	32,808	-	32,821
Notes receivable	16	-	48,945	50,081	99,042
Total assets	<u>\$ 233,283</u>	<u>\$ 231,434</u>	<u>\$ 157,830</u>	<u>\$ 234,512</u>	<u>\$ 857,059</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 35,861	\$ 2,170	\$ 12,348	\$ 5,351	\$ 55,730
Deposits and retainage payable	3,764	-	2,166	574	6,504
Due to other funds	526	-	-	14,400	14,926
Due to component unit	-	-	625	135	760
Unearned revenues	-	-	-	1,168	1,168
Liabilities payable from restricted assets	-	-	290	-	290
Total liabilities	<u>40,151</u>	<u>2,170</u>	<u>15,429</u>	<u>21,628</u>	<u>79,378</u>
Deferred inflows of resources:					
Prepaid taxes	3,137	-	-	-	3,137
Unavailable revenues	10,451	5,604	54,650	50,109	120,814
Total deferred inflows of resources	<u>13,588</u>	<u>5,604</u>	<u>54,650</u>	<u>50,109</u>	<u>123,951</u>
Fund balances:					
Nonspendable:					
Inventories	985	-	-	-	985
Perpetual care	-	-	-	3,111	3,111
Restricted:					
State statute	73,571	3,854	-	-	77,425
Special obligation debt service	-	9,220	-	-	9,220
Public safety	-	-	-	10,295	10,295
Streets and highways	-	-	-	13,373	13,373
Culture and recreation	-	-	-	129,869	129,869
Community planning and development	-	-	-	5,111	5,111
Committed:					
Capital projects	12,539	-	87,751	-	100,290
Culture and recreation	-	-	-	1,016	1,016
Component unit	1,738	-	-	-	1,738
Assigned:					
Debt service	-	210,586	-	-	210,586
Capital projects	550	-	-	-	550
Unassigned	90,161	-	-	-	90,161
Total fund balances	<u>179,544</u>	<u>223,660</u>	<u>87,751</u>	<u>162,775</u>	<u>653,730</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 233,283</u>	<u>\$ 231,434</u>	<u>\$ 157,830</u>	<u>\$ 234,512</u>	<u>\$ 857,059</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 POSITION
JUNE 30, 2013
(In Thousands)

Total fund balances for governmental funds	\$	653,730
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,097,145
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Pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds.	5,023
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	182,926
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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 position.	42,174
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	<u>(1,599,789)</u>
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Total net position of governmental activities	\$	<u>5,381,209</u>
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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, 2013
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$323,268	\$ 57,237	\$ 10,705	\$ 4,579	\$ 395,789
Other taxes	75,864	13,692	8,986	61,245	159,787
Intergovernmental	73,656	1,455	6,550	95,000	176,661
Licenses, fees and fines	49,964	53	12,877	1,020	63,914
Investment earnings	(77)	5	(54)	112	(14)
Private contributions	-	1,234	2,638	-	3,872
Administrative charges	24,636	-	-	-	24,636
Charges for current services	6,187	-	-	-	6,187
Miscellaneous	2,575	167	1,918	5,054	9,714
Total revenues	<u>556,073</u>	<u>73,843</u>	<u>43,620</u>	<u>167,010</u>	<u>840,546</u>
EXPENDITURES:					
Current-					
Public safety	312,015	-	-	54,559	366,574
Sanitation	46,489	-	-	191	46,680
General administration	41,945	-	-	1,651	43,596
Support services	21,925	-	-	638	22,563
Engineering and property management	22,015	-	-	41	22,056
Streets and highways	30,909	-	-	20,188	51,097
Culture and recreation	3,637	-	-	14,156	17,793
Community planning and development	24,707	-	-	21,976	46,683
Debt service-					
Principal	-	68,812	-	-	68,812
Interest and other charges	-	59,210	-	-	59,210
Capital outlay	-	-	170,522	-	170,522
Total expenditures	<u>503,642</u>	<u>128,022</u>	<u>170,522</u>	<u>113,400</u>	<u>915,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>52,431</u>	<u>(54,179)</u>	<u>(126,902)</u>	<u>53,610</u>	<u>(75,040)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	912	-	3,769	87	4,768
Commercial paper issued	-	-	73,988	-	73,988
Installment purchases issued	-	-	34,808	-	34,808
Refunding debt issued	-	130,470	-	-	130,470
Premium on debt issuance	-	1,322	3,801	-	5,123
Payment to refunded bond escrow agent	-	(130,590)	-	-	(130,590)
Transfers in	5,738	65,828	41,041	13,795	126,402
Transfers out	(38,687)	(19,112)	(29,700)	(52,658)	(140,157)
Total other financing sources (uses)	<u>(32,037)</u>	<u>47,918</u>	<u>127,707</u>	<u>(38,776)</u>	<u>104,812</u>
Net change in fund balances	20,394	(6,261)	805	14,834	29,772
Fund balances - beginning	159,150	229,921	86,946	147,941	623,958
Fund balances - ending	<u>\$179,544</u>	<u>\$223,660</u>	<u>\$ 87,751</u>	<u>\$ 162,775</u>	<u>\$ 653,730</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, 2013
(In Thousands)

Net change in fund balances - total governmental funds \$ 29,772

The change in net position 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.) 57,502

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.) (16,887)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,494

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.) (8,651)

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.) (3,906)

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. 3,379

Change in net position of governmental activities \$ 63,703

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, 2013
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	
Resources (inflows):				
Property tax	\$ 316,547	\$ 316,547	\$ 323,268	\$ 6,721
Sales tax	69,372	69,372	71,274	1,902
Utilities franchise tax	38,100	38,100	38,069	(31)
Police services	17,916	17,916	17,757	(159)
Tax reimbursements	4,015	4,015	3,927	(88)
Solid waste fee	12,100	12,100	12,101	1
Business privilege licenses	17,100	17,100	17,065	(35)
Licenses and permits	16,243	16,243	16,257	14
Fines, forfeits and penalties	2,598	2,598	2,667	69
Interlocal grants and agreements	10,091	10,862	10,645	(217)
Federal and state shared revenues	2,082	2,082	2,230	148
General government	5,001	5,111	5,738	627
Public safety	3,750	3,750	4,898	1,148
Cemeteries	503	503	523	20
Use of money and property	969	1,061	408	(653)
Sale of salvage and land	892	892	912	20
Other	1,220	1,220	820	(400)
Occupancy taxes	3,602	3,602	4,170	568
Intragovernmental	27,165	27,165	24,256	(2,909)
Transfers from other funds	2,984	5,890	5,738	(152)
Resources available for appropriation	552,250	556,129	562,723	\$ 6,594
Fund balance appropriated (contributed)	16,693	13,166	(335)	
Total amounts available for appropriation	<u>\$ 568,943</u>	<u>\$ 569,295</u>	<u>\$ 562,388</u>	
Charges to appropriations (outflows):				
Police	\$ 214,166	\$ 213,437	\$ 212,947	\$ 490
Fire	104,283	105,228	105,228	-
Solid waste	50,721	49,250	48,902	348
Transportation	22,950	21,426	21,425	1
Engineering and property management	20,593	20,023	18,814	1,209
Neighborhood development	12,192	12,377	11,410	967
Planning	5,624	5,580	4,971	609
Mayor and council	1,484	1,669	1,669	-
City attorney	2,169	2,299	2,299	-
City clerk	539	539	515	24
City manager	17,800	17,687	16,988	699
Human resources	4,451	4,451	4,212	239
Finance	11,277	11,246	10,439	807
Business support services	25,978	26,702	25,362	1,340
Budget and evaluation	1,709	1,709	1,535	174
Non-departmentals	73,007	75,672	75,672	-
Total charges to appropriations	<u>\$ 568,943</u>	<u>\$ 569,295</u>	<u>\$ 562,388</u>	<u>\$ 6,907</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, 2013
(In Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$562,388
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.	335
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(5,738)
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>(912)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$556,073</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$562,388
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.	(20,059)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(38,687)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$503,642</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 161,631	\$ 50,169	\$ 721,686
Receivables, net-			
Accounts	46,349	7,467	32,486
Other	310	84	1,181
Total receivables	46,659	7,551	33,667
Due from other governmental agencies	1,729	565	14,987
Due from other funds	-	-	-
Prepaid insurance	-	-	-
Inventories	1,422	-	-
Restricted assets-			
Cash and cash equivalents	158	-	73,759
Investments	2,482	-	164,709
Total restricted assets	2,640	-	238,468
Total current assets	214,081	58,285	1,008,808
Noncurrent assets:			
Other postemployment benefit assets	17,852	1,355	7,036
Capital assets-			
Land	42,570	-	299,917
Buildings	26,611	-	642,556
Improvements other than buildings:			
Water and sewer systems	3,677,698	-	-
Storm water systems	-	189,136	-
Runways	-	-	392,371
Transit corridors	-	-	-
Other	-	-	91,366
Total improvements other than buildings	3,677,698	189,136	483,737
Intangibles	13,722	3,359	3,317
Machinery and equipment	30,505	69	38,485
Construction in progress	539,449	334,156	158,255
Total capital assets	4,330,555	526,720	1,626,267
Less accumulated depreciation	1,190,931	44,181	570,386
Total capital assets, net	3,139,624	482,539	1,055,881
Total noncurrent assets	3,157,476	483,894	1,062,917
Total assets	3,371,557	542,179	2,071,725
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated decreases in fair value of hedging derivatives	69,624	-	-
Unamortized bond refunding charges	18,236	1,940	1,876
Total deferred outflows of resources	87,860	1,940	1,876

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 80,443	\$ 1,013,929	\$ 99,167
1,094	87,396	-
170	1,745	248
1,264	89,141	248
74,232	91,513	-
-	-	526
-	-	438
7,219	8,641	-
7	73,924	-
125,059	292,250	-
125,066	366,174	-
288,224	1,569,398	100,379
1,660	27,903	-
56,870	399,357	-
86,303	755,470	-
-	3,677,698	-
-	189,136	-
-	392,371	-
336,017	336,017	-
36,171	127,537	-
372,188	4,722,759	-
7,467	27,865	-
197,140	266,199	159
250,314	1,282,174	-
970,282	7,453,824	159
258,179	2,063,677	152
712,103	5,390,147	7
713,763	5,418,050	7
1,001,987	6,987,448	100,386
-	69,624	-
191	22,243	-
191	91,867	-

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2013
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 14,698	\$ 5,581	\$ 24,152
Claims payable	-	-	-
Deposits and retainage payable	5,205	3,898	1,817
Accrued interest payable	28,998	464	-
Due to component unit	-	-	38
Current maturities of long-term liabilities	81,494	5,567	732
Current liabilities payable from restricted assets-			
Accounts payable	-	-	4,870
Deposits and retainage payable	-	-	3,225
Accrued interest payable	-	-	18,213
Revenue bonds payable	-	-	22,664
Total current liabilities payable from restricted assets	-	-	48,972
Total current liabilities	130,395	15,510	75,711
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	193,127	9,238	-
Revenue bonds payable - net of unamortized premium	1,396,703	107,904	826,348
Other financing agreements - net of unamortized premium	8,927	-	-
Derivative instrument liability	69,624	-	-
Federal revolving loan payable	-	1,176	-
Refundable water and sewer construction deposits	4,777	-	-
Due to participants	-	-	-
Compensated absences payable	1,722	206	684
Net OPEB liability	-	-	-
Total noncurrent liabilities	1,674,880	118,524	827,032
Total liabilities	1,805,275	134,034	902,743
NET POSITION			
Net investment in capital assets	1,477,941	360,934	447,203
Restricted for:			
Debt service	3,304	-	53,914
Passenger facility charges	-	-	248,867
Contract facility charges	-	-	27,383
Working capital	-	-	23,048
Unrestricted	172,897	49,151	370,443
Total net position	\$1,654,142	\$410,085	\$ 1,170,858
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			
Net position of business-type activities			

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

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 8,495	\$ 52,926	\$ -
-	-	50,481
246	11,166	-
1,223	30,685	-
-	38	-
8,002	95,795	-
4,274	9,144	-
52	3,277	-
-	18,213	-
-	22,664	-
4,326	53,298	-
22,292	243,908	50,481
-	202,365	-
-	2,330,955	-
272,306	281,233	-
-	69,624	-
-	1,176	-
-	4,777	-
-	-	9,460
2,257	4,869	140
-	-	160
274,563	2,894,999	9,760
296,855	3,138,907	60,241
557,944	2,844,022	7
-	57,218	-
-	248,867	-
-	27,383	-
-	23,048	-
147,379	739,870	40,138
\$ 705,323	3,940,408	\$ 40,145

(2,029)
\$3,938,379

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 260,146	\$ 57,642	\$ 149,798
Availability fees	29,517	-	-
Capacity fees	10,352	-	-
Miscellaneous	4,333	-	28,422
Total operating revenues	<u>304,348</u>	<u>57,642</u>	<u>178,220</u>
OPERATING EXPENSES:			
Administration	25,275	1,751	13,119
Operations and maintenance	74,635	11,515	53,151
Claims and insurance premiums	-	-	-
Other	1,473	-	21,588
Depreciation	91,458	3,186	38,317
Total operating expenses	<u>192,841</u>	<u>16,452</u>	<u>126,175</u>
Operating income (loss)	<u>111,507</u>	<u>41,190</u>	<u>52,045</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	56,111
Contract facility charges	-	-	9,543
Investment earnings	(176)	(99)	(662)
Interest expense and other charges	(56,545)	(5,589)	(30,088)
Non-airline terminal revenue distribution	-	-	(16,041)
Miscellaneous	(2,685)	192	(4,143)
Total nonoperating revenues (expenses)	<u>(59,406)</u>	<u>(5,496)</u>	<u>14,720</u>
Income (loss) before contributions and transfers	52,101	35,694	66,765
CAPITAL CONTRIBUTIONS	10,976	2,675	40,475
TRANSFERS IN	-	-	-
TRANSFERS OUT	(1,878)	(280)	(1,127)
Change in net position	61,199	38,089	106,113
Total net position - beginning, previously reported	1,604,570	372,876	1,079,471
Restatement (Note 6.k.)	(11,627)	(880)	(14,726)
Total net position - beginning, restated	<u>1,592,943</u>	<u>371,996</u>	<u>1,064,745</u>
Total net position - ending	<u>\$ 1,654,142</u>	<u>\$ 410,085</u>	<u>\$ 1,170,858</u>

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

Change in net position of business-type activities

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 29,122	\$ 496,708	\$ 108,356
	29,517	-
-	10,352	-
-	32,755	-
<u>29,122</u>	<u>569,332</u>	<u>108,356</u>
13,152	53,297	8,175
105,206	244,507	-
-	-	95,604
-	23,061	-
<u>40,840</u>	<u>173,801</u>	<u>2</u>
<u>159,198</u>	<u>494,666</u>	<u>103,781</u>
<u>(130,076)</u>	<u>74,666</u>	<u>4,575</u>
66,505	66,505	-
12,197	12,197	-
-	56,111	-
-	9,543	-
(170)	(1,107)	(222)
(9,200)	(101,422)	-
-	(16,041)	-
<u>(657)</u>	<u>(7,293)</u>	<u>-</u>
<u>68,675</u>	<u>18,493</u>	<u>(222)</u>
(61,401)	93,159	4,353
91,666	145,792	-
18,400	18,400	-
<u>(1,360)</u>	<u>(4,645)</u>	<u>-</u>
47,305	252,706	4,353
659,886		35,792
<u>(1,868)</u>		<u>-</u>
<u>658,018</u>		<u>35,792</u>
<u>\$ 705,323</u>		<u>\$ 40,145</u>
	974	
	<u>\$ 253,680</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$301,618	\$ 57,048	\$170,434
Receipts from participants	-	-	-
Payments to suppliers	(44,425)	(4,973)	(61,176)
Internal activity - (payments to) receipts from other funds	(21,322)	(2,006)	(10,459)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(35,350)	(5,808)	(15,740)
Payments to airlines for non-airline terminal revenue distribution	-	-	(13,768)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	6,480	(90)	60
Net cash provided (used) by operating activities	207,001	44,171	69,351
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers	(1,878)	(280)	(1,127)
Net cash provided (used) by noncapital financing activities	(1,878)	(280)	(1,127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	4,369	-	-
Passenger facility charges	-	-	51,662
Contract facility charges	-	-	9,540
Acquisition and construction of capital assets	(122,872)	(36,297)	(80,218)
Principal paid on capital debt	(68,816)	(3,220)	(21,890)
Interest and other charges paid on capital debt	(78,285)	(6,265)	(39,497)
Capital contributions	165	2,592	29,265
Net cash provided (used) by capital and related financing activities	(265,439)	(43,190)	(51,138)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(7,962)	-	(55,044)
Proceeds from sale and maturities of investments	9,266	-	88,246
Interest received	162	(8)	163
Net cash provided (used) by investing activities	1,466	(8)	33,365
Net increase (decrease) in cash and cash equivalents	(58,850)	693	50,451
Cash and cash equivalents - beginning of year	220,639	49,476	744,994
Cash and cash equivalents - end of year	\$161,789	\$ 50,169	\$795,445

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 29,022	\$ 558,122	\$ -
-	-	38,758
(50,135)	(160,709)	(6,470)
(9,126)	(42,913)	62,539
-	-	17,204
-	-	1,056
(58,559)	(115,457)	(1,486)
-	(13,768)	-
-	-	(79,461)
-	-	(19,308)
2,487	8,937	-
(86,311)	234,212	12,832
12,162	12,162	-
65,115	65,115	-
17,040	13,755	-
94,317	91,032	-
126,233	130,602	-
-	51,662	-
-	9,540	-
(86,883)	(326,270)	-
(6,350)	(100,276)	-
(8,828)	(132,875)	-
71,233	103,255	-
95,405	(264,362)	-
(125,369)	(188,375)	-
310	97,822	-
(8)	309	(5)
(125,067)	(90,244)	(5)
(21,656)	(29,362)	12,827
102,106	1,117,215	86,340
\$ 80,450	\$ 1,087,853	\$ 99,167

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013
(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)	\$111,507	\$ 41,190	\$ 52,045
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	91,458	3,186	38,317
Other receipts (payments)	6,480	(90)	60
Non-airline terminal revenue distribution	-	-	(13,768)
Change in assets and liabilities:			
(Increase) decrease in receivables	(2,502)	(594)	(7,786)
(Increase) decrease in due from other governmental agencies	(248)	-	98
(Increase) in due from other funds	-	-	-
(Increase) decrease in inventories	(83)	-	-
(Increase) in prepaid insurance	-	-	-
Decrease in other postemployment benefit assets	45	49	42
Increase in accounts payable	116	422	683
Increase in claims payable	-	-	-
Increase in due to participants	-	-	-
Increase (decrease) in deposits and retainage payable	20	-	(40)
(Decrease) in due to component unit	-	-	(204)
Increase (decrease) in compensated absences payable	208	8	(96)
Increase in net OPEB liability	-	-	-
Total adjustments	<u>95,494</u>	<u>2,981</u>	<u>17,306</u>
Net cash provided (used) by operating activities	<u>\$207,001</u>	<u>\$ 44,171</u>	<u>\$ 69,351</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	<u>\$ 11,106</u>	<u>\$ 2,947</u>	<u>\$ -</u>
Proceeds from refunding bonds	-	20,585	-
Payment to refunded bond escrow agent	-	(20,585)	-
Net noncash investing, capital and financing activities	<u>\$ 11,106</u>	<u>\$ 2,947</u>	<u>\$ -</u>

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ (130,076)	\$ 74,666	\$ 4,575
40,840	173,801	2
2,487	8,937	-
-	(13,768)	-
(101)	(10,983)	141
(3)	(153)	-
-	-	(23)
23	(60)	-
-	-	(188)
322	458	-
21	1,242	-
-	-	5,344
-	-	2,955
1	(19)	-
-	(204)	-
175	295	(6)
-	-	32
43,765	159,546	8,257
\$ (86,311)	\$ 234,212	\$ 12,832
\$ 4,023	\$ 18,076	\$ -
47,845	68,430	-
(47,845)	(68,430)	-
\$ 4,023	\$ 18,076	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2013
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ASSETS		
Cash and cash equivalents	\$ 18,772	\$ 11,120
Receivables:		
Employer contributions	157	-
Member contributions	150	422
Interest and dividends	634	53
Total receivables	941	475
Investments:		
Equity securities - stocks	160,330	-
Fixed income securities - bonds	60,875	-
Mutual funds	167,568	44,117
Total investments	388,773	44,117
Capital assets, at cost, net of accumulated depreciation of \$333	262	-
Total assets	408,748	55,712
LIABILITIES		
Accounts payable	1,251	19
NET POSITION		
Held in trust for pension/other postemployment benefits	\$ 407,497	\$ 55,693

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 POSITION
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ADDITIONS:		
Contributions-		
Member	\$ 8,320	\$ 6,720
Employer	8,100	15,474
Total contributions	<u>16,420</u>	<u>22,194</u>
Investment income -		
Net appreciation in fair value of investments	47,652	3,222
Interest	1,522	739
Dividends	4,789	-
	<u>53,963</u>	<u>3,961</u>
Investment expense	2,109	245
Net investment income	<u>51,854</u>	<u>3,716</u>
Total additions	<u>68,274</u>	<u>25,910</u>
DEDUCTIONS:		
Benefits	22,423	11,390
Refunds	128	-
Insurance premiums	-	5,342
Administration	569	472
Depreciation	49	-
Total deductions	<u>23,169</u>	<u>17,204</u>
Change in net position	45,105	8,706
Net position - beginning	<u>362,392</u>	<u>46,987</u>
Net position - ending	<u>\$ 407,497</u>	<u>\$ 55,693</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
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JUNE 30, 2013

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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013
(Dollar Amounts In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charlotte and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more 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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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 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
525 North Tryon Street, 5th Floor
Charlotte, North Carolina 28202

b. Basis of Presentation

Government-wide Statements: The statement of net position 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. 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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.

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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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.

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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(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 is both restricted and unrestricted net position 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, Deferred Outflows and Inflows, Liabilities and Fund Equity

(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, 2013
(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 and Airport Enterprise Funds in the amounts of \$17,789, \$204, and \$7,351, respectively, for the year ended June 30, 2013.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

(5) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The Deferred Outflows of Resources financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, the unamortized bond refunding charges and the accumulated decrease in the fair value of hedging derivatives.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has prepaid taxes that meets this criterion. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows.

(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 position. Bond premiums and discounts 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. Bond issuance costs are expensed in the reporting period in which they are incurred.

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.

(7) 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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.

(8) Net Position/Fund Balances

Net Position. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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)].

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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 Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant 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. By approval of the budget of the Debt Service fund, the City Council has assigned this amount to the purpose of the Debt Service fund.

Assigned for Capital projects – portion of fund balance in the General fund that is not nonspendable, restricted, nor committed that will be used for capital projects. The appropriation of existing fund balance by City Council eliminates a projected budgetary deficit in the subsequent year's budget.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

Unassigned fund balance – This classification includes amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

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 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 position

The governmental fund balance sheet includes a reconciliation between *fund balance - total government funds* and *net position - governmental activities* as reported in the government-wide statement of net position. 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 \$1,599,789 difference are as follows:

Bonds and installment purchases payable	\$ 1,239,154
Net of premiums and discounts	75,409
Commercial paper notes	98,082
Derivative instrument liability	50,036
Swaption borrowing payable	9,081
Compensated absences	45,941
Section 108 loan guarantee	8,902
Private loan	35,331
Law enforcement officers' separation allowance	17,518
Unfunded OPEB liability	8,993
Accrued interest payable	11,342
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 1,599,789</u></u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(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 position 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 \$57,502 difference are as follows:

Capital outlay	\$161,691
Depreciation expense	<u>(104,189)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 57,502</u>

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position." The details of this (\$16,887) 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 position differs from the change in fund balance by the cost of the capital assets sold.	<u>\$ (16,887)</u>
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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(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 position. Also, governmental funds report the effect of 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 (\$8,651) difference are as follows:

Debt issued or incurred:	
Issuance of installment purchase	\$ (34,808)
Issuance of commercial paper notes	(73,988)
Plus premium on debt issuance	(4,303)
Derivative instrument	36,226
Swaption borrowing	(1,150)
Principal repayments:	
General obligation debt	26,024
Installment purchases	39,139
Section 108 loan guarantee	440
Private loan	3,769
Net adjustment to decrease <i>net changes in fund</i>	
<i>balances - total governmental funds</i> to arrive at	
<i>changes in net position of governmental activities</i>	<u>\$ (8,651)</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 (\$3,906) difference are as follows:

Accrued interest	\$(1,988)
Amortization on deferred amount on refunding	(806)
Amortization of debt premiums	5,993
Amortization of discounts	(32)
Compensated absences	(3,220)
Law enforcement officers' separation allowance	(2,268)
Unfunded OPEB liability	(575)
Change in pension assets	<u>(1,010)</u>
Net adjustment to increase <i>net changes in fund</i>	
<i>balances - total governmental funds</i> to arrive at	
<i>changes in net position of governmental activities</i>	<u>\$(3,906)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(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, Democratic National Convention, Public Safety and Other Grants, Neighborhood Development, Employment and Training, Stimulus Grants, and Emergency Telephone System 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, 2013.

