



Comprehensive Annual Financial Report

For the fiscal year ended | June 30, 2020

City of Charlotte
NORTH CAROLINA

**City of Charlotte, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

Mayor: Vi Alexander Lyles

Mayor Pro Tem: Julie Eiselt

City Council:

Dimple Ajmera

Reneé Johnson

Tariq Bokhari

James Mitchell Jr.

Edmund H. Driggs

Matt Newton

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City Manager: Marcus D. Jones

Prepared by the City of Charlotte Finance Department

Kelly Flannery, Chief Financial Officer

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Introductory Section

Comprehensive Annual Financial Report 2020

October 31, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Charlotte, North Carolina for the fiscal year ended June 30, 2020. The CAFR is provided to give detailed information about the financial position of the city to residents, City Council, staff and other readers.

Management is responsible for both the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures. The financial statements have been prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. 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 is to provide reasonable assurance that the financial statements are free of material misstatement. The independent auditor concluded that there is sufficient audit evidence for rendering an unmodified opinion that the financial statements for the fiscal year that ended June 30, 2020, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Additionally, the independent audit of the city's financial statements is part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. 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 government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit section at the end of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report. It provides a narrative introduction, overview and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

CHARLOTTE'S GOVERNMENT AND THE REPORTING ENTITY

The City of Charlotte, located in Mecklenburg County, is in the Piedmont region of North Carolina and centered between the Appalachian Mountains and the Atlantic Ocean. Incorporated in 1768, Charlotte became the county seat of Mecklenburg County in 1774. With an estimated population of 919,503, Charlotte's growth between 2018 and 2019 has propelled it to the 15th most populated city in the United States on the list of the nation's largest cities, according to the latest U.S. Census Bureau estimates. The Queen City added about 13,200 residents from July 1, 2018, and the same date in 2019 - an increase of 1.5% from the previous year.

Since 1929, the City of Charlotte has had a Council-Manager form of government. Policy-making and legislative authority are vested in a governing body consisting of a Mayor and 11 City Council members who are 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 Mayor and Council are responsible for appointing the City Manager, City Attorney, City Clerk, and members of various boards and commissions. The Council appropriates the annual budget, sets the tax rate and approves the financing of all city operations and capital investments. The City Manager is responsible for carrying out policies and ordinances and directs the daily operations and programs of the city.



The mission of the City of Charlotte is to ensure the delivery of a full range of quality public services and to promote the safety, health and quality of life of its citizens. The city provides services including police and fire protection; street construction and maintenance; solid waste services; water and sewer utilities; storm water management; airport facilities management; and public transit services.

The city is also financially accountable for other organizations that are reported as component units. This 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.

LOCAL ECONOMY



Before the COVID-19 pandemic, the Charlotte regional economy was growing at an exceptional pace. As measured by GDP, the regional economy grew at an average annual rate of about 3.2 percent between 2011 and 2018. The region's economy, which is the largest in the Carolinas, ranks 23rd in the U.S. and accounts for about 21 percent of the total output of the Carolinas. Between 2008 and 2018, the Charlotte region contributed 53 percent of the growth in employment in the State of North Carolina.

Between February 2019 and February 2020, the number of people employed in the city and county increased by about 2.8 percent, and unemployment was at a record low of 3.5

percent. The region added nearly 11,000 net new jobs with an estimated capital investment of approximately \$1.4 billion in target industries such as technology, transportation and logistics, finance and insurance, and advanced manufacturing. There were a total of 92 large project announcements in 2019.

During the spring of 2020, the city and region experienced major disruption in economic activity. Quarter-to-quarter net job loss in the region was over 155,000. An analysis of industries at highest risk of COVID-19 shows that 20 percent of Mecklenburg County's workforce belong to industries that are significantly affected by the pandemic. At the state level, this percentage is about 17 percent and at the national level, about 16 percent. Nearly 40% of overall jobs lost in the Charlotte region were in the leisure and hospitality industry.

Data also shows that Mecklenburg County has a large share of workers in the transportation industry driven primarily by the air transportation subsector (i.e. Charlotte Douglas International Airport) compared to the state and national average. The Charlotte region has also experienced negative impacts in the employment services sector, which includes businesses that provide human resources services such as temporary workers and recruitment services.

After falling from approximately 1.37 million jobs in December 2019 to just over 1.2 million jobs in April 2020, the Charlotte region gradually added more than 70,000 jobs in May and June 2020 with the easing of some COVID-19 safety restrictions. However, the region remains down approximately 100,000 jobs since December 2019. This partial recovery improved the region's June unemployment rate to 8.4% from a May high of 13.2% as the area adjusted to the impacts of COVID- 19.

To help offset the financial impacts of the pandemic, federal funding through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) has provided assistance to the City and its residents for expenses related to COVID-19. Along with general expenses and assistance for Charlotte Douglas International Airport (CLT) and Charlotte Area Transit System (CATS), the city also received additional Community Development Block Grants (CDBG) Emergency Solutions Grants (ESG) and Coronavirus Relief Fund (CRF) allocations. To date, \$154.5 million in CRF funding has been dedicated to Community Support for businesses, housing, youth opportunity centers, bridging the digital divide and arts and artists, and has supported city operations including first responder salaries, hazard pay, emergency leave, facility and technology needs and solid waste services. The federal support along with adherence to our



established budget principles will help alleviate current and future impacts of COVID-19 and allow the city to maintain fiscal balance through the upcoming fiscal year

In April 2020, the City of Charlotte launched its Open for Business initiative, which is designed to support local small businesses that are open during the COVID-19 pandemic and throughout the recovery. The Open for Business public dashboard and application creates a comprehensive and easily accessible avenue to connect residents with small businesses in Charlotte throughout the COVID-19 recovery. The Open for Business platform is a resource for Charlotte small business owners to help them withstand the impacts of the COVID-19 pandemic. By providing access to capital and other resources, the program is intended to help businesses survive the recovery phase of the pandemic and help prepare businesses to thrive in a post-pandemic future.

FINANCIAL SERVICES CENTER

Charlotte is home to seven Fortune 500 companies. The city ranks as the nation's second largest banking center and is the headquarters of Bank of America Corporation, the nation's second largest bank with \$1.8 trillion in consolidated assets. Charlotte's strength as a banking headquarters city is foundational to the region's economic success.

In the second quarter of 2020, the finance and insurance industry was the only industry to see net job growth, driven largely by lending activities as borrowers moved to take advantage of lower interest rates. Office-sector expansions continued, as well as two insurance-related announcements in Charlotte and Mecklenburg County. Willis Towers Watson subsidiary Tranzact announced plans to hire more than 200 insurance agents and to open a new Steele Creek support center. Chime Solutions also announced plans to hire an additional 250 insurance agents. Charlotte's FinTech sector and major employers like digital bank Ally benefited from a 67% increase since January 2020 of Americans using on-line banking only, growing the number of available software development jobs in the city. Centene Corporation, a Fortune 500 provider of managed care services for public and private health plans, will create an east coast regional headquarters and technology hub in Charlotte. This move will bring over 3,000 new jobs to North Carolina and an investment of \$1 billion by 2032.

Even with the major economic downturn caused by COVID-19 and the resulting impacts, confidence in the Charlotte Region's future has not wavered. Ten of the region's 15 counties have had at least one traded-sector company announce a relocation or expansion project. 22 traded-sector companies announced plans for relocation or expansion investments totaling more than \$1.1 billion.

TRANSPORTATION AND DISTRIBUTION HUB



Location and infrastructure combine with a robust production workforce to make Charlotte an ideal region for transportation, distribution and logistics operations. The Charlotte region is strategically located between major ports and inland cities, within a 12-hour drive of 53 percent of the nation's population. Transportation assets in the region include Charlotte Douglas International Airport, four interstate highways (I-85, I-77, I-485, and I-40), an inland terminal, and two intermodal facilities. Charlotte is also the center of the country's largest consolidated rail system with two major railroads, Norfolk Southern Railway and Chessie-Seaboard Merger (CSX) Transportation.

Foundational to the economic success of the Charlotte region, Charlotte Douglas International Airport (CLT) leads the state as

the top economic engine among airports, according to the North Carolina Department of Transportation (NCDOT) Division of Aviation. For 2019, CLT ranks 6th nationwide in aircraft movements (578,263); 11th in total passengers (50,168,783); and 30th in total cargo (183,900 tons) according to the Airports Council International.

The negative impacts of COVID-19 on commercial air service became apparent in early March 2020. During the fourth quarter of fiscal year 2020, enplaned passengers were less than 25% of the fourth quarter of the previous fiscal year. However, the airport's strong financial metrics provide a stable foundation to withstand financial downturns. As passenger traffic decreased, CLT took immediate action to reduce the financial impact to the airport, the airlines, and other partners. The airport immediately began to put into place measures to mitigate the effects of reduced passenger levels and revenues, including hiring freezes, reductions in operational expenditures, reducing budgetary authorities

and delaying capacity-related capital projects. CLT continues to monitor the recovery and make adjustments as necessary.

RECREATIONAL, VISITOR AND CULTURAL CENTER

The tourism industry in the Charlotte region creates jobs and improves the quality of life for the entire community. For the reporting period of November 2018-November 2019, the Charlotte region led the Carolinas in tourism impacts: 29.2 million visitors, \$7.4 billion in direct visitor spending and 143,000 hospitality-related jobs.

As a result of COVID-19, hotels, restaurants, bars and other entertainment and tourism-related businesses have endured months of closings, capacity limits and public wariness since the pandemic shut down much of the local and national economies in mid-March 2020. Nearly 40% of overall jobs lost in the Charlotte region were in the leisure and hospitality industry. Occupancy rates at Charlotte area hotels declined by 52.6% from 77.4% to 24.8% between February and April of 2020, according to Charlotte Regional Visitors Authority data. According to federal labor data, hospitality jobs, including restaurants, bars and hotels, declined by 54% for the same period, from 143,000 to 82,000. By summer, industry employment made up some lost ground, increasing to 104,000 jobs.

Charlotte is a destination of choice for tourism, conventions and special events including:

- National sports with the Carolina Panthers (NFL) at Bank of America Stadium and the Charlotte Hornets (NBA) at the Spectrum Center;
- Major League Soccer (MLS) with the Charlotte Football Club (franchise awarded December 2019) at Bank of America Stadium;
- Minor League Baseball (MiLB) with the Charlotte Knights (a Triple-A affiliate of the Chicago White Sox) at BB&T Ballpark;
- Minor-league hockey with the Charlotte Checkers (the top-ranked, minor-league affiliate of the Carolina Hurricanes) at Bojangles' Coliseum;
- Professional soccer with the Charlotte Independence (USL);
- Art, culture, and science at the Bechtler Museum of Modern Art; the Knight Theater; the Harvey B. Gantt Center for African-American Arts & Culture; the Mint Museum; the North Carolina Blumenthal Center for Performing Arts; the Charlotte Nature Museum; and the Discovery Place Museum.
- International, national and local events and conventions hosted at the Charlotte Convention Center; noteworthy events hosted in 2019 included Delta Sigma Theta Sorority; International Facility Management Association; International Cemetery, Cremation, and Funeral Association; Association of Energy Engineers; Tree Care Industry; Special Operations Medical Association; and Pediatric Orthopedic Society of North America and several events during the week of the 2019 NBA All-Star Game including Jr. NBA which celebrated youth basketball; 272 events were hosted with 252,360 in total reported attendance, including 32 conventions and trade shows, 20 assemblies, 20 consumer shows and 200 local events.



FINANCIAL INFORMATION

INTERNAL CONTROLS

City management is responsible for establishing, implementing and maintaining a framework of internal controls designed to ensure that city assets are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The city's comprehensive framework of internal controls provides 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.

FINANCIAL POLICIES

The City of Charlotte has a history of sound fiscal policy and practices and has consistently held AAA ratings for over 43 years, since 1977. The city relies on key financial policies to ensure needs are met in fiscally responsible ways. In fiscal year 2020, the city continued its comprehensive review of citywide policies to establish standards for financial internal controls across the organization. Charlotte also adheres to management practices designed to maintain diverse revenue sources and sound financial results. The city regularly evaluates and sets fees at levels designed to support the full costs of services; amortizes at least 50 percent of principal for general government general obligation debt and certificates of participation in the first ten years; and, retains General Fund balance at 16 percent of expenditures.

The city adopts a comprehensive set of financial policies to ensure that financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. Compliance with these policies is reviewed annually as part of the budget process. The policies are published in the Annual Adopted Budget and Capital Investment Plan. The city maintains a structurally balanced budget to achieve long-term financial stability for the community.

LONG-TERM FINANCIAL PLANNING

The city's Capital Investment Plan (CIP) for long-term capital infrastructure is a multi-year plan that makes investments to support the growth and vitality of the community and the quality of life. Consistent with best practices, the city annually proposes a five-year CIP. The first year of the plan is adopted by City Council while the remaining four years are provided as a plan.

Affordability for capital projects is determined annually using comprehensive debt models that evaluate revenues dedicated to capital and future debt service requirements. The models specify the ability to issue debt that can be fully repaid with existing or planned revenues.

BUDGET CONTROL

The Annual Adopted Budget and CIP are foundational to Charlotte's financial planning and fiscal control, affirming the city's key strategic priorities of Economic Development, Neighborhood Development, Transportation and Planning, and Well-Managed Government; and documenting the allocation of resources to fund operations and capital projects based on organizational focus and strategy. To better inform the city's top budget priorities, the budget process includes community and employee engagement activities to identify areas of concern, increase collaboration across departments and seek feedback on operations. No later than June 30 of each year, Council adopts a final Budget and CIP.

Budget-to-actual comparisons are provided in this CAFR for each fund for which an appropriated annual budget has been adopted. The general fund comparison is presented as part of the basic financial statements. Regarding other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the Required Supplementary Information and 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.

MAJOR INITIATIVES

As an innovative data-driven organization, strategic planning is an integral component in the city's overall management philosophy, ensuring the organization moves forward with a shared vision and common goals - an action-oriented culture resourced appropriately to address opportunities while providing the best service possible.

In fiscal year 2020, the City of Charlotte demonstrated continuing commitment to its key strategic priorities.

- **Economic Development** - Charlotte's economic development priority challenges the city to become a more active partner in growing and developing the business and workforce talent ecosystems that include jobs with sustainable wages and benefits, provide opportunity for all residents and encourage business development, innovation and entrepreneurship.

The city's Business Matching Grants Program enables companies located in Business Redevelopment Corridors to apply for a variety of city programs that provide innovative tools for small businesses, property owners, and developers. Business and commercial property owners may apply for matching grants to assist with the cost of improving their properties. In fiscal year 2020, the city's program awarded 53 grants to local businesses totaling \$1,555,000 and leveraging over \$25 million from private companies.

Addressing climate change and helping develop a workforce trained for a green economy is an important focus for the City of Charlotte. The Renewable Energy and Efficiency Workforce (RENEW) Training Program is a partnership between the City of Charlotte and the Urban League of the Carolinas. RENEW Training participants receive HVAC industry-certified credentials for entry-level technician positions for careers in commercial and residential energy.



- **Neighborhood Development** - As Charlotte continues to grow, building and maintaining great neighborhoods with a focus on community relations, safety and housing is important. Providing services equitably to neighborhoods is critical. Great neighborhoods are created through informed and intentional investments and initiatives.

A key component of building strong sustainable communities is housing. The fiscal year 2020 budget continued building on this approach by increasing the Housing Trust Fund bond allocation to \$50 million and provided \$12.7 million to support other affordable housing efforts. So far, 1,764 housing development units have been funded totaling \$25,518,600 in investments as of June 2020.

In fiscal year 2020, 341 naturally occurring affordable housing (NOAH) units were preserved, for a total of \$4 million. NOAH's refer to residential rental properties that maintain low rents without federal subsidy. Eighty-five households received housing rehabilitation assistance, for a total of \$349,737 and 101 House Charlotte Down Payment Assistance loans were provided, for a total of \$996,143.

In fiscal year 2020, the Jump Start Microgrants Program awarded 102 grants, totaling \$75,000. Examples of programs provided by these organizations include programs to help communities address conflict resolution and mediation, crime prevention, opportunities for youth and/or parents, family stability, and racial segregation.