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.

CITY OF CHARLOTTE, NORTH CAROLINA
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4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2013, the bank balances and carrying amounts of bank deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
City - Governmental and Business-type Activities	\$137,034	\$ 96,956
City - Fiduciary Funds	245	29,892
Component unit - Authority	14,982	15,090

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, \$995 was covered at the federal depository insurance coverage level and \$136,284 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, \$2,568 was covered by federal depository insurance coverage (including coverage by the Certificate of Deposit Account Registry Service Program). The remaining balances were covered by collateral held under the Pooling Method.

CITY OF CHARLOTTE, NORTH CAROLINA
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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 - Governmental and Business-type Activities – The investments and maturities at June 30, 2013, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies	\$ 1,532,003	\$ 459,005	\$ 625,665	\$ 447,333
Commercial Paper	103,000	103,000	-	-
Mutual Funds	75,702	N/A	N/A	N/A
NCCMT Cash Portfolio	307,599	N/A	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-	-
Total	<u>\$2,026,304</u>	<u>\$ 570,005</u>	<u>\$ 625,665</u>	<u>\$ 447,333</u>

* Because the NCCMT Term Portfolio had a weighted average maturity of 0.3 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.

CITY OF CHARLOTTE, NORTH CAROLINA
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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, 2013, 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, 2013. 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. 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 AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2013, 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 \$20 million may be invested in any one issuer. For bankers acceptances, the maximum investment is limited to 10 percent of the portfolio for any one issuer.

City – Fiduciary Fund: Charlotte Firefighters' Retirement System – The investments and maturities at June 30, 2013 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 7,191	\$ -	\$ 1,148	\$ 4,459	\$ 1,584
U.S. Agencies	18,073	-	-	-	18,073
Corporate bonds	35,611	827	17,820	9,021	7,943
Common stocks	160,330	N/A	N/A	N/A	N/A
Mutual funds	167,568	N/A	N/A	N/A	N/A
Total	<u>\$ 388,773</u>	<u>\$ 827</u>	<u>\$ 18,968</u>	<u>\$ 13,480</u>	<u>\$ 27,600</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Credit Risk. The System is authorized to invest 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, 2013 are as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 16,886	27.74%
Baa > AA	27,259	44.78%
Total credit risk debt securities	44,145	72.52%
US Government fixed income securities:		
Government National Mortgage Association	4,678	7.68%
U.S. Treasury	7,191	11.81%
Not rated	4,861	7.99%
Total fixed income securities	<u>\$ 60,875</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 \$1,520 of these securities.

City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2013, the EBTP had investments of \$44,117 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.

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Concentration of Credit Risk. The EBTP informal policy diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. 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, 2013, 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

The receivable amounts presented in the accompanying financial statements are net of the following allowances for doubtful accounts:

<u>Governmental</u>	
General	\$ 25,591
Debt Service	2,865
Capital Projects	6,760
Nonmajor	<u>3,485</u>
Total Governmental	<u>38,701</u>
<u>Proprietary</u>	
Water and Sewer	8,540
Storm Water	1,449
Airport	283
Public Transit	<u>367</u>
Total Proprietary	<u>10,639</u>
Total	<u><u>\$ 49,340</u></u>

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, 2013 the balance of the loan outstanding was \$3,598.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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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, 2012, were based on the assessed values listed as of January 1, 2012, 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 2013 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3600
Debt Service	0.0650
Capital Projects	0.0120
Total	<u>\$ 0.4370</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 2013 for Districts 1, 2, 3, 4 and 5 were \$.0168, \$.0233, \$.0358, \$.0668 and \$.0279, respectively.

e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 13
Capital Projects	<u>32,808</u>
Total Governmental	<u>32,821</u>
<u>Enterprise-</u>	
Water and Sewer	2,640
Airport	238,468
Public Transit	<u>125,066</u>
Total Enterprise	<u>366,174</u>
Total	<u>\$ 398,995</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)
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f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities-</u>				
Capital asset, not being depreciated:				
Land, previously reported	\$ 3,110,363			
Restatement (Note 6.k.)	<u>35,880</u>			
Land, restated	3,146,243	27,113	\$ 9,464	\$3,163,892
Construction in progress	<u>403,399</u>	<u>158,065</u>	<u>111,499</u>	<u>449,965</u>
Total capital assets, not being depreciated	<u>3,549,642</u>	<u>185,178</u>	<u>120,963</u>	<u>3,613,857</u>
Capital assets, being depreciated:				
Buildings	1,064,794	17,938	833	1,081,899
Infrastructure	2,402,163	37,975	361	2,439,777
Intangibles	13,583	1,539	-	15,122
Machinery and equipment	<u>169,498</u>	<u>24,618</u>	<u>10,481</u>	<u>183,635</u>
Total capital assets being depreciated	<u>3,650,038</u>	<u>82,070</u>	<u>11,675</u>	<u>3,720,433</u>
Less accumulated depreciation for:				
Buildings	255,696	26,781	24	282,453
Infrastructure	750,001	60,459	-	810,460
Intangibles	11,871	687	-	12,558
Machinery and equipment	<u>125,573</u>	<u>16,264</u>	<u>10,170</u>	<u>131,667</u>
Total accumulated depreciation	<u>1,143,141</u>	<u>104,191</u>	<u>10,194</u>	<u>1,237,138</u>
Total capital assets, being depreciated, net	<u>2,506,897</u>	<u>(22,121)</u>	<u>1,481</u>	<u>2,483,295</u>
Governmental activities capital assets, net	<u>\$6,056,539</u>	<u>\$ 163,057</u>	<u>\$ 122,444</u>	<u>\$6,097,152</u>

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 12,649
Sanitation	4,221
General administration	1,549
Support services	1,884
Engineering and property management	3,310
Streets and highways	57,866
Community planning and development	9,788
Culture and recreation	12,922
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>\$ 104,191</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities-</u>				
Water and Sewer:				
Capital assets, not being depreciated:				
Land	\$ 40,378	\$ 2,860	\$ 668	\$ 42,570
Construction in progress	535,319	140,313	136,183	539,449
Total capital assets, not being depreciated	575,697	143,173	136,851	582,019
Capital assets, being depreciated:				
Buildings	25,763	848	-	26,611
Water and sewer systems	3,541,365	136,333	-	3,677,698
Intangibles	13,238	484	-	13,722
Machinery and equipment	27,259	4,055	809	30,505
Total capital assets being depreciated	3,607,625	141,720	809	3,748,536
Less accumulated depreciation for:				
Buildings	6,105	642	-	6,747
Water and sewer systems	1,060,883	88,041	-	1,148,924
Intangibles	11,944	509	-	12,453
Machinery and equipment	21,001	2,266	460	22,807
Total accumulated depreciation	1,099,933	91,458	460	1,190,931
Total capital assets, being depreciated, net	2,507,692	50,262	349	2,557,605
Water and Sewer capital assets, net	3,083,389	193,435	137,200	3,139,624
 Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	299,918	35,970	1,732	334,156
Capital assets, being depreciated:				
Storm water systems	184,457	4,679	-	189,136
Intangibles	3,359	-	-	3,359
Machinery and equipment	69	-	-	69
Total capital assets being depreciated	187,885	4,679	-	192,564
Less accumulated depreciation for:				
Storm water systems	37,600	3,177	-	40,777
Intangibles	3,359	-	-	3,359
Machinery and equipment	36	9	-	45
Total accumulated depreciation	40,995	3,186	-	44,181
Total capital assets, being depreciated, net	146,890	1,493	-	148,383
Storm Water capital assets, net	446,808	37,463	1,732	482,539

continued on next page

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	Beginning Balance	Increases	Decreases	Ending Balance
Airport:				
Capital assets, not being depreciated:				
Land	\$ 297,504	\$ 2,481	\$ 68	\$ 299,917
Construction in progress	104,231	87,895	33,871	158,255
Total capital assets, not being depreciated	401,735	90,376	33,939	458,172
Capital assets, being depreciated:				
Buildings	626,667	15,889	-	642,556
Runways	392,108	263	-	392,371
Other	85,647	5,719	-	91,366
Intangibles	-	3,317	-	3,317
Machinery and equipment	34,785	5,958	2,258	38,485
Total capital assets being depreciated	1,139,207	31,146	2,258	1,168,095
Less accumulated depreciation for:				
Buildings	374,501	20,376	-	394,877
Runways	111,661	11,497	-	123,158
Other	30,615	3,523	-	34,138
Intangibles	-	332	-	332
Machinery and equipment	17,117	2,589	1,825	17,881
Total accumulated depreciation	533,894	38,317	1,825	570,386
Total capital assets, being depreciated, net	605,313	(7,171)	433	597,709
Airport capital assets, net	1,007,048	83,205	34,372	1,055,881
Public Transit:				
Capital assets, not being depreciated:				
Land	50,787	6,083	-	56,870
Construction in progress	186,244	95,206	31,136	250,314
Total capital assets, not being depreciated	237,031	101,289	31,136	307,184
Capital assets, being depreciated:				
Buildings	85,840	463	-	86,303
Transit corridors	336,040	-	23	336,017
Other	28,743	7,428	-	36,171
Intangibles	6,951	516	-	7,467
Machinery and equipment	205,389	8,110	16,359	197,140
Total capital assets being depreciated	662,963	16,517	16,382	663,098
Less accumulated depreciation for:				
Buildings	32,094	3,920	-	36,014
Transit corridors	83,878	18,861	-	102,739
Other	14,679	2,971	-	17,650
Intangibles	4,816	748	-	5,564
Machinery and equipment	95,474	14,340	13,602	96,212
Total accumulated depreciation	230,941	40,840	13,602	258,179
Total capital assets, being depreciated, net	432,022	(24,323)	2,780	404,919
Public Transit capital assets, net	669,053	76,966	33,916	712,103
Business-type capital assets, net	\$ 5,206,298	\$ 391,069	\$ 207,220	\$ 5,390,147

CITY OF CHARLOTTE, NORTH CAROLINA
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Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2013, by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ 14,400	\$ 526
Nonmajor governmental	-	14,400
Employee Health and Life	526	-
Total	<u>\$ 14,926</u>	<u>\$ 14,926</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	\$ 8,627	\$ -
Capital Projects	298	625
Nonmajor governmental	-	135
Enterprise - Airport	-	38
Component Unit - Authority	798	8,925
Total	<u>\$ 9,723</u>	<u>\$ 9,723</u>

Interfund transfers:

		Transfers In:				
Transfer out:	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	Total
General	\$ -	\$ 14,552	\$ 18,117	\$ 6,018	\$ -	\$ 38,687
Debt Service	2,766	-	16,100	246	-	19,112
Capital Projects	-	3,769	-	7,531	18,400	29,700
Nonmajor governmental	2,972	47,507	2,179	-	-	52,658
Enterprise-						
Water & Sewer	-	-	1,878	-	-	1,878
Storm Water	-	-	280	-	-	280
Airport	-	-	1,127	-	-	1,127
Public Transit	-	-	1,360	-	-	1,360
Total	<u>\$ 5,738</u>	<u>\$ 65,828</u>	<u>\$ 41,041</u>	<u>\$ 13,795</u>	<u>\$ 18,400</u>	<u>\$144,802</u>

The transfers consist primarily of the following: (a) \$65,828 to Debt Service from General 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) \$13,795 to nonmajor governmental from General, Debt Service and Capital Projects.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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g. Payables

Payables at June 30, 2013 were as follows:

	Vendors	Salaries	Other	Total
<u>Governmental</u>				
General	\$ 28,946	\$ 6,355	\$ 560	\$ 35,861
Debt Service	2,170	-	-	2,170
Capital Projects	12,638	-	-	12,638
Nonmajor governmental	5,341	10	-	5,351
Total Governmental	49,095	6,365	560	56,020
<u>Proprietary</u>				
Water and Sewer	12,419	1,344	935	14,698
Storm Water	5,377	204	-	5,581
Airport	28,443	579	-	29,022
Public Transit	8,325	663	3,781	12,769
Internal Service	50,427	54	-	50,481
Total Business-type	104,991	2,844	4,716	112,551
Total	\$ 154,086	\$ 9,209	\$ 5,276	\$ 168,571

h. Deferred Outflows and Inflows of Resources and Unavailable Revenues

The amount of deferred outflows of resources in both the governmental and business-type activities is a charge on refunding of debt of \$7,830 and \$22,243, respectively, and the accumulated decrease in fair value of hedging derivatives of \$50,036 and \$69,624, respectively. See note 4.j.7 for additional information concerning derivative instruments. The amount of deferred inflows of resources in governmental activities is property taxes received before the period for which they were levied of \$3,137.

In addition, governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the governmental funds reported unavailable revenues as follows:

	General	Debt Service	Capital Projects	Nonmajor governmental	Total governmental
Property taxes receivable	\$ 7,769	\$ 303	\$ 945	\$ 251	\$ 9,268
Notes receivable	16	-	48,945	49,693	98,654
Accounts receivable	2,666	-	4,462	165	7,293
Due from component unit	-	5,301	298	-	5,599
	<u>\$ 10,451</u>	<u>\$ 5,604</u>	<u>\$ 54,650</u>	<u>\$ 50,109</u>	<u>\$ 120,814</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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i. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2013 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 547,147	\$ -	\$ 25,124	\$ 522,023	\$ 30,533
Plus unamortized premiums	59,057	-	3,649	55,408	3,616
Total bonds payable	606,204	-	28,773	577,431	34,149
Special obligation bonds	10,120	-	900	9,220	950
Installment purchases	712,242	165,278	169,609	707,911	43,181
Plus unamortized premiums, previously reported	23,314				
Restatement	(4,454)				
Unamortized premiums, restated	18,860	4,303	2,344	20,819	2,422
Less unamortized discounts	(850)	-	(32)	(818)	(32)
Total installment purchases	730,252	169,581	171,921	727,912	45,571
Commercial paper notes payable	24,094	73,988	-	98,082	-
Derivative instrument liability	68,019	-	17,983	50,036	-
Swaption borrowing payable	7,931	1,150	-	9,081	454
Compensated absences	42,867	35,291	32,077	46,081	25,844
Section 108 loan guarantee	9,342	-	440	8,902	458
Private loan	39,100	-	3,769	35,331	35,331
Due to participants	6,439	3,021	-	9,460	-
Law enforcement officers' separation allowance	15,250	2,268	-	17,518	-
Unfunded OPEB liability	8,546	3,271	2,664	9,153	-
Total governmental activities	<u>\$ 1,568,164</u>	<u>\$ 288,570</u>	<u>\$ 258,527</u>	<u>\$ 1,598,207</u>	<u>\$ 142,757</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)
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A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2013 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Water and Sewer:					
General obligation bonds	\$ 230,863	\$ -	\$ 24,962	\$ 205,901	\$ 26,087
Plus unamortized premiums	16,895	-	1,791	15,104	1,791
Revenue bonds	1,431,380	-	39,560	1,391,820	43,770
Plus unamortized premiums	54,637	-	2,992	51,645	2,992
Total bonds payable	1,733,775	-	69,305	1,664,470	74,640
Installment purchases	7,113	3,942	2,746	8,309	3,574
Plus unamortized premiums	446	427	242	631	214
Total installment purchases	7,559	4,369	2,988	8,940	3,788
Other financing agreements -					
Municipal systems	5,440	-	830	4,610	835
Derivative instrument liability	101,626	-	32,002	69,624	-
Refundable construction deposits	5,484	295	718	5,061	284
Compensated absences	3,461	3,044	2,836	3,669	1,947
Total Water and Sewer	1,857,345	7,708	108,679	1,756,374	81,494
Storm Water:					
General obligation bonds	10,555	-	914	9,641	960
Plus unamortized premiums	685	-	64	621	64
Revenue bonds	113,415	20,585	28,015	105,985	3,700
Plus unamortized premiums	2,293	4,032	269	6,056	437
Total bonds payable	126,948	24,617	29,262	122,303	5,161
Federal revolving loan	133	1,175	66	1,242	66
Compensated absences	537	446	437	546	340
Total Storm Water	127,618	26,238	29,765	124,091	5,567
Airport:					
Revenue bonds	860,095	-	21,890	838,205	21,870
Plus unamortized premiums	11,601	-	794	10,807	794
Total bonds payable	871,696	-	22,684	849,012	22,664
Compensated absences	1,512	889	985	1,416	732
Total Airport	873,208	889	23,669	850,428	23,396
Public Transit:					
Installment purchases	156,650	171,135	59,240	268,545	6,375
Plus unamortized premiums	2,926	8,375	433	10,868	732
Total installment purchases	159,576	179,510	59,673	279,413	7,107
Compensated absences	2,977	1,525	1,350	3,152	895
Total Public Transit	162,553	181,035	61,023	282,565	8,002
Total business-type activities	\$ 3,020,724	\$ 215,870	\$ 223,136	\$ 3,013,458	\$ 118,459

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
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The government-wide statement of net position includes \$22,664 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$95,795 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. The following table summarizes the City's general obligation bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2013
Governmental Activities:					
General Obligation Bonds, Series 2003A	4.25% - 5.00%	02/01/2003	2030	\$100,000	\$ 79,595
General Obligation Refunding Bonds, Series 2003C	4.00% - 5.25%	07/01/2003	2020	21,007	5,026
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	8,569	2,831
General Obligation Refunding Bonds, Series 2005A	4.00% - 5.25%	05/01/2005	2025	53,890	45,925
General Obligation Refunding Bonds, Series 2005B	4.00% - 5.00%	06/01/2005	2023	35,373	23,557
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	11,674	8,479
General Obligation Refunding Bonds, Series 2009B	3.00% - 5.00%	10/29/2009	2029	122,315	113,840
General Obligation Refunding Bonds, Series 2009C	3.00% - 5.00%	01/12/2010	2027	86,795	67,275
General Obligation Refunding Bonds, Series 2012A	1.25% - 5.00%	04/12/2012	2033	175,495	175,495
Total Governmental Activities					<u>\$ 522,023</u>
Business-Type Activities:					
Water and Sewer:					
General Obligation Refunding Bonds, Series 2003B	3.00% - 5.00%	04/01/2003	2018	29,375	\$ 11,625
General Obligation Refunding Bonds, Series 2003C	4.00% - 5.25%	07/01/2003	2015	37,070	20,815
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	36,426	12,034
General Obligation Refunding Bonds, Series 2005B	4.00% - 5.00%	06/01/2005	2023	56,150	37,392
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	170,776	124,035
Total Water and Sewer					<u>205,901</u>
Storm Water:					
General Obligation Refunding Bonds, Series 2003C	4.00% - 5.25%	07/01/2003	2015	643	154
General Obligation Refunding Bonds, Series 2005B	4.00% - 5.00%	06/01/2005	2023	12,517	8,336
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	1,585	1,151
Total Storm Water					<u>9,641</u>
Total Business-type activities					<u>\$ 215,542</u>

The principal and interest on the General Obligation Bonds allocated to Water and Sewer and Storm Water are wholly payable from net revenues of the Water and Sewer and Storm Water systems, respectively.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities

Year Ended

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 30,533	\$ 24,747
2015	31,187	23,349
2016	30,763	21,781
2017	32,301	20,312
2018	32,314	18,751
2019-2023	166,753	69,903
2024-2028	148,547	30,315
2029-2033	49,625	4,737
	<u>\$ 522,023</u>	<u>\$ 213,895</u>

Business-type Activities

Year Ended

<u>June 30</u>	<u>Water and Sewer</u>		<u>Storm Water</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 26,087	\$ 9,508	\$ 960	\$ 463
2015	26,453	8,230	1,000	415
2016	27,513	6,913	969	364
2017	28,072	5,578	1,013	316
2018	26,462	4,201	1,063	266
2019-2023	69,161	6,825	4,616	621
2024	2,153	43	20	-
	<u>\$ 205,901</u>	<u>\$ 41,298</u>	<u>\$ 9,641</u>	<u>\$ 2,445</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
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(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>
2014	\$ 950	\$ 17
2015	1,000	16
2016	1,055	14
2017	1,115	12
2018	1,175	10
2019-2021	3,925	15
	<u>\$ 9,220</u>	<u>\$ 84</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
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(3) Revenue Bonds

The following table summarizes the City's revenue bonds for Business-type activities:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2013
Water and Sewer, Series 2002A	3.50% - 5.50%	02/15/2002	2016	\$ 61,035	\$ 19,915
Water and Sewer, Series 2002B	Variable	03/13/2002	2028	114,430	114,430
Water and Sewer, Series 2002C	Variable	08/08/2002	2025	108,390	101,180
Water and Sewer, Refunding Series 2005A	3.00% - 5.00%	03/03/2005	2022	33,115	21,615
Water and Sewer, Refunding Series 2005B	5.00%	03/03/2005	2015	35,675	14,345
Water and Sewer, Series 2006A	4.00% - 5.00%	07/26/2006	2037	100,290	89,345
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	300,000	170,685
Water and Sewer, Series 2008	3.50% - 5.00%	09/10/2008	2039	342,715	323,895
Water and Sewer, Refunding Series 2009	3.00% - 5.25%	08/25/2009	2036	93,765	90,045
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	360,070
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	86,295
Total Water and Sewer					1,391,820
Storm Water, Series 2004	3.00% - 5.00%	10/27/2004	2034	54,265	46,105
Storm Water, Series 2006	4.00% - 5.00%	10/25/2006	2036	43,675	39,295
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	20,585
Total Storm Water					105,985
Airport, Series 2004A	4.75% - 5.25%	09/15/2004	2035	87,095	87,095
Airport, Series 2004B	4.75% - 5.25%	09/15/2004	2024	48,465	42,350
Airport, Refunding Series 2007A	4.00% - 5.00%	08/16/2007	2038	99,995	91,105
Airport, Series 2007B	Variable	08/16/2007	2038	47,570	25,020
Airport, Refunding Series 2008D	Variable	11/05/2008	2035	40,585	39,155
Airport, Refunding Series 2009B	2.50% - 5.00%	02/17/2009	2017	51,180	30,920
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	125,580
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	59,585
Airport, Series 2010C	Variable	02/10/2010	2040	31,145	22,525
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	75,230
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	33,865
Airport, Series 2011C	Variable	11/09/2011	2042	30,920	30,570
Airport Special Facility, Refunding Series 1998	5.60%	03/01/1998	2028	86,000	86,000
Airport Special Facility, Series 2000	7.75%	08/15/2000	2028	34,700	28,910
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	60,295
Total Airport					838,205
Total Business-type activities					\$ 2,336,010

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 Water and Sewer Revenue Bonds Series 2002B, 2002C, and 2006B. 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.