- **Transportation, Planning and Environment**- Proactive planning enables Charlotte to accommodate growth, enhance quality of life and ensure the continuation of a vibrant, growing economy while safeguarding the environment. The city will address growth with strategic investments, building and maintaining a comprehensive transportation network and placemaking strategies that encourage connection between neighborhoods and employment centers.

Charlotte is taking steps to contribute to a healthier community and world by continuing to invest in the city's Strategic Energy Action Plan (SEAP). The SEAP was developed in partnership with community stakeholders through greenhouse gas emission reduction scenario sessions and targeted engagement. This resulted in a comprehensive framework of internal and external actions, focused on transportation, buildings, energy generation, and workforce development and equity. In fiscal year 2020, the city adopted two new sustainable Fleet Policies: the Automated Vehicle Locator (AVL) Policy, and the Sustainable and Resilient Fleet Policy.

The Advanced Planning and Design program allows for feasibility and planning work to define scopes for potential capital projects. In fiscal year 2020, \$20 million was approved to support the evaluation of eight potential road, intersection, trail and building projects. Each project is ongoing and in various stages of real estate acquisition, planning and design. Full funding for projects may be considered in a future budget based on feasibility. New projects may be added in future years as funding is available.

- **Well-Managed Government** - Being a well-managed government requires the city to demonstrate leadership in financial stewardship and best practices, ensuring consistency in approach while maintaining emphasis on effective and efficient services that are accountable, customer focused, and inclusive.

In fiscal year 2020, the city expanded career pathway offerings, by creating the City of Charlotte Training and Career Academy. As a result of these enhanced investments, 51 participants had the opportunity to gain on the job experience and enter the workforce through our Training and Career Academy.

Enhancing city operations was a continued focus in fiscal year 2020. By creating the Department of General Services, the city was able to realign resources by ensuring engineering and project management had a single focus on project delivery. As a result, Procurement was transferred from the Finance Department to General Services to work closer and provide cost-effective solutions and savings.

AWARDS AND ACKNOWLEDGMENTS

For the 35th consecutive year, the City of Charlotte received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the city's comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We are confident that the city's fiscal year 2020 CAFR also meets the Certificate of Achievement Program's requirements and will be submitting it to the GFOA for consideration of another award.

For the sixth consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to City of Charlotte, North Carolina, for its Annual Budget for the fiscal year beginning July 1, 2019. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

We commend staff for their integrity, professional competency, and dedication to the work of the city throughout the year. Their commitment to maintaining the highest standards of professionalism in the fiscal management of the city is foundational to the successful preparation of this CAFR. We also credit the Mayor and City Council for their strong leadership and support in setting sound fiscal policy to ensure financial resources are managed prudently and provide a foundation for financial sustainability.



Marcus D. Jones
City Manager



Kelly Flannery
Chief Financial Officer



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

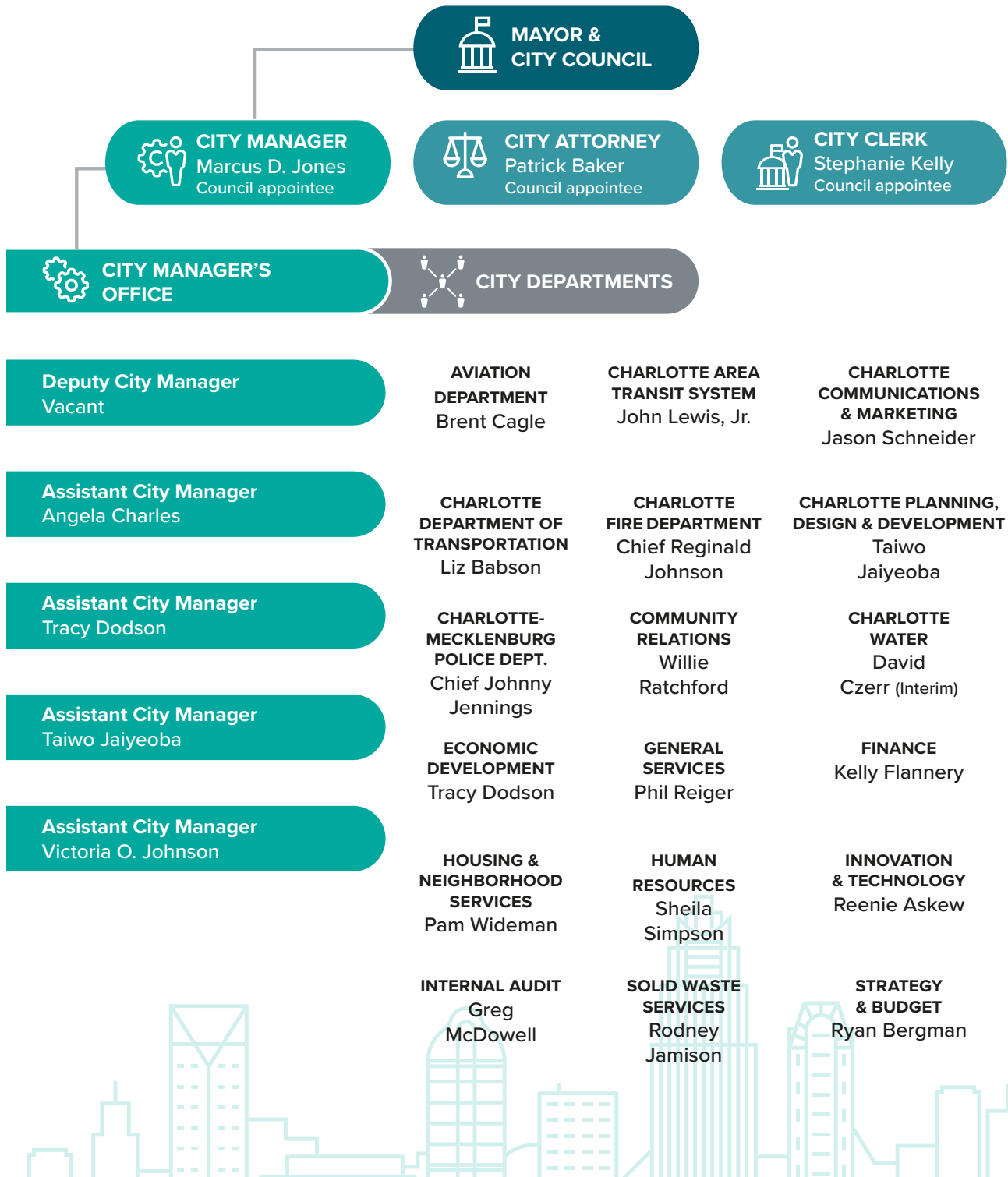
June 30, 2019

Christopher P. Morrell

Executive Director/CEO



CITY OF CHARLOTTE ORGANIZATION



AS OF JUNE 30, 2020



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Financial Section

Comprehensive Annual Financial Report 2020



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, 2020, 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 the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 from material misstatement. The financial statements of the Charlotte Firefighters' Retirement System were not audited in accordance with *Government Auditing Standards*.

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 the 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, 2020, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and 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 statements and schedules, 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 basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, and the schedule of expenditures of federal and State awards are 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, 2020 on our consideration of the City's internal control over financial reporting and on 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.

Cheryl Behrnt LLP

Charlotte, North Carolina
October 31, 2020





Management's Discussion and Analysis

Comprehensive Annual Financial Report 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (Dollar Amounts in Millions)

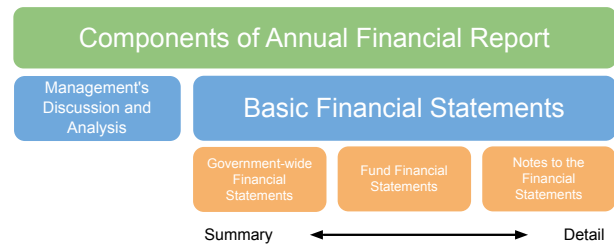
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$11,652.5 (net position). Of this amount, \$1,113.6 (unrestricted net position) may be used to meet the government's ongoing obligations to residents and creditors.
- The overall financial position of the City improved in 2020 as evidenced by an increase in total net position of \$258.5. This increase was from both governmental activities (\$33.5) and business-type activities (\$225.0).
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$1,013.9, a decrease of \$83.4 in comparison with the prior year. This decrease resulted from increased expenditures for capital outlay, including increase in expenses for Convention Center Expansion (\$29.5) and CityLynx (\$12.9) capital projects.
- Unassigned fund balance in the General fund was \$115.0 at June 30, 2020 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 2021. The amount exceeding the City Council's goal of 16 percent, \$14.3, is committed.
- The City has consistently maintained its AAA bond rating from all three 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 17-19) 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 20-37) 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 certain 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 39-96). A section is also included with required supplementary information and combining statements that provides details about non-major 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 97-148) 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* is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. 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, 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 and deferred outflows exceeded liabilities and deferred inflows by \$11,652.5 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2020 and 2019 is presented below.

	Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,411.3	\$ 1,321.8	\$ 2,098.4	\$ 2,188.7	\$ 3,509.7	\$ 3,510.5
Capital assets	6,530.8	6,317.9	7,993.5	7,549.3	14,524.3	13,867.2
Total assets	7,942.1	7,639.7	10,091.9	9,738.0	18,034.0	17,377.7
Deferred outflows of resources	494.9	299.1	102.5	80.3	597.4	379.4
Current and other liabilities	310.2	146.5	265.1	242.9	575.3	389.4
Noncurrent liabilities	2,727.0	2,420.7	3,457.2	3,342.0	6,184.2	5,762.7
Total liabilities	3,037.2	2,567.2	3,722.3	3,584.9	6,759.5	6,152.1
Deferred inflows of resources	190.3	195.5	29.1	15.5	219.4	211.0
Net position:						
Net investment in capital assets	5,117.7	5,057.9	4,726.8	4,514.5	9,844.5	9,572.4
Restricted	306.2	327.3	388.2	383.9	694.4	711.2
Unrestricted	(214.4)	(209.2)	1,328.0	1,319.6	1,113.6	1,110.4
Total net position	\$ 5,209.5	\$ 5,176.0	\$ 6,443.0	\$ 6,218.0	\$ 11,652.5	\$ 11,394.0

By far the largest portion of the City's net position (84 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to residents; 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 (\$1,113.6) may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as for its business-type activities. Unrestricted net position for governmental activities is negative due to pensions and other postemployment benefit plans (OPEB), detailed in Note 5 in the notes to the financial statements.

Government-wide net position increased by \$258.5 during the current fiscal year from an increase in both governmental and business-type activities. The increases resulted in large part from actions implemented in fiscal year 2020 to mitigate the economic impacts of the COVID-19 pandemic that included a non-essential hiring freeze, consolidation of duties, controlled discretionary spending, and planned utilization of federal relief funds wherever possible.

Changes in net position. The following table presents the City's changes in net position for the fiscal years ended June 30, 2020 and 2019.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 133.6	\$ 126.7	\$ 825.7	\$ 869.1	\$ 959.3	\$ 995.8
Operating grants and contributions	72.8	58.9	35.1	30.9	107.9	89.8
Capital grants and contributions	62.4	36.7	160.7	142.1	223.1	178.8
General revenues:						
Property taxes	507.2	490.9	-	-	507.2	490.9
Other taxes	285.7	302.7	107.8	107.5	393.5	410.2
Grants and contributions not restricted to specific programs	24.8	27.5	-	-	24.8	27.5
Other	21.2	22.8	48.0	58.6	69.2	81.4
Total revenues	1,107.7	1,066.2	1,177.3	1,208.2	2,285.0	2,274.4
Program expenses						
Public safety	542.1	439.4	-	-	542.1	439.4
Sanitation	74.0	66.9	-	-	74.0	66.9
General administration	70.7	56.6	-	-	70.7	56.6
Support services	51.4	34.6	-	-	51.4	34.6
Engineering and property management	49.5	44.2	-	-	49.5	44.2
Streets and highways	63.2	22.0	-	-	63.2	22.0
Culture and recreation	51.6	43.9	-	-	51.6	43.9
Community planning and development	88.8	81.3	-	-	88.8	81.3
Business-type grant related	0.9	-	-	-	0.9	-
Interest and other charges	58.4	51.5	-	-	58.4	51.5
Water	-	-	180.2	157.3	180.2	157.3
Sewer	-	-	188.0	183.5	188.0	183.5
Storm Water	-	-	29.6	25.4	29.6	25.4
Airport	-	-	311.2	289.8	311.2	289.8
Public Transit	-	-	266.9	263.9	266.9	263.9
Total expenses	1,050.6	840.4	975.9	919.9	2,026.5	1,760.3
Excess before transfers	57.1	225.8	201.4	288.3	258.5	514.1
Transfers	(23.6)	(23.2)	23.6	23.2	-	-
Increase in net position	33.5	202.6	225.0	311.5	258.5	514.1
Net position - beginning	5,176.0	4,973.4	6,218.0	5,899.5	11,394.0	10,872.9
Restatement	-	-	-	7.0	-	7.0
Net position - beginning, restated	5,176.0	4,973.4	6,218.0	5,906.5	11,394.0	10,879.9
Net position - ending	\$ 5,209.5	\$ 5,176.0	\$ 6,443.0	\$ 6,218.0	\$ 11,652.5	\$ 11,394.0

Total government-wide revenues of \$2,285.0 were derived primarily from fees, fines, and charges for services (42 percent) and property and other taxes (39 percent). These sources of revenues decreased 2 percent from the prior year, primarily due to decreases in fees, fines and charges for services.

The total expenses of all programs were \$2,026.5. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 32 percent and public safety (fire and police) for 27 percent.

Governmental Activities

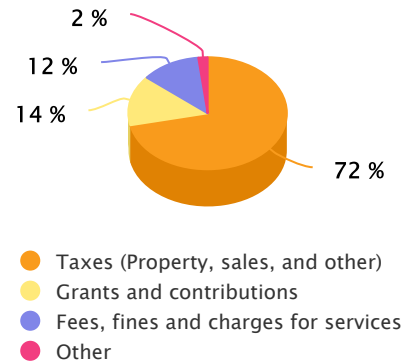
As shown in the chart, property, sales and other taxes (72 percent) and grants and contributions (14 percent) were the major sources of revenues for governmental activities.

Governmental revenues increased by \$48.5 compared to the prior year (4 percent) despite the susceptibility to economic shock from sales tax revenues and general fund revenues, such as licenses, permits, and fees. This increase can be contributed to the stability of property taxes and makes up 46 percent of revenues related to governmental activities. Capital grants for governmental activities increased by 70 percent due to two federal grants. The first grant was for the CityLynx Goldline Phase II (\$23.9), a 10 mile streetcar system from Rosa Parks Place Community Transit Center to Eastland Community Transit Center. It is an integral component of the Metropolitan Transit Commission's adopted 2030 plan that links bus and rail service in the Central Business District. The second federal grant was for the 2020 Republican Presidential Candidate Nominating Convention (\$12.2), used to support law enforcement, including personnel, necessary equipment and overtime costs associated with the RNC.

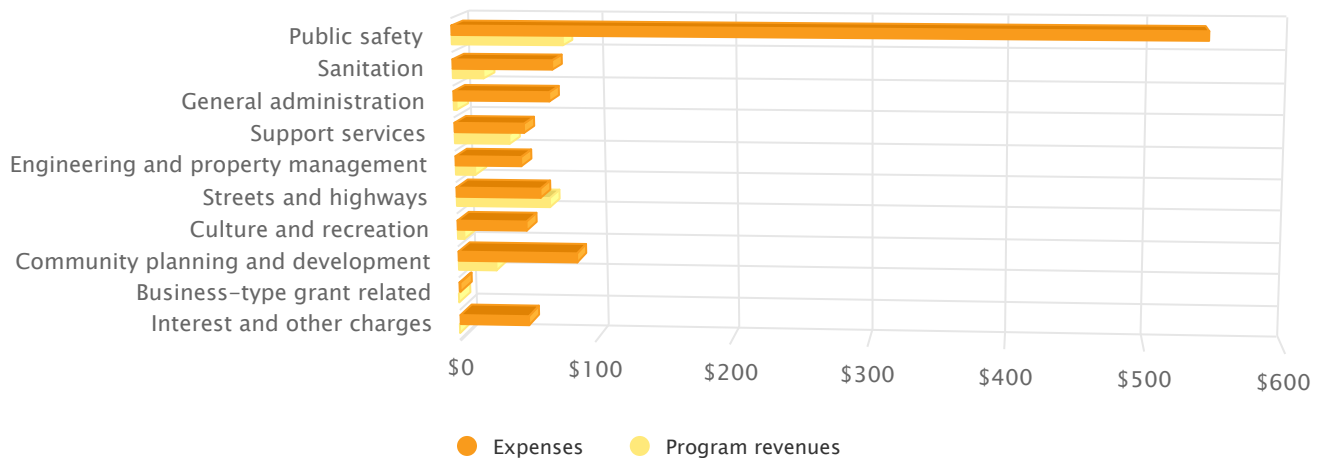
The following chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City's governmental programs mainly public safety, sanitation, and community planning and development. The net cost shows the financial support provided by taxes and other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

Governmental expenses increased from \$840.4 to \$1,050.6 during this fiscal year. This increase is mostly due to pension expense for Charlotte Firefighters' Retirement System of \$63.3 and streets and highways. 2019 saw increased capitalization of streets and highways, resulting in decreased expenses. 2020 returned to normal levels of capitalization.

Governmental Revenues by Source



Governmental Expenses Compared with Program Revenues



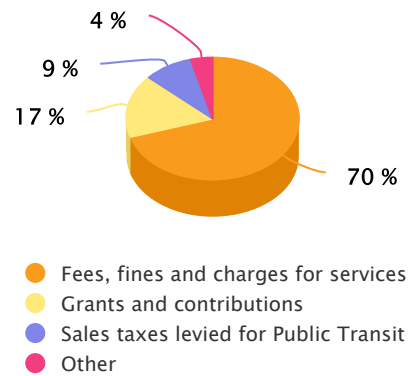
In addition to property and other taxes, the total cost of services of \$1,050.6 was supported by \$135.2 provided by other governments and organizations for specific programs and \$133.6 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

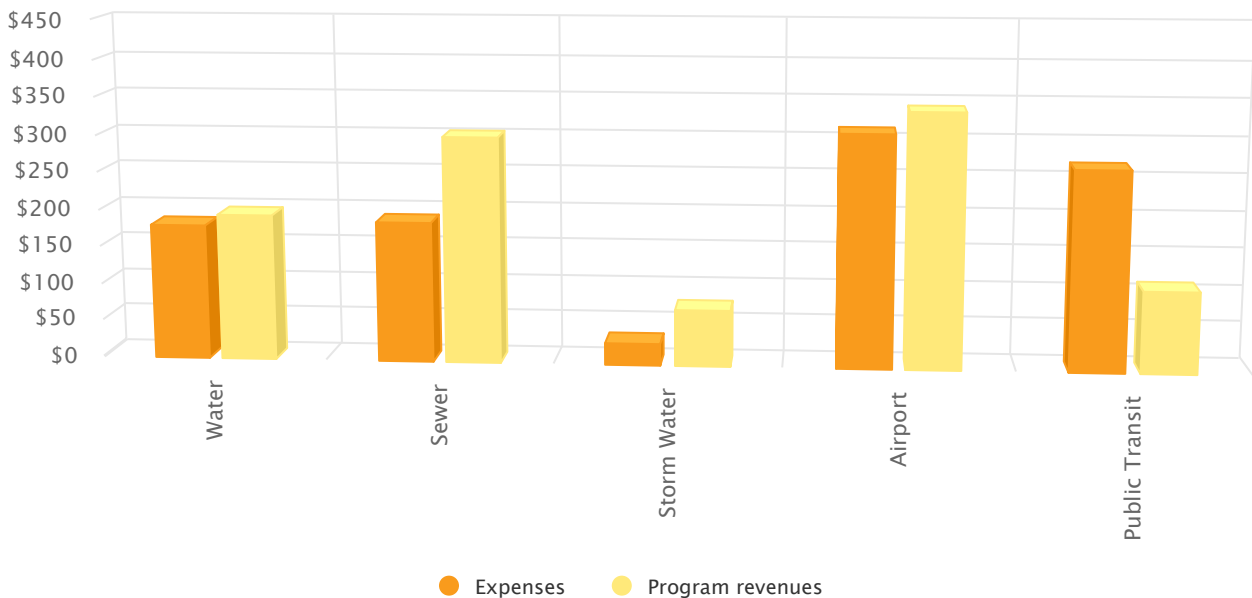
Revenues for the business-type activities were \$1,177.3, a decrease of 3 percent from the prior year. This decrease is mostly due to less fees, fines, and charges for services. Specifically, Airport and Public Transit revenues were \$313.3, a 19 percent decrease from the prior year due to less consumers traveling caused by the global pandemic.

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

Business-type Revenues by Source



Business-type Expenses Compared with Program Revenues



Water expenses increased \$22.9, or 15 percent, from the prior year due in part to increased expenditures for the Franklin Water Treatment Plant - Water Quality Improvement Project and the Vest Water Treatment Plant Upgrades. Airport expenses increased \$21.4, or 7 percent, from the prior year due to higher depreciation expenses related to Concourse A & E Expansion and Terminal Rehabilitation and Expansion projects.

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, 2020, the governmental funds reported a combined fund balance of \$1,013.9, a decrease of \$83.4, or 8 percent, from last year. This amount consists of the following:

- (a) \$3.6 non-spendable for inventories, perpetual care, and prepaid items,
- (b) \$303.0 restricted for State Statute and specific programs,
- (c) \$492.8 committed primarily for capital projects,
- (d) \$99.5 assigned for debt service, and
- (e) \$115.0 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 \$115.0, while total fund balance reached \$194.0. 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. At June 30, 2020, \$14.3 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 \$209.2, all of which will be used for either the payment of debt service or is restricted by State Statute. Debt service fund balance decreased \$57.0 from the prior year due in part to early redemption of debt and transfers to the capital projects fund to fund equipment purchases. The capital projects fund has a total fund balance of \$378.5, almost all of which is committed for future capital projects. Capital project fund balance decreased \$3.3 from the prior year due to increased expenditures on capital outlay.

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 \$319.7 in the Water and Sewer fund, \$152.5 in the Storm Water fund, \$477.3 in the Airport fund and \$370.8 in the Public Transit fund. The changes in net position for the funds were \$144.5, \$48.1, \$46.9 and (\$15.0), respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues were \$5.9 under the final budgeted amount. Sales, utilities, and other taxes were \$6.7 less than expected due to economic downturn during the year as a result of the pandemic.

The fiscal 2020 budget increased 5 percent over the fiscal 2019 budget to address the Mayor and Council's priorities, including neighborhood improvements, community safety, and economic growth locally and globally through business developments. The two largest revenue sources in the general fund are property tax and sales tax which comprise 69 percent of total revenue.

Actual expenditures were \$12.7 below final budget amounts for fiscal year 2020. This discipline in spending has been part of the City's strategy over the last few years of maintaining strong reserves, being structurally balanced, having a long-term strategy for infrastructure, and protecting core services from volatile revenue, which has allowed successful management through the shocks of COVID-19.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2020, the City had \$14,524.3 (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 \$657.1, or 5 percent over last year. The following is a summary of capital assets at June 30, 2020 and 2019:

Capital Assets						
(Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 3,529.4	\$ 3,469.9	\$ 624.4	\$ 595.3	\$ 4,153.8	\$ 4,065.2
Buildings	857.4	821.1	1,036.3	861.0	1,893.7	1,682.1
Improvements other than buildings	-	-	5,278.1	4,785.3	5,278.1	4,785.3
Infrastructure	1,614.3	1,633.8	-	-	1,614.3	1,633.8
Intangibles	12.5	6.4	26.3	9.4	38.8	15.8
Machinery and equipment	70.5	70.8	320.3	319.4	390.8	390.2
Construction in progress	446.7	315.9	708.1	978.9	1,154.8	1,294.8
Totals	\$ 6,530.8	\$ 6,317.9	\$ 7,993.5	\$ 7,549.3	\$ 14,524.3	\$ 13,867.2

This year's major capital asset additions included:

- Airport Vehicle Maintenance Facility - \$73.5
- Terminal Curbfront Roadway - \$43.5
- Briar Creek Sewer Relief - \$25.7
- Bojangles Coliseum Improvements - \$19.7

At June 30, 2020, authorized and unexpended capital projects totaled \$2,573.3 as follows: Governmental \$958.0, Water and Sewer \$782.3, Storm Water \$179.4, Airport \$452.5, and Public Transit \$201.1. 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, 2020, the City had \$4,950.7 of debt outstanding in bonds, installment purchases, derivative instrument liability, and other financing agreements. This was an increase of \$69.0 over last year. Details by type of debt are presented in the following table:

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General obligation bonds (backed by the City's taxing authority)	\$ 753.5	\$ 630.7	\$ 33.6	\$ 58.5	\$ 787.1	\$ 689.2
Direct placement revenue bond (backed by specific fee revenues)	-	-	2,533.6	2,644.4	2,533.6	2,644.4
Direct placement installment purchases	690.2	756.7	263.8	271.3	954.0	1,028.0
Direct placement general obligation bond anticipation notes	66.6	150.0	-	-	66.6	150.0
Direct placement revenue bond anticipation notes	-	-	280.0	92.4	280.0	92.4
Derivative instrument liability	53.2	41.6	46.0	34.6	99.2	76.2
Swaption borrowing payable	5.2	5.7	-	-	5.2	5.7
Direct borrowing TIFIA loan agreement	-	-	172.4	176.3	172.4	176.3
Direct borrowing section 108 loan guarantee	2.8	4.4	-	-	2.8	4.4
Direct borrowing loans and other financing agreements	-	-	49.8	15.1	49.8	15.1
Totals	\$ 1,571.5	\$ 1,589.1	\$ 3,379.2	\$ 3,292.6	\$ 4,950.7	\$ 4,881.7

New debt for 2020 resulted from issuing \$369.3 in general obligation bonds for refunding debt; \$78.8 from issuing refunding debt and installment contract for Water and Sewer; and issuing revenue bond anticipation notes for \$264.4.

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 major cities in the nation that maintains the highest financial category rating from these rating agencies. This achievement is a primary factor in keeping interest costs low on the City's outstanding debt.

The City's total debt of \$4,950.7 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds, 51 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, 2020 was \$9.3 billion. The City had \$448.9 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 2020, 22,406 building permits were issued with a value of over \$6.6 billion compared to 21,538 permits for 2019.
- Retail sales during fiscal year 2020 were \$23.7 billion compared to \$23.8 billion for fiscal year 2019. Sales tax revenue is projected to fall by 9 percent next year due to decline in economic activity.
- The June 2020 unemployment rate was 9 percent compared to 8 percent for the State and 11 percent for the nation. The COVID-19 pandemic severely impacted the unemployment rate, wiping out a decade of job gains.
- Assessed property valuations are expected to exceed \$146.5 billion for 2021 compared to \$142.7 billion for 2020, or an increase of 3 percent.
- To help offset financial impacts of the pandemic, federal funding through the CARES Act will provide assistance to the City for expenses incurred from COVID-19 that began in March 2020.
- The largest revenue impacts to the City from COVID-19 are enterprise fund service fees (Aviation and Public Transit), prepared food and beverage taxes, and occupancy taxes.
- The Budget Outlook presented to City Council on October 2020 updated a revenue shortfall between \$5.0 and \$6.0 for the general fund. Key revenue shortfalls included sales tax, utility franchise tax, and parking revenues.

The fiscal 2021 operating budget is \$1,600.9, a decrease of 2 percent over fiscal year 2020. The development of the 2021 budget included a review of revenue and financial approaches that maintain a good value to tax and rate payers, are consistent with Council policy, and uphold the city's strong financial ratings.

The 2021 general fund budget is \$718.8 and reflects a 2 percent decrease from fiscal year 2020. The two largest revenue sources in the general fund are property tax and sales tax which comprise 69 percent of total revenue.

The following are highlights for the 2021 budgets for the business-type activities:

- The Charlotte Water budget is \$172.4, a 3 percent increase over 2020, which includes an increase to the Water and Sewer Fee by almost 2 percent. Charlotte Water's budget focuses on maintaining a high quality drinking water and wastewater system, improving safety and security, and guaranteeing a high level of customer satisfaction. During the pandemic, customers were not disconnected from service due to delinquent account balances, but were automatically placed on a 12-month, no interest payment arrangement.
- The Storm Water budget is \$15.3, a 3 percent decrease from 2020 and includes a reduction of \$6.0 in pay-as-you-go contributions to its Capital Investment Plan.
- The Airport budget is \$184.1, a 4 percent decrease from 2020, and includes a reduction of \$12.4 in funds for contractual services and programmatic support based on achieved savings gained through efficiencies. These reductions are in anticipation of reduced revenue from COVID-19 impacts to the travel industry.
- The Public Transit budget is \$175.6, a 4 percent increase over 2020, and includes an increase of \$5.2 in personnel services to update employer healthcare costs, retiree healthcare, and an increase of 1 percent in the employer rate to the NC Local Governmental Employees' Retirement System.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide residents, 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.



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Basic Financial Statements

Comprehensive Annual Financial Report 2020

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2020
(Dollar Amounts in Thousands)

	Primary Government			Component Unit Charlotte Regional Visitors Authority
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents and investments	\$ 847,203	\$ 1,412,151	\$ 2,259,354	\$ 22,958
Receivables, net	17,173	100,158	117,331	1,537
Due from other governmental agencies	115,640	144,408	260,048	792
Due from component unit	2,478	-	2,478	-
Due from primary government	-	-	-	693
Internal balances	(7,777)	7,777	-	-
Inventories	81	15,939	16,020	629
Prepaid items	382	1,051	1,433	1,096
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	2,238	321,431	323,669	-
Investments	313,856	95,486	409,342	-
Permanently restricted-				
Cash, cash equivalents and investments	3,132	-	3,132	-
Notes receivable	116,865	-	116,865	-
Capital assets (Note 4.f.)				
Land	3,529,439	624,427	4,153,866	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,554,643	6,661,017	9,215,660	-
Construction in progress	446,731	708,060	1,154,791	-
Total assets	7,942,084	10,091,905	18,033,989	27,705
Deferred Outflows Of Resources:				
Pension deferrals (Note 5)	283,177	19,144	302,321	2,563
OPEB deferrals (Note 5.f.)	110,237	15,587	125,824	4,037
Contributions to pension plan in current fiscal year (Note 5)	45,048	12,526	57,574	1,490
Accumulated decrease in fair value of hedging derivatives	53,170	46,042	99,212	-
Loss on refundings	593	-	593	-
Unamortized bond refunding charges	2,716	9,217	11,933	-
Total deferred outflows of resources	494,941	102,516	597,457	8,090
Liabilities:				
Accounts payable/claims payable	101,520	125,435	226,955	4,748
Deposits and retainage payable	11,502	20,092	31,594	4,037
Accrued interest payable	10,485	31,528	42,013	-
Due to component unit	594	99	693	-
Due to primary government	-	-	-	2,478
Unearned revenues	137,268	-	137,268	-
Liabilities payable from restricted assets	48,853	87,966	136,819	-
Noncurrent liabilities:				
Due within one year	135,755	224,677	360,432	-
Due after one year-				
Net pension liability (Note 5)	566,770	51,834	618,604	6,989
Total OPEB liability (Note 5.f.)	502,247	29,715	531,962	26,042
Bonds, notes, claims and compensated absences	1,522,230	3,150,872	4,673,102	1,176
Total liabilities	3,037,224	3,722,218	6,759,442	45,470
Deferred Inflows Of Resources:				
Prepaid taxes	434	-	434	-
Pension deferrals (Note 5)	70,718	4	70,722	3
OPEB deferrals (Note 5.f.)	82,479	11,663	94,142	2,342
Gain on refundings	36,710	17,480	54,190	-
Total deferred inflows of resources	190,341	29,147	219,488	2,345
Net Position:				
Net investment in capital assets	5,117,695	4,726,781	9,844,476	-
Restricted for:				
State statute	74,248	-	74,248	-
Debt service	-	83,666	83,666	-
Perpetual care - Nonexpendable	3,132	-	3,132	-
Other purposes (Note 1.d.(8))	228,763	-	228,763	-
Passenger facility charges	-	218,877	218,877	-
Contract facility charges	-	43,079	43,079	-
Airport working capital	-	42,605	42,605	-
Unrestricted	(214,378)	1,328,048	1,113,670	(12,020)
Total net position	\$ 5,209,460	\$ 6,443,056	\$ 11,652,516	\$ (12,020)