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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 2013 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 143 percent. Based on the 2013 Storm Water Fund budgets, revenue bond debt service coverage was at least 452 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, 2013 are \$23,048 for working capital and \$53,914 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds, except for Series 2002A, were satisfied with the purchase of surety bonds or insurance policies. For the Water and Sewer Series 2002A Revenue Bonds, the reserve for debt service is \$3,146 at June 30, 2013

Revenue bond debt service requirements to maturity are as follows:

<u>Business-type Activities</u>							
Year Ended	Water and Sewer		Storm Water		Airport		
June 30	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 43,770	\$ 48,117	\$ 3,700	\$ 4,931	\$ 21,870	\$ 36,445	
2015	45,185	46,243	3,845	4,782	23,700	35,686	
2016	47,290	44,344	4,000	4,628	24,700	34,738	
2017	50,200	42,883	4,180	4,449	25,780	33,738	
2018	51,830	41,546	4,365	4,257	18,275	32,874	
2019-2023	294,475	184,341	24,980	18,150	104,835	152,015	
2024-2028	278,625	141,474	24,300	12,141	263,320	124,012	
2029-2033	236,965	97,710	25,400	6,572	149,945	61,000	
2034-2038	276,225	43,993	11,215	920	140,510	29,123	
2039-2042	67,255	2,689	-	-	65,270	5,305	
	<u>\$ 1,391,820</u>	<u>\$ 693,340</u>	<u>\$ 105,985</u>	<u>\$ 60,830</u>	<u>\$ 838,205</u>	<u>\$ 544,936</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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(4) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2013
Governmental activities:					
Convention Center, Refunding Series 2003A	5.00% - 5.50%	09/01/2003	2020	\$102,245	\$ 69,365
Convention Center, Refunding Series 2003B	Variable	09/10/2003	2022	24,335	19,490
Convention Center, Refunding Series 2005C	3.00% - 5.00%	05/04/2005	2026	33,665	19,160
Convention Center, Series 2009B	2.00% - 5.00%	06/25/2009	2034	30,620	28,215
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Series 2003	2.00%	07/25/2003	2015	16,800	2,360
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	128,245
Hall of Fame, Series 2009C	5.00%	06/25/2009	2039	37,295	37,295
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	93,595
Cultural Facilities, Series 2009E	3.00% - 5.00%	09/30/2009	2039	139,135	133,875
Public Safety, Series 2005A	Variable	04/06/2005	2025	15,725	10,685
Public Safety, Refunding Series 2005D	3.00% - 5.00%	05/04/2005	2025	16,805	14,055
Public Safety, Series 2009A	3.00% - 5.00%	06/25/2009	2029	28,470	24,650
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	11,575
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	22,035
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	16,700
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	1,805
Public Safety, Refunding Series 2013A	2.00% - 5.00%	04/04/2013	2016	2,225	2,225
Public Safety Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2019	13,205	8,655
Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2014	27,002	5,961
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	20,174	12,104
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	9,960	7,968
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	18,108	18,108
Total Governmental activities					<u>\$ 707,911</u>
Business-type activities:					
Water and Sewer:					
Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2014	10,078	\$ 2,225
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	1,751	1,051
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	1,365	1,091
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	3,942	3,942
Total Water and Sewer					<u>8,309</u>
Public Transit:					
Equipment and Facilities, Series 2004B	Variable	01/08/2004	2014	28,595	3,270
Equipment and Facilities, Series 2005E	3.00% - 5.00%	08/31/2005	2035	74,400	62,905
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	31,235
Equipment and Facilities, Series 2013B	3.00%	05/07/2013	2022	123,140	123,140
Equipment and Facilities, Refunding Series 2013C	2.00% - 5.00%	05/07/2013	2033	47,845	47,845
Equipment and Facilities, Series 2013D	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013E	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013F	Variable	05/04/2013	2021	50	50
Total Public Transit					<u>268,545</u>
Total Business-type activities					<u>\$ 276,854</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Tourism Refunding Series 2013G. See note 4.j.7 for additional information concerning derivative instruments.

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

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

Installment purchases debt service requirements to maturity are as follows:

Governmental Activities

Year Ended

June 30	Principal	Interest
2014	\$ 43,181	\$ 20,689
2015	38,499	19,036
2016	38,710	17,587
2017	35,385	16,189
2018	34,936	14,944
2019-2023	161,820	59,256
2024-2028	129,475	42,000
2029-2033	129,735	28,831
2034-2038	78,545	15,592
2039	17,625	860
	<u>\$ 707,911</u>	<u>\$ 234,984</u>

Business-type Activities

Year Ended

June 30	Water and Sewer		Public Transit	
	Principal	Interest	Principal	Interest
2014	\$ 3,574	\$ 363	\$ 6,375	\$ 10,569
2015	1,371	199	4,340	10,072
2016	1,405	133	4,520	9,890
2017	1,095	70	4,751	9,687
2018	864	22	4,931	9,516
2019-2023	-	-	151,358	40,213
2024-2028	-	-	35,165	18,396
2029-2033	-	-	43,965	9,607
2034-2035	-	-	13,140	968
	<u>\$ 8,309</u>	<u>\$ 787</u>	<u>\$ 268,545</u>	<u>\$ 118,918</u>

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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(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 April 2015. 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 \$98,082 outstanding at June 30, 2013. Interest rates are based upon market conditions.

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>
2014	\$ -	\$ 176
2015	98,082	142
	<u>\$ 98,082</u>	<u>\$ 318</u>

(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

The loan guarantee provision of the Community Development Block Grant (CDBG) 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>
2014	\$ 458	\$ 312
2015	501	300
2016	405	289
2017	426	279
2018	447	267
2019-2023	2,592	1,094
2024-2028	3,309	526
2029	764	17
	<u>\$ 8,902</u>	<u>\$ 3,084</u>

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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(b) Private Loan

The City has entered into a private loan agreement for up to \$41,500 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, 2013, \$35,331 was outstanding under this agreement.

Debt service requirements to maturity include \$35,331 in principal and \$1,413 in interest due during the fiscal year ended June 30, 2014.

(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>
2014	\$ 835	\$ 210
2015	825	175
2016	820	139
2017	810	103
2018	645	67
2019-2020	675	49
	<u>\$ 4,610</u>	<u>\$ 743</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.

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(d) Federal Revolving Loan

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987 and the Federal Clean Water Act Amendments of 1987 and the American Recovery and Reinvestment Act of 2009, the City utilized loan proceeds to construct wastewater treatment works projects. The loans to be repaid are one-half of the total project costs reimbursed. Principal is forgiven for one-half of the total project costs reimbursed. Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>	
<u>Year Ended</u>	
<u>June 30</u>	<u>Principal</u>
2014	\$ 66
2015	66
2016	66
2017	66
2018	67
2019-2023	331
2024-2028	330
2029-2032	250
	<u>\$ 1,242</u>

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, 2013, the City had no liability for estimated arbitrage profits payable.

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2013 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>Notional</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ 17,983	Debt	\$ (50,036)	\$ 221,840
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate sw ap	Deferred outflow	\$ 32,002	Debt	\$ (69,624)	\$ 386,295

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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 flow s on the 2002B Water and Sewer Revenue Bonds	\$ 114,430	3/13/2002	7/1/2027	Pay 4.03%; receive 67% of LIBOR	Baa2/A-
Pay-fixed interest rate swap	Hedge of changes in cash flow s on the 2002C Water and Sewer Revenue Bonds	\$ 101,180	8/8/2002	6/1/2025	Pay 3.79%; receive lesser of the bond floating rate or 67% of LIBOR capped at 12%	Baa2/A-
Pay-fixed interest rate swap	Hedge of changes in cash flow s on the 2006B Water and Sewer Revenue Bonds	\$ 170,685	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa3/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flow s on the 2009D Hall of Fame Certificates of Participation	\$ 93,595	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa3/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flow s on the 2013G Tourism Certificates of Participation	\$ 128,245	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa3/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 0.05 percent for Series 2002B and 0.07 percent for Series 2002C. As of June 30 the rate received by the City for the 2006B agreement was 0.12 percent, whereas the bond floating rate paid by the City was 0.05 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 0.18 percent. As of June 30 the rate received by the City for the 2013G agreement was 0.28 percent, whereas the bond floating rate paid by the City was 0.05 percent.

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

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

Hedging derivative instrument payments and hedged debt. As of June 30, 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.

Governmental Activities

Year Ended June 30	<u>Variable Rate Instruments</u>		Hedging	Total
	Principal	Interest	Derivatives, Net	
2014	\$ 6,950	\$ 232	\$ 10,731	\$ 17,913
2015	7,305	226	10,388	17,919
2016	7,675	219	10,040	17,934
2017	8,085	212	9,650	17,947
2018	8,510	204	9,264	17,978
2019-2023	49,715	891	39,655	90,261
2024-2028	64,500	626	26,183	91,309
2029-2033	58,930	292	9,923	69,145
2034-2035	10,170	24	605	10,799
	<u>\$ 221,840</u>	<u>\$ 2,926</u>	<u>\$ 126,439</u>	<u>\$ 351,205</u>

Business-type Activities

Year Ended June 30	<u>Variable Rate Bonds</u>		Hedging	Total
	Principal	Interest	Derivatives, Net	
2014	\$ 4,955	\$ 270	\$ 15,008	\$ 20,233
2015	5,145	209	14,845	20,199
2016	13,270	207	14,639	28,116
2017	21,335	195	13,853	35,383
2018	22,190	183	13,013	35,386
2019-2023	125,100	703	51,218	177,021
2024-2028	106,465	339	26,560	133,364
2029-2033	39,145	172	13,722	53,039
2034-2037	48,690	56	4,495	53,241
Total	<u>\$ 386,295</u>	<u>\$ 2,334</u>	<u>\$ 167,353</u>	<u>\$ 555,982</u>

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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 derivative instruments with these collateral posting provisions is (\$119,660). If the collateral posting 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) Refundings

In November 2012, the City issued \$20,585 in fixed rate Storm Water Revenue Refunding Bonds with interest rates ranging from 2.00 to 5.00 percent. The net proceeds of \$24,345 (after payment of \$272 in underwriting fees, insurance and other issue costs) were used to refund \$25,775 of outstanding fixed rate Storm Water Revenue Bonds, Series 2002. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$258. This difference, reported in the accompanying financial statements as a deduction from revenue bonds payable, is being charged to operations through the year 2025 using the effective-interest method. The City completed the refunding to reduce its total debt service payments over a period of 13 years by \$7,996 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$7,241.

In April 2013, the City issued \$2,225 in fixed rate Public safety installment purchase contracts, series 2013A. The net proceeds of \$2,346 (after payment of \$21 in underwriting fees, insurance and other issue costs) were used to refund \$2,345 of outstanding fixed rate installment purchase contracts, series 2001D. The City completed the refunding to reduce its total debt service payments over a period of 4 years by \$134 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$130.

In May 2013, the City issued \$47,845 in fixed rate Public Transit installment purchase contracts, series 2013C. The net proceeds of \$52,894 (after payment of \$383 in underwriting fees, insurance and other issue costs) were used to refund \$52,890 of outstanding fixed rate installment purchase contracts, series 2004A. The City completed the refunding to reduce its total debt service payments over a period of 21 years by \$13,032 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$10,085.

In May 2013, the City issued \$128,245 in variable rate Tourism installment purchase contracts, series 2013G. The net proceeds of \$127,564 (after payment of \$681 in underwriting fees, insurance and other issue costs) were used to refund \$128,245 of outstanding fixed rate installment purchase contracts, series 2003G. The variable rate installment purchase contracts were swapped to a fixed rate of 5.10 percent with a final maturity in 2033. See note 4.j.7 for additional information concerning swap agreements.

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(9) 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, 2013, \$10,645 of general government debt outstanding is considered defeased.

As of June 30, 2013, the City has authorized but unissued bonds of \$354,198 consisting of \$274,602 for street improvements, \$34,374 for housing and \$45,222 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, 2013, the City's legal debt limit was \$7,240,375. The outstanding debt subject to this limit was \$2,095,463, leaving a net legal debt margin of \$5,144,912.

(10) Early Extinguishment

On August 1, 2012, the City early extinguished \$1,745 of variable rate Airport Revenue Bonds, Series 2007B.

(11) Subsequent Events

On September 5, 2013, the City issued \$34,370 of Taxable General Obligation Bonds, Series 2013A. The proceeds will be used for loans or grants to developers to construct or renovate affordable housing units. Interest rates range from 1.0 to 4.15 percent with a final maturity in 2030.

On September 5, 2013, the City issued \$104,250 of General Obligation Refunding Bonds, Series 2013B. The proceeds will be used to redeem \$76,425 of General Obligation Bonds, Series 2003A; \$11,625 of General Obligation Bonds, Series 2003B; and \$25,995 of General Obligation Bonds, Series 2003C. Interest rates range from 2.0 to 5.0 percent with a final maturity in 2030.

On October 22, 2013, the City issued \$61,719.6 of Convention Center Refunding Installment Purchases, Series 2013H. The proceeds will be used to redeem \$60,960 of Convention Center Refunding Installment Purchases, Series 2003A. The interest rate will be 1.51 percent with a final maturity in 2020.

On October 22, 2013, the City issued \$28,125 of Convention Center Taxable Installment Purchases, Series 2013I. The proceeds will be used to finance capital improvements to Bank of America Stadium. The interest rate will be 2.94 percent with a final maturity in 2023.

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j. Fund Balance

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

Total fund balance - General Fund	\$ 179,544
Less:	
Inventories	985
Restricted by State statute	73,571
Committed for Capital projects	12,539
Committed for Component unit	1,738
Assigned for Capital projects	550
Fund balance policy	90,161
Remaining fund balance	<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, 2013 was \$770, which was 6.74 percent of annual covered payroll.

a. Local Governmental Employees' Retirement System (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 LGERS 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.

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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 6.74 percent and 6.77 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, 2013, 2012, and 2011, were \$21.4 million, \$21.4 million, and \$18.8 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 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.

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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	\$ 9,214
Interest on net pension obligation	(468)
Adjustment to annual required contribution	<u>364</u>
Annual pension cost	9,110
Contributions made	<u>(8,100)</u>
Increase in net pension obligation	1,010
Net pension obligation, beginning of year	<u>(6,033)</u>
Net pension obligation, end of year	<u><u>\$ (5,023)</u></u>

Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 7,988	96.02%	\$ (6,609)
2012	8,296	93.06	(6,033)
2013	9,110	88.91	(5,023)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued 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]
7/1/2011	\$ 366,147	\$ 408,999	\$ 42,852	89.52%	\$ 59,086	72.52%
7/1/2012	367,183	431,942	64,759	85.01	61,158	105.89
7/1/2013	381,254	451,579	70,325	84.43	62,523	112.48

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

Actuarial valuation date	7/1/2013
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, 2013 managed by the following organizations that represented five percent or more of the System's net position:

Barrow, Hanley, Mewhinney & Strauss	15%
Morgan Stanley Dean Witter	12
Aronson + Johnson + Ortiz	12
Winslow Capital Management	11
State Street Global Advisors	8
DE Shaw Investment Management	6
Robeco Boston Partners	6
Eagle Asset Management	6
Investment Counselors of Maryland	6
William Blair & Company	5

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c. Law Enforcement Officers' Separation Allowance (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.

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2012, the LEO Separation's membership consisted of:

Retirees receiving benefits	189
Active plan members	<u>1,835</u>
Total	<u>2,024</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.

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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	\$ 6,170
Interest on net pension obligation	763
Adjustment to annual required contribution	<u>(949)</u>
Annual pension cost	5,984
Contributions made	<u>(3,716)</u>
Increase in net pension obligation	2,268
Net pension obligation, beginning of year	<u>15,250</u>
Net pension obligation, end of year	<u><u>\$ 17,518</u></u>

Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 5,856	58.91%	\$ 13,321
2012	5,506	64.96	15,250
2013	5,984	62.10	17,518

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL)- Project Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
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
12/31/2011	-	58,552	58,552	-	110,146	53.16
12/31/2012	-	63,562	63,562	-	116,466	54.58

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Schedule of Employer Contributions

Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>
2008	\$ 3,538	85.30%
2009	4,079	74.28
2010	4,538	72.27
2011	5,894	58.53
2012	5,635	63.48
2013	6,170	60.23

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

Actuarial valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, Closed
Remaining amortization period	18 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

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 1,762 law enforcement officers. Contributions for the year ended June 30, 2013 were \$9,356, which consisted of \$6,041 from the City and \$3,315 from the law enforcement officers.

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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 or 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, 2013, the City was not required and therefore, did not make any contributions 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.

Membership of the EBTP consisted of the following at July 1, 2013, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,047
Active plan members	<u>4,707</u>
	<u><u>6,754</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 to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually.

For the current year, the City contributed \$15,474 to the plan. Plan members receiving benefits contributed \$6,720 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 \$182 to \$1,306 per retiree.

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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 of 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 U.S. Government and U.S. Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through contributions and investment earnings.

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	\$ 15,656
Interest on net OPEB obligation	(1,535)
Adjustment to annual required contribution	<u>2,418</u>
Annual OPEB cost (expense)	16,539
Contributions made	<u>(15,474)</u>
Increase in net OPEB obligation	1,065
Net OPEB obligation, beginning of year	<u>(19,815)</u>
Net OPEB obligation, end of year	<u><u>\$(18,750)</u></u>

Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 15,042	77.51%	\$ (20,928)
2012	16,488	93.25	(19,815)
2013	16,539	93.56	(18,750)

Funded Status and Funding Progress: As of July 1, 2013, the most recent actuarial valuation date, the plan was 18.29 percent funded. The actuarial accrued liability for benefits was \$241,293. The actuarial value of assets was \$44,129, resulting in an unfunded actuarial accrued liability (UAAL) of \$197,164. The covered payroll (annual payroll of active employees covered by the plan) was \$276,853 and the ratio of the UAAL to the covered payroll was 71.22 percent.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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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.

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.

Schedule of Funding Progress

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]
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
07/01/13	44,129	241,293	197,164	18.29	276,853	71.22

Schedule of Employer Contributions

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
2012	15,656	98.21
2013	15,656	98.84

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, 2013
(Dollar Amounts In Thousands)

Additional information follows:

Actuarial valuation date	07/01/2013
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected payroll, Closed
Remaining amortization period	24 years
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 2018)
Includes inflation at	4.50%
Cost of living adjustments	None

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, 2013 follows:

Land	\$ 299,917
Buildings	642,556
Runways	392,371
Improvements other than buildings	91,366
Intangibles	3,317
Machinery and equipment	38,485
Total	1,468,012
Less accumulated depreciation	570,386
Total	<u>\$ 897,626</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2013:

2014	\$ 35,911
2015	36,014
2016	30,384
2017	29,322
2018	29,428
2019-2023	35,283
2024-2028	147,785
Total minimum future rental income	<u>\$ 344,127</u>

Of the \$344,127 minimum future rental income on noncancelable operating leases, \$264,309 relates to agreements with US Airways, Inc. See Note 6.h. 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 \$62,874 were received during the year ended June 30, 2013.

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 \$1,036,776. Collections during fiscal year 2013 were \$56,111 and aggregate collections from inception through June 30, 2013 were \$412,264.

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 \$400 per year per person. 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, 2013
(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 \$200. 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 <u>Of Year</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	<u>End of Year</u>
2013	\$ 7,917	\$ 65,456	\$ (63,841)	\$ 9,532
2012	8,104	64,196	(64,383)	7,917

At June 30, 2013, the EHLIF held \$27,103 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 \$100 and flood insurance \$100,000 in all flood zones, except \$10,000 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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 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, 2013, \$9,460 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 \$40,949 reported in the RMF at June 30, 2013, 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	Claims and	Claims	
	<u>Of Year</u>	<u>Changes in</u>	<u>Payments</u>	<u>End of Year</u>
		<u>Estimates</u>		
2013	\$ 37,220	\$ 17,648	\$ (13,919)	\$ 40,949
2012	42,041	10,481	(15,302)	37,220

At June 30, 2013, the RMF held \$72,064 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 \$603 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

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. 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, 2013, are comprised of the following by fund:

	<u>Project Authorization</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Governmental-</u>			
Capital Projects	\$ 1,932,766	\$ 1,442,067	\$ 490,699
<u>Enterprise-</u>			
Water and Sewer	2,405,095	1,673,751	731,344
Storm Water	461,566	337,905	123,661
Airport	1,057,406	758,644	298,762
Public Transit	1,216,431	905,173	311,258
Total Enterprise	<u>5,140,498</u>	<u>3,675,473</u>	<u>1,465,025</u>
Total	<u>\$ 7,073,264</u>	<u>\$ 5,117,540</u>	<u>\$ 1,955,724</u>

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

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

General	\$ 20,059
Capital Projects	130,108
Nonmajor governmental	<u>30,635</u>
Total	<u>\$ 180,802</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

The City has construction and other contractual commitments at June 30, 2013, as follows by fund:

<u>Governmental-</u>	
Capital Projects	\$ 9,081
Nonmajor governmental	1,464
Total Governmental	<u>10,545</u>
<u>Enterprise-</u>	
Water and Sewer	134,888
Storm Water	48,921
Airport	197,675
Public Transit	42,143
Total Enterprise	<u>423,627</u>
Total	<u><u>\$ 434,172</u></u>

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2013, as shown below:

<u>Year</u>	<u>Amount</u>
2014	\$ 14,648
2015	2,329
2016	2,140
2017	1,697
2018	1,557
2019-2034	4,451
	<u><u>\$ 26,822</u></u>

Related lease expense was approximately \$2,686 in 2013.

e. Arena

Time Warner Cable Arena was constructed and financed by the City of Charlotte and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Bobcats. Terms of a twenty-five year lease entitle the team to all operating revenues and the team is responsible for all operating expense, including non-basketball related events. The City and the 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. While the City of Charlotte retains ownership of the facility, the Charlotte Regional Visitors Authority provides operation 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. The City is entitled to damages based on the number of years remaining on the lease if the team violates the agreement.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

f. NASCAR Hall of Fame

NASCAR Hall of Fame was constructed and financed by the City of Charlotte and opened in May 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 deferred NASCAR royalty payments to help service the debt. The City of Charlotte owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. However, the City can supplement capital maintenance and repair costs through the dedicated revenues if funds are available. 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 fiscal year 2010 and are owned by the City, with Mecklenburg County entitled to a 30 percent share when the debt is retired. The \$120 million project is part of a \$600 million mixed-use development project, including the 50 story Duke Energy Center. The projects were funded through a combination of installment financing obligations supported by City revenues and ongoing City and County contributions derived from a synthetic tax increment finance payment of \$1,650 (divided proportionally between the City and County) annually through 2026. In addition, Wells Fargo Corporation is under contract to pay the difference between actual tax collections and \$1,650 annually. 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. Bank of America Stadium

On April 22, 2013, the City Council approved business terms with the Carolina Panthers to fund improvements to Bank of America Stadium as part of a ten-year partnership and authorized the City Manager to develop an agreement with Panthers Stadium, LLC and Panthers Football, LLC consistent with the approved business terms. The agreement called for \$87.5 million in local funding for stadium improvements and City provided traffic control work. The first \$28 million for escalators, entry, and lightning improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control situation. \$48 million in additional capital funding will come later in the ten year period. The Panthers have agreed to 6 years of injunctive relief with 4 additional years providing financial relief to the City were the team to move out of Charlotte. The funding for the stadium will come from the occupancy and prepared food tax revenues in the Convention Center Tax Special Revenue Fund. State statute deemed the stadium project an enhancement to Convention Center business therefore, allowing the use of these funds. Debt proceeds will be distributed by a trustee to the Panthers organization after City approval.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

i. 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, 2013, US Airways and its affiliates provided 25.85 percent of the Airport's operating revenues

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, 2013 the City had \$663,000 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 terminal. The City has \$35,051 in reserve to pay principal and interest on GARBS.

In addition to GARBS, the City 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 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, 2013, there was \$175,205 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

j. Airport Commission

On July 26, 2013, Senate Bill 380 was enacted into law by the North Carolina General Assembly. The legislation would create the Charlotte Douglas International Airport Commission (the "*Airport Commission*"). The Airport Commission would be an agency of the City and composed of thirteen members that would be appointed as follows: three by the Mayor of the City, four by the City Council, and one by each of the Boards of Commissioners of Mecklenburg County, Cabarrus County, Gaston County, Iredell County, Lincoln County and Union County. The Airport Commission would be responsible for operating the Airport. The City would be responsible for the issuance of revenue or refunding revenue bonds with respect to the Airport.

The City has challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. On August 1, 2013, a Superior Court judge in Mecklenburg County (NC) granted an injunction blocking transfer of control of the Airport to the Airport Commission pending approval of or issuance of an operating certificate to the Airport Commission by the Federal Aviation Administration (the "*FAA*"). On September 26, 2013, the FAA issued a letter stating that prior to being able to make a final ruling on the approval of or issuance of an operating certificate to the Airport Commission, the Superior Court must further clarify whether the Airport Commission or the City would act as the sponsor of the operating certificate. A hearing is scheduled on November 1, 2013 before a Mecklenburg County (NC) Superior Court judge to further consider the Airport Commission matter as well as issues addressed by the FAA in their September 26, 2013 letter.

The City cannot predict the impact the legislation or the Airport Commission might have on the City or the Airport.

k. Change in Accounting Principle and Other Restatements

(1) GASB Statements 63 and 65

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and Statement 65, Items Previously reported as Assets and Liabilities, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2013
(Dollar Amounts In Thousands)

The statement also requires that bond issuance costs which were previously deferred and amortized, be expensed in the year they occurred. The net position of the government-wide activities and the Water and Sewer, Storm Water, Airport and Public Transit enterprise funds have been restated in the following amounts:

<u>Governmental activities-</u>	\$ 7,790
<u>Enterprise funds-</u>	
Water and Sewer	11,627
Storm Water	880
Airport	14,726
Public Transit	<u>1,868</u>
Total Enterprise funds	<u>29,101</u>
Total	<u>\$ 36,891</u>

(2) Restatement for Land

The City received a donation of land from the State of North Carolina that was not included in the capital assets of the City. The City received land with a fair value of \$5,460 during fiscal year 2008 and \$30,420 during fiscal year 2010. The capital assets of the governmental type activities have been restated to reflect this addition of land.

(3) Restatement for GASB 53

In September 2005, the City issued an interest rate swaption agreement in connection with the Series 2003G Tourism installment purchase contracts. The agreement was recorded as a premium and amortized over the life of the related debt. At the implementation of GASB 53, "Accounting and Financial Reporting for Derivative Instruments" in fiscal year 2010, the premium should have been reduced when the swaption borrowing payable was recorded. The long-term liabilities of the governmental activities have been restated to reflect this reduction in the unamortized premiums.

Premium	\$ 5,866
Cumulative amortization, fiscal years 2005-2012	<u>(1,412)</u>
Restatement	<u>\$ 4,454</u>



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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 – Accounts for room occupancy and prepared food and beverage tax revenues to be used for convention and tourism purposes, including debt service, maintenance and operation of convention center facilities, and promotion of tourism.
- ❖ Tourism Fund – Accounts for room occupancy and other tax revenues to be used for tourism purposes.
- ❖ Hall of Fame Tax Fund – Accounts for room occupancy tax and private contribution revenues to be used for the NASCAR Hall of Fame.
- ❖ Municipal Services District Fund – Accounts for property tax on property within designated Municipal Services Districts to be used to enhance economic vitality and quality of life within the districts.
- ❖ Democratic National Convention (DNC) Fund – Accounts for the federal grant to be used for security activities related to the 2012 DNC.
- ❖ Public Safety and Other Grants Fund – Accounts for federal and state grants to be used for public safety, including police, fire and emergency management, and other governmental-type activities.
- ❖ Neighborhood Development Fund – Accounts for federal grants to be used for neighborhood activities which develop viable urban communities providing adequate housing and economic opportunities, principally for persons of low and moderate income.
- ❖ Employment and Training Fund – Accounts for federal grants to be used for activities providing comprehensive employment and training services to enable individuals to secure and retain employment at their maximum capacity.
- ❖ Stimulus Grants Fund – Accounts for American Recovery and Reinvestment Act (ARRA) grants to be used for governmental-type activities.
- ❖ State Street Aid Fund – Accounts for motor fuel taxes distributed by the State on the basis of local street mileage and population to be used for maintenance, repair and construction of streets and highways.
- ❖ Emergency Telephone System Fund – Accounts for revenues remitted by the NC 911 Board from service charges imposed on voice communications service connections to be used for 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 – Accounts for monies held by the City for cemetery maintenance.

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013
(In Thousands)

							Special
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Democratic National Convention	Public Safety and Other Grants	Neighborhood Development
ASSETS							
Cash and cash equivalents	\$ 50,368	\$ 55,550	\$ 20,210	\$ 371	\$ -	\$ 3,724	\$ 3,271
Receivables, net:							
Property taxes	-	-	-	251	-	-	-
Accounts	-	4	-	-	-	-	-
Other	-	21	-	74	5	-	-
Total receivables	-	25	-	325	5	-	-
Due from other governmental agencies	3,254	914	734	-	13,351	6,472	1,607
Notes receivable	-	-	-	-	-	-	50,081
Prepaid expenses	-	-	-	-	-	-	-
Total assets	<u>\$ 53,622</u>	<u>\$ 56,489</u>	<u>\$ 20,944</u>	<u>\$ 696</u>	<u>\$ 13,356</u>	<u>\$ 10,196</u>	<u>\$ 54,959</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 8	\$ -	\$ 177	\$ 45	\$ 1,177	\$ 581
Deposits and retainage payable	-	23	-	-	-	-	434
Due to other funds	-	-	-	-	13,311	-	-
Due to component unit	4	-	131	-	-	-	-
Unearned revenues	-	-	-	-	-	1,036	-
Total liabilities	<u>4</u>	<u>31</u>	<u>131</u>	<u>177</u>	<u>13,356</u>	<u>2,213</u>	<u>1,015</u>
Deferred inflows of resources:							
Unavailable revenues	-	4	-	325	-	26	49,693
Fund balances:							
Nonspendable:							
Perpetual care	-	-	-	-	-	-	-
Restricted:							
Public safety	-	-	-	-	-	7,232	-
Cultural and recreation	53,618	55,438	20,813	-	-	-	-
Community planning and development	-	-	-	194	-	666	4,251
Streets and highways	-	-	-	-	-	59	-
Committed:							
Cultural and recreation	-	1,016	-	-	-	-	-
Total fund balances	<u>53,618</u>	<u>56,454</u>	<u>20,813</u>	<u>194</u>	<u>-</u>	<u>7,957</u>	<u>4,251</u>
Total liabilities and fund balances	<u>\$ 53,622</u>	<u>\$ 56,489</u>	<u>\$ 20,944</u>	<u>\$ 696</u>	<u>\$ 13,356</u>	<u>\$ 10,196</u>	<u>\$ 54,959</u>

Revenue Funds					Permanent Fund	Total
Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ -	\$ 15,852	\$ 2,610	\$151,956	\$ 3,111	\$ 155,067
-	-	-	-	251	-	251
-	-	-	-	4	-	4
-	-	61	-	161	-	161
-	-	61	-	416	-	416
1,741	271	107	424	28,875	-	28,875
-	-	-	-	50,081	-	50,081
-	-	-	73	73	-	73
<u>\$ 1,741</u>	<u>\$ 271</u>	<u>\$ 16,020</u>	<u>\$ 3,107</u>	<u>\$231,401</u>	<u>\$ 3,111</u>	<u>\$ 234,512</u>
\$ 728	\$ 21	\$ 2,528	\$ 86	\$ 5,351	\$ -	\$ 5,351
-	-	117	-	574	-	574
1,013	76	-	-	14,400	-	14,400
-	-	-	-	135	-	135
-	132	-	-	1,168	-	1,168
<u>1,741</u>	<u>229</u>	<u>2,645</u>	<u>86</u>	<u>21,628</u>	<u>-</u>	<u>21,628</u>
-	-	61	-	50,109	-	50,109
-	-	-	-	-	3,111	3,111
-	42	-	3,021	10,295	-	10,295
-	-	-	-	129,869	-	129,869
-	-	-	-	5,111	-	5,111
-	-	13,314	-	13,373	-	13,373
-	-	-	-	1,016	-	1,016
-	42	13,314	3,021	159,664	3,111	162,775
<u>\$ 1,741</u>	<u>\$ 271</u>	<u>\$ 16,020</u>	<u>\$ 3,107</u>	<u>\$231,401</u>	<u>\$ 3,111</u>	<u>\$ 234,512</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, 2013
(In Thousands)

							Special R
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Democratic National Convention	Public Safety and Other Grants	Neighborhood Development
REVENUES:							
Property taxes	\$ -	\$ -	\$ -	\$ 4,579	\$ -	\$ -	\$ -
Other taxes	40,292	10,740	10,213	-	-	-	-
Intergovernmental	-	2,948	-	-	36,472	15,361	9,363
Licenses, fees and fines	-	-	-	-	-	-	-
Investment earnings	59	(3)	(2)	-	-	24	14
Miscellaneous	-	951	2	-	-	2,163	1,728
Total revenues	<u>40,351</u>	<u>14,636</u>	<u>10,213</u>	<u>4,579</u>	<u>36,472</u>	<u>17,548</u>	<u>11,105</u>
EXPENDITURES:							
Current-							
Public safety	-	-	-	-	36,472	14,406	-
Sanitation	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	837
Support services	-	-	-	-	-	-	-
Engineering and property management	-	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	1,512	-
Culture and recreation	13,634	-	522	-	-	-	-
Community planning and development	-	-	-	4,630	-	172	10,925
Total expenditures	<u>13,634</u>	<u>-</u>	<u>522</u>	<u>4,630</u>	<u>36,472</u>	<u>16,090</u>	<u>11,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,717</u>	<u>14,636</u>	<u>9,691</u>	<u>(51)</u>	<u>-</u>	<u>1,458</u>	<u>(657)</u>
OTHER FINANCING SOURCES (USES):							
Sales of capital assets	-	-	-	-	-	-	-
Transfers in-							
General	-	1,361	-	-	-	396	-
Debt service	-	246	-	-	-	-	-
Capital projects	-	7,023	-	-	-	-	508
Total transfers in	<u>-</u>	<u>8,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>396</u>	<u>508</u>
Transfers out-							
General	(2,715)	-	-	-	-	(242)	-
Debt service	(15,255)	(21,591)	(9,473)	-	-	-	-
Capital projects	(359)	(1,070)	(750)	-	-	-	-
Total transfers out	<u>(18,329)</u>	<u>(22,661)</u>	<u>(10,223)</u>	<u>-</u>	<u>-</u>	<u>(242)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,329)</u>	<u>(14,031)</u>	<u>(10,223)</u>	<u>-</u>	<u>-</u>	<u>154</u>	<u>508</u>
Net change in fund balances	8,388	605	(532)	(51)	-	1,612	(149)
Fund balances - beginning	45,230	55,849	21,345	245	-	6,345	4,400
Fund balances - ending	<u>\$ 53,618</u>	<u>\$56,454</u>	<u>\$20,813</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 7,957</u>	<u>\$ 4,251</u>

Revenue Funds					Permanent Fund	Total
Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 4,579	\$ -	\$ 4,579
-	-	-	-	61,245	-	61,245
6,268	2,775	19,289	2,524	95,000	-	95,000
-	-	1,020	-	1,020	-	1,020
-	1	2	12	107	5	112
-	210	-	-	5,054	-	5,054
<u>6,268</u>	<u>2,986</u>	<u>20,311</u>	<u>2,536</u>	<u>167,005</u>	<u>5</u>	<u>167,010</u>
-	1,157	-	2,524	54,559	-	54,559
-	191	-	-	191	-	191
685	129	-	-	1,651	-	1,651
-	638	-	-	638	-	638
-	41	-	-	41	-	41
-	165	18,511	-	20,188	-	20,188
-	-	-	-	14,156	-	14,156
<u>5,583</u>	<u>666</u>	<u>-</u>	<u>-</u>	<u>21,976</u>	<u>-</u>	<u>21,976</u>
<u>6,268</u>	<u>2,987</u>	<u>18,511</u>	<u>2,524</u>	<u>113,400</u>	<u>-</u>	<u>113,400</u>
-	(1)	1,800	12	53,605	5	53,610
-	-	87	-	87	-	87
-	-	4,261	-	6,018	-	6,018
-	-	-	-	246	-	246
-	-	-	-	7,531	-	7,531
<u>-</u>	<u>-</u>	<u>4,261</u>	<u>-</u>	<u>13,795</u>	<u>-</u>	<u>13,795</u>
-	-	-	-	(2,957)	(15)	(2,972)
-	-	(1,188)	-	(47,507)	-	(47,507)
-	-	-	-	(2,179)	-	(2,179)
<u>-</u>	<u>-</u>	<u>(1,188)</u>	<u>-</u>	<u>(52,643)</u>	<u>(15)</u>	<u>(52,658)</u>
-	-	3,160	-	(38,761)	(15)	(38,776)
-	(1)	4,960	12	14,844	(10)	14,834
-	43	8,354	3,009	144,820	3,121	147,941
<u>\$ -</u>	<u>\$ 42</u>	<u>\$13,314</u>	<u>\$ 3,021</u>	<u>\$159,664</u>	<u>\$ 3,111</u>	<u>\$ 162,775</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, 2013
(In Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	36,810	40,292	3,482	8,813	10,740	1,927
Intergovernmental	-	-	-	2,948	2,948	-
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	230	59	(171)	350	(3)	(353)
Miscellaneous	-	-	-	335	951	616
Total revenues	<u>37,040</u>	<u>40,351</u>	<u>3,311</u>	<u>12,446</u>	<u>14,636</u>	<u>2,190</u>
EXPENDITURES:						
Current-						
General administration	75	-	75	-	-	-
Streets and highways	-	-	-	-	-	-
Culture and recreation	13,859	13,634	225	-	-	-
Community planning and development	-	-	-	-	-	-
Total expenditures	<u>13,934</u>	<u>13,634</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,106</u>	<u>26,717</u>	<u>3,611</u>	<u>12,446</u>	<u>14,636</u>	<u>2,190</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	8,787	8,630	(157)
Transfers out	<u>(19,054)</u>	<u>(18,329)</u>	<u>725</u>	<u>(22,661)</u>	<u>(22,661)</u>	<u>-</u>
Total other financing sources (uses)	<u>(19,054)</u>	<u>(18,329)</u>	<u>725</u>	<u>(13,874)</u>	<u>(14,031)</u>	<u>(157)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 4,052</u>	<u>8,388</u>	<u>\$ 4,336</u>	<u>\$ (1,428)</u>	<u>605</u>	<u>\$ 2,033</u>
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		-			-	
Net change in fund balances		8,388			605	
Fund balances - beginning (annually budgeted funds)		<u>45,230</u>			<u>55,849</u>	
Fund balances - ending (annually budgeted funds)		<u>\$ 53,618</u>			<u>\$ 56,454</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)
\$ -	\$ -	\$ -	\$ 4,453	\$ 4,579	\$ 126	\$ -	\$ -	\$ -
9,152	10,213	1,061	-	-	-	-	-	-
-	-	-	-	-	-	18,755	19,289	534
-	-	-	-	-	-	650	1,020	370
140	(2)	(142)	-	-	-	80	2	(78)
-	2	2	-	-	-	-	-	-
<u>9,292</u>	<u>10,213</u>	<u>921</u>	<u>4,453</u>	<u>4,579</u>	<u>126</u>	<u>19,485</u>	<u>20,311</u>	<u>826</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	27,760	25,325	2,435
522	522	-	-	-	-	-	-	-
-	-	-	4,630	4,630	-	-	-	-
<u>522</u>	<u>522</u>	<u>-</u>	<u>4,630</u>	<u>4,630</u>	<u>-</u>	<u>27,760</u>	<u>25,325</u>	<u>2,435</u>
<u>8,770</u>	<u>9,691</u>	<u>921</u>	<u>(177)</u>	<u>(51)</u>	<u>126</u>	<u>(8,275)</u>	<u>(5,014)</u>	<u>3,261</u>
-	-	-	-	-	-	-	87	87
-	-	-	-	-	-	4,261	4,261	-
<u>(10,274)</u>	<u>(10,223)</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,188)</u>	<u>(1,188)</u>	<u>-</u>
<u>(10,274)</u>	<u>(10,223)</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,073</u>	<u>3,160</u>	<u>87</u>
<u>\$ (1,504)</u>	<u>(532)</u>	<u>\$ 972</u>	<u>\$ (177)</u>	<u>(51)</u>	<u>\$ 126</u>	<u>\$ (5,202)</u>	<u>(1,854)</u>	<u>\$ 3,348</u>
-	-	-	-	-	-	-	6,814	-
-	(532)	-	-	(51)	-	-	4,960	-
<u>21,345</u>	<u>21,345</u>	<u>-</u>	<u>245</u>	<u>245</u>	<u>-</u>	<u>8,354</u>	<u>8,354</u>	<u>-</u>
<u>\$ 20,813</u>	<u>\$ 20,813</u>	<u>\$ -</u>	<u>\$ 194</u>	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ 13,314</u>	<u>\$ 13,314</u>	<u>\$ -</u>

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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, 2013
(In Thousands)

	Total		Variance-
	Budget	Actual	Positive (Negative)
REVENUES:			
Property taxes	\$ 4,453	\$ 4,579	\$ 126
Other taxes	54,775	61,245	6,470
Intergovernmental	21,703	22,237	534
Licenses, fees and fines	650	1,020	370
Investment earnings	800	56	(744)
Miscellaneous	335	953	618
Total revenues	<u>82,716</u>	<u>90,090</u>	<u>7,374</u>
EXPENDITURES:			
Current-			
General administration	75	-	75
Streets and highways	27,760	25,325	2,435
Culture and recreation	14,381	14,156	225
Community planning and development	4,630	4,630	-
Total expenditures	<u>46,846</u>	<u>44,111</u>	<u>2,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,870</u>	<u>45,979</u>	<u>10,109</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	-	87	87
Transfers in	13,048	12,891	(157)
Transfers out	(53,177)	(52,401)	776
Total other financing sources (uses)	<u>(40,129)</u>	<u>(39,423)</u>	<u>706</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (4,259)</u>	<u>6,556</u>	<u>\$ 10,815</u>
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		<u>6,814</u>	
Net change in fund balances		13,370	
Fund balances - beginning (annually budgeted funds)		<u>131,023</u>	
Fund balances - ending (annually budgeted funds)		<u>144,393</u>	
Project funds:			
Fund balances - beginning		13,797	
Net change in fund balances		<u>1,474</u>	
Fund balances - ending		<u>15,271</u>	
Fund balances - ending		<u>\$ 159,664</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
DEMOCRATIC NATIONAL CONVENTION
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>	
Federal: 2012 DNC Grant	<u>\$ 49,578</u>	<u>\$36,472</u>	<u>\$ 13,106</u>	<u>\$ 49,578</u>	<u>\$ -</u>

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
High Intensity Drug Trafficking Areas	\$ 297	\$ 105	\$ 121	\$ 226	\$ 71
Assistance to Firefighters	7,480	3,434	3,902	7,336	144
Fair Housing Assistance	439	115	88	203	236
Part E - Promising New Programs	2,062	432	1,350	1,782	280
Public Safety Partnership and Community Policing	3,846	306	1,337	1,643	2,203
Forensic DNA Backlog Reduction	983	260	167	427	556
Federal pass through:					
Public Health and Social Services Emergency	635	64	549	613	22
State/Local Homeland Security Exercise Support	141	3	138	141	-
Urban Areas Security Initiative	4,970	718	4,252	4,970	-
Metropolitan Medical Response System	258	-	258	258	-
Homeland Security	18,968	6,001	9,032	15,033	3,935
Buffer Zone Protection Plan	560	133	403	536	24
Emergency Management Performance	246	85	21	106	140
Crime Victim Assistance	151	5	128	133	18
Project Safe Neighborhoods	211	98	98	196	15
Justice Assistance	3,575	1,093	1,776	2,869	706
Coverdell Forensic Science Improvement	189	8	115	123	66
National Institute of Justice	486	211	99	310	176
State and Local Law Enforcement Assistance	200	59	138	197	3
Highway Planning and Construction	3,760	1,512	1,854	3,366	394
Highway Safety	144	11	92	103	41
State:					
Juvenile Offender Program	96	70	-	70	26
State Medical Assistance	15	3	5	8	7
Gang of One	100	-	87	87	13
Asset forfeiture	3,855	893	1,772	2,665	1,190
Other public safety programs	4,072	414	3,016	3,430	642
Other community planning and development program	777	57	189	246	531
Total public safety grants	<u>\$ 58,516</u>	<u>\$ 16,090</u>	<u>\$ 30,987</u>	<u>\$ 47,077</u>	<u>\$ 11,439</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
Community Development Block Grants	\$ 12,341	\$ 2,579	\$ 4,370	\$ 6,949	\$ 5,392
Emergency Shelter	916	291	420	711	205
HOME Investment Partnerships Program	12,180	3,925	3,417	7,342	4,838
Housing Opportunities For Persons With AIDS	2,438	917	548	1,465	973
National Stabilization Program	5,432	800	4,632	5,432	-
Lead-Based Paint Hazard Control	2,479	264	-	264	2,215
Federal pass through:					
Community Development Block Grants	2,625	55	2,570	2,625	-
Community Capacity Development	145	-	145	145	-
State:					
One NC Grant	6,605	1,403	39	1,442	5,163
Housing Urgent Repair Program	150	87	63	150	-
Local:					
Property Acquisitions for Housing	116	12	31	43	73
Wingate Community	1,145	-	1,145	1,145	-
Other	4,467	1,429	1,635	3,064	1,403
Total neighborhood development	<u>\$ 51,039</u>	<u>\$ 11,762</u>	<u>\$ 19,015</u>	<u>\$ 30,777</u>	<u>\$ 20,262</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(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>\$ 16,628</u>	<u>\$ 6,268</u>	<u>\$ 7,103</u>	<u>\$ 13,371</u>	<u>\$ 3,257</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STIMULUS GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
Broadband Technology Opportunities (BTOP)	\$ 17,223	\$ 638	\$ 4,043	\$ 4,681	\$ 12,542
Energy Efficiency and Conservation Block Grant	6,780	364	6,197	6,561	219
Community Development Block Grant	1,262	-	1,183	1,183	79
Lead-Based Paint Hazard Control	2,856	-	2,856	2,856	-
Public Safety Partnership and Community Policing	8,546	648	7,315	7,963	583
Federal pass through:					
State Energy	425	(17)	425	408	17
Conservation Research and Development	382	191	191	382	-
Energy Efficiency and Conservation Block Grant	607	489	1	490	117
Justice Assistance	5,887	509	5,146	5,655	232
Highway Planning and Construction	3,959	165	3,794	3,959	-
Total stimulus grants	<u>\$ 47,927</u>	<u>\$ 2,987</u>	<u>\$ 31,151</u>	<u>\$ 34,138</u>	<u>\$ 13,789</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 1,103	\$ 561	\$ 542	\$ 1,103	\$ -
Telephone	4,311	1,346	1,078	2,424	1,887
Furniture	300	31	257	288	12
Software	3,440	789	1,916	2,705	735
Hardware	2,586	63	2,484	2,547	39
Training	8	7	1	8	-
50% Public safety need	819	-	819	819	-
Total expenditures	<u>\$ 12,567</u>	<u>\$ 2,797</u>	<u>\$ 7,097</u>	<u>\$ 9,894</u>	<u>\$ 2,673</u>

Amounts reported on the Emergency Telephone System Fund Schedule of Expenditures Compared with Authorizations are different from the PSAP Revenue-Expenditure Report because:

Ineligible 911 expenditures reported in Emergency Telephone System Fund

(273)
\$ 2,524

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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Property tax	\$ 57,103	\$ 57,237	\$ 134
Other taxes-			
Sales tax	13,354	13,616	262
Heavy equipment	-	76	76
Total other	<u>13,354</u>	<u>13,692</u>	<u>338</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	-	762	762
Debt service contributions	<u>693</u>	<u>693</u>	<u>-</u>
Total intergovernmental	<u>693</u>	<u>1,455</u>	<u>762</u>
Licenses, fees and fines	-	53	53
Investment earnings	1,370	5	(1,365)
Private contributions	1,234	1,234	-
Miscellaneous	-	167	167
Total revenues	<u>73,754</u>	<u>73,843</u>	<u>89</u>
EXPENDITURES:			
Bonds-			
Principal retirement	26,024	25,124	900
Interest	24,459	23,692	767
Installment purchases-			
Principal retirement	43,689	43,689	-
Interest	33,500	32,138	1,362
Fiscal agents fees	3,529	3,300	229
Other	<u>563</u>	<u>79</u>	<u>484</u>
Total expenditures	<u>131,764</u>	<u>128,022</u>	<u>3,742</u>
Revenues (under) expenditures	<u>(58,010)</u>	<u>(54,179)</u>	<u>3,831</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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
OTHER FINANCING SOURCES (USES):			
Refunding debt issued	\$128,745	\$ 130,470	\$ 1,725
Premium on debt issuance	821	1,322	501
Payment to refunded bond escrow agent	(131,294)	(130,590)	704
Transfers in-			
General	14,552	14,552	-
Capital projects	3,769	3,769	-
Special revenue:			
Convention Center tax	15,910	15,255	(655)
Tourism	21,591	21,591	-
Hall of Fame	9,524	9,473	(51)
State street aid	1,188	1,188	-
Total transfers in	<u>66,534</u>	<u>65,828</u>	<u>(706)</u>
Transfers out-			
General	2,766	2,766	-
Capital projects	16,100	16,100	-
Special revenue - Tourism	364	246	118
Total transfers out	<u>19,230</u>	<u>19,112</u>	<u>118</u>
Total other financing sources (uses)	<u>45,576</u>	<u>47,918</u>	<u>2,342</u>
Net change in fund balance	<u>\$ (12,434)</u>	<u>(6,261)</u>	<u>\$ 6,173</u>
Fund balance - beginning		229,921	
Fund balance - ending		<u>\$ 223,660</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Economic development	\$ 324,704	\$ 46,712	\$ 139,699	\$ 186,411
Streets and highways	672,147	66,267	368,397	434,664
Culture and recreation	371,611	2,454	361,418	363,872
General government	249,232	29,012	156,923	185,935
Public safety	111,749	16,349	72,732	89,081
Public housing	203,323	9,728	172,376	182,104
Total capital projects	<u>\$ 1,932,766</u>	<u>\$ 170,522</u>	<u>\$1,271,545</u>	<u>\$ 1,442,067</u>

Unexpended Authorizations	Encumbrances June 30, 2013	Unencumbered Authorizations June 30, 2013
\$ 138,293	\$ 36,365	\$ 101,928
237,483	60,297	177,186
7,739	691	7,048
63,297	18,012	45,285
22,668	12,789	9,879
21,219	1,954	19,265
<u>\$ 490,699</u>	<u>\$ 130,108</u>	<u>\$ 360,591</u>



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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 – Accounts for the operation of Charlotte-Mecklenburg Utilities, provider of water and wastewater services.
- ❖ Storm Water Fund – Accounts for the operation of Charlotte Storm Water Services, administrator of storm water programs and policies.
- ❖ Airport Fund – Accounts for the operation of the Charlotte Douglas International Airport.
- ❖ Public Transit Fund – Accounts for the operation of Charlotte Area Transit System, provider of community-wide public transportation services.