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



FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts 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	\$ 542,109	\$ 44,960	\$ 21,458	\$ 15,682
Sanitation	73,879	20,937	2,154	-
General administration	70,743	2,020	88	100
Support services	51,432	40,401	-	-
Engineering and property management	49,469	9,730	960	4,682
Streets and highways	63,178	6,349	22,256	41,285
Culture and recreation	51,642	-	5,965	-
Community planning and development	88,837	9,158	19,263	633
Business-type grant related	931	-	613	-
Interest and other charges	58,439	-	-	-
Total governmental	1,050,659	133,555	72,757	62,382
Business-type-				
Water	180,167	173,923	-	20,627
Sewer	188,000	264,182	-	36,531
Storm water	29,578	74,322	-	-
Airport	311,166	292,022	-	49,611
Public transit	266,955	21,268	35,081	53,960
Total business-type	975,866	825,717	35,081	160,729
Total primary government	\$ 2,026,525	\$ 959,272	\$ 107,838	\$ 223,111
Component Unit:				
Charlotte Regional				
Visitors Authority	\$ 74,057	\$ 32,347	\$ -	\$ -
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				
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	
\$ (460,009)	\$ -	\$ (460,009)	\$	-
(50,788)	-	(50,788)		-
(68,535)	-	(68,535)		-
(11,031)	-	(11,031)		-
(34,097)	-	(34,097)		-
6,712	-	6,712		-
(45,677)	-	(45,677)		-
(59,783)	-	(59,783)		-
(318)	-	(318)		-
(58,439)	-	(58,439)		-
(781,965)	-	(781,965)		-
-	14,383	14,383		-
-	112,713	112,713		-
-	44,744	44,744		-
-	30,467	30,467		-
-	(156,646)	(156,646)		-
-	45,661	45,661		-
(781,965)	45,661	(736,304)		-
-	-	-		(41,710)
507,167	-	507,167		-
139,507	-	139,507		-
-	107,779	107,779		-
51,661	-	51,661		-
44,737	-	44,737		-
31,650	-	31,650		-
11	-	11		-
18,120	-	18,120		-
-	-	-		33,035
24,820	-	24,820		-
21,307	38,024	59,331		295
18	9,976	9,994		160
(23,628)	23,628	-		-
815,370	179,407	994,777		33,490
33,405	225,068	258,473		(8,220)
5,176,055	6,217,988	11,394,043		(3,800)
\$ 5,209,460	\$ 6,443,056	\$ 11,652,516	\$	(12,020)

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2020

(Dollar Amounts in Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash, cash equivalents and investments	\$ 176,995	\$ 196,273	\$ 134,274	\$ 202,297	\$ 709,839
Receivables, net:					
Property taxes	8,438	2,057	250	183	10,928
Accounts	1,981	-	36	29	2,046
Other	-	-	-	190	190
Total receivables	10,419	2,057	286	402	13,164
Due from other governmental agencies	46,864	6,554	32,376	25,843	111,637
Due from other funds	14,295	6,226	-	-	20,521
Due from component unit	-	2,180	298	-	2,478
Inventories	-	-	81	-	81
Prepaid items	37	-	-	318	355
Restricted assets:					
Cash and cash equivalents	-	108	2,130	-	2,238
Investments	-	41	177,530	136,285	313,856
Total restricted assets	-	149	179,660	136,285	316,094
Notes receivable	-	-	87,957	28,908	116,865
Total assets	\$ 248,610	\$ 213,439	\$ 434,932	\$ 394,053	\$ 1,291,034
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ 32,610	\$ 22	\$ 217	\$ 8,884	\$ 41,733
Deposits and retainage payable	10,662	-	-	840	11,502
Due to other funds	226	-	6,226	14,295	20,747
Due to component unit	-	-	443	151	594
Unearned revenues	-	-	-	137,268	137,268
Liabilities payable from restricted assets	-	-	48,968	-	48,968
Total liabilities	43,498	22	55,854	161,438	260,812
Deferred inflows of resources:					
Prepaid taxes	434	-	-	-	434
Unavailable revenues	10,711	4,237	584	402	15,934
Total deferred inflows of resources	11,145	4,237	584	402	16,368
Fund balances:					
Nonspendable:					
Inventories	-	-	81	-	81
Perpetual care	-	-	-	3,132	3,132
Prepaid items	37	-	-	318	355
Restricted:					
State statute	61,457	12,791	-	-	74,248
Other purposes (Note 1.d.(8))	-	-	-	228,763	228,763
Committed:					
Capital projects	14,258	-	378,413	-	392,671
Other purposes (Note 1.d.(8))	3,205	96,921	-	-	100,126
Assigned:					
Debt service	-	99,468	-	-	99,468
Unassigned (Note 1.d.(8))	115,010	-	-	-	115,010
Total fund balances	193,967	209,180	378,494	232,213	1,013,854
Total liabilities, deferred inflows of resources and fund balances	\$ 248,610	\$ 213,439	\$ 434,932	\$ 394,053	\$ 1,291,034

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, 2020
(Dollar Amounts in Thousands)

Total fund balances for governmental funds	\$	1,013,854
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.		6,530,803
Contributions to pension plans in the current fiscal year are deferred outflows of resources.		44,894
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		38,990
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.		60,001
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (Note 2.a.)		(1,651,832)
Net pension liability		(566,131)
Pension related deferrals		212,223
Net OPEB liability		(501,033)
OPEB related deferrals		27,691
Total net position of governmental activities	\$	<u>5,209,460</u>

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 391,475	\$ 96,817	\$ 10,431	\$ 6,798	\$ 505,521
Other taxes	122,203	22,967	9,971	74,848	229,989
Intergovernmental	100,798	1,764	36,629	83,279	222,470
Licenses, fees and fines	36,681	53	16,431	-	53,165
Investment earnings	4,159	4,557	6,819	4,944	20,479
Administrative charges	46,858	-	-	-	46,858
Charges for current services	11,859	-	193	-	12,052
Miscellaneous	2,067	160	571	5,396	8,194
Private contributions	-	-	3,475	-	3,475
Total revenues	716,100	126,318	84,520	175,265	1,102,203
Expenditures:					
Current-					
Public safety	407,637	-	1,000	39,559	448,196
Sanitation	65,605	-	-	1,717	67,322
General administration	53,414	-	-	1,595	55,009
Support services	40,698	-	-	1,005	41,703
Engineering and property management	24,986	-	-	250	25,236
Streets and highways	34,895	-	-	25,032	59,927
Culture and recreation	6,279	-	-	29,146	35,425
Community planning and development	36,071	-	-	27,786	63,857
Business-type grant funded	-	-	-	931	931
Debt service-					
Principal	-	110,124	-	-	110,124
Interest and other charges	-	65,934	-	-	65,934
Capital outlay	-	-	313,296	-	313,296
Total expenditures	669,585	176,058	314,296	127,021	1,286,960
Excess (deficiency) of revenues over (under) expenditures	46,515	(49,740)	(229,776)	48,244	(184,757)
Other Financing Sources (Uses):					
Sales of capital assets	970	-	50	255	1,275
General obligation bonds issued	-	-	121,568	-	121,568
Refunding debt issued	-	314,330	-	-	314,330
Premium on debt issuance	-	36,386	297	-	36,683
Payment to refunded bond escrow agent	-	(348,762)	-	-	(348,762)
Transfers in	4,760	93,146	139,539	16,936	254,381
Transfers out	(57,038)	(102,394)	(34,994)	(83,695)	(278,121)
Total other financing sources (uses)	(51,308)	(7,294)	226,460	(66,504)	101,354
Net change in fund balances	(4,793)	(57,034)	(3,316)	(18,260)	(83,403)
Fund balances - beginning	198,760	266,214	381,810	250,473	1,097,257
Fund balances - ending	\$ 193,967	\$ 209,180	\$ 378,494	\$ 232,213	\$ 1,013,854

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, 2020
(Dollar Amounts in Thousands)

Net change in fund balances - total governmental funds	\$ (83,403)
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 depreciation exceeded capital outlays in the current period. (Note 2.b.)	137,746
Contributions to the pension plan in the current fiscal year are not included on the statement of activities.	44,894
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.)	75,211
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,119)
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 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.)	(18,756)
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.)	(126,104)
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.	5,936
Change in net position of governmental activities	<u>\$ 33,405</u>

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF BUDGETARY COMPARISON
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Revenues:				
Property taxes	\$ 390,195	\$ 390,195	\$ 391,475	\$ 1,280
Sales tax	117,730	117,730	116,722	(1,008)
Other taxes	7,064	7,064	5,481	(1,583)
Utilities sales tax	55,800	55,800	51,661	(4,139)
CATV franchises	7,567	7,567	6,958	(609)
Other intergovernmental	41,854	41,854	42,179	325
Refuse fees	20,085	20,085	20,684	599
Other licenses, fees and fines	17,189	17,897	15,997	(1,900)
Investment earnings	3,000	3,000	4,159	1,159
Administrative charges	46,448	46,448	46,858	410
Charges for current services	12,023	11,315	11,859	544
Miscellaneous	3,075	3,075	2,067	(1,008)
Sales of capital assets	995	995	970	(25)
Transfers in-				
Debt Service	123	123	123	-
Special Revenue:				
Convention Center Tax	4,474	4,550	4,550	-
Tourism	-	35	35	-
Cemetery Trust	52	52	52	-
Total transfers in	4,649	4,760	4,760	-
Resources available for appropriation	727,674	727,785	721,830	\$ (5,955)
Fund balance appropriated (contributed)	-	26,266	19,490	
Total amounts available for appropriation	\$ 727,674	\$ 754,051	\$ 741,320	
Expenditures:				
Public safety	\$ 418,086	\$ 418,475	\$ 413,189	\$ 5,286
Sanitation	65,702	66,888	66,049	839
General administration	52,736	55,751	54,831	920
Support services	34,537	45,596	44,161	1,435
Engineering and property management	26,981	26,319	26,328	(9)
Streets and highways	37,801	39,284	35,853	3,431
Culture and recreation	6,244	6,279	6,279	-
Community planning and development	38,291	39,073	37,592	1,481
Transfers out-				
Debt Service	19,065	19,065	19,065	-
Capital Projects	22,331	31,447	32,099	(652)
Special Revenue:				
State Street Aid	4,261	4,261	4,261	-
Tourism	1,291	1,291	1,291	-
Public Safety and Other Grants	348	322	322	-
Total transfers out	47,296	56,386	57,038	(652)
Total charges to appropriations	\$ 727,674	\$ 754,051	\$ 741,320	\$ 12,731

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, 2020
(Dollar Amounts in Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$	741,320
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.		(19,490)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.		(4,760)
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.		(970)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$	<u>716,100</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$	741,320
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.		(14,697)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.		(57,038)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	\$	<u>669,585</u>

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

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020
(Dollar Amounts in Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 391,357	\$ 149,957	\$ 621,537
Receivables, net-			
Accounts	46,097	10,636	31,818
Other	1,662	707	4,432
Total receivables	47,759	11,343	36,250
Due from other governmental agencies	4,458	596	11,496
Due from other funds	-	-	-
Prepaid items	-	-	-
Inventories	2,147	-	-
Restricted assets-			
Cash and cash equivalents	1,026	-	320,405
Investments	240	-	93,113
Total restricted assets	1,266	-	413,518
Total current assets	446,987	161,896	1,082,801
Noncurrent assets:			
Capital assets-			
Land	54,100	768	392,289
Buildings	45,539	-	1,274,588
Improvements other than buildings:			
Water and sewer systems	5,312,632	-	-
Storm water systems	-	811,445	-
Runways	-	-	480,405
Transit corridors	-	-	-
Other	-	-	312,011
Total improvements other than buildings	5,312,632	811,445	792,416
Intangibles	25,373	3,619	13,160
Machinery and equipment	59,469	382	152,184
Construction in progress	321,725	103,569	245,698
Total capital assets	5,818,838	919,783	2,870,335
Less accumulated depreciation	1,989,434	100,735	942,262
Total capital assets, net	3,829,404	819,048	1,928,073
Total noncurrent assets	3,829,404	819,048	1,928,073
Total assets	4,276,391	980,944	3,010,874
Deferred Outflows Of Resources:			
Pension deferrals	7,822	1,492	5,629
OPEB deferrals	8,731	1,093	3,210
Contributions to pension plan in current fiscal year	5,118	976	3,683
Accumulated decreases in fair value of hedging derivatives	46,042	-	-
Unamortized bond refunding charges	7,888	692	637
Total deferred outflows of resources	75,601	4,253	13,159

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

Enterprise Funds		Governmental Activities -	
Public Transit	Total	Internal Service Funds	
\$ 249,300	\$ 1,412,151	\$ 140,496	
3,355	91,906	-	
1,451	8,252	722	
4,806	100,158	722	
127,858	144,408	4,003	
-	-	226	
1,051	1,051	27	
13,792	15,939	-	
-	321,431	-	
2,133	95,486	-	
2,133	416,917	-	
398,940	2,090,624	145,474	
177,270	624,427	-	
410,229	1,730,356	-	
-	5,312,632	-	
-	811,445	-	
-	480,405	-	
941,567	941,567	-	
48,312	360,323	-	
989,879	7,906,372	-	
24,469	66,621	-	
383,582	595,617	165	
37,068	708,060	-	
2,022,497	11,631,453	165	
605,518	3,637,949	155	
1,416,979	7,993,504	10	
1,416,979	7,993,504	10	
1,815,919	10,084,128	145,484	
4,201	19,144	236	
2,553	15,587	264	
2,749	12,526	154	
-	46,042	-	
-	9,217	-	
9,503	102,516	654	

Continued on next page



FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION-(Continued)
PROPRIETARY FUNDS
June 30, 2020
(Dollar Amounts In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Liabilities:			
Current liabilities:			
Accounts payable	\$ 45,846	\$ 10,253	\$ 18,483
Claims payable	-	-	-
Deposits and retainage payable	8,681	3,915	5,041
Accrued interest payable	29,912	501	-
Due to component unit	-	-	99
Current maturities of noncurrent liabilities	96,558	115,098	1,475
Current liabilities payable from restricted assets-			
Accounts payable	136	-	35,032
Deposits and retainage payable	-	-	3,620
Accrued interest payable	-	-	20,881
Revenue bonds payable	-	-	26,164
Total current liabilities payable from restricted assets	136	-	85,697
Total current liabilities	181,133	129,767	110,795
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	15,520	1,996	-
Revenue bonds payable - net of unamortized premium	1,374,859	136,646	919,484
Revenue bond anticipation notes payable	96,241	-	77,250
Installment purchases - net of unamortized premium	18,731	-	-
TIFIA loan agreement	-	-	-
Derivative instrument liability	46,042	-	-
Federal revolving loan payable	-	713	-
State revolving loan payable	47,811	-	-
Refundable water and sewer construction deposits	3,790	-	-
Due to participants	-	-	-
Compensated absences payable	4,325	564	3,256
Net pension liability	21,179	4,039	15,241
Net OPEB liability	16,163	3,118	3,304
Total noncurrent liabilities	1,644,661	147,076	1,018,535
Total liabilities	1,825,794	276,843	1,129,330
Deferred Inflows Of Resources:			
Pension deferrals	2	-	1
OPEB deferrals	6,533	818	2,402
Gain on refundings	15,198	139	1,636
Total deferred inflows of resources	21,733	957	4,039
Net Position:			
Net investment in capital assets	2,184,781	554,880	1,025,131
Restricted for:			
Debt service	-	-	83,666
Passenger facility charges	-	-	218,877
Contract facility charges	-	-	43,079
Working capital	-	-	42,605
Unrestricted	319,684	152,517	477,306
Total net position	\$ 2,504,465	\$ 707,397	\$ 1,890,664