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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, 2013
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Water sales	\$ 120,617	\$ 102,473	\$ (18,144)
Sewer services fees	177,807	157,673	(20,134)
Availability fees	-	29,517	29,517
Capacity fees	5,928	10,352	4,424
Other	4,736	8,278	3,542
Investment earnings	622	(372)	(994)
Total revenues	309,710	307,921	(1,789)
EXPENDITURES:			
Water supply and treatment	17,673	14,740	2,933
Sewer system and treatment	35,287	33,298	1,989
Administration and engineering	22,367	17,665	4,702
Field operations	31,479	31,479	-
Nondepartmental charges	9,474	9,474	-
Total expenditures	116,280	106,656	9,624
Revenues over expenditures	193,430	201,265	7,835
TRANSFERS IN:			
Water and Sewer Capital Projects	528	528	-
TRANSFERS OUT:			
Water and Sewer Debt Service	147,425	145,787	1,638
Water and Sewer Capital Projects	63,735	63,476	259
Capital Projects	1,878	1,878	-
Total transfers out	213,038	211,141	1,897
Revenues and transfers (under) expenditures and transfers	\$ (19,080)	\$ (9,348)	\$ 9,732

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, 2013
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ 350	\$ 180	\$ (170)
Installment purchases issued	43	-	(43)
Premium on debt issuance	-	39	39
Other	-	36	36
Total revenues	<u>393</u>	<u>255</u>	<u>(138)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	64,521	64,521	-
Interest	76,802	74,375	2,427
Other financing agreements-			
Principal retirement	3,576	3,576	-
Interest	651	602	49
Other	2,869	2,023	846
Total expenditures	<u>148,419</u>	<u>145,097</u>	<u>3,322</u>
Revenues (under) expenditures	<u>(148,026)</u>	<u>(144,842)</u>	<u>3,184</u>
TRANSFERS IN:			
Water and Sewer Operating	147,425	145,787	(1,638)
Water and Sewer Capital Projects	184	184	-
Total transfers in	<u>147,609</u>	<u>145,971</u>	<u>(1,638)</u>
Revenues and transfers over (under) expenditures	<u>\$ (417)</u>	<u>\$ 1,129</u>	<u>\$ 1,546</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, 2013
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ (9,348)
Debt Service Fund	1,129
Investment earnings in the	
Capital Projects Fund	16
Bond proceeds	5,785
Debt principal retirement	68,816
Depreciation	(91,458)
Capital contributions	10,976
Amortization of deferred charges	(2,359)
Premium on debt issuance	(39)
Amortization of premium	5,025
Capitalized interest	17,789
Other	(7,897)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	62,948
Debt Service Fund	(184)
Change in net position	<u>\$ 61,199</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, 2013
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Water projects	\$ 843,471	\$ 37,863	\$ 571,676	\$ 609,539
Sewer projects	<u>1,561,624</u>	<u>88,873</u>	<u>975,339</u>	<u>1,064,212</u>
Total water and sewer capital projects	<u>\$ 2,405,095</u>	<u>\$ 126,736</u>	<u>\$ 1,547,015</u>	<u>\$ 1,673,751</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2013</u>	<u>Unencumbered Authorizations June 30, 2013</u>
\$ 233,932	\$ 27,347	\$ 206,585
<u>497,412</u>	<u>90,958</u>	<u>406,454</u>
<u>\$ 731,344</u>	<u>\$ 118,305</u>	<u>\$ 613,039</u>



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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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Storm water fees	\$ 56,248	\$ 55,115	\$ (1,133)
Intergovernmental	157	157	-
Other	-	142	142
Investment earnings	150	(195)	(345)
Total revenues	<u>56,555</u>	<u>55,219</u>	<u>(1,336)</u>
EXPENDITURES:			
Storm water systems	11,926	11,762	164
Administration	1,751	1,751	-
Total expenditures	<u>13,677</u>	<u>13,513</u>	<u>164</u>
Revenues over expenditures	<u>42,878</u>	<u>41,706</u>	<u>(1,172)</u>
TRANSFERS OUT:			
Storm Water Capital Projects	34,000	34,000	-
Storm Water Debt Service	10,157	8,887	1,270
Capital Projects	280	280	-
Total transfers out	<u>44,437</u>	<u>43,167</u>	<u>1,270</u>
Revenues (under) expenditures and transfers	<u>\$ (1,559)</u>	<u>\$ (1,461)</u>	<u>\$ 98</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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Premium on debt issuance	\$ 4,032	\$ 4,032	\$ -
Refunding bonds issued	<u>20,585</u>	<u>20,585</u>	<u>-</u>
Total revenues	<u>24,617</u>	<u>24,617</u>	<u>-</u>
EXPENDITURES:			
Bonds-			
Principal retirement	4,604	3,154	1,450
Interest	5,975	5,687	288
Payment to refunded bond escrow agent	26,033	26,033	-
Bond issue expense	272	263	9
Other	<u>30</u>	<u>9</u>	<u>21</u>
Total expenditures	<u>36,914</u>	<u>35,146</u>	<u>1,768</u>
Revenues (under) expenditures	<u>(12,297)</u>	<u>(10,529)</u>	<u>1,768</u>
TRANSFERS IN:			
Storm Water Operating	<u>10,157</u>	<u>8,887</u>	<u>(1,270)</u>
Revenues (under) expenditures and transfers	<u>\$ (2,140)</u>	<u>\$ (1,642)</u>	<u>\$ 498</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, 2013
(In Thousands)

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (1,461)
Debt Service Fund	(1,642)
Capital Projects Fund:	
Charges for services	2,527
Investment earnings	96
Current year encumbrances	247
Bond proceeds	5,448
Debt principal retirement	3,154
Depreciation	(3,186)
Capital contributions	2,518
Amortization of deferred charges	(167)
Premium on debt issuance	(4,032)
Amortization of premium	333
Capitalized interest	204
Other	50
Net transfers to Capital	
Projects Fund:	<u>34,000</u>
Change in net position	<u>\$ 38,089</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, 2013
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Flood control	\$ 194,694	\$ 16,710	\$ 127,792	\$ 144,502
Storm drain repair	96,794	10,124	71,182	81,306
Channel and other projects	<u>170,078</u>	<u>8,932</u>	<u>103,165</u>	<u>112,097</u>
Total storm water capital projects	<u>\$ 461,566</u>	<u>\$ 35,766</u>	<u>\$ 302,139</u>	<u>\$ 337,905</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2013</u>	<u>Unencumbered Authorizations June 30, 2013</u>
\$ 50,192	\$ 23,017	\$ 27,175
15,488	10,525	4,963
<u>57,981</u>	<u>15,132</u>	<u>42,849</u>
 <u>\$ 123,661</u>	 <u>\$ 48,674</u>	 <u>\$ 74,987</u>



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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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Terminal area	\$ 32,844	\$ 30,988	\$ (1,856)
Airfield	17,200	22,202	5,002
Concessions	50,985	47,056	(3,929)
Parking	36,450	42,486	6,036
Passenger facility charges	29,543	56,111	26,568
Contract facility charges	7,548	9,543	1,995
Other	34,885	27,586	(7,299)
Investment earnings	317	(1,041)	(1,358)
Total revenues	<u>209,772</u>	<u>234,931</u>	<u>25,159</u>
EXPENDITURES:			
Operating	118,313	97,740	20,573
Nonoperating	19,148	16,041	3,107
Total expenditures	<u>137,461</u>	<u>113,781</u>	<u>23,680</u>
Revenues over expenditures	<u>72,311</u>	<u>121,150</u>	<u>48,839</u>
TRANSFERS IN:			
Airport Debt Service	45	24	(21)
Airport Capital Projects	4,445	4,445	-
Total transfers in	<u>4,490</u>	<u>4,469</u>	<u>(21)</u>
TRANSFERS OUT:			
Airport Debt Service	56,890	53,085	3,805
Airport Capital Projects	49,633	49,632	1
Capital Projects	1,127	1,127	-
Total transfers out	<u>107,650</u>	<u>103,844</u>	<u>3,806</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (30,849)</u>	<u>\$ 21,775</u>	<u>\$ 52,624</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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Maintenance facility	\$ 7,104	\$ 7,066	\$ (38)
Investment earnings	22	26	4
Total revenues	<u>7,126</u>	<u>7,092</u>	<u>(34)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	23,655	21,890	1,765
Interest	40,959	36,970	3,989
Other	<u>1,102</u>	<u>994</u>	<u>108</u>
Total expenditures	<u>65,716</u>	<u>59,854</u>	<u>5,862</u>
Revenues (under) expenditures	<u>(58,590)</u>	<u>(52,762)</u>	<u>5,828</u>
TRANSFERS IN:			
Airport Operating	56,890	53,085	(3,805)
Airport Capital Projects	<u>18,820</u>	<u>18,820</u>	<u>-</u>
Total transfers in	<u>75,710</u>	<u>71,905</u>	<u>(3,805)</u>
TRANSFERS OUT:			
Airport Operating	<u>45</u>	<u>24</u>	<u>21</u>
Revenues and transfers over expenditures and transfers	<u>\$ 17,075</u>	<u>\$ 19,119</u>	<u>\$ 2,044</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, 2013
(In Thousands)

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ 21,775
Debt Service Fund	19,119
Investment earnings in the	
Capital Projects Fund	353
Current year encumbrances	8,887
Debt principal retirement	21,890
Depreciation	(38,317)
Capital outlay	995
Capital contributions	40,475
Amortization of deferred charges	(269)
Amortization of premium	794
Capitalized interest	7,351
Other	(3,307)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	45,187
Debt Service Fund	(18,820)
Change in net position	<u>\$106,113</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, 2013
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Capital improvements	\$ 279,729	\$ 22,171	\$ 220,021	\$ 242,192
Airport expansion	<u>777,677</u>	<u>60,837</u>	<u>455,615</u>	<u>516,452</u>
Total airport capital projects	<u>\$ 1,057,406</u>	<u>\$ 83,008</u>	<u>\$ 675,636</u>	<u>\$ 758,644</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2013</u>	<u>Unencumbered Authorizations June 30, 2013</u>
\$ 37,537	\$ 21,512	\$ 16,025
261,225	126,155	135,070
<u>\$ 298,762</u>	<u>\$ 147,667</u>	<u>\$ 151,095</u>



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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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Passenger fares	\$ 28,402	\$ 27,271	\$ (1,131)
Other operating	1,363	1,851	488
Sales tax	61,702	66,505	4,803
Intergovernmental	13,591	12,197	(1,394)
Other	2,087	2,081	(6)
Investment earnings	500	(269)	(769)
Total revenues	<u>107,645</u>	<u>109,636</u>	<u>1,991</u>
EXPENDITURES:			
Transit operations	84,453	83,086	1,367
Transit vehicle maintenance	12,985	11,367	1,618
Administration	13,639	13,638	1
Total expenditures	<u>111,077</u>	<u>108,091</u>	<u>2,986</u>
Revenues over (under) expenditures	<u>(3,432)</u>	<u>1,545</u>	<u>4,977</u>
TRANSFERS IN:			
Public Transit Debt Service	-	-	-
Public Transit Capital Projects	2,557	2,557	-
Capital Projects	18,400	18,400	-
Total transfers in	<u>20,957</u>	<u>20,957</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Capital Projects	19,955	19,955	-
Public Transit Debt Service	9,926	9,926	-
Capital Projects	1,360	1,360	-
Total transfers out	<u>31,241</u>	<u>31,241</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (13,716)</u>	<u>\$ (8,739)</u>	<u>\$ 4,977</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, 2013
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Grant contributions	\$ 5,628	\$ 4,402	\$ (1,226)
Investment earnings	-	7	7
Premium on debt issuance	6,513	6,513	-
Installment purchases issued	150	150	-
Refunding bonds issued	47,845	47,845	-
Total revenues	<u>60,136</u>	<u>58,917</u>	<u>(1,219)</u>
EXPENDITURES:			
Installment purchases-			
Principal retirement	6,350	6,350	-
Interest	7,845	7,845	-
Payment to refunded bond escrow agent	52,890	52,890	-
Other	1,758	1,758	-
Total expenditures	<u>68,843</u>	<u>68,843</u>	<u>-</u>
Revenues (under) expenditures	<u>(8,707)</u>	<u>(9,926)</u>	<u>(1,219)</u>
TRANSFERS IN:			
Public Transit Operating	9,926	9,926	-
Public Transit Capital Projects	5,300	-	(5,300)
Total transfers in	<u>15,226</u>	<u>9,926</u>	<u>(5,300)</u>
Revenues and transfers over expenditures	<u>\$ 6,519</u>	<u>\$ -</u>	<u>\$ (6,519)</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, 2013
(In Thousands)

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ (8,739)
Investment earnings in the	
Capital Projects Fund	92
Current year encumbrances	2,315
Installment purchase proceeds	(150)
Debt principal retirement	6,350
Depreciation	(40,840)
Capital outlay	107
Capital contributions	87,264
Amortization of deferred charges	(30)
Premium on debt issuance	(6,513)
Amortization of premium	433
Other	(10,382)
Net transfers to Capital	
Projects Fund:	
Operating Fund	<u>17,398</u>
Change in net position	<u>\$ 47,305</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, 2013
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Buses and vehicles	\$ 267,037	\$ 22,134	\$ 151,479	\$ 173,613
Planning and consulting	184,639	21,259	120,391	141,650
Facilities	220,628	11,716	174,230	185,946
Technology	6,418	372	3,453	3,825
Passenger amenities	4,064	1,139	1,897	3,036
Services expansion	<u>533,645</u>	<u>38,586</u>	<u>358,517</u>	<u>397,103</u>
Total public transit capital projects	<u>\$ 1,216,431</u>	<u>\$ 95,206</u>	<u>\$ 809,967</u>	<u>\$ 905,173</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2013</u>	<u>Unencumbered Authorizations June 30, 2013</u>
\$ 93,424	\$ 9,697	\$ 83,727
42,989	7,259	35,730
34,682	6,340	28,342
2,593	55	2,538
1,028	334	694
<u>136,542</u>	<u>16,024</u>	<u>120,518</u>
 <u>\$ 311,258</u>	 <u>\$ 39,709</u>	 <u>\$ 271,549</u>



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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 – 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 – 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 POSITION
JUNE 30, 2013
(In Thousands)

	Risk Management	Employee Health and Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 72,064	\$ 27,103	\$ 99,167
Receivables - other	207	41	248
Due from other funds	-	526	526
Prepaid insurance	-	438	438
Total current assets	<u>72,271</u>	<u>28,108</u>	<u>100,379</u>
Capital assets:			
Machinery and equipment	159	-	159
Less accumulated depreciation	<u>152</u>	<u>-</u>	<u>152</u>
Total capital assets, net	<u>7</u>	<u>-</u>	<u>7</u>
Total assets	<u>72,278</u>	<u>28,108</u>	<u>100,386</u>
LIABILITIES			
Current liabilities:			
Claims payable	40,949	9,532	50,481
Noncurrent liabilities:			
Due to participants	9,460	-	9,460
Compensated absences payable	140	-	140
Net OPEB liability	<u>160</u>	<u>-</u>	<u>160</u>
Total noncurrent liabilities	<u>9,760</u>	<u>-</u>	<u>9,760</u>
Total liabilities	<u>50,709</u>	<u>9,532</u>	<u>60,241</u>
NET POSITION			
Net investment in capital assets	7	-	7
Unrestricted	<u>21,562</u>	<u>18,576</u>	<u>40,138</u>
Total net position	<u>\$ 21,569</u>	<u>\$ 18,576</u>	<u>\$ 40,145</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	<u>Risk Management</u>	<u>Employee Health and Life</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	\$ 2,933	\$ 5,224	\$ 8,157
Claims:			
Employer	13,174	37,164	50,338
Employee	-	14,252	14,252
Other	<u>538</u>	<u>29</u>	<u>567</u>
Total claims	13,712	51,445	65,157
Premiums	5,352	12,486	17,838
Reimbursement from trust	<u>-</u>	<u>17,204</u>	<u>17,204</u>
Total operating revenues	<u>21,997</u>	<u>86,359</u>	<u>108,356</u>
OPERATING EXPENSES:			
Administration	2,951	5,224	8,175
Claims	13,919	63,841	77,760
Insurance premiums	5,358	12,486	17,844
Depreciation	<u>2</u>	<u>-</u>	<u>2</u>
Total operating expenses	<u>22,230</u>	<u>81,551</u>	<u>103,781</u>
Operating income (loss)	<u>(233)</u>	<u>4,808</u>	<u>4,575</u>
NONOPERATING REVENUES:			
Investment earnings	<u>(143)</u>	<u>(79)</u>	<u>(222)</u>
Change in net position	(376)	4,729	4,353
Total net position - beginning	<u>21,945</u>	<u>13,847</u>	<u>35,792</u>
Total net position - ending	<u>\$ 21,569</u>	<u>\$ 18,576</u>	<u>\$ 40,145</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	\$ 11,991	\$ 26,767	\$ 38,758
Payments to suppliers	(1,452)	(5,018)	(6,470)
Internal activity - receipts from other funds	20,174	42,365	62,539
Receipts from trust	-	17,204	17,204
Receipts from recovery of losses	1,056	-	1,056
Payments to employees	(1,486)	-	(1,486)
Payments for claims	(16,539)	(62,922)	(79,461)
Payments for premiums	(7,124)	(12,184)	(19,308)
Net cash provided by operating activities	6,620	6,212	12,832
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	6	(11)	(5)
Net increase in cash and cash equivalents	6,626	6,201	12,827
Cash and cash equivalents - beginning of year	65,438	20,902	86,340
Cash and cash equivalents - end of year	\$ 72,064	\$ 27,103	\$ 99,167
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income(loss)	\$ (233)	\$ 4,808	\$ 4,575
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-			
Depreciation	2	-	2
Change in assets and liabilities:			
Decrease in receivables	141	-	141
(Increase) in due from other funds	-	(23)	(23)
(Increase) in prepaid insurance	-	(188)	(188)
Increase in claims payable	3,729	1,615	5,344
Increase in due to participants	2,955	-	2,955
(Decrease) in compensated absences payable	(6)	-	(6)
Increase in net OPEB liability	32	-	32
Total adjustments	6,853	1,404	8,257
Net cash provided by operating activities	\$ 6,620	\$ 6,212	\$ 12,832



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.	169
Revenue Capacity – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	176
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.	182
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.	190
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.	192

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



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CITY OF CHARLOTTE, NORTH CAROLINA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(In Thousands)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets ^{1,2}	\$ 3,189,678	\$ 3,508,333	\$ 3,606,292	\$ 3,794,764	\$ 3,917,786	\$ 4,362,812	\$ 4,473,668	\$ 4,554,254	\$ 4,673,741	\$ 4,685,377
Restricted	296,074	183,105	165,156	166,634	183,323	237,956	237,147	233,293	221,832	248,404
Unrestricted ¹	<u>155,364</u>	<u>255,173</u>	<u>311,575</u>	<u>351,734</u>	<u>427,416</u>	<u>392,995</u>	<u>417,562</u>	<u>428,842</u>	<u>421,933</u>	<u>447,428</u>
Total governmental activities net position	<u>3,641,116</u>	<u>3,946,611</u>	<u>4,083,023</u>	<u>4,313,132</u>	<u>4,528,525</u>	<u>4,993,763</u>	<u>5,128,377</u>	<u>5,216,389</u>	<u>5,317,506</u>	<u>5,381,209</u>
Business-type activities										
Net investment in capital assets ^{1,3}	1,538,249	1,563,145	1,755,959	2,023,852	2,100,976	2,368,112	2,499,200	2,487,091	2,575,088	2,826,315
Restricted	67,720	78,544	104,035	143,941	177,226	199,530	245,033	256,055	316,914	356,516
Unrestricted ^{1,4}	<u>310,412</u>	<u>451,746</u>	<u>504,782</u>	<u>608,612</u>	<u>796,274</u>	<u>642,533</u>	<u>605,019</u>	<u>772,884</u>	<u>792,697</u>	<u>755,548</u>
Total business-type activities net position	<u>1,916,381</u>	<u>2,093,435</u>	<u>2,364,776</u>	<u>2,776,405</u>	<u>3,074,476</u>	<u>3,210,175</u>	<u>3,349,252</u>	<u>3,516,030</u>	<u>3,684,699</u>	<u>3,938,379</u>
Primary government										
Net investment in capital assets	4,727,927	5,071,478	5,362,251	5,818,616	6,018,762	6,730,924	6,972,868	7,041,345	7,248,829	7,511,692
Restricted	363,794	261,649	269,191	310,575	360,549	437,486	482,180	489,348	538,746	604,920
Unrestricted	<u>465,776</u>	<u>706,919</u>	<u>816,357</u>	<u>960,346</u>	<u>1,223,690</u>	<u>1,035,528</u>	<u>1,022,581</u>	<u>1,201,726</u>	<u>1,214,630</u>	<u>1,202,976</u>
Total primary government net position	<u>\$ 5,557,497</u>	<u>\$ 6,040,046</u>	<u>\$ 6,447,799</u>	<u>\$ 7,089,537</u>	<u>\$ 7,603,001</u>	<u>\$ 8,203,938</u>	<u>\$ 8,477,629</u>	<u>\$ 8,732,419</u>	<u>\$ 9,002,205</u>	<u>\$ 9,319,588</u>

¹ 2004 through 2012 have been restated for the effects of GASB65.

² 2008 through 2012 have been restated for the effects of a prior period adjustment.

³ In 2004, construction began on light rail projects.

⁴ In 2004, unrestricted net position declined due to an allowance for uncollectible receivables related to US Airways, Inc.

CITY OF CHARLOTTE, NORTH CAROLINA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(In Thousands)
(accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Public safety ¹	\$ 224,870	\$ 241,985	\$ 258,375	\$ 275,078	\$ 286,271	\$ 301,866	\$ 318,576	\$ 324,920	\$ 347,380	\$ 372,986
Sanitation	39,567	38,997	39,726	43,137	45,848	49,817	55,721	48,210	47,925	49,572
General administration	38,530	37,510	37,688	42,613	45,641	48,798	38,188	38,272	45,030	45,273
Support services	19,441	19,184	18,907	18,814	20,326	23,719	21,066	21,454	35,427	25,599
Engineering and property management	23,154	22,711	26,828	30,595	56,844	33,049	29,232	27,265	24,876	31,637
Streets and highways	77,422	81,157	86,217	91,636	94,888	103,289	116,141	119,024	114,400	122,168
Culture and recreation	4,263	7,670	8,336	8,208	9,146	13,914	17,834	10,085	17,856	28,744
Community planning and development	57,637	56,460	63,773	66,428	65,355	74,104	81,691	83,608	73,513	68,789
Interest and other charges ²	47,475	43,427	48,042	47,214	47,605	46,334	62,585	57,059	56,080	56,373
Total governmental activities expenses	<u>532,359</u>	<u>549,101</u>	<u>587,892</u>	<u>623,723</u>	<u>671,924</u>	<u>694,890</u>	<u>741,034</u>	<u>729,897</u>	<u>762,487</u>	<u>801,141</u>
Business-type activities:										
Water	91,099	84,393	88,735	88,220	100,291	104,087	99,239	104,711	116,628	103,934
Sewer	96,636	95,567	114,073	141,094	141,762	161,607	158,744	141,380	132,824	144,972
Storm water	16,369	19,399	19,536	22,617	22,566	21,605	21,517	20,186	20,695	21,975
Airport	97,824	111,540	128,155	133,425	150,094	158,136	138,372	159,443	170,298	172,091
Public transit	81,279	92,249	112,125	121,414	146,396	155,481	155,104	150,994	160,655	168,183
Total business-type activities expenses	<u>383,207</u>	<u>403,148</u>	<u>462,624</u>	<u>506,770</u>	<u>561,109</u>	<u>600,916</u>	<u>572,976</u>	<u>576,714</u>	<u>601,100</u>	<u>611,155</u>
Total primary government expenses	<u>\$ 915,566</u>	<u>\$ 952,249</u>	<u>\$ 1,050,516</u>	<u>\$ 1,130,493</u>	<u>\$ 1,233,033</u>	<u>\$ 1,295,806</u>	<u>\$ 1,314,010</u>	<u>\$ 1,306,611</u>	<u>\$ 1,363,587</u>	<u>\$ 1,412,296</u>
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 25,969	\$ 23,931	\$ 26,480	\$ 23,689	\$ 24,197	\$ 24,692	\$ 23,719	\$ 24,959	\$ 23,761	\$ 28,281
Sanitation	9,503	9,897	10,680	10,865	11,277	11,503	11,895	12,148	12,336	12,341
General administration	14,786	11,589	10,856	11,694	12,805	15,930	14,853	16,980	16,851	15,779
Community planning and development	8,989	12,968	8,309	6,089	10,383	7,954	11,440	4,571	3,290	7,162
Other activities	14,899	20,158	22,983	25,120	26,844	29,196	26,478	28,610	37,684	34,446
Operating grants and contributions ¹	40,243	41,803	49,747	46,231	47,158	63,714	65,051	64,049	78,593	97,294
Capital grants and contributions ³	290,961	286,685	138,597	190,815	177,722	450,950	165,500	102,965	121,645	14,469
Total governmental activities program revenues	<u>405,350</u>	<u>407,031</u>	<u>267,652</u>	<u>314,503</u>	<u>310,386</u>	<u>603,939</u>	<u>318,936</u>	<u>254,282</u>	<u>294,160</u>	<u>209,772</u>
Business-type activities:										
Fees, fines, and charges for services:										
Water	75,133	76,359	100,497	98,444	94,320	90,866	98,954	101,868	115,459	119,718
Sewer	88,610	98,298	118,737	127,870	137,617	144,033	151,653	163,622	177,377	184,630
Storm water	27,643	31,097	34,625	38,286	40,837	43,642	45,782	48,589	52,075	57,642
Airport ⁴	72,982	120,372	161,302	185,079	201,259	190,052	188,935	212,935	219,990	243,874
Public transit	11,068	11,751	13,747	14,907	18,220	23,132	21,548	25,025	26,508	29,122
Operating grants and contributions	12,749	12,996	12,985	12,880	19,019	14,413	12,803	12,923	12,586	12,197
Capital grants and contributions ⁵	84,798	144,960	173,189	297,368	224,739	119,356	98,504	85,319	73,900	145,792
Total business-type activities program revenues	<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>	<u>677,895</u>	<u>792,975</u>
Total primary government program revenues	<u>\$ 778,333</u>	<u>\$ 902,864</u>	<u>\$ 882,734</u>	<u>\$ 1,089,337</u>	<u>\$ 1,046,397</u>	<u>\$ 1,229,433</u>	<u>\$ 937,115</u>	<u>\$ 904,563</u>	<u>\$ 972,055</u>	<u>\$ 1,002,747</u>

Net (Expense)/Revenue

Governmental activities	\$ (127,009)	\$ (142,070)	\$ (320,240)	\$ (309,220)	\$ (361,538)	\$ (90,951)	\$ (422,098)	\$ (475,615)	\$ (468,327)	\$ (591,369)
Business-type activities	(10,224)	92,685	152,458	268,064	174,902	24,578	45,203	73,567	76,795	181,820
Total primary governmental net expense	<u>\$ (137,233)</u>	<u>\$ (49,385)</u>	<u>\$ (167,782)</u>	<u>\$ (41,156)</u>	<u>\$ (186,636)</u>	<u>\$ (66,373)</u>	<u>\$ (376,895)</u>	<u>\$ (402,048)</u>	<u>\$ (391,532)</u>	<u>\$ (409,549)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes-										
Property	\$ 263,607	\$ 265,316	\$ 280,844	\$ 313,274	\$ 331,431	\$ 345,755	\$ 356,913	\$ 362,780	\$ 377,309	\$ 397,629
Sales ^{2,6}	64,785	69,658	75,938	80,059	87,035	74,434	72,715	73,340	82,730	84,890
Utility franchise ²	27,731	28,372	29,737	31,486	34,278	35,158	36,911	36,804	36,442	38,069
Occupancy ⁷	14,499	15,622	19,686	29,361	32,611	27,036	25,999	29,448	32,590	37,963
Prepared foods	14,476	15,595	17,491	19,087	20,172	19,226	19,598	20,378	22,523	24,643
Business privilege	9,465	9,503	15,501	15,894	20,703	16,390	16,250	15,430	16,375	17,721
Municipal vehicle	6,928	14,423	14,072	13,848	14,184	15,527	14,388	14,695	15,740	14,783
Grants and contributions not restricted to specific programs	6,750	11,674	12,896	17,400	20,362	16,756	13,508	16,979	18,513	19,067
Investment earnings ²	6,879	11,955	10,334	26,124	23,056	15,218	7,212	5,369	(16,546)	35,063
Miscellaneous ²	8,864	10,653	8,731	11,161	11,536	9,099	11,683	6,806	2,167	(1,001)
Special items ⁸	-	13,444	(10,098)	-	-	-	-	-	-	-
Transfers	(18,655)	(18,650)	(18,480)	(18,365)	(18,437)	(18,410)	(18,465)	(18,402)	(18,399)	(13,755)
Total governmental activities	<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>	<u>569,444</u>	<u>655,072</u>

Business-type activities:

Sales taxes levied for Public transit ²	55,191	58,606	67,199	70,301	71,212	59,510	57,870	57,355	65,754	66,505
Investment earnings	6,657	16,716	31,710	50,207	51,241	29,516	13,181	8,842	6,461	(1,107)
Miscellaneous	(541)	(9,603)	1,494	4,692	(17,721)	3,685	4,358	8,612	1,260	(7,293)
Transfers	18,655	18,650	18,480	18,365	18,437	18,410	18,465	18,402	18,399	13,755
Total business-type activities	<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>	<u>91,874</u>	<u>71,860</u>
Total primary government	<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>	<u>\$ 661,318</u>	<u>\$ 726,932</u>

Change in Net Position

Governmental activities	\$ 278,320	\$ 305,495	\$ 136,412	\$ 230,109	\$ 215,393	\$ 465,238	\$ 134,614	\$ 88,012	\$ 101,117	\$ 63,703
Business-type activities	69,738	177,054	271,341	411,629	298,071	135,699	139,077	166,778	168,669	253,680
Total primary government	<u>\$ 348,058</u>	<u>\$ 482,549</u>	<u>\$ 407,753</u>	<u>\$ 641,738</u>	<u>\$ 513,464</u>	<u>\$ 600,937</u>	<u>\$ 273,691</u>	<u>\$ 254,790</u>	<u>\$ 269,786</u>	<u>\$ 317,383</u>

Notes:

¹ In 2012, the City hosted the Democratic National Convention, funded by a Federal grant.

² 2004 through 2009 have been restated for the effects of a prior period adjustment.

³ In 2004 and in 2006, fewer street miles were added. In 2009, more street miles were added due to annexation.

⁴ 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. In 2008, the Airport began collecting Contract Facility Charges.

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

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

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

⁸ 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 THREE FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year		
	2011	2012	2013
General fund			
Nonspendable - Inventories	\$ 951	\$ 1,004	\$ 985
Restricted - State statute	59,131	61,679	73,571
Committed:			
Capital projects	3,790	5,674	12,539
Component unit	848	1,100	1,738
Assigned:			
Capital Projects	-	395	550
Culture and recreation	94	-	-
Community planning and development	-	875	-
Unassigned	84,703	88,423	90,161
Total general fund	<u>\$ 149,517</u>	<u>\$ 159,150</u>	<u>\$ 179,544</u>
All other governmental funds			
Nonspendable - Perpetual care	\$ 3,120	\$ 3,121	\$ 3,111
Restricted:			
State statute	3,402	3,592	3,854
Special obligation debt service	10,970	10,120	9,220
Public safety	13,190	9,003	10,295
Streets and highways	10,878	8,359	13,373
Culture and recreation	121,702	120,924	129,869
Community planning and development	4,291	5,034	5,111
Committed:			
Capital projects	91,572	86,946	87,751
Culture and recreation	1,896	1,500	1,016
Assigned:			
Debt service	206,124	216,209	210,586
Public safety	1,927	-	-
Total all other governmental funds	<u>\$ 469,072</u>	<u>\$ 464,808</u>	<u>\$ 474,186</u>

¹ 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 SEVEN FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 39,839	\$ 40,327	\$ 44,958	\$ 43,915	\$ 34,806	\$ 31,887	\$ 54,512
Unreserved ²	<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>\$ 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	\$ 39,827	\$ 31,555	\$ 21,443	\$ 19,236	\$ 46,787	\$ 35,463	\$ 34,430
Unreserved, reported in:							
Debt service funds ²	100,188	96,063	114,946	138,259	168,168	187,409	195,577
Capital projects funds ^{2,3}	195,174	79,328	57,755	46,641	58,322	110,301	128,574
Special revenue funds	<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>\$ 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>

¹ In 2011, the City of Charlotte began reporting fund balance classifications as outlined in GASB Statement 54. See preceding table.

² 2004 through 2009 have been restated for the effects of a prior period adjustment.

³ 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES:										
Property taxes	\$ 261,499	\$ 262,867	\$ 285,746	\$ 313,435	\$ 333,032	\$ 344,248	\$ 359,279	\$ 363,060	\$ 378,409	395,789
Other taxes ^{1, 2}	95,390	107,202	120,424	140,417	153,985	130,187	127,482	133,558	149,564	159,787
Intergovernmental ^{2, 3}	91,393	104,057	106,786	102,125	114,400	135,380	137,647	129,561	149,958	176,661
Licenses, fees and fines ²	50,006	48,318	58,971	59,141	67,907	62,994	60,330	60,118	61,103	63,914
Investment earnings	6,247	10,625	12,720	23,159	25,030	18,662	10,588	4,677	3,544	(14)
Private contributions ⁴	35,096	3,917	5,686	5,596	4,545	14,172	7,598	12,230	2,377	3,872
Administrative charges	18,602	19,909	20,175	21,685	22,420	25,721	25,446	28,513	29,406	24,636
Charges for current services	5,232	6,365	7,421	7,588	8,259	7,477	7,717	9,004	8,325	6,187
Miscellaneous	10,366	11,262	13,167	13,235	10,698	9,636	8,196	9,173	8,614	9,714
Total revenues	<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>	<u>791,300</u>	<u>840,546</u>
EXPENDITURES:										
Public safety ³	217,265	230,386	248,382	265,133	274,361	286,542	305,527	317,255	340,387	366,574
Sanitation	36,517	36,742	37,764	41,439	43,776	45,736	46,200	45,930	45,694	46,680
General administration	38,493	36,253	36,001	41,402	43,213	46,183	37,295	36,649	41,979	43,596
Support services	17,799	16,650	17,336	16,971	19,011	20,069	18,523	19,895	30,848	22,563
Engineering and property management	21,098	20,185	22,345	23,684	26,233	23,793	21,808	21,164	22,717	22,056
Streets and highways	42,883	43,524	44,701	47,564	48,297	52,132	58,332	63,922	56,366	51,097
Culture and recreation	6,318	6,649	8,258	8,352	9,551	13,478	17,798	10,068	13,632	17,793
Community planning and development	36,409	37,747	42,771	44,207	41,281	55,330	54,381	52,248	51,215	46,683
Debt service-										
Principal ⁵	48,463	47,552	46,205	44,049	55,079	74,356	68,766	64,029	72,849	68,812
Interest and other charges	36,367	43,476	43,171	48,366	47,629	49,710	70,900	60,296	58,606	59,210
Capital outlay	<u>160,747</u>	<u>203,074</u>	<u>145,252</u>	<u>135,814</u>	<u>170,154</u>	<u>280,708</u>	<u>252,408</u>	<u>126,119</u>	<u>137,506</u>	<u>170,522</u>
Total expenditures	<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>	<u>871,799</u>	<u>915,586</u>
(Deficiency) of revenues (under) expenditures	(88,528)	(147,716)	(61,090)	(30,600)	(38,309)	(199,560)	(207,655)	(67,681)	(80,499)	(75,040)

OTHER FINANCING SOURCES (USES):

Sales of capital assets ⁶	9,031	23,610	25,361	3,968	14,081	953	3,160	1,435	1,943	4,768
Bonds issued	-	-	-	-	-	-	20,000	-	-	-
Commercial paper issued	-	-	60,900	68,196	121,348	190,636	88,192	62,786	64,846	73,988
Installment purchases issued	164,576	33,137	14,662	18,694	-	87,491	88,595	-	33,155	34,808
Refunding debt issued	147,587	159,272	-	122,655	11,674	49,102	393,509	-	177,485	130,470
Premium on debt issuance	8,734	11,027	6,338	694	1,027	3,629	35,845	-	36,025	5,123
Private loan ⁷	-	-	-	1,143	987	357	32,558	3,785	270	-
Payment to refunded bond escrow agent	(168,340)	(171,037)	-	(122,007)	(12,632)	(47,731)	(425,542)	-	(209,457)	(130,590)
Transfers in	38,675	43,784	59,322	64,365	137,353	82,201	96,718	126,518	111,204	126,402
Transfers out	(57,605)	(62,434)	(76,302)	(82,730)	(155,790)	(100,611)	(115,183)	(144,920)	(129,603)	(140,157)
Total other financing sources (uses)	<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>	<u>85,868</u>	<u>104,812</u>
Net change in fund balances	<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>	<u>\$ 5,369</u>	<u>\$ 29,772</u>

Debt service as a percentage of
noncapital expenditures

15.8%	16.5%	15.4%	15.6%	16.0%	18.3%	19.3%	17.7%	17.6%	17.0%
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¹ In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

² 2004 through 2009 have been restated for the effects of a prior period adjustment related to the recognition of revenues.

³ The City hosted the Democratic National Convention in September 2012, funded by a Federal grant.

⁴ In 2004, private contributions were received to fund construction of a new uptown arena. In 2011, private contributions were received to fund construction of the Mint Museum.

⁵ In 2009, the City early extinguished \$21,215 of installment purchases.

⁶ 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.

⁷ 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	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property		Personal Property					
	Residential Property	Commercial Property	Motor Vehicles	Other				
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	
2012	45,757,652	32,639,066	5,153,731	7,071,716	248,052	90,374,113	0.4370	
2013	45,958,721	31,815,858	5,621,122	7,408,446	299,460	90,504,687	0.4370	

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

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 ¹	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5	
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
2012	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.8166
2013	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.7922

¹ In 2004, tax rates decreased reflecting the revaluation of real property.

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

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wells Fargo/Wachovia Corporation	\$ 1,461,550	1	1.62%	\$ 864,130	2	1.40%
Bank of America	1,455,390	2	1.61	1,024,189	1	1.66
Duke Energy Corporation	1,047,797	3	1.16	834,734	3	1.35
US Airways Group, Incorporated	556,309	4	0.61	419,748	5	0.68
AT&T/BellSouth, Incorporated	399,970	5	0.44	400,202	6	0.65
Southpark Mall	339,818	6	0.38	-		-
Time Warner Entertainment	324,487	7	0.36	-		-
Piedmont Natural Gas	280,845	8	0.31	238,254	8	0.39
TIAA-CREF, LLC	246,443	9	0.27	-		-
CK Southern/Childress Klein	183,424	10	0.20	363,460	7	0.59
Bissell Companies	-		-	429,737	4	0.69
Panthers Stadium, LLC	-		-	193,887	9	0.31
Charlotte Gateway Village, LLC	-		-	148,468	10	0.24
Total	<u>\$ 6,296,033</u>		<u>6.96%</u>	<u>\$ 4,916,809</u>		<u>7.96%</u>

Source: Mecklenburg County.

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

Fiscal Year ¹	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$	264,853	\$ 257,890	97.37%	\$ 5,840	\$ 263,730	99.58%
2005		267,305	261,384	97.78	5,921	267,305	100.00
2006		289,079	281,975	97.54	5,478	287,453	99.44
2007		316,477	308,550	97.50	6,188	314,738	99.45
2008		340,293	332,150	97.61	5,396	337,546	99.19
2009		344,391	336,270	97.64	6,175	342,445	99.43
2010		357,494	350,248	97.97	5,131	355,379	99.41
2011		362,833	355,258	97.91	4,146	359,404	99.05
2012		395,901	387,890	97.98	(653)	387,237	97.81
2013		395,392	386,270	97.69	-	386,270	97.69

Source: Mecklenburg County.

¹ 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, 2012, for the fiscal year 2013, were based on the assessed values listed as of January 1, 2012.

² In subsequent years, for the fiscal year 2012, refunds due to successful appeals of the most recent revaluation exceeded additional collections.

CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2013
(In Thousands)

	City-Wide			Total Levy ¹	
	Property Valuation Adjusted	Rate	Total Levy ¹	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 84,811,321	\$ 0.437	\$ 373,030	\$ 365,429	\$ 7,601
Registered motor vehicles at prior year's rate	<u>4,072,421</u>	\$ 0.437	<u>17,796</u>	<u>-</u>	<u>17,796</u>
Total	<u>88,883,742</u>		<u>390,826</u>	<u>365,429</u>	<u>25,397</u>
Discoveries:					
Prior year taxes	<u>521,237</u>	Various	<u>2,305</u>	<u>2,305</u>	<u>-</u>
Total property valuation	<u>\$ 89,404,979</u>				
Net levy			<u>\$ 393,131</u>	<u>\$ 367,734</u>	<u>\$ 25,397</u>
Current year's taxes collected			<u>\$ 382,606</u>	<u>\$ 361,118</u>	<u>\$ 21,488</u>
Current levy collection percentage			97.32%	98.20%	84.61%

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



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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				
	Governmental Activities General Obligation Bonds ³	Business-Type Activities General Obligation Bonds ³	Percentage of		Special Obligation Bonds	Installment Purchases ^{3,4}	Commercial Paper Notes	Private Loan	
			Actual	Per Capita ²					
			Taxable Value of Property ¹						
2004	\$ 412,079	\$ 461,319	1.63%	\$ 1,422	\$ -	\$ 470,610	\$ -	\$ -	
2005	390,320	434,519	1.33	1,304	10,970	477,867	-	-	
2006	365,886	405,753	1.18	1,191	10,970	469,631	60,900	-	
2007	441,330	376,845	1.20	1,232	10,970	468,920	29,559	729	
2008	412,969	355,755	1.06	1,104	10,970	441,000	150,907	1,982	
2009	385,286	336,796	0.97	1,007	10,970	531,662	293,812	2,322	
2010	515,359	311,791	1.07	1,093	10,970	777,594	46,462	35,045	
2011	485,333	286,002	0.99	1,055	10,970	739,441	109,248	38,830	
2012	606,204	258,998	0.96	1,120	10,120	730,252	24,094	39,100	
2013	577,431	231,267	0.89	1,015	9,220	727,912	98,082	35,331	

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

¹ See Schedule of Assessed Value and Actual Value of Taxable Property for value data.

² See Schedule of Demographic and Economic Statistics for population and personal income data.

³ 2004 through 2012 have been restated for the implementation of GASB 65.

⁴ 2006 through 2012 have been restated for a prior period adjustment.

Other Business-Type Activities Debt

Fiscal Year	Revenue Bonds ³	Installment Purchases ³	Commercial Paper Notes	Other Financing Agreements	Federal Revolving Loan	Total Primary Government	Percentage of Personal Income ²	Per Capita ²
2004	\$ 970,535	\$ 118,318	\$ -	\$ 12,425	\$ -	\$ 2,445,286	13.72%	\$ 3,980
2005	1,173,015	127,036	-	11,515	-	2,625,242	13.92	4,149
2006	1,138,281	325,252	370,990	10,610	-	3,158,273	16.07	4,873
2007	1,550,823	303,671	142,605	9,715	-	3,335,167	16.21	5,020
2008	1,653,023	286,071	279,209	8,840	-	3,600,726	17.17	5,173
2009	1,943,826	207,374	55,612	7,975	-	3,775,635	16.88	5,267
2010	2,419,218	191,552	-	7,120	-	4,315,111	18.72	5,701
2011	2,355,194	176,999	-	6,275	-	4,208,292	18.21	5,754
2012	2,473,421	167,135	-	5,440	133	4,314,897	19.09	5,585
2013	2,404,518	288,353	-	4,610	1,242	4,377,966	19.66	5,494

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2013
(Dollar Amounts in Thousands)

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City ¹</u>	<u>Amount Applicable to City</u>
Direct:			
City of Charlotte	\$ 4,377,966	100%	\$ 4,377,966
Overlapping:			
Mecklenburg County	<u>1,920,380</u>	78	<u>1,497,896</u>
Total	<u>\$ 6,298,346</u>		<u>\$ 5,875,862</u>

¹ Percentage of direct and overlapping debt is based on June 30, 2013 assessed valuation of the City of Charlotte (\$90,504,687) as compared to the June 30, 2013 assessed valuation of Mecklenburg County (\$116,101,504).