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	
\$ 50,853	\$ 125,435	\$ 1,532	
-	-	58,255	
2,455	20,092	-	
1,115	31,528	-	
-	99	-	
11,546	224,677	75	
2,133	37,301	-	
-	3,620	-	
-	20,881	-	
-	26,164	-	
2,133	87,966	-	
68,102	489,797	59,862	
-	17,516	-	
-	2,430,989	-	
-	173,491	-	
231,632	250,363	-	
168,430	168,430	-	
-	46,042	-	
-	713	-	
-	47,811	-	
-	3,790	-	
-	-	16,336	
3,582	11,727	112	
11,375	51,834	639	
7,130	29,715	1,214	
422,149	3,232,421	18,301	
490,251	3,722,218	78,163	
1	4	-	
1,910	11,663	197	
507	17,480	-	
2,418	29,147	197	
961,989	4,726,781	10	
-	83,666	-	
-	218,877	-	
-	43,079	-	
-	42,605	-	
370,764	1,320,271	67,768	
\$ 1,332,753	6,435,279	\$ 67,778	
	7,777		
	\$ 6,443,056		

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

		Business-type Activities -	
	Water and Sewer	Storm Water	Airport
Operating Revenues:			
Charges for services	\$ 355,501	\$ 74,322	\$ 216,061
Availability fees	47,903	-	-
System development fees	30,115	-	-
Miscellaneous	4,586	-	11,947
Total operating revenues	438,105	74,322	228,008
Operating Expenses:			
Administration	43,394	1,032	35,665
Operations and maintenance	132,641	10,901	110,929
Claims and insurance premiums	-	-	-
Other	1,078	-	27,564
Depreciation	134,388	11,883	74,117
Total operating expenses	311,501	23,816	248,275
Operating income (loss)	126,604	50,506	(20,267)
Nonoperating Revenues (Expenses):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	53,437
Contract facility charges	-	-	10,577
Investment earnings	6,838	3,420	21,991
Interest expense and other charges	(56,921)	(5,855)	(38,606)
Non-airline terminal revenue distribution	-	-	(24,554)
Miscellaneous	5,148	63	593
Total nonoperating revenues (expenses)	(44,935)	(2,372)	23,438
Income (loss) before contributions and transfers	81,669	48,134	3,171
Capital Contributions	57,158	-	49,611
Transfers In	5,831	-	-
Transfers Out	(120)	(49)	(5,873)
Change in net position	144,538	48,085	46,909
Total net position - beginning	2,359,927	659,312	1,843,755
Total net position - ending	\$ 2,504,465	\$ 707,397	\$ 1,890,664

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 Activities -	
Public Transit	Total	Internal Service Funds	
\$ 21,268	\$ 667,152	\$ 146,256	
-	47,903	-	
-	30,115	-	
-	16,533	-	
21,268	761,703	146,256	
18,093	98,184	17,755	
144,431	398,902	-	
-	-	125,304	
-	28,642	-	
90,874	311,262	2	
253,398	836,990	143,061	
(232,130)	(75,287)	3,195	
107,779	107,779	-	
35,081	35,081	-	
-	53,437	-	
-	10,577	-	
5,775	38,024	3,126	
(13,437)	(114,819)	-	
-	(24,554)	-	
4,172	9,976	-	
139,370	115,501	3,126	
(92,760)	40,214	6,321	
53,960	160,729	-	
24,102	29,933	150	
(263)	(6,305)	(38)	
(14,961)	224,571	6,433	
1,347,714		61,345	
\$ 1,332,753		\$ 67,778	
	497		
	\$ 225,068		

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
Cash Flows From Operating Activities:			
Receipts from customers	\$ 443,318	\$ 74,963	\$ 229,236
Receipts from participants	-	-	-
Payments to suppliers	(91,523)	3,193	(100,119)
Internal activity - (payments to) receipts from other funds	(30,882)	(992)	(29,260)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(48,553)	(13,331)	(43,220)
Payments to airlines for non-airline terminal revenue distribution	-	-	(43,400)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	23,041	63	5,688
Net cash provided (used) by operating activities	295,401	63,896	18,925
Cash Flows From Noncapital Financing Activities:			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers	(120)	(49)	(42)
Net cash provided (used) by noncapital financing activities	(120)	(49)	(42)
Cash Flows From Capital And Related			
Financing Activities:			
Proceeds from capital debt	118,580	57,413	66,518
Passenger facility charges	-	-	55,774
Contract facility charges	-	-	11,295
Acquisition and construction of capital assets	(280,154)	(81,884)	(245,479)
Principal paid on capital debt	(84,130)	(6,548)	(19,975)
Interest and other charges paid on capital debt	(66,949)	(7,007)	(39,213)
Capital contributions	(5,483)	-	45,445
Net cash (used) by capital and related financing activities	(318,136)	(38,026)	(125,635)
Cash Flows From Investing Activities:			
Purchase of investments	(160)	(1)	(66,794)
Proceeds from sale and maturities of investments	10,395	112	140,769
Interest received	7,840	3,520	23,813
Net cash provided by investing activities	18,075	3,631	97,788
Net increase (decrease) in cash, cash equivalents and investments	(4,780)	29,452	(8,964)
Cash, cash equivalents and investments - beginning of year	397,163	120,505	950,906
Cash, cash equivalents and investments - end of year	\$ 392,383	\$ 149,957	\$ 941,942

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

Enterprise Funds		Governmental
Public		Activities -
Transit	Total	Internal Service
		Funds
\$ 19,027	\$ 766,544	\$ -
-	-	38,471
(68,792)	(257,241)	(15,628)
(16,133)	(77,267)	85,711
-	-	30,015
-	-	283
(77,277)	(182,381)	(2,513)
-	(43,400)	-
-	-	(96,283)
-	-	(33,891)
3,946	32,738	32
(139,229)	238,993	6,197
32,364	32,364	-
111,746	111,746	-
23,839	23,628	112
167,949	167,738	112
-	242,511	-
-	55,774	-
-	11,295	-
(56,113)	(663,630)	-
(24,148)	(134,801)	-
(14,386)	(127,555)	-
50,056	90,018	-
(44,591)	(526,388)	-
(32)	(66,987)	-
-	151,276	-
6,915	42,088	3,944
6,883	126,377	3,944
(8,988)	6,720	10,253
258,288	1,726,862	130,243
\$ 249,300	\$ 1,733,582	\$ 140,496

Continued on next page

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts 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)	\$ 126,604	\$ 50,506	\$ (20,267)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	134,388	11,883	74,117
Other receipts	23,041	63	5,688
Non-airline terminal revenue distribution	-	-	(43,400)
Change in assets and liabilities:			
(Increase) decrease in receivables	5,110	641	1,228
(Increase) in due from other governmental agencies	(80)	(9)	(36)
Decrease in due from other funds	-	-	-
(Increase) in inventories	(215)	-	-
Decrease in prepaid insurance	-	-	-
(Increase) decrease in deferred outflows of resources for pensions	1,600	223	(47)
Decrease in net OPEB asset	-	-	648
(Increase) in deferred outflows of resources for OPEB	(8,596)	(1,077)	(3,160)
Increase (decrease) in accounts payable	1,000	(499)	(2,844)
Increase in claims payable	-	-	-
Increase in due to participants	-	-	-
Increase (decrease) in deposits and retainage payable	103	(119)	265
Increase in due to component unit	-	-	28
Increase in net pension liability	2,904	657	3,597
(Decrease) in deferred inflows of resources for pensions	(97)	(18)	(62)
(Decrease) in deferred inflows of resources for OPEB	(2,128)	(205)	(770)
Increase in compensated absences payable	1,078	263	636
Increase in net OPEB liability	10,689	1,587	3,304
Total adjustments	168,797	13,390	39,192
Net cash provided (used) by operating activities	\$ 295,401	\$ 63,896	\$ 18,925
Noncash Investing, Capital And Financing Activities:			
Donated assets	\$ 58,322	\$ -	\$ -
Proceeds from refunding bonds	73,275	-	76,953
Payment to refunded bond escrow agent	(73,275)	-	(76,953)
Net noncash investing, capital and financing activities	\$ 58,322	\$ -	\$ -

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

Enterprise Funds		Governmental Activities -	
Public Transit	Total	Internal Service Funds	
\$ (232,130)	\$ (75,287)	\$	3,195
90,874	311,262		2
3,946	32,738		-
-	(43,400)		-
(2,244)	4,735		33
(145)	(270)	(3,995)	
-	-	300	
(1,627)	(1,842)	-	
-	-	638	
898	2,674	94	
-	648	-	
(2,516)	(15,349)	(260)	
(1,541)	(3,884)	(115)	
-	-	4,887	
-	-	1,096	
11	260	-	
-	28	-	
1,511	8,669	31	
(52)	(229)	(3)	
(461)	(3,564)	(63)	
486	2,463	14	
3,761	19,341	343	
92,901	314,280	3,002	
<u>\$ (139,229)</u>	<u>\$ 238,993</u>	<u>\$ 6,197</u>	
\$ -	\$ 58,322	\$ -	
-	150,228	-	
-	(150,228)	-	
<u>\$ -</u>	<u>\$ 58,322</u>	<u>\$ -</u>	

FINANCIAL SECTION

Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2020
(Dollar Amounts in Thousands)

Assets:

Cash and cash equivalents	\$	8,105
Receivables:		
Employer contributions		344
Member contributions		311
Interest and dividends		608
Total receivables		1,263
Prepaid items		9
Investments:		
Equity securities - stocks		146,050
Fixed income securities - bonds		120,376
Mutual funds		383,821
Total investments		650,247
Capital assets		670
Less accumulated depreciation		402
Total capital assets, net		268
Total assets		659,892

Liabilities:

Accounts payable	803
------------------	-----

Net Position:

Restricted for:		
Pensions		558,040
OPEB		101,049
Total net position	\$	659,089

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

Additions:	
Contributions-	
Member	\$ 10,770
Employer	30,460
Total contributions	41,230
Investment income-	
Net appreciation in fair value of investments	13,656
Interest	3,763
Dividends	4,259
Total investment income	21,678
Investment expense	3,237
Net investment income	18,441
Total additions	59,671
Deductions:	
Benefits	48,968
Refunds	887
Insurance premiums	7,691
Administration	2,656
Depreciation	63
Total deductions	60,265
Change in net position	(594)
Net position - beginning	659,683
Net position - ending	\$ 659,089

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



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Notes to Financial Statements

Comprehensive Annual Financial Report 2020

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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 that is governed by an elected mayor and eleven member council. As required by generally accepted accounting principles, these financial statements present 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 a Fiduciary Fund 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.	Fiduciary Fund	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

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

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 non-exchange 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. Revenues not classified as program revenues, including all taxes, are reported as general revenues.

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including the fiduciary 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 and enterprise funds are aggregated and reported as non-major 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. The General Fund accounts for all financial resources of the general government, except those that are 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 Water, provider of water and sewer services.

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

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

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

The City reports the following fund types:

Internal Service: 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: 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

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary, 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. On an accrual basis, 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 eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds 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. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, 2020, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues.

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 cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

d. Assets, Deferred Outflows and Inflows, Liabilities and Net Position/Fund Balances

(1) Cash and Investments

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

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

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

The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.

Investments of the Charlotte Firefighters' Retirement 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.

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

(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) Inventory and Prepaid Items

Inventories are valued at cost (first-in, first-out), which approximates market. Governmental inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

Business-type inventories consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

(4) Capital Assets

Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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 to the value of the asset or materially extend the asset's life are not capitalized.

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

Buildings	20 – 50 years
Infrastructure	40 years
Improvements other than buildings	10 – 125 years
Intangible	5 – 999 years
Machinery and equipment	3 – 999 years

(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 several items that meet this criterion, pension and OPEB deferrals, contributions made to the pension plan in the current fiscal year, the accumulated decrease in the fair value of hedging derivatives, the loss on refundings and the unamortized bond refunding charges. The Component Unit also has pension and OPEB deferrals and contributions made to the pension plan in the current fiscal year that meet this criterion.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflow 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, deferrals of pension and OPEB expenses, and gain on refundings. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows. The Component Unit has deferrals of pension and OPEB expenses.

(6) Noncurrent Liabilities

In the government-wide 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 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 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 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 the length of service. Effective January 1, 2016, vacation in excess of the maximum accumulation is transferred into the employee's sick leave balance. Unused vacation days are payable upon termination, resignation, retirement or death.

Employees accumulate sick leave at the rate of one day per month and can accrue an unlimited number of days. Sick leave can be taken for personal illness or illness of a member of the immediate family. Sick leave is lost upon termination or resignation, unless the employee's effective date of retirement is within 365 days of the termination or resignation. However, employees may be paid twenty percent of outstanding sick leave, with a maximum of 43.5 days, upon retirement. Twenty percent of outstanding sick leave, up to a maximum of 43.5 days is payable upon the death of an employee.

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.

Net position in governmental activities is restricted for other purposes as follows:

Public safety	\$ 9,671
Culture and recreation	176,155
Community planning and development	32,636
Streets and highways	10,301
Total	<u>\$ 228,763</u>

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.

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 - \$81 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 - \$3,132 of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

Prepaid items - \$355 of fund balance that is not an available resource because it represents the amount of prepaid expenses.

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 - \$74,248 of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)]. North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds.

The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for other purposes - \$228,763:

Public safety - \$9,671 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

Cultural and recreation - \$176,155 of fund balance that is restricted by revenue source for convention and tourism expenditures.

Community planning and development - \$32,636 of fund balance that is restricted by revenue source for neighborhood expenditures.

Streets and highways - \$10,301 of Powell Bill and other 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.

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 - \$392,671 of fund balance committed by the City Council for capital projects.

Committed for other purposes - \$100,126:

Component unit - \$3,205 of fund balance committed by the City Council in the General fund for the Charlotte Regional Visitors Authority.

Debt service - \$96,921 of fund balance committed by the City Council for advance planning for bond referenda and loans to other funds for the purchase of capital equipment.

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

Assigned for Debt service - \$99,468 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.

Unassigned fund balance – This classification includes \$115,010 in the General fund that has 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.

(9) Pensions

The City participates in a cost-sharing, multiple-employer, defined benefit pension plan administered by the State, the Local Governmental Employees’ Retirement System (LGERS); a single-employer Law Enforcement Officers’ Special Separation Allowance (LEOSSA); and a postemployment benefit plan, the Employee Benefit Trust Plan (EBTP).

For purposes of measuring the net pension asset or liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans and additions to/deductions from the defined benefit pension plans’ fiduciary net position have been determined

on the same basis as they are reported by the state-administered defined benefit pension plan and the LEOSSA. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the EBTP and additions to/deductions from the EBTP fiduciary net position have been determined on the same basis as they are reported by the EBTP. For this purpose, the EBTP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

a. Explanation of certain differences between the governmental funds 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.”

Bonds and installment purchases payable	\$ 1,312,555
Net of premiums and discounts	131,218
General obligation bond anticipation notes	66,568
Derivative instrument liability	53,170
Swaption borrowing payable	5,206
Compensated absences	69,850
Section 108 loan guarantee	2,780
Accrued interest payable	10,485
Net adjustment to reduce fund balance - total governmental funds to arrive at net position-governmental activities	<u>\$ 1,651,832</u>

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.”

Capital outlay	\$ 266,662
Depreciation expense	<u>(128,916)</u>
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 137,746</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." 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.

Donation of capital assets	\$ 76,558
Sales of capital assets	<u>(1,347)</u>
Net adjustments to decrease change in net position differs from the change in fund balance by the cost of capital assets sold	<u>\$ 75,211</u>

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."

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (369,330)
Issuance of general obligation bond anticipation notes	(66,568)
Plus premium on debt issuance	(36,683)
Swaption borrowing	508
Principal repayments:	
General obligation debt	244,579
General obligation bond anticipation notes	150,000
Installment purchases	57,150
Section 108 loan guarantee	<u>1,588</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (18,756)</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."

Accrued interest	\$ 3,003
Amortization on deferred loss on refunding	593
Amortization on deferred gain on refundings	(36,710)
Amortization on deferred amount on refunding	(660)
Amortization of debt premiums	48,543
Amortization of discounts	(625)
Compensated absences	(8,366)
Pension expense	(123,770)
OPEB expense	<u>(8,112)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (126,104)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

As required by State statutes, prior to July 1 each year City Council adopts an annual appropriation ordinance for all funds except those which expenditures are authorized by project ordinance and the Internal Service and Fiduciary Funds. City funds budgeted by project ordinance include the Capital Projects Funds, Public Safety and Other Grants, Republican National Convention, General COVID-19 Assistance, Neighborhood Development, Employment and Training, 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 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, 2020.

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.

Deficit in Fund Balance of Individual Fund

For the fiscal year ended June 30, 2020, there was a negative fund balance in the General COVID-19 Assistance fund of \$3,499. This deficit resulted from the Federal Emergency Management Agency (FEMA) project being in approval as of June 30, 2020.

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2020, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	\$ 18,732	\$ (50,048)
City - Fiduciary Funds	188	8,105
Component unit - Authority	5,866	9,178

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. The City and the Authority have petty cash of \$196 and \$285, respectively.

According to the City's policy regarding custodial credit risk for deposits, all of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for 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 amounts 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. Of the City's bank balances, \$1,000 was covered at the federal depository insurance coverage level and \$18,732 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, \$753 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.

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, 2020 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies	\$ 2,279,249	\$ 1,760,397	\$ 458,031	\$ 60,821
Commercial paper	129,890	129,890	-	-
Mutual funds	73,875	N/A	N/A	N/A
NCCMT Government Portfolio	547,083	N/A	N/A	N/A
NCCMT Term Portfolio*	15,252	15,252	-	-
Total	<u>\$ 3,045,349</u>	<u>\$ 1,905,539</u>	<u>\$ 458,031</u>	<u>\$ 60,821</u>

*Because the NCCMT Term Portfolio had a weighted average maturity of 0.15 years, it was presented as an investment with a maturity of 6-12 months.

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

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2020:

Investments by fair value level	June 30, 2020	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)
Debt securities			
U.S. Agencies	\$ 2,279,249	\$ -	\$ 2,279,249
Commercial paper	129,890	129,890	-
Mutual funds	73,875	73,875	-
NCCMT Government Portfolio	547,083	547,083	-
NCCMT Term Portfolio	15,252	15,252	-
Total investments by fair value level	<u>\$ 3,045,349</u>	<u>\$ 766,100</u>	<u>\$ 2,279,249</u>

Investments classified in Level 1 of the fair value hierarchy, valued at \$766,100, are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

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

Credit Risk: The City's investment policy seeks to minimize credit risk by pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, and intermediaries with which the City will do business and diversifying the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). As of June 30, 2020, 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 Government Portfolio carried a credit rating of AA+ by S&P as of June 30, 2020. 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, 2020, the City had no investments subject to custodial credit risk. The City's investment policy limits custodial credit risk by providing that purchased securities be delivered to a third-party safekeeping bank designated by the City.

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

City – Fiduciary Fund: Charlotte Firefighters' Retirement System – The investments and maturities at June 30, 2020 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
U.S. Treasuries	\$ 8,815	\$ -	\$ 624	\$ 2,367	\$ 5,824
U.S. Agencies	25,277	-	-	173	25,104
Corporate bonds	60,337	682	21,350	18,507	19,798
Common stocks	146,050	N/A	N/A	N/A	N/A
Mutual funds	308,890	N/A	N/A	N/A	N/A
Total	\$ 549,369	\$ 682	\$ 21,974	\$ 21,047	\$ 50,726

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

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, 2020 were as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$ 5,521	5.85%
Ba1 > Aa1	54,816	58.05%
Total credit risk debt securities	60,337	63.90%
U.S. Government fixed income securities:		
Government National Mortgage Association	4,547	4.82%
U.S. Treasury	8,815	9.33%
Not rated	20,730	21.95%
Total fixed income securities	\$ 94,429	100.00%

Concentration of Credit Risk: The System limits the amount of equity holdings in any one company to eight 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 five percent of the market value of the portfolio without the consent of the board. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

Investment by fair value level	June 30, 2020	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Fair Value Measurements Using Quoted Prices in Active Markets for Similar Assets (Level 2)	Fair Value Measurements Using Unobservable Inputs (Level 3)
U.S. Treasuries	\$ 8,815	\$ 8,815	\$ -	\$ -
U.S. Agencies	25,277	-	25,277	-
Corporate bonds	52,678	-	52,678	-
Common stocks	146,050	146,050	-	-
Mutual funds	17,150	-	17,150	-
Total investments by fair value level	249,970	\$ 154,865	\$ 95,105	\$ -

Category	Investments Measured as NAV	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	40,726	-	Daily	N/A
International equity	142,620	-	Daily	N/A
U.S. bonds	39,290	-	Daily	N/A
			1st of Month	
International bonds	25,947	-	Openings	N/A
Fixed income	21,502	-	Quarterly	45 Days
			Quarterly	
			1st day of Quarter	
International fixed income	29,314	-		N/A
	299,399	\$ -		
Total investments	\$ 549,369			

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Level 2 debt securities are valued using a matrix pricing technique and fund of funds are valued using net asset values. Matrix pricing is used to value securities based on the securities benchmark quoted prices.

City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2020, the EBTP had investments of \$100,878 in mutual funds. The mutual fund investments classified at Level 1 of the fair value hierarchy are valued using quoted prices in active markets.

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

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

Concentration of Credit Risk: The EBTP 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 eight 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 five 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 for any of its instrumentalities.

Component Unit – At June 30, 2020, the Authority had investments of \$13,495 in the NCCMT's Cash Portfolio, which carried a credit rating of AAA by S&P.

c. Receivables

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

<u>Governmental</u>	
General	\$ 9,181
Debt Service	397
Capital Projects	1,506
Total Governmental	<u>11,084</u>
<u>Proprietary</u>	
Water and Sewer	8,070
Storm Water	1,437
Airport	1,659
Public Transit	74
Total Proprietary	<u>11,240</u>
Total	<u>\$ 22,324</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, 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, 2020, the balance of the loan outstanding was \$2,478.

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, 2019 were based on the assessed values listed as of January 1, 2019, 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 2020 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.2731
Debt Service	0.0677
Capital Projects	0.0073
Total	<u>\$ 0.3481</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 2020 for Districts 1, 2, 3, 4 and 5 were \$.0136, \$.0227, \$.0338, \$.0390 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	\$ 149
Capital Projects	179,660
Other governmental funds	136,285
Total Governmental	<u>316,094</u>
<u>Enterprise</u>	
Water and Sewer	1,266
Airport	413,518
Public Transit	2,133
Total Enterprise	<u>416,917</u>
Total	<u>\$ 733,011</u>

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

f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 3,469,904	\$ 59,535	\$ -	\$ 3,529,439
Construction in progress	315,830	299,526	168,625	446,731
Total capital assets not being depreciated	<u>3,785,734</u>	<u>359,061</u>	<u>168,625</u>	<u>3,976,170</u>
Capital assets being depreciated:				
Buildings	1,281,812	68,619	-	1,350,431
Infrastructure	2,846,610	51,313	-	2,897,923
Intangibles	32,483	10,216	-	42,699
Machinery and equipment	255,596	22,636	14,979	263,253
Total capital assets being depreciated	<u>4,416,501</u>	<u>152,784</u>	<u>14,979</u>	<u>4,554,306</u>
Less accumulated depreciation for:				
Buildings	460,692	32,413	-	493,105
Infrastructure	1,212,858	70,745	-	1,283,603
Intangibles	26,075	4,163	-	30,238
Machinery and equipment	184,752	21,597	13,632	192,717
Total accumulated depreciation	<u>1,884,377</u>	<u>128,918</u>	<u>13,632</u>	<u>1,999,663</u>
Total capital assets being depreciated, net	<u>2,532,124</u>	<u>23,866</u>	<u>1,347</u>	<u>2,554,643</u>
Governmental activity capital assets, net	<u>\$ 6,317,858</u>	<u>\$ 382,927</u>	<u>\$ 169,972</u>	<u>\$ 6,530,813</u>

Depreciation expense was charged to activities as follows:

Governmental Activities:	
Public safety	\$ 16,527
Sanitation	4,534
General administration	3,147
Support services	3,327
Engineering and property management	8,230
Streets and highways	67,274
Community planning and development	7,232
Culture and recreation	18,645
Capital assets held by the City's internal service funds are charged to various functions based on the usage of assets	2
Total depreciation expense - Governmental Activities	<u>\$ 128,918</u>

Capital asset activity for business-type activities for the year ended June 30, 2020 were as follows:

	Beginning Balances	Increase	Decrease	Ending Balance
<u>Business-type activities</u>				
<i>Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 52,615	\$ 1,485	\$ -	\$ 54,100
Construction in progress	325,289	293,361	296,925	321,725
Total capital assets not being depreciated	377,904	294,846	296,925	375,825
Capital assets being depreciated:				
Buildings	44,598	941	-	45,539
Water and sewer systems	4,983,254	329,378	-	5,312,632
Intangibles	20,839	4,534	-	25,373
Machinery and equipment	56,395	6,270	3,196	59,469
Total capital assets being depreciated	5,105,086	341,123	3,196	5,443,013
Less accumulated depreciation for:				
Buildings	11,808	1,110	-	12,918
Water and sewer systems	1,791,649	125,583	-	1,917,232
Intangibles	18,743	1,412	-	20,155
Machinery and equipment	35,852	6,283	3,006	39,129
Total accumulated depreciation	1,858,052	134,388	3,006	1,989,434
Total capital assets being depreciated net	3,247,034	206,735	190	3,453,579
Water and Sewer capital assets, net	3,624,938	501,581	297,115	3,829,404
 <i>Storm Water</i>				
Capital assets not being depreciated:				
Land	768	-	-	768
Construction in progress	229,916	86,216	212,563	103,569
Total capital assets not being depreciated	230,684	86,216	212,563	104,337
Capital assets being depreciated:				
Storm water systems	598,882	212,563	-	811,445
Intangibles	3,619	-	-	3,619
Machinery and equipment	345	37	-	382
Total capital assets being depreciated	602,846	212,600	-	815,446
Less accumulated depreciation for:				
Storm water systems	85,253	11,778	-	97,031
Intangibles	3,489	53	-	3,542
Machinery and equipment	110	52	-	162
Total accumulated depreciation	88,852	11,883	-	100,735
Total capital assets being depreciated net	513,994	200,717	-	714,711
Storm Water capital assets, net	744,678	286,933	212,563	819,048

Continued on next page

	Beginning Balances	Increase	Decrease	Ending Balance
<i>Airport</i>				
Capital assets not being depreciated:				
Land	\$ 374,666	\$ 23,992	\$ 6,369	\$ 392,289
Construction in progress	390,568	247,459	392,329	245,698
Total capital assets not being depreciated	765,234	271,451	398,698	637,987
Capital assets being depreciated:				
Buildings	1,050,562	224,026	-	1,274,588
Runways	444,993	35,412	-	480,405
Other	233,517	78,494	-	312,011
Intangibles	6,642	6,518	-	13,160
Machinery and equipment	140,112	15,908	3,836	152,184
Total capital assets being depreciated	1,875,826	360,358	3,836	2,232,348
Less accumulated depreciation for:				
Buildings	541,354	34,820	-	576,174
Runways	193,701	12,908	-	206,609
Other	65,727	10,287	-	76,014
Intangibles	4,211	1,304	-	5,515
Machinery and equipment	65,272	14,798	2,120	77,950
Total accumulated depreciation	870,265	74,117	2,120	942,262
Total capital assets being depreciated net	1,005,561	286,241	1,716	1,290,086
Airport capital assets, net	1,770,795	557,692	400,414	1,928,073
<i>Public Transit</i>				
Capital assets not being depreciated:				
Land	167,257	10,013	-	177,270
Construction in progress	33,078	89,147	85,157	37,068
Total capital assets not being depreciated	200,335	99,160	85,157	214,338
Capital assets being depreciated:				
Buildings	404,174	6,055	-	410,229
Transit corridors	895,237	46,330	-	941,567
Other	47,950	362	-	48,312
Intangibles	13,920	10,549	-	24,469
Machinery and equipment	371,486	37,392	25,296	383,582
Total capital assets being depreciated	1,732,767	100,688	25,296	1,808,159
Less accumulated depreciation for:				
Buildings	85,110	19,897	-	105,007
Transit corridors	249,137	47,578	-	296,715
Other	33,083	1,562	-	34,645
Intangibles	9,157	1,937	-	11,094
Machinery and equipment	147,686	19,900	9,529	158,057
Total accumulated depreciation	524,173	90,874	9,529	605,518
Total capital assets being depreciated net	1,208,594	9,814	15,767	1,202,641
Public Transit capital assets, net	1,408,929	108,974	100,924	1,416,979
Business-type capital assets, net	\$ 7,549,340	\$ 1,455,180	\$ 1,011,016	\$ 7,993,504

g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2020 by fund:

Due to/from other funds:	Interfund Receivables	Interfund Payables
General	\$ 14,295	\$ 226
Debt Service	6,226	-
Capital Project	-	6,226
Nonmajor governmental	-	14,295
Internal Service - Employee Health and Life	226	-
Total	<u>\$ 20,747</u>	<u>\$ 20,747</u>

The balances between General and Internal Service are for reimbursable expenditures and will be paid within 30 days. The balances between General and Nonmajor governmental are to advance funding for expenditures until grant reimbursement is received and will be paid within 30 days. The balances between Capital Projects and Debt Service are to advance funding for a project until permanent financing is approved.

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

Primary Government:	Receivable Entity	Payable Entity
Debt Service	\$ 2,180	\$ -
Capital Projects	298	443
Nonmajor governmental	-	151
Enterprise - Airport	-	99
Component Unit - Authority	693	2,478
Total	<u>\$ 3,171</u>	<u>\$ 3,171</u>

Interfund transfers:

		Transfers In:						
Transfer out:	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise- Public Transit	Enterprise- Water Sewer	Internal Service	Total
General	\$ -	\$ 19,065	\$ 32,099	\$ 5,874	\$ -	\$ -	\$ -	\$ 57,038
Debt Service	123	-	101,951	320	-	-	-	102,394
Capital Projects	-	-	-	10,742	24,102	-	150	34,994
Nonmajor governmental	4,637	74,081	4,977	-	-	-	-	83,695
Enterprise:								
Water and Sewer	-	-	120	-	-	-	-	120
Storm Water	-	-	49	-	-	-	-	49
Public Transit	-	-	263	-	-	-	-	263
Airport	-	-	42	-	-	5,831	-	5,873
Internal Service	-	-	38	-	-	-	-	38
Total	<u>\$ 4,760</u>	<u>\$ 93,146</u>	<u>\$ 139,539</u>	<u>\$ 16,936</u>	<u>\$ 24,102</u>	<u>\$ 5,831</u>	<u>\$ 150</u>	<u>\$ 284,464</u>

The transfers consist primarily of the following: (a) \$93,146 to Debt Service from nonmajor governmental and General to cover debt service costs, (b) \$139,539 to Capital Projects mainly from General and Debt Service to cover Capital Projects, and (c) \$24,102 to Public Transit mainly from Capital Projects, to cover maintenance of efforts.

h. Payables

Payables at June 30, 2020, including amounts payable from restricted assets, were as follows:

Governmental	Vendors	Salaries	Other	Total
General	\$ 26,705	\$ 3,081	\$ 2,824	\$ 32,610
Debt Service	22	-	-	22
Capital Projects	40,348	-	8,837	49,185
Nonmajor governmental	8,870	-	14	8,884
Total Governmental	<u>75,945</u>	<u>3,081</u>	<u>11,675</u>	<u>90,701</u>
Proprietary				
Water and Sewer	44,108	555	1,319	45,982
Storm Water	10,139	114	-	10,253
Airport	53,018	399	98	53,515
Public Transit	48,516	788	3,682	52,986
Internal Service	59,774	13	-	59,787
Total Business-type	<u>215,555</u>	<u>1,869</u>	<u>5,099</u>	<u>222,523</u>
Total	<u>\$ 291,500</u>	<u>\$ 4,950</u>	<u>\$ 16,774</u>	<u>\$ 313,224</u>

i. Deferred Outflows and Inflows of Resources and Unavailable Revenues

The City has several deferred outflows of resources. Deferred outflows of resources are comprised of the following:

	City	Component Unit
Pension deferrals	\$ 302,321	\$ 2,563
OPEB deferrals	125,824	4,037
Contributions pension plan in current fiscal year	57,574	1,490
Accumulated decrease in fair value of hedging derivatives	99,212	-
Loss on refundings	593	-
Unamortized bond refunding charges	11,933	-
	<u>\$ 597,457</u>	<u>\$ 8,090</u>

Deferred inflows of resources at year-end were comprised of the following:

	City	Component Unit
Prepaid taxes	\$ 434	\$ -
Pension deferrals	70,722	3
OPEB deferrals	94,142	2,342
Gain on refundings	54,190	-
	<u>\$ 219,488</u>	<u>\$ 2,345</u>

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	\$ 8,438	\$ 2,057	\$ 250	\$ 183	\$ 10,928
Accounts receivable	2,273	-	36	219	2,528
Due from component unit	-	2,180	298	-	2,478
	<u>\$ 10,711</u>	<u>\$ 4,237</u>	<u>\$ 584</u>	<u>\$ 402</u>	<u>\$ 15,934</u>

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 554,039	\$ 369,330	\$ 244,579	\$ 678,790	\$ 53,889
Plus unamortized premiums	76,671	36,683	38,653	74,701	5,396
Total bonds payable	630,710	406,013	283,232	753,491	59,285
Direct placement installment purchases	21,828	-	13,398	8,430	2,810
Installment purchases	669,087	-	43,752	625,335	42,175
Plus unamortized premiums	66,407	-	9,890	56,517	3,566
Less unamortized discounts	(625)	-	(625)	-	-
Total installment purchases	756,697	-	66,415	690,282	48,551
Direct placement general obligation bond anticipation notes	150,000	66,568	150,000	66,568	-
Direct borrowing section 108 loan guarantee	4,368	-	1,588	2,780	-
Derivative instrument liability	41,633	11,537	-	53,170	-
Swaption borrowing payable	5,714	-	508	5,206	492
Compensated absences	61,657	43,401	35,021	70,037	27,427
Arbitrage	-	115	-	115	-
Due to participants	14,624	1,712	-	16,336	-
Total pension liability (LGERS)	105,169	15,603	-	120,772	-
Total pension liability (LEOSSA)	115,208	11,330	-	126,538	-
Total pension liability (System)	175,164	144,296	-	319,460	-
Net OPEB liability	359,765	142,482	-	502,247	-
Total Governmental Activities	<u>\$ 2,420,709</u>	<u>\$ 843,057</u>	<u>\$ 536,764</u>	<u>\$ 2,727,002</u>	<u>\$ 135,755</u>

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

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Water and Sewer:					
General obligation bonds	\$ 44,017	\$ -	\$ 17,809	\$ 26,208	\$ 14,373
Plus unamortized premiums	10,664	-	6,095	4,569	884
Revenue bonds	1,373,365	58,750	133,375	1,298,740	62,390
Plus unamortized premiums	148,821	14,995	18,479	145,337	6,828
Total bonds payable	1,576,867	73,745	175,758	1,474,854	84,475
Direct placement installment purchases	1,829	20,000	3,105	18,724	5,240
Installment purchases	9,138	-	2,578	6,560	1,640
Plus unamortized premiums	627	-	169	458	131
Total installment purchases	11,594	20,000	5,852	25,742	7,011
Direct placement revenue bond anticipation notes	32,947	63,294	-	96,241	-
Other financing agreements-					
Municipal	250	-	250	-	-
Direct borrowing state revolving loan	13,992	35,286	226	49,052	1,241
Derivative instrument liability	34,571	11,471	-	46,042	-
Refundable construction deposits	5,040	5,920	5,906	5,054	1,264
Compensated absences	5,814	4,891	3,813	6,892	2,567
Net pension liability (LGERS)	18,275	2,904	-	21,179	-
Net OPEB liability	5,474	10,689	-	16,163	-
Total Water and Sewer	1,704,824	228,200	191,805	1,741,219	96,558
Storm Water:					
General obligation bonds	3,159	-	702	2,457	738
Plus unamortized premiums	630	-	274	356	79
Revenue bonds	132,160	-	5,780	126,380	6,060
Plus unamortized premiums	18,574	-	1,124	17,450	1,124
Total bonds payable	154,523	-	7,880	146,643	8,001
Direct placement revenue bond anticipation notes	49,067	57,413	-	106,480	106,480
Direct borrowing federal revolving loan	845	-	66	779	66
Compensated absences	852	1,064	801	1,115	551
Net pension liability (LGERS)	3,382	657	-	4,039	-
Net OPEB liability	1,531	1,587	-	3,118	-
Total Storm Water	210,200	60,721	8,747	262,174	115,098
Airport:					
Revenue bonds	873,750	-	19,975	853,775	22,190
Plus unamortized premiums	97,694	-	5,821	91,873	3,974
Total bonds payable	971,444	-	25,796	945,648	26,164
Direct placement revenue bond anticipation notes	10,435	143,768	76,953	77,250	-
Compensated absences	4,095	2,807	2,171	4,731	1,475
Net pension liability (LGERS)	11,644	3,597	-	15,241	-
Net OPEB liability	-	3,304	-	3,304	-
Total Airport	997,618	153,476	104,920	1,046,174	27,639
Public Transit:					
Direct placement installment purchases	15,000	-	15,000	-	-
Installment purchases	235,680	-	5,300	230,380	5,555
Plus unamortized premiums	9,073	-	1,407	7,666	859
Total installment purchases	259,753	-	21,707	238,046	6,414
Direct borrowing TIFIA loan (installment purchases)	176,259	-	3,848	172,411	3,981
Compensated absences	4,247	2,222	1,736	4,733	1,151
Net pension liability (LGERS)	9,864	1,511	-	11,375	-
Net OPEB liability	3,369	3,761	-	7,130	-
Total Public Transit	453,492	7,494	27,291	433,695	11,546
Total Business-type Activities	\$ 3,366,134	\$ 449,891	\$ 332,763	\$ 3,483,262	\$ 250,841

The government-wide statement of net position includes \$26,164 of long-term liabilities due within one year for business-type activities in the liabilities payable from restricted assets. The remaining amount of \$224,677 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, 2020
Governmental Activities:					
Refunding, Series 2012A	1.25% - 5.00%	04/12/2012	2033	\$ 175,495	\$ 30,185
Taxable Housing, Series 2013A	1.00% - 4.15%	09/05/2013	2030	34,370	21,470
Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	49,148
Refunding, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	98,325
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	26,407
Refunding, Series 2016A	5.00%	11/01/2016	2037	116,230	98,785
Refunding, Series 2019A	2.00% - 5.00%	08/15/2019	2039	189,920	177,810
Taxable Housing, Series 2019B	1.45% - 3.00%	08/28/2019	2039	55,000	52,250
Refunding, Series 2020A	3.00% - 5.00%	03/04/2020	2027	30,440	30,440
Refunding, Series 2020B	1.508% - 2.155%	03/04/2020	2032	93,970	93,970
Total Governmental Activities					<u>\$ 678,790</u>
Business-type Activities:					
Water and Sewer:					
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	\$ 27,144	\$ 10,448
Refunding, Series 2018A	5.00%	08/01/2018	2024	26,920	15,760
Total Water and Sewer					<u>26,208</u>
Storm Water:					
Refunding, Series 2013B	2.00% - 5.00%	09/05/2013	2022	137	128
Refunding, Series 2015	4.00% - 5.00%	06/01/2015	2023	6,051	2,329
Total Storm Water					<u>2,457</u>
Total Business-type Activities					<u>\$ 28,665</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.

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

Governmental Activities				
Year Ending	Principal		Interest	
June 30				
2021	\$	53,889	\$	26,258
2022		54,551		23,895
2023		55,325		21,456
2024		55,700		19,139
2025		56,080		17,009
2026-2030		227,635		54,773
2031-2035		127,070		19,644
2036-2039		48,540		3,118
	\$	<u>678,790</u>	\$	<u>185,292</u>

Business-type Activities				
Year Ending	Water and Sewer		Storm Water	
	Principal	Interest	Principal	Interest
June 30				
2021	\$ 14,373	\$ 951	\$ 738	\$ 104
2022	5,076	465	903	63
2023	5,224	208	816	21
2024	1,535	38	-	-
	<u>\$ 26,208</u>	<u>\$ 1,662</u>	<u>\$ 2,457</u>	<u>\$ 188</u>

(2) 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, 2020
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	\$ 300,000	\$ 137,600
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	306,295
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	41,690
Water and Sewer, Refunding Series 2015	1.00% - 5.00%	08/27/2015	2046	459,585	357,045
Water and Sewer, Refunding Series 2018	3.00% - 5.00%	04/25/2018	2049	409,915	397,360
Water and Sewer, Refunding Series 2019	3.00% - 5.00%	09/10/2019	2036	58,750	58,750
Total Water and Sewer					<u>1,298,740</u>
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	9,905
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	88,815
Storm Water, Refunding Series 2016	1.50% - 5.00%	06/09/2016	2036	32,355	27,660
Total Storm Water					<u>126,380</u>
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	106,800
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	37,410
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	64,620
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	29,115
Airport Special Facility, Series 2011					
CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	53,585
Airport, Refunding Series 2014A	5.00%	11/06/2014	2035	74,290	74,290
Airport, Refunding Series 2014B	2.00% - 5.00%	11/06/2014	2024	31,100	13,445
Airport, Series 2017A	5.00%	06/01/2017	2048	167,385	165,015
Airport, Series 2017B	5.00%	06/01/2017	2048	16,345	16,190
Airport, Refunding Series 2017C	3.25% - 5.00%	06/01/2017	2042	119,050	114,940
Airport, Series 2019A	3.00% - 5.00%	06/20/2019	2050	142,220	142,220
Airport, Series 2019B	4.00% - 5.00%	06/20/2019	2050	36,145	36,145
Total Airport					<u>853,775</u>
Total Business-type Activities					<u>\$ 2,278,895</u>

Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Water and Sewer Revenue Bonds Series 2006B. See note 4.j.7 for additional information concerning derivative instruments.

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 FY20 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 2.8 percent. Based on the FY20 Storm Water Fund budgets, revenue bond debt service coverage was at least 5.8 percent.

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

The 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.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	<u>Business-type Activities</u>					
	Water and Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 62,390	\$ 54,502	\$ 6,060	\$ 5,263	\$ 22,190	\$ 41,222
2022	65,430	51,025	6,345	4,975	24,415	40,102
2023	65,865	48,079	6,645	4,680	26,265	38,875
2024	68,970	45,092	6,940	4,385	27,680	37,551
2025	66,765	42,053	7,265	4,062	32,745	36,073
2026-2030	266,260	173,476	29,295	16,167	182,800	153,627
2031-2035	294,435	116,282	32,760	9,766	182,945	108,775
2036-2040	283,155	54,132	16,805	4,790	166,870	65,789
2041-2045	79,780	18,159	14,265	1,170	106,065	31,580
2046-2050	45,690	2,977	-	-	81,800	8,853
	<u>\$ 1,298,740</u>	<u>\$ 605,777</u>	<u>\$ 126,380</u>	<u>\$ 55,258</u>	<u>\$ 853,775</u>	<u>\$ 562,447</u>

(3) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2020
Governmental Activities:					
Convention Center, Series 2013I, Direct Placement	2.94%	10/22/2013	2023	\$ 28,125	\$ 8,430
Convention Center, Series 2015A	.86% - 2.97%	05/14/2015	2023	39,335	15,520
Convention Center, Refunding Series 2016A	5.00%	06/01/2016	2026	33,010	20,860
Convention Center, Series 2016B	.97% - 2.45%	06/01/2016	2023	23,685	10,525
Convention Center, Series 2019A	4.00% - 5.00%	04/25/2019	2049	101,955	100,860
Convention Center, Refunding Series 2019A	4.00% - 5.00%	04/25/2019	2034	18,995	18,200
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	91,060
Tourism, Series 2018	5.00%	11/08/2018	2024	11,640	9,310
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	73,920
Hall of Fame, Refunding Series 2019C	3.00% - 4.00%	06/04/2019	2039	34,935	34,935
Cultural Facilities, Refunding Series 2019B	4.00% - 5.00%	06/04/2019	2039	96,975	94,005
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	4,200
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	13,920
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	255
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	12,440
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	11,340
Public Safety, Series 2015C	3.13% - 5.00%	06/25/2015	2035	45,820	34,350
Public Safety, Refunding Series 2015C	4.00% - 5.00%	06/25/2015	2025	10,860	6,080
Public Safety, Series 2018	3.125% - 5.00%	11/08/2018	2039	56,610	53,770
Total Governmental Activities					<u>\$ 633,765</u>
Business-type Activities:					
Water and Sewer:					
Equipment, Series 2016, Direct Placement	1.32%	06/07/2016	2021	\$ 4,600	\$ 880
Equipment, Series 2018	5.00%	11/08/2018	2024	8,205	6,560
Equipment, 2019, Direct Placement	1.52%	10/11/2019	2024	20,000	17,844
Total Water and Sewer					<u>25,284</u>
Public Transit:					
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	24,585
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	36,310
Equipment and Facilities, Refunding Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	46,345
Total Public Transit					<u>230,380</u>
Total Business-type Activities					<u>\$ 255,664</u>

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 Hall of Fame 2009D and 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's outstanding installment purchases of \$633,765 (\$8,430 of which are direct placement installment purchases) are secured with collateral of public safety, convention center, cultural arts, NASCAR Hall of Fame, and other government facilities.

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

Water Sewer's outstanding non-direct and direct placement installment purchases are secured with collateral of equipment purchased. The City's outstanding installment purchases of \$230,380 for Public Transit are secured with collateral of transit-related facilities and parking decks.

Installment purchases debt service requirements to maturity are as follows:

<u>Governmental Activities</u>						
Year Ending June 30	<u>Direct Placements</u>					
	Principal	Interest	Principal	Interest		
2021	\$ 42,175	\$ 19,629	\$ 2,810	\$ 248		
2022	43,310	18,239	2,810	165		
2023	40,790	16,905	2,810	83		
2024	32,995	15,667	-	-		
2025	30,785	14,685	-	-		
2026-2030	154,235	61,317	-	-		
2031-2035	145,725	41,268	-	-		
2036-2040	88,470	20,238	-	-		
2041-2045	23,565	8,579	-	-		
2046-2049	23,285	2,432	-	-		
	<u>\$ 625,335</u>	<u>\$ 218,959</u>	<u>\$ 8,430</u>	<u>\$ 496</u>		

<u>Business-type Activities</u>						
Year Ending June 30	<u>Water And Sewer</u>				<u>Public Transit</u>	
	<u>Direct Placements</u>					
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 1,640	\$ 287	\$ 5,240	\$ 263	\$ 5,555	\$ 8,314
2022	1,640	205	4,427	188	128,930	8,082
2023	1,640	123	4,495	121	6,060	4,121
2024	1,640	41	4,562	49	6,360	3,818
2025	-	-	-	-	6,670	3,500
2026-2030	-	-	-	-	37,895	12,998
2031-2035	-	-	-	-	38,910	4,648
	<u>\$ 6,560</u>	<u>\$ 656</u>	<u>\$ 18,724</u>	<u>\$ 621</u>	<u>\$ 230,380</u>	<u>\$ 45,481</u>

(4) General Obligation Bond Anticipation Note

The City has available a direct placement general obligation bond anticipation note program to finance street improvements, neighborhood improvements, public improvements and housing projects. The aggregate principal amount of the note outstanding at any one time shall not exceed \$150,000. The note is a general obligation of the City, and the City has pledged its faith and credit to the payment of the principal of and interest on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general obligation bonds. The note will mature no later than the third anniversary of the closing date or October 15, 2022. The City had direct placement general obligation bond anticipation notes payable of \$66,568 outstanding at June 30, 2020. Interest rates are based upon market conditions.

Direct placement general obligation bond note debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest
2021	\$ -	\$ 237
2022	-	237
2023	66,568	70
	<u>\$ 66,568</u>	<u>\$ 544</u>

(5) Revenue Bond Anticipation Note

The City has available a Water and Sewer direct placement revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$100,000. The note is payable from net revenues of the water and sewer systems. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered in a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or October 10, 2021. The City had direct placement Water and Sewer revenue bond anticipation notes payable of \$96,241 outstanding at June 30, 2020. Interest rates are based upon market conditions.