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

Fiscal Year	Debt Limit	Net Debt Outstanding ^{1,2}	Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
2004	\$ 4,280,808	\$ 1,447,017	\$ 2,833,791	33.80%
2005	4,971,521	1,558,739	3,412,782	31.35
2006	5,247,088	1,713,159	3,533,929	32.65
2007	5,456,389	1,769,091	3,687,298	32.42
2008	5,810,376	1,686,824	4,123,552	29.03
2009	5,941,629	1,885,169	4,056,460	31.73
2010	6,177,413	2,040,250	4,137,163	33.03
2011	6,205,146	2,081,725	4,123,421	33.55
2012	7,229,929	2,101,356	5,128,573	29.06
2013	7,240,375	2,095,463	5,144,912	28.94

¹ Excludes debt not applicable to the limit.

² 2004 through 2012 have been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed value		\$ 90,504,687
Debt limit (8% of assessed value)		\$ 7,240,375
Total outstanding general obligation bonded debt	\$ 808,698	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	1,016,265	
Bonds authorized but unissued	<u>354,198</u>	
	2,179,161	
Less- Water general obligation bonds	<u>83,698</u>	
Outstanding debt, net		<u>2,095,463</u>
Legal debt margin		<u>\$ 5,144,912</u>

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

Fiscal Year	Allowable Revenues ¹	Debt Service Requirement	Revenue Bond Coverage
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
2012	20,033	1,383	14.5
2013	20,648	1,383	14.9

¹ 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 ¹	Current Expenses ¹	Net Revenues		Revenue Bond Coverage
			Available for Debt Service	Debt Service Requirement	
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	323,930	99,389	224,541	102,720	2.2
2012	360,485	102,492	257,993	98,227	2.6
2013	352,258	101,383	250,875	103,571	2.4

¹ 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		Current		Net Revenues		Revenue Bond Coverage
	Revenues ¹		Expenses ¹		Available for Debt Service		
						Debt Service Requirement	
2004	\$	32,120	\$	11,287	\$	20,833	\$ 4.4
2005		36,400		12,750		23,650	3.8
2006		41,946		12,198		29,748	4.1
2007		48,490		13,021		35,469	3.7
2008		51,606		12,699		38,907	3.8
2009		53,542		11,604		41,938	3.8
2010		54,370		11,884		42,486	3.9
2011		56,656		11,328		45,328	4.3
2012		59,125		12,080		47,045	4.5
2013		64,318		13,266		51,052	5.8

¹ 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 ¹	Application of Revenues ¹	Net Revenues Available for Debt Service	Debt Service Requirement ²	Revenue Bond Coverage ³
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
2012	139,958	61,711	78,247	24,289	3.2
2013	157,440	71,736	85,704	26,071	3.3

¹ Gross revenues and application of revenues as defined by the Revenue Bond Order.

² Net of capitalized interest.

³ 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
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	35.2	10.0
2012	772,627	22,605,735	23,667	33.9	8.8
2013	796,921	22,270,608	22,874	N/A	8.4

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>2013</u>			<u>2004</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	35,000	1	7.63%	13,246	3	3.34%
Wells Fargo/Wachovia Corporation	20,300	2	4.43	17,000	1	4.28
Charlotte-Mecklenburg Schools	18,143	3	3.96	13,812	2	3.48
Wal-Mart Stores, Incorporated	16,100	4	3.51	-		-
Bank of America	15,000	5	3.27	12,770	4	3.22
Novant Healthcare	11,000	6	2.40	-		-
Harris Teeter Supermarkets, Incorporated	8,239	7	1.80	-		-
Duke Energy Corporation	7,800	8	1.70	5,614	9	1.41
Delhaize America, Inc/Food Lion, LLC	7,734	9	1.69	-		-
North Carolina State Government	7,684	10	1.68	5,682	8	1.43
US Airways	-		-	7,000	5	1.76
City of Charlotte	-		-	6,002	6	1.51
Presbyterian Healthcare	-		-	6,000	7	1.51
US Government	-		-	5,200	10	1.31
Total	<u>147,000</u>		<u>32.07%</u>	<u>92,326</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									
	2004	2005	2006	2007	2008	2009	2010	2011 ¹	2012	2013
Public safety ^{2, 5}	3,002.50	3,058.50	3,094.50	3,179.50	3,191.50	3,223.50	3,392.50	3,388.50	3,408.50	3,472.50
Sanitation	255.00	247.00	239.00	276.00	290.00	289.00	296.00	283.00	289.00	289.00
General administration	245.00	272.00	295.50	297.50	349.00	350.25	367.25	371.25	373.25	373.50
Shared services	183.50	186.50	187.50	191.50	197.50	235.00	223.00	246.00	254.50	257.00
Engineering and property management	298.00	299.00	301.00	306.00	314.00	330.00	329.00	330.00	330.00	322.00
Streets and highways	456.25	447.25	437.25	437.25	428.50	429.50	434.50	432.50	431.50	431.50
Community planning and development	210.00	212.00	225.00	227.00	226.00	226.00	233.00	229.00	220.00	220.00
Water and Sewer ³	784.50	802.50	802.50	818.50	813.50	812.50	802.50	791.50	746.25	746.50
Storm water	77.00	84.00	92.00	85.00	80.00	86.00	83.00	84.00	84.00	95.00
Airport ^{4, 5}	248.00	268.00	268.00	268.00	268.00	268.00	268.00	266.00	283.00	251.00
Public transit	225.25	242.25	289.75	380.75	392.75	392.75	392.75	360.75	361.75	361.75
Risk management	23.00	25.00	25.00	25.00	26.00	27.00	27.00	27.00	27.00	27.00
Total	<u>6,008.00</u>	<u>6,144.00</u>	<u>6,257.00</u>	<u>6,492.00</u>	<u>6,576.75</u>	<u>6,669.50</u>	<u>6,848.50</u>	<u>6,809.50</u>	<u>6,808.75</u>	<u>6,846.75</u>

Source: Actual position allocations per Budget and Evaluation Department.

¹ In 2011, vacant positions were eliminated.

² In 2009, positions were added due to annexation. In 2010, positions were added due to receipt of an American Recovery and Reinvestment Act grant.

³ In 2012, vacant positions were eliminated as part of the financial stability plan.

⁴ In 2012, positions were added for public safety at the airport.

⁵ In 2013, positions were transferred from public safety at the airport to public safety.

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

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police physical arrests	27,226	26,163	28,015	27,005	28,875	29,703	28,326	27,800	25,389	22,839
911 call volume	1,030,578	1,066,176	1,081,065	1,093,542	1,069,433	1,008,457	967,020	1,002,790	1,093,772	1,015,825
Fire calls answered	75,624	78,656	84,348	88,024	90,743	91,309	93,139	98,569	95,922	97,361
Sanitation										
Refuse collected by City (in tons)	166,622	178,342	188,742	176,169	170,569	179,814	178,752	221,868	218,792	212,296
Refuse collected by City Contractors (in tons)	103,503	111,392	104,832	96,363	99,363	100,585	100,285	74,646	77,195	62,153
Recyclables and Organics collected by City (in tons)	67,250	65,505	65,912	66,306	62,444	68,509	67,317	53,264	54,587	54,557
Recyclables and Organics collected by City Contractors (in tons) ¹	14,225	12,471	13,103	13,389	13,140	13,482	14,843	45,206	46,599	47,666
Support services										
Fleet maintained	2,845	2,968	3,091	3,137	3,251	3,367	3,470	3,465	3,577	3,331
Streets and highways										
Miles resurfaced	304	283	195	194	306	319	246	325	222	149
Potholes repaired	387	376	378	375	288	576	895	790	768	856
Community planning and development										
Housing inspections conducted	2,818	2,970	2,993	3,689	3,565	3,749	3,142	3,196	3,070	2,498
Affordable housing production	1,051	1,319	1,187	1,640	1,204	1,093	1,172	1,310	1,614	1,368
Water										
Number of service connections	226,004	223,559	232,545	237,930	241,637	242,631	245,854	248,257	253,557	257,683
Average daily consumption (in millions of gallons)	105	100	111	114	106	99	108	110	101	99
Sewer										
Number of service connections	191,148	196,906	205,569	219,268	222,887	223,855	226,978	229,002	235,157	238,854
Average daily treatment (in millions of gallons)	81	84	80	86	78	81	83	76	78	79
Storm water										
Requests for services completed	1,500	1,863	1,842	1,627	1,885	2,021	2,266	1,890	2,862	1,809
Airport										
Number of airline arrivals and departures per day	1,048	1,142	1,204	1,228	1,350	1,289	1,281	1,359	1,371	1,415
Passengers boarding (in thousands)	12,166	13,539	14,246	15,712	17,023	17,305	17,725	19,614	20,010	21,108
Public transit										
Scheduled bus/rail miles operated (in thousands) ²	10,116	14,541	15,769	15,365	16,304	17,280	15,617	15,598	15,925	16,226
Passengers (in thousands) ²	16,356	17,705	19,157	19,758	23,101	26,034	24,355	24,901	26,500	26,110

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

² 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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public safety										
Police stations	12	12	12	13	13	13	13	13	13	13
Patrol units	997	984	990	1,072	1,087	1,169	1,251	1,267	1,352	1,386
Fire stations	36	36	37	38	38	39	40	41	42	42
Sanitation										
Collection trucks	165	170	171	182	194	198	200	178	171	180
Streets and highways										
Miles of street	2,104	2,181	2,197	2,244	2,280	2,368	2,398	2,415	2,434	2,434
Number of street lights	60,565	60,737	63,258	64,644	66,204	67,345	70,000	69,695	70,862	71,851
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,370	3,450	3,528	3,850	3,929	4,025	4,064	4,094	4,206	4,198
Fire hydrants ¹	18,000	20,000	20,000	20,000	22,000	12,425	12,541	12,568	16,756	16,889
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	3,297	3,369	3,433	3,865	3,942	4,028	4,047	4,073	4,180	4,170
Airport										
Feet of runway ²	26,345	26,345	26,345	26,345	26,345	26,345	35,175	35,175	35,175	35,175
Public transit										
Motor buses	313	321	326	324	342	342	324	324	323	322
Light rail vehicles	-	4	4	9	16	16	20	20	20	20

¹ Beginning 2009, data represents only assets owned and maintained by the city.

² In 2010, the Airport opened its third parallel runway.



**Report of Independent Auditor On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit of Financial Statements
Performed In Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2013, and the related notes to the financial statements, which collectively comprises the City's basic financial statements, and have issued our report thereon dated October 31, 2013. Our report includes a reference to another auditor who audited the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). 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

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 13-01 and 13-02 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 13-03 and 13-04 to be significant deficiencies.

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*.

Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Handwritten signature of Cherry Roubert LLP in cursive script.

Raleigh, North Carolina
October 31, 2013

**Report of Independent Auditor 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

Report on Compliance for Each Major Federal Program

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, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of 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, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described on the accompanying schedule of findings and questioned costs as item 13-05. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program 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. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Raleigh, North Carolina
October 31, 2013

**Report of Independent Auditor On Compliance For Each Major State Program;
And On 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

Report on Compliance for Each Major State Program

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 the City's major State programs for the year ended June 30, 2013. The City's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its State programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 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 on compliance for each major State program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

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, 2013.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, 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 that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program 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 State 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 State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Channing R. Smith LLP

Raleigh, North Carolina
October 31, 2013

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☒ yes ☐ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☒ yes ☐ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to federal awards? ☐ yes ☒ no

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ☒ yes ☐ no

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results (continued)

Identification of major federal programs:

CFDA Numbers

17.267

97.117

16.580

20.500

20.507

Names of Federal Program or Cluster

Workforce Investment Act Cluster

ARRA - TSA Airport Checked Baggage
Inspection System Program

Edward Byrne Memorial State and Local Law
Enforcement Assistance Discretionary Grants
Program

Federal Transit Cluster
Capital Investment Grants
ARRA - Formula Grants

Dollar threshold used to distinguish between Type A and
Type B Programs:

\$ 3,000,000

Auditee qualified as low-risk auditee?

 X yes no

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

I – Summary of Auditor's Results (continued)

State Awards

Internal control over major state programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported
- Noncompliance material to state awards? _____ yes X no

Type of auditor's report issued on compliance for major state programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with the *Audit Manual for Governmental Auditors in North Carolina*? _____ yes X no

Identification of major state programs:

Names of State Program or Cluster

State Street Aid- Powell Bill
Public Transportation Section 5309 Capital Programs- Blue Line Extension
Municipal Agreement- Project U-4911
One NC Fund

Section II – Financial Statement Findings

Material Weakness

Finding 13-01

Criteria: The City is responsible for recording capital assets in accordance with accounting principles generally accepted in the United States of America.

Condition: The City understated capital assets as of and for the year ended June 30, 2012. Four parcels of land were deeded to the City related to the NASCAR Hall of Fame and I-277 Projects in fiscal years 2008 and 2010. City Finance was unaware that the parcels had been deeded; therefore, the four parcels of land were not recorded in their respective periods and a material prior period adjustment was recorded for the year ended June 30, 2012.

Effect: The financial statements were materially misstated as of June 30, 2012.

Cause: Lack of internal controls established over capital assets.

Recommendation: We recommend that the City establish internal controls over the recordation of capital assets to ensure amounts are properly stated.

Views of responsible officials: The City agrees with this finding.

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Material Weakness

Finding 13-02

Criteria: The City is responsible for recording long term liabilities in accordance with accounting principles generally accepted in the United States of America.

Condition: During fiscal year 2003, the City of Charlotte entered into a swaption agreement and received approximately \$6 million in borrowing proceeds. This was treated as an installment purchase premium at this time and amortized. When the City implemented GASB 53 in fiscal year 2010, they correctly bifurcated the fair value of the swaption from the borrowing proceeds, thus presenting the \$6 million borrowing liability separately. However, the City failed to remove the premium that they were amortizing, thus recognizing the liability both as an unamortized premium on installment purchases and as a liability on the swaption borrowing payable, overstating long-term liabilities. The City has incorrectly continued to amortize the premium since fiscal year 2010. At June 30, 2012 the outstanding balance related to the premium recorded on the books was approximately \$4.5 million overstated, thus a material prior period adjustment was recorded for the year ended June 30, 2012.

Effect: The financial statements were materially misstated as of June 30, 2012.

Cause: Lack of internal controls established over long term liabilities.

Recommendation: We recommend that the City establish internal controls over the recordation of long term liabilities to ensure amounts are properly stated.

Views of responsible officials: The City agrees with this finding.

Significant Deficiency

Finding 13-03

Criteria: The City is responsible for establishing internal controls over cash collections in order to ensure accurate reporting.

Condition: The City engaged a third party vendor to handle the collection of various fines, including fines for all riders of the Light Rail (Transportation System) who did not properly purchase a ticket. The vendor was responsible for collections of fines, and remittance of those fines to the City. The third party vendor notified the City in fiscal year 2013 that one of its employees had admitted to the misappropriation of approximately \$15,000 in fine collections from 2011-2013. After review, the misappropriation is estimated at \$50,000. No internal controls existed at the time to reconcile the amounts fined by the third party vendor to amounts remitted to the City. There was also no formal agreement in place between the vendor and City Finance surrounding the collection of these fines, thus not allowing Finance to establish any type of internal controls to mitigate the risk of misappropriation.

Effect: Misappropriation of assets surrounding collection and remittance of fines were undetected by the City.

Cause: Lack of internal controls established over collection of fines related to the Light Rail.

Recommendation: We recommend that the City establish internal controls surrounding the collection and remittance of fines related to the Light Rail in order to reconcile collections to the amount actually received by the City.

Views of responsible officials: The City agrees with this finding.

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Significant Deficiency **Finding 13-04**

Criteria: The City is responsible for establishing internal controls over cash collections in order to ensure accurate reporting.

Condition: The City does not periodically monitor the internal controls present at cash collection sites throughout the City to ensure they are properly designed and operating effectively.

Effect: Internal controls over cash collection sites are not being properly monitored; therefore, the design and operation of internal control may be ineffective.

Cause: Lack of monitoring internal controls surrounding cash collection sites throughout the City.

Recommendation: We recommend that the City establish monitoring internal controls of the cash collection sites throughout the City to ensure internal controls are properly designed and operating effectively.

Views of responsible officials: The City agrees with this finding.

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Homeland Security
Program Name: ARRA - TSA Airport Checked Baggage Inspection System Program
CFDA #: 97.117

Finding 13-05

Nonmaterial Noncompliance Reporting

Criteria: The TSA Baggage Grant Agreement requires that the airport submit monthly milestone and project progress status reports by the 10th of each month to the TSA Deployment Manager, TSA Contracted Site Lead, and TSA Contracting Officer.

Condition: The City did not properly prepare or submit monthly milestone and project progress status reports during the fiscal year ended June 30, 2013.

Questioned Costs: There were no questioned costs since all program costs were properly approved through reimbursement requests submitted to TSA, rather than through program reports.

Effect: The City was not in compliance with reporting requirements for the fiscal year ended June 30, 2013.

Cause: Lack of understanding of grant reporting requirements.

Recommendation: We recommended that the City submit these reports to TSA on a monthly basis and in accordance with grant guidelines.

Views of responsible officials: The City agrees with this finding.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section IV – State Award Findings and Questioned Costs

None noted.

CITY OF CHARLOTTE, NORTH CAROLINA

CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

Finding 13-01 Material Weakness

Name of contact person: Teresa Smith, Financial Reporting Manager

Corrective Action: The City has developed a Capital Asset policy that is in final approval. The policy addresses donations of capital assets and the communication required to the Finance Department to ensure proper recording of the asset. The Finance Department has discussed this policy, including donations of capital assets, with the Business Managers of City departments in order to educate them on these procedures. The Finance Department will also consider sending a request for City departments to provide documentation for all donated assets for the period, at least on an annual basis.

Proposed completion date: Fiscal year 2014

Finding 13-02 Material Weakness

Name of contact person: Teresa Smith, Financial Reporting Manager

Corrective Action: The City has a process for preparation and review of long-term liabilities for financial reporting. The error related to the GASB 53 implementation from fiscal year 2010 was discovered during this preparation and review process. The City will consider whether procedures should be added or modified for the preparation and review process.

Proposed completion date: Fiscal year 2014

Finding 13-03 Significant Deficiency

Name of contact person: Teresa Smith, Financial Reporting Manager

Corrective Action: The City is currently reviewing the facts related to this misappropriation of fine collections. City Finance, Internal Audit and CATS departments are participating in the review process. The misappropriation has been reported to the police and the City will pursue prosecution, if possible. Procedures related to reporting and reconciliation of amounts collected to outstanding receivables will be adjusted, as necessary in order to strengthen internal controls surrounding this activity. The City will also consider implementing a policy or procedure which specifies that formal collection agreements between third party vendors and the Finance Department should be in place.

Proposed completion date: Fiscal year 2014

CITY OF CHARLOTTE, NORTH CAROLINA
CORRECTIVE ACTION PLAN

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Finding 13-04
Significant Deficiency

Name of contact person: Teresa Smith, Financial Reporting Manager

Corrective Action: The Finance Department requested additional resources during the FY2014/2015 budget process. The positions would be used in an auditing/compliance monitoring capacity but were not approved for FY2014. The Finance Department will continue to request additional resources for this purpose. Whether resources are approved or not, the Finance Department will work with Internal Audit to implement a plan to periodically monitor cash collection sites throughout the City.

Proposed completion date: Fiscal year 2014

Section III – Federal Award Findings and Questioned Costs

Finding 13-05
Nonmaterial Noncompliance

Name of contact person: Brent Cagle, Interim Aviation Director

Corrective Action:
Beginning in fiscal year 2014, the City will submit the monthly milestone and project progress status reports by the 10th of the following month. Airport staff will provide financial information and coordinate with Turner project manager on project milestone updates.

Proposed completion date: August 2013

Section IV – State Award Findings and Questioned Costs

None noted.

CITY OF CHARLOTTE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section V – Schedule of Prior Year Audit Findings

None reported.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G10GA0007A	\$ 140,454	\$ 19,080	\$ 140,454
High Intensity Drug Trafficking Areas	95.001	G11GA0006A	28,216	27,940	27,940
High Intensity Drug Trafficking Areas	95.001	G12GA0007A	86,500	58,150	58,150
High Intensity Drug Trafficking Areas	95.001	G13GA0007A	41,520	-	-
Total Executive Office of the President			296,690	105,170	226,544
<u>U.S. Department of Commerce</u>					
Direct Programs:					
ARRA - Broadband Technology Opportunities (BTOP)	11.557	NT10BIX5570088	16,702,490	428,317	4,179,621
<u>U.S. Department of Defense</u>					
Direct Programs:					
Military Construction, National Guard	12.400	W91242-08-2-2104	6,251,736	(2,794)	6,251,736
<u>U.S. Department of Energy</u>					
Direct Programs:					
ARRA - Energy Efficiency and Conservation Block Grant	81.128	DE-EE0000765	6,780,100	363,777	6,560,916
Pass-Through Triangle J. Council of Governments:					
ARRA - Conservation Research and Development	81.086	TJCOG-CBS-048	10,000	10,000	10,000
ARRA - Conservation Research and Development	81.086	TJCOG-CBS-050	381,977	191,000	381,977
Total Pass-Through Triangle J. Council of Governments			391,977	201,000	391,977
Pass-Through Southeast Energy Efficiency Alliance:					
ARRA - Energy Efficiency and Conservation Block Grant	81.128	2011-SEEA-010	607,005	489,028	490,023
Total U.S. Department of Energy			7,779,082	1,053,805	7,442,916

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<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	\$ -	\$ 366,958
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2009-FO-05755	1,229,712	-	1,183,196
Assistance to Firefighters	97.044	EMW-2011-FO-09500	80,000	2,830	2,830
Assistance to Firefighters	97.044	EMW-2010-FR-00382	1,680,000	30,400	1,679,511
Assistance to Firefighters	97.044	EMW-2011-FR-00617	2,714,312	2,714,312	2,714,312
Rail and Transit Security	97.075	2009-RA-T9-0082	364,373	39,296	336,893
Rail and Transit Security	97.075	2010-RA-T0-0038	287,760	131,644	230,544
Rail and Transit Security	97.075	EMW-2011-RA-00078-S01	130,128	-	3,503
Rail and Transit Security	97.075	EMW-2012-RA-00008-S01	116,072	-	-
ARRA - TSA Airport Checked Baggage Inspection System	97.117	HSTS04-10-H-REC109	45,431,845	2,438,677	3,559,433
Total Direct Programs			52,034,202	5,357,159	9,710,222
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	2,935	140,900
Urban Areas Security initiative	97.008	2007-GE-T7-0048	4,970,000	717,932	4,970,000
Metropolitan Medical Response System	97.071	2007-GE-T7-0048	258,145	-	257,982
State Homeland Security	97.073	2007-GE-T7-0048	170,000	2,268	169,514
State Homeland Security	97.073	2007-GE-T7-0048	50,000	2,070	50,000
State Homeland Security	97.073	2007-GE-T7-0048-8017	65,000	-	63,209
Rail and Transit Security	97.075	2007-RL-T7-0004	548,766	-	543,000
Rail and Transit Security	97.075	2007-RL-T7-0021	414,990	-	414,900
Rail and Transit Security	97.075	2008-RL-T8-0002	78,593	-	78,052
Rail and Transit Security	97.075	2008-RL-T8-0002	270,926	6,181	270,926
Rail and Transit Security	97.075	2008-RL-T8-0002	250,741	45,637	240,990
Rail and Transit Security	97.075	2008-RL-T8-0002	253,462	65,808	209,475
Rail and Transit Security	97.075	2008-RL-T8-0002	249,441	133,951	249,441
Buffer Zone Protection	97.078	2007-BZ-T7-0034	365,770	-	363,508
Buffer Zone Protection	97.078	2009-BF-T9-0028 / 9004	194,000	133,404	172,844
Homeland Security	97.067	2008-GE-T8-0033	25,000	-	24,548

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 321,221	\$ 205,965	\$ 321,221
Homeland Security	97.067	2008-GE-T8-0033	350,000	170,548	350,000
Homeland Security	97.067	2008-GE-T8-0033	205,714	-	202,758
Homeland Security	97.067	2008-GE-T8-0033	4,176,370	1,188,191	4,144,684
Homeland Security	97.067	2009-SS-T9-0046	311,584	215,184	311,584
Homeland Security	97.067	2009-SS-T9-0046	135,714	102,596	114,236
Homeland Security	97.067	2009-SS-T9-0046	4,442,600	1,239,918	4,403,537
Homeland Security	97.067	2009-SS-T9-0046	80,000	78,830	80,000
Homeland Security	97.067	2009-SS-T9-0046	100,000	26,824	100,000
Homeland Security	97.067	2010-SS-T0-0075	55,000	47,103	52,166
Homeland Security	97.067	2010-SS-T0-0075	51,429	51,429	51,429
Homeland Security	97.067	2010-SS-T0-0075	62,000	39,841	40,396
Homeland Security	97.067	2010-SS-T0-0075	4,016,970	1,788,083	3,274,239
Homeland Security	97.067	2010-SS-T0-0075	301,548	203,235	234,331
Homeland Security	97.067	2010-SS-T0-0075 / 1198	96,184	96,184	96,184
Homeland Security	97.067	2011-SS-00119 / 2003	267,608	-	-
Homeland Security	97.067	2011-SS-00119 / 4001	2,132,180	542,732	829,380
Homeland Security	97.067	2011-SS-00119-S01 / 1057	25,000	-	-
Homeland Security	97.067	EMW-2012-SS-00100-S01 / 1223	78,312	-	-
Homeland Security	97.067	EMW-2012-SS-00100-S01 / 1225	132,768	-	-
Homeland Security	97.067	EMW-2012-SS-00100-S01 / 1230	1,195,801	89	89
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>26,843,837</u>	<u>7,106,938</u>	<u>22,825,523</u>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2010-37119	106,419	84,854	106,214
Emergency Management Performance	97.042	EMPG-2011-37119	77,135	-	-
Emergency Management Performance	97.042	EMPG-2012-37119	62,500	-	-
Total Pass-Through Mecklenburg County			<u>246,054</u>	<u>84,854</u>	<u>106,214</u>
Total U.S. Department of Homeland Security			<u>79,124,093</u>	<u>12,548,951</u>	<u>32,641,959</u>

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 799,787	\$ 5,431,777
Community Development Block Grants/Entitlement Grants	14.218	B-11-MC-37-0003	4,358,311	2,725,712	2,759,429
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-37-0003	4,416,652	-	-
ARRA - Community Development Block Grants/Entitlement Grants	14.253	B-09-MY-37-0003	1,262,296	-	1,182,743
Total CDBG - Entitlement Grants Cluster			15,469,036	3,525,499	9,373,949
Emergency Shelter	14.231	E-11-MC-37-0002	328,892	118,401	328,892
Emergency Shelter	14.231	E-12-MC-37-0002	377,418	172,750	172,750
HOME Investment Partnerships	14.239	M09DC370212	2,841,233	135,967	2,841,233
HOME Investment Partnerships	14.239	M10DC370212	2,819,428	2,684,655	2,684,655
HOME Investment Partnerships	14.239	M11-DC370212	2,475,006	-	-
HOME Investment Partnerships	14.239	M12-DC370212	2,031,879	-	-
Housing Opportunities For Persons With AIDS	14.241	NC19H10-F001	793,382	245,574	793,382
Housing Opportunities For Persons With AIDS	14.241	NCH11-F001	813,905	671,115	671,115
Housing Opportunities For Persons With AIDS	14.241	NCH012-FF001	830,903	-	-
Fair Housing Assistance	14.401	FF204K114008	228,919	106,546	106,546
Fair Housing Assistance	14.401	FF204K124008	112,815	-	-
ARRA - Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0412-08	2,856,199	(168)	2,856,199
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0539-12	2,479,414	264,240	264,240
Total Direct Programs			34,458,429	7,924,579	20,092,961
Pass-Through Mecklenburg County:					
Community Development Block Grants/Entitlement Grants	14.218	110560	339,000	-	268,468
Community Development Block Grants/Entitlement Grants	14.218	120405	204,666	194,290	194,290
Total CDBG - Entitlement Grants			543,666	194,290	462,758
Pass-Through N.C. Department of Commerce:					
Community Development Block Grants/Entitlement Grants	14.218	08-N-1887	2,624,888	54,505	2,624,888
Total U.S. Department of Housing and Urban Development			37,626,983	8,173,374	23,180,607

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	\$ 62,538	\$ 1,162,653
Public Safety Partnership and Community Policing	16.710	2007CKWX0044	2,884,170	229,554	1,232,199
ARRA - Public Safety Partnership and Community Policing	16.710	2009RJWX0062	8,545,950	647,773	7,962,535
Forensic DNA Backlog Reduction	16.741	2010-DN-BX-K165	349,200	178,860	264,365
Forensic DNA Backlog Reduction	16.741	2011-DN-BX-K507	365,831	68,519	150,032
Forensic DNA Backlog Reduction	16.741	2012-DN-BX-0008	268,405	12,778	12,778
Total Direct Programs			<u>13,576,209</u>	<u>1,200,022</u>	<u>10,784,562</u>
Pass-Through N.C. Department of Crime Control and Public Safety:					
Crime Victim Assistance	16.575	060-1-10-055-AV-169	151,588	4,611	132,351
Project Safe Neighborhoods	16.609	060-1-10-001-BA-087	13,611	-	13,611
Project Safe Neighborhoods	16.609	PROJ008241	14,456	14,456	14,456
Project Safe Neighborhoods	16.609	PROJ008261	29,989	19,352	19,352
Justice Assistance	16.738	060-1-10-006-BH-352	303,912	-	182,740
Coverdell Forensic Sciences Improvement	16.742	PROJ008231	83,782	2,777	83,782
Coverdell Forensic Sciences Improvement	16.742	PROJ008881/2011-CD-BX-0047	73,465	7,307	7,307
AntiGang Initiative	16.744	060-1-06-001-BK-290	22,386	-	22,386
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>693,189</u>	<u>48,503</u>	<u>475,985</u>
Pass-Through Maryland State Police:					
Project Safe Neighborhoods	16.609	Letter	<u>152,549</u>	<u>64,046</u>	<u>147,878</u>

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through Mecklenburg County:					
Part E - Developing, Testing and Demonstrating					
Promising New Programs	16.541	2009-JL-FX-0285	\$ 900,000	\$ 369,677	\$ 619,802
National Institute of Justice Research, Evaluation, and Development					
Project Grants	16.560	2011-DN-BX-K525	485,777	211,259	310,142
Edward Byrne Memorial State and Local Law Enforcement Assistance					
Discretionary Grants Program	16.580	2012-ZC-BX-0001	49,577,780	36,471,963	49,577,780
Community Capacity Development	16.595	2008-WS-QX-0204	144,481	(290)	144,481
Coverdell Forensic Sciences Improvement	16.742	170-1-06-001-BD-091	32,220	(2,172)	32,220
Congressionally Recommended	16.753	2010-DD-BX-0466	200,000	59,213	197,261
JAG Program Cluster:					
Justice Assistance	16.738	2009-DJ-BX-0178	1,060,715	47,351	1,060,715
Justice Assistance	16.738	2010-DJ-BX-0286	940,519	308,048	854,824
Justice Assistance	16.738	2011-DJ-BX-2961	714,123	569,493	591,990
Justice Assistance	16.738	2012-DJ-BX-1060	529,135	167,709	167,709
ARRA - Justice Assistance	16.803	260680	531,223	2,574	531,223
ARRA - Justice Assistance	16.804	2009-SB-B9-1703	4,453,144	457,321	4,330,753
ARRA - Justice Assistance	16.804	2009-SC-B9-0063	483,825	9,587	483,825
ARRA - Justice Assistance	16.804	260681	339,765	37,798	272,345
Total JAG Program Cluster			9,052,449	1,599,881	8,293,384
Total Pass-Through Mecklenburg County			60,392,707	38,709,531	59,175,070
Total U.S. Department of Justice			74,814,654	40,022,102	70,583,495
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act	17.267	10-2050	478,822	106,761	474,308
Workforce Investment Act	17.267	11-2010	621,993	217,882	621,993
Workforce Investment Act	17.267	11-2020	1,709,729	789,182	1,709,729
Workforce Investment Act	17.267	11-2030	1,988,674	1,006,385	1,988,674
Workforce Investment Act	17.267	11-2031	618,830	368,745	440,149
Workforce Investment Act	17.267	11-2040	1,899,530	443,058	1,899,530
Workforce Investment Act	17.267	12-2010	590,786	447,146	447,146
Workforce Investment Act	17.267	12-2011	40,000	20,496	20,496

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Workforce Investment Act	17.267	12-2020	\$ 1,744,460	\$ 485,722	\$ 485,722
Workforce Investment Act	17.267	12-2030	1,654,643	956,528	956,528
Workforce Investment Act	17.267	12-2031	95,980	4,211	4,211
Workforce Investment Act	17.267	12-2040	1,917,975	1,422,228	1,422,228
Total U.S. Department of Labor			13,361,422	6,268,344	10,470,714
<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	3-37-0012-60-2009	562,500	169,412	562,500
Airport Improvement Program	20.106	3-37-0012-66-2012	20,500,000	20,500,000	20,500,000
Airport Improvement Program	20.106	3-37-0012-67-2012	5,235,053	746,894	746,894
Airport Improvement Program	20.106	3-37-0012-068-2012	4,628,482	4,628,482	4,628,482
Airport Improvement Program	20.106	3-37-0012-69-2013	12,000,000	12,000,000	12,000,000
Total Federal Aviation Administration			47,926,035	38,044,788	40,329,558
Federal Transit Administration:					
Federal Transit Cluster:					
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	103,112,660	9,017,098	32,729,583
Federal Transit - Capital Investment Grants	20.500	NC-03-0084-00	24,990,000	4,395,177	5,353,156
Federal Transit - Capital Investment Grants	20.500	NC-03-0085-00	500,000	-	-
Federal Transit - Capital Investment Grants	20.500	NC-04-0006-00	11,326,917	(211,237)	4,269,194
Federal Transit - Capital Investment Grants	20.500	NC-04-0018-00	10,557,344	894,732	900,888
Federal Transit - Capital Investment Grants	20.500	NC-04-0021-00	380,000	57,194	380,000
Federal Transit - Capital Investment Grants	20.500	NC-04-0045-00	400,000	27,300	27,300
Federal Transit - Capital Investment Grants	20.500	NC-04-0046-00	1,549,600	140,662	140,662
Federal Transit - Capital Investment Grants	20.500	NC-04-0068-00	4,000,000	133,882	133,882
Federal Transit - Capital Investment Grants	20.500	NC-05-0043-00	214,638	214,638	214,638

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Federal Transit - Formula Grants	20.507	NC-90-X403-00	\$ 2,147,545	\$ 8,681	\$ 923,189
Federal Transit - Formula Grants	20.507	NC-90-X408-00	13,294,550	-	13,294,549
Federal Transit - Formula Grants	20.507	NC-90-X431-00	30,569,205	4,810,424	30,195,549
Federal Transit - Formula Grants	20.507	NC-90-X472-00	15,892,453	316,576	15,214,513
Federal Transit - Formula Grants	20.507	NC-90-X499	17,161,094	(92,000)	16,670,656
Federal Transit - Formula Grants	20.507	NC-90-X531-00	16,521,120	11,817,627	11,817,627
Federal Transit - Formula Grants	20.507	NC-95-X014-01	1,040,000	902,151	1,040,000
Federal Transit - Formula Grants	20.507	NC-95-X042-01	1,000,000	341,141	800,000
Federal Transit - Formula Grants	20.507	NC-95-X050-00	1,500,000	1,153,315	1,153,975
Federal Transit - Formula Grants	20.507	NC-95-X052-00	1,261,250	1,058,250	1,058,250
Federal Transit - Formula Grants	20.507	NC-95-X055-00	2,130,000	1,550,674	1,550,674
Federal Transit - Formula Grants	20.507	NC-95-X060-00	3,192,000	-	-
ARRA - Federal Transit - Formula Grants	20.507	NC-96-X006-00	20,766,306	1,643,527	19,386,726
Total Federal Transit Cluster			284,386,682	38,179,812	158,106,665
Transit Services Programs Cluster:					
Job Access - Reverse Commute	20.516	NC-37-X016-01	1,671,099	260,478	1,378,569
New Freedom Program	20.521	NC-57-X005-01	1,048,454	133,019	777,373
Total Transit Services Programs Cluster			2,719,553	393,497	2,155,942
Capital Assistance for Reducing Energy Consumption	20.523	NC-88-0003-00	1,000,000	885,555	946,061
National Infrastructure Investments	20.933	NC-79-0002-00	18,000,000	358,153	358,153
Total Federal Transit Administration			306,106,235	39,817,017	161,566,821
Total Direct Programs			354,032,270	77,861,805	201,896,379
Pass-Through City of Concord, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	98,710	35,571	90,326
Pass-Through City of Gastonia, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	62,816	17,218	52,062

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through City of Rockhill, South Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	\$ 45,125	\$ 12,369	\$ 37,400
Pass-Through N.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	39225.1.14 / Section 104f	1,242,903	(4,244)	1,242,903
Highway Planning and Construction	20.205	42844.1.1 / BRZ-1003	162,758	-	-
ARRA - Highway Planning and Construction	20.205	45090.1.ST1 / 45090.3.ST1-4	3,958,708	165,068	3,958,708
Highway Planning and Construction	20.205	45443.3.1 / CMS-1003(105)	400,000	-	228,556
Highway Planning and Construction	20.205	45444.1.1 / 45444.2.1 / 45444.3.1 / CMS-1003(106)	1,587,200	24,240	24,240
Highway Planning and Construction	20.205	45452.3.1 / CMS-1003(111)	187,500	(52,573)	129,394
Highway Planning and Construction	20.205	46093.1.1 / BRSTP-1003(97)	160,000	-	-
Highway Planning and Construction	20.205	46285.1 / SPR-OSPR (49)	1,029,140	203,238	864,553
Highway Planning and Construction	20.205	47510.3.2 / VPPP-1003(99)	399,534	149,825	399,534
Highway Planning and Construction	20.205	BRZ-NBIS (17)	282,600	282,600	282,600
Highway Planning and Construction	20.205	CMS-1003(124) / C-5542 / 51012.1.1 / 51012.2.1 / 51012.3.1	1,075,000	78,569	78,569
Highway Planning and Construction	20.205	CMS-1003(125) / C-5540 / 51010.1.1 / 51010.2.1 / 51010.3.1	994,000	-	-
Highway Planning and Construction	20.205	Section 104f	1,260,000	1,132,835	1,132,835
Highway Planning and Construction	20.205	Y-4810 G	975,000	-	74,046
Total Federal Highway Administration			<u>13,714,343</u>	<u>1,979,558</u>	<u>8,415,938</u>
Federal Transit Administration:					
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.11.6 / 12-08-102	345,696	345,696	345,696
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.12.6 / 13-08-102	335,584	150,774	150,774
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51001.25.1.2-3 / 11-ED-083	533,140	22,806	256,765
Total Federal Transit Administration			<u>1,214,420</u>	<u>519,276</u>	<u>753,235</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
National Highway Traffic Safety Administration:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	52011.5.66 / PT-11-03-03-29	\$ 5,319	\$ -	\$ 5,319
State and Community Highway Safety	20.600	52012.5.8 / PT-2012-03-03-08	8,391	7,501	8,391
State and Community Highway Safety	20.600	PT-12-03-03-23	82,875	-	64,562
State and Community Highway Safety	20.600	PT-13-03-03-08	20,000	3,826	3,826
Total National Highway Traffic Safety Administration			116,585	11,327	82,098
Total Pass-Through N.C. Department of Transportation			15,045,348	2,510,161	9,251,271
Pass-Through S.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	57,431	15,742	47,599
Total U.S. Department of Transportation			369,341,700	80,452,866	211,375,037
<u>U.S. Environmental Protection Agency</u>					
Direct Programs:					
Brownfields Assessment and Cleanup	66.818	BF-95462010-0	348,835	89,421	348,835
Pass-Through N.C. Department of Environment and Natural Resources:					
ARRA - State Clean Diesel	66.040	2D-95421809-0	80,000	(5,458)	73,840
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0189	1,440,496	23,869	1,440,496
ARRA - Clean Water State Revolving Funds	66.458	E-SRF-T-09-0244	778,081	43,915	778,081
Total Pass-Through N.C. Department of Environment and Natural Resources			2,298,577	62,326	2,292,417
Total U.S. Environmental Protection Agency			2,647,412	151,747	2,641,252
TOTAL FEDERAL AWARDS			608,316,262	149,201,882	369,360,839

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
STATE AWARDS:					
<u>N.C. Clean Water Management Trust Fund</u>					
Stormwater Infrastructure		2008-702	\$ 86,505	\$ 86,505	\$ 86,505
Stormwater Infrastructure		2008-815	157,085	157,085	157,085
Stormwater Infrastructure		2011-703	400,000	261,432	261,432
Stormwater Infrastructure		2011-704	200,000	200,000	200,000
Total N.C. Clean Water Management Trust Fund			843,590	705,022	705,022
<u>N.C. Department of Commerce</u>					
One NC Fund		O-2008-4863	62,100	53,100	62,100
One NC Fund		O-2009-5422	1,000,000	-	-
One NC Fund		O-2009-5644	1,000,000	247,619	247,619
One NC Fund		O-2009-5986	1,200,000	1,050,774	1,074,774
One NC Fund		O-2010-6112	55,000	-	-
One NC Fund		O-2010-6659	350,000	58,000	58,000
One NC Fund		O-2010-6865	325,000	-	-
One NC Fund		O-2010-6867	60,000	(6,000)	-
One NC Fund		2011-7692	2,503,114	-	-
One NC Fund		2011-7898	50,000	-	-
Total N.C. Department of Commerce			6,605,214	1,403,493	1,442,493
<u>N.C. Department of Public Safety</u>					
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		Letter	95,739	69,445	69,445
<u>N.C. Department of Transportation</u>					
State Maintenance Assistance FY2013		Letter	11,831,398	11,831,398	11,831,398
State Street Aid-Powell Bill		32570	N/A	19,699,520	N/A
Traffic - Construction by Others Agreement		34749.1.1 / 34749.3.GV3 / U-0209B	472,000	-	-
Apprentice/Intern Program Non Capital		36223.5.15.1 / 11-DG-024	23,895	4,556	23,895

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Apprentice/Intern Program Non Capital		36223.5.16.1 / 13-DG-024	\$ 29,188	\$ 25,121	\$ 25,121
State Full Funding Grant Agreement		36224.22.2.3 / 05-NS-002	111,548,573	-	109,254,003
Public Transportation Section 5309 Capital Program		36224.26.1.1 / 09-NS-082	81,395,587	36,918,448	44,133,535
Public Transportation Rideshare Program		36225.1.10.1 / 12-RS-009	103,293	33,083	103,293
Public Transportation Rideshare Program		36225.1.11.1 / 13-RS-009	103,417	103,415	103,415
Metropolitan Planning Program		36230.5.11.6 / 12-08-102	43,212	43,212	43,212
Metropolitan Planning Program		36230.5.12.6 / 13-08-102	41,948	18,847	18,847
Public Transportation Section 5307 Capital Program		36231.14.2.6 / 36231.14.2.7	2,558,336	377,050	2,515,682
Congestion Mitigation and Air Quality		36231.14.3.3 / 08-09-403	192,682	9,390	54,265
Public Transportation Section 5307 Capital Program		36231.14.6.3 / 08-95-014	245,000	130,000	245,000
Public Transportation Section 5307 Capital Program		36231.14.7.3 / 11-95-042-01	125,000	100,000	100,000
Public Transportation Section 5309 Capital Program		36232.1.7.4 / 09-04-021	47,500	20,695	47,500
Public Transportation Section 5309 Capital Program		36232.1.7.6 / 09-04-020	625,000	155,268	625,000
Bus Discretionary		36232.1.7.8 / 09-04-006	1,356,774	(26,404)	474,559
Public Transportation Section 5309 Capital Program		36232.1.11.3 / 11-03-018	1,319,668	112,611	112,611
Public Transportation Section 5309 Capital Program		36232.1.11.5 / 12-04-045	50,000	3,412	3,412
Technology Program		36235.2.7.8 / 11-AT-007	923,175	574,235	922,490
Technology Program		36235.2.8.8 / 12-AT-102	297,000	-	-
Technology Program		36235.2.9.3 / 13-AT-102B	166,500	-	-
Technology Program		36235.2.9.4 / 13-AT-102C	145,800	-	-
Technology Program		36235.2.9.5 / 13-AT-102D	158,634	-	-
Technology Program		36235.2.9.8 / 13-AT-102A	525,855	-	-
State Aid to Airports Program		36244.17.12.1	450,000	-	-
Traffic - Construction by Others Agreement		43310.3.1	125,500	-	-
Locally Administered Project		43431	150,000	71,176	94,180
Locally Administered Project		45200.1	257,285	96,132	219,128
Locally Administered Project		47510.3.2	99,884	99,884	99,884
Capital Assistance Program for Elderly Persons and Persons with Disabilities		51001.25.1.2-3 / 11-ED-083	26,168	-	13,084
Transit Development		9.9051996	4,100,000	-	4,095,529
Municipal Agreement		U-4911	1,229,910	402,312	978,064
Total N.C. Department of Transportation			220,768,182	70,803,361	176,137,107

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>N.C. Housing Trust Fund</u>					
Housing Urgent Repair Program		URP0705	\$ 75,000	\$ 11,770	\$ 75,000
Housing Urgent Repair Program		URP08	75,000	75,000	75,000
Total N.C. Housing Trust Fund			150,000	86,770	150,000
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III		Letter	7,300	2,169	7,300
SMAT III		Letter	7,300	577	577
Total N.C. Office of Emergency Medical Services			14,600	2,746	7,877
<u>S.C. Department of Transportation</u>					
Locally Administered Project		45200.1	14,358	3,936	11,900
TOTAL STATE AWARDS			228,491,683	73,074,773	178,523,844
TOTAL FEDERAL AND STATE AWARDS			\$ 836,807,945	\$ 222,276,655	\$ 547,884,683

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2013

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*.

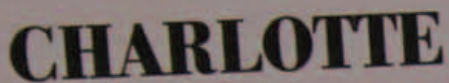
2. SUBRECIPIENTS

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 Energy- ARRA - Energy Efficiency and Conservation Block Grant	81.128	\$ 1,019
U.S. Department of Housing and Urban Development- Community Development Block Grants/Entitlement Grants	14.218	3,304,284
Emergency Shelter	14.231	301,668
HOME Investment Partnerships	14.239	2,296,850
Housing Opportunities For Persons With AIDS	14.241	881,382
U.S. Department of Justice- Justice Assistance	16.738	330,583
ARRA - Justice Assistance	16.804	34,960
U.S. Department of Labor- Workforce Investment Act	17.267	6,268,344
U.S. Department of Transportation- Job Access - Reverse Commute	20.516	24,639
New Freedom Program	20.521	105,167



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Airport Special Facilities
Revenue Bonds
(Consolidated Car Rental
Facilities Project)
Series 2011

Rated
A3/A/A

DEC Associates,
Inc.
Defining Emerging Concepts

Financial Advisor:

**Bank of America
Merrill Lynch**

November 2011

NEW ISSUE
FULL BOOK-ENTRY

In the opinion of Parker Poe Adams & Bernstein LLP, Bond Counsel with certain requirements of the Internal Revenue Code of 1986, from gross income for federal income tax purposes, (2) is not an alternative tax imposed on individuals and corporations, and (3) is a "TAX-TREATMENT" benefit.

\$830,920.00

CITY OF CHARLOTTE, NC

Charlotte Douglas Intern
Variable Rate Airport Revenue

Finance Department - Financial Reporting

Charlotte-Mecklenburg Government Center

600 East Fourth Street, 10th Floor

Charlotte, North Carolina 28202-2848

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