The City has available a direct placement Storm Water revenue bond anticipation note program to finance the cost of various improvements to its storm water system. The aggregate principal amount of the note outstanding at any one time shall not exceed \$115,000. The note is payable from net revenues of the storm water system. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the General Trust Indenture. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The City expects the note will be replaced by long-term storm water revenue bonds. The note will mature no later than the third anniversary of the full funding date or March 15, 2021. The City had Storm Water direct placement revenue bond anticipation notes payable of \$106,480 outstanding at June 30, 2020. Interest rates are based upon market conditions.

The City has available an Airport direct placement revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$300,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payments of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the third anniversary of the closing date or June 11, 2023. The City had Airport direct placement revenue bond anticipation notes payable of \$77,250 outstanding at June 30, 2020. Interest rates are based upon market conditions.

Direct placement revenue bond anticipation note debt service requirements to maturity are as follows:

Year Ending June 30	<u>Business-type Activities</u>					
	Water Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ -	\$ 410	\$ 106,480	\$ 396	\$ -	\$ 370
2022	96,241	115	-	-	-	370
2023	-	-	-	-	77,250	350
	<u>\$ 96,241</u>	<u>\$ 525</u>	<u>\$ 106,480</u>	<u>\$ 396</u>	<u>\$ 77,250</u>	<u>\$ 1,090</u>

(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

The loan guarantee is a 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.

Direct borrowing Section 108 loan debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ending June 30	Principal	Interest
2021	\$ -	\$ 120
2022	-	120
2023	-	120
2024	-	120
2025	-	119
2026-2029	2,780	251
	<u>\$ 2,780</u>	<u>\$ 850</u>

(b) Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan

On September 17, 2015, the City entered into a \$180,000 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation to fund the local portion of the Transit Blue Line Extension in the form of direct borrowing installment purchases. As of June 30, 2020, \$172,411 was outstanding under this agreement. The maturity date is June 1, 2048.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ending June 30	Principal	Interest
2021	\$ 3,981	\$ 5,286
2022	4,096	5,171
2023	4,222	5,045
2024	4,345	4,922
2025	4,491	4,776
2026-2030	24,576	21,758
2031-2035	28,588	17,746
2036-2040	33,251	13,083
2041-2045	38,684	7,650
2046-2048	26,177	1,624
	<u>\$ 172,411</u>	<u>\$ 87,061</u>

(c) 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 clean water infrastructures. The direct borrowing loans to be repaid are one-half of the total project costs reimbursed with zero percent interest. 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>	
Year Ended June 30	Principal
2021	\$ 66
2022	66
2023	66
2024	66
2025	66
2026-2030	331
2031-2032	118
	<u>\$ 779</u>

(d) State Revolving Loan

Pursuant to the North Carolina Clean Water Revolving Loan & Grant Act of 1987, the City was awarded a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality. The City utilized loan proceeds to construct wastewater treatment works projects. As of June 30, 2020, direct borrowing loans totaling \$93,775 have been approved (but not fully disbursed). The maximum loan term is twenty years. As of June 30, 2020, interest rates varied from zero to 1.71 percent.

Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
Year Ending June 30	Principal	Interest
2021	\$ 1,241	\$ 227
2022	1,241	216
2023	1,241	205
2024	2,487	1,045
2025	2,487	991
2026-2030	12,433	4,146
2031-2035	12,433	2,797
2036-2040	11,753	1,448
2041-2043	3,736	256
	<u>\$ 49,052</u>	<u>\$ 11,331</u>

(7) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2020 classified by type, and the changes in fair value of such derivative instruments for the year ended are as follows:

	Changes in Fair Value		Fair Value at June 30, 2020		
	Classification	Amount	Classification	Amount	Notional
<u>Governmental Activities</u>					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (11,537)	Debt	\$ (53,170)	\$ 164,980
<u>Business-type Activities</u>					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (11,471)	Debt	\$ (46,042)	\$ 137,600

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

The following table displays the objective and terms of the City's hedging derivative instruments outstanding at June 30, 2020 along with the credit rating of the associated counterparty:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006B Water and Sewer Revenue Bonds	\$ 137,600	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 73,920	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/A+
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 91,060	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/A+

Interest Rate Risk: The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as 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, 2020, the rate received by the City for the 2006B agreement was 1.02 percent, whereas the bond floating rate paid by the City was .10 percent. As of June 30, 2020, the rate received by the City for the 2009D agreement was .18 percent, whereas the bond floating rate paid by the City was .17 percent. As of June 30, 2020, the rate received by the City for the 2013G agreement was .35 percent, whereas the bond floating rate paid by the City was .10 percent.

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

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, 2020, aggregate debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Year Ending June 30	Governmental Activities			
	Variable Rate Instruments		Hedging Derivatives, Net	Total
	Principal	Interest		
2021	\$ 9,920	\$ 217	\$ 7,914	\$ 18,051
2022	10,450	204	7,437	18,091
2023	11,010	191	6,931	18,132
2024	11,595	178	6,403	18,176
2025	12,205	163	5,833	18,201
2026-2030	71,510	571	19,661	91,742
2031-2035	38,290	159	4,688	43,137
	<u>\$ 164,980</u>	<u>\$ 1,683</u>	<u>\$ 58,867</u>	<u>\$ 225,530</u>

Year Ending June 30	Business-type Activities			
	Variable Rate Bonds		Hedging Derivatives, Net	Total
	Principal	Interest		
2021	\$ 5,470	\$ 706	\$ 4,708	\$ 10,884
2022	5,660	129	5,094	10,883
2023	5,875	123	4,866	10,864
2024	6,090	117	4,624	10,831
2025	6,320	112	4,392	10,824
2026-2030	35,190	455	17,940	53,585
2031-2035	41,980	263	10,354	52,597
2036-2037	31,015	33	1,294	32,342
	<u>\$ 137,600</u>	<u>\$ 1,938</u>	<u>\$ 53,272</u>	<u>\$ 192,810</u>

Commitments: The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below A3 by Moody's and A- by S&P. The hedging derivative instruments will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. At June 30, 2020 the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$99,212). If the collateral posting requirements were triggered at June 30, 2020 the City would not be required to post collateral to its counterparties because they had negative fair values. The City's general obligation debt rating is Aaa from Moody's and AAA from S&P; therefore, no collateral has been posted at June 30, 2020.

(8) Refundings

In August 2019, the City issued \$189,920 in General Obligation Refunding Bonds, Series 2019A with interest rates ranging from two to five percent. The net proceeds of \$221,150 (after payment of \$834 in underwriting fees and other issue costs) were used to refund \$71,150 outstanding fixed rate General Obligation Refunding Bonds, Series 2009B and \$150,000 outstanding General Obligation Bonds, Series 2016B. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$6,485. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2029 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 10 years by \$12,739 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$11,592.

In September 2019, the City issued \$58,750 in Water and Sewer System Refunding Revenue Bonds, Series 2019 with interest rates ranging from three to five percent. The net proceeds of \$73,278 (after payment of \$468 in underwriting fees and other issue costs) were used to refund \$73,275 of outstanding fixed rate installment purchases, Series 2009. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$4,500. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2036 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 17 years by \$22,214 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$19,873.

In March 2020, the City issued \$30,440 in General Obligation Refunding Bonds, Series 2020A with interest rates ranging from three to five percent. The net proceeds of \$34,622 (after payment of \$139 in underwriting fees and other issue costs) were used to refund \$33,855 of outstanding fixed rate General Obligation Refunding Bonds, Series 2009C. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,168. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2027 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 8 years by \$5,386 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5,207.

In March 2020, the City issued \$93,970 in General Obligation Refunding Bonds, Series 2020B with interest rates ranging from 1.508 to 2.155 percent to advance refund \$86,600 of outstanding fixed rate General Obligation Refunding Bonds, Series 2012A. The net proceeds of \$93,429 (after payment of \$541 in underwriting fees and other issue costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the payment of interest on the refunded 2012A bonds until July 1, 2022 and the redemption price of 100% of the refunded 2012A bonds on July 1, 2022. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$21,025. This difference, reported in the accompanying financial statements as a gain on refundings, is being charged to operations through the year 2033 using the effective interest method. The City completed the refunding to reduce the total debt service payments over a period of 13 years by \$11,010 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$10,327.

In June 2020, the City issued \$77,250 in Airport revenue bond anticipation notes, Series 2020A to prepay in full \$76,953 of outstanding interest and principal of revenue bond anticipation notes, Series 2019C.

(9) Other Debt Information

As of June 30, 2020, the City has authorized but unissued bonds of \$448,927 consisting of \$302,504 for street improvements, \$25,000 for housing and \$121,423 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 eight percent of the total assessed value of real and personal property. As of June 30, 2020, the City's legal debt limit was \$11,505,747. The outstanding debt subject to this limit was \$2,180,507, leaving a net legal debt margin of \$9,325,240.

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, 2020, the City had a liability of \$115 for estimated arbitrage profits payable.

Under an irrevocable letter of credit issued by US Bank, the City is entitled to draw an amount sufficient to pay the amount demanded under the sewer construction contract between the City and Bridges at Mint Hill, LLC (the total amount not to exceed \$2,935). The letter of credit is valid through July 23, 2020 (automatically extended for successive one-year periods, unless US Bank notifies the City at least 30 days before the current expiration date that issuer elects not to extend the expiration date).

In the event of default of any City debt, the City agrees to pay the purchaser on-demand interest on any and all amounts due and owing by the City under the related documents. Within the various credit entities of the City, new debt is issued on parity with existing debt. General obligation debt is backed by the full faith and credit of the City, installment purchase contracts are backed by pledged collateral, and revenue bonds are backed by revenue bond covenants.

(10) Subsequent Events

On July 31, 2020, the City received \$4,625 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On August 7, 2020, the City received \$2,375 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On August 7, 2020, the City received \$87 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On September 22, 2020, the City early defeased \$3,300 of the Airport Series 2010A and \$3,970 of the Airport Series 2010B revenue bonds.

On September 22, 2020, the irrevocable letter of credit issued by US Bank entitling the City to draw an amount sufficient to pay the amount demanded under the sewer construction contract between the City and Bridges at Mint Hill, LLC was terminated and replaced by a developer deposit of \$2,935.

On September 24, 2020, the City issued \$333,445 in Water and Sewer System Refunding Revenue Bonds Series 2020 to refund \$297,055 of outstanding Water and Sewer Refunding Revenue Bonds, Series 2009B and prepay in full \$100,000 of outstanding Water and Sewer System Revenue Bond Anticipation Notes, Series 2018. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$112,585 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$97,944.

On October 5, 2020, the City received \$415 in a direct borrowing state revolving loan through the North Carolina Department of Environmental Quality to be used for wastewater treatment plant improvements.

On October 14, 2020, the City issued \$104,705 in Storm Water Fee Revenue Bonds Series 2020 to prepay in full \$115,000 of outstanding Storm Water Bond Anticipation Notes, Series 2018.

(11) Early Extinguishment

On October 10, 2019, the City early defeased \$1,588 of the Section 108 loan guarantee.

On June 18, 2020, the City early extinguished the balance in full of the \$15,000 Public Transit direct placement installment purchases, Series 2013F.

k. Fund Balance

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

Total fund balance - General Fund	\$ 193,967
Less:	
Nonspendable Prepaid Items	37
Stabilization by State Statute	61,457
Committed for Component unit	3,205
Fund balance policy	115,010
Remaining Fund Balance - Committed for Capital Projects	<u>\$ 14,258</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 (System), administered through a board of trustees; and the Law Enforcement Officers' Special Separation Allowance (LEOSSA) managed by the City. The City also participates in a Supplemental Retirement Income Plan for Law Enforcement Officers.

The Statement of Net Position consolidates the deferred outflows of resources, net pension liability and deferred inflows of resources related to pensions for LGERS, System and LEOSSA as follows:

	LGERS	Firefighters' System	LEOSSA	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 41,715	\$ 11,450	\$ 4,409	\$ 57,574
Other Deferred Outflows	63,747	225,167	13,407	302,321
Net Pension Liability	172,606	319,460	126,538	618,604
Deferred Inflows of Resources - Pension deferrals	15	67,545	3,162	70,722
Pension Expense	77,755	63,279	10,506	151,540

Detailed information for all plans follows.

a. Local Governmental Employees' Retirement System (LGERS)

Plan Description: The City of Charlotte and the Charlotte Regional Visitors Authority (Authority), a component unit of the City, are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEO) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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 Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined at 1.85 percent of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEO are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty.

Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute six percent of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2020, were 9.7 percent of compensation for law enforcement officers for the City and 8.95 percent for general employees for the City and the Authority, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to pension plan from the City of Charlotte and the Authority, respectively, were \$41,715 and \$1,490 for the year ended June 30, 2020.

Refund of Contributions: City and Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include four percent interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

City of Charlotte – At June 30, 2020, the City reported a liability of \$172,606 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was 6.320 percent which was an increase of 0.068 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$77,755. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 29,554	\$ -
Changes of assumptions	28,132	-
Net difference between projected and actual earnings on pension plan investments	4,210	-
Changes in proportion and differences between City contributions and proportionate share of contributions	1,851	15
City contributions subsequent to the measurement date	41,715	-
Total	<u>\$ 105,462</u>	<u>\$ 15</u>

\$41,715 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 31,434
2022	10,142
2023	17,166
2024	4,990
	<u>\$ 63,732</u>

Component Unit – At June 30, 2020, the Authority reported a liability of \$6,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Authority's proportion was 0.256 percent which was an increase of 0.003 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Authority recognized pension expense of \$3,203. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,197	\$ -
Changes of assumptions	1,139	-
Net difference between projected and actual earnings on pension plan investments	170	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	57	3
Authority contributions subsequent to the measurement date	1,490	-
Total	<u>\$ 4,053</u>	<u>\$ 3</u>

\$1,490 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 1,277
2022	399
2023	691
2024	193
	<u>\$ 2,560</u>

Actuarial Assumptions: The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50 to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc cost of living adjustment amounts are not considered to be substantively automatic and are, therefore, not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 asset, liability and investment policy study for the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05 percent. All rates of return and inflation are annualized.

Discount Rate: The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Asset to Changes in the Discount Rate: The following presents the City and the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City and the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 394,782	\$ 172,606	\$ (12,067)
Authority	15,986	6,989	(489)

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

b. Charlotte Firefighters' Retirement System (System)

Plan Description: The Charlotte Firefighters' Retirement System (System) administers the Charlotte Firefighters' Retirement System Plan, a single-employer defined benefit pension plan. System membership is comprised of civil service employees of the Charlotte Fire Department. Section 12 of G.S. Chapter 926 of the 1947 Session Laws, as amended, officially known as the Charlotte Firefighters' Retirement System Act (Act), assigns the authority to establish and amend benefit provisions to the System. Management of the plan is vested in the System's Board of Trustees, which consists of 11 members – four appointed by the Resident Judge of the Superior Court of Mecklenburg County, three who serve by virtue of their positions with the City of Charlotte, three elected by the members and one elected by the retirees. 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, or by calling (704) 336-4431.

Plan Membership: At June 30, 2019, the Measurement Date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	750
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	15
Active participants	1,047
Total	<u>1,812</u>

Basis of Accounting: For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/ deductions from fiduciary net position have been determined on the same basis as they are reported by the System. Contributions are recognized in the period in which contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income is reported as earned. The net appreciation in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

Benefits Provided: The System provides retirement and permanent and total disability benefits to the uniformed employees of the Fire Department of the City of Charlotte. Retirement benefits are determined as 2.6 percent of the member's final average salary multiplied by the years of credited service. A member's final average salary is calculated as the average monthly compensation received by the member during any two consecutive years of membership which produces the highest average and is contained within the last five years of membership. Plan members are eligible to retire with full retirement benefits at age 60 with five years of creditable service, at age 50 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits with 25 years of creditable service. Early retirement benefits are reduced by three percent for each year the early retirement date precedes age 50. Survivor benefits are available to eligible beneficiaries of members who die while in active service. Eligible beneficiaries may elect to receive a lump sum equal to the return of the member's accumulated contributions, plus those contributions made by the City on his behalf, plus interest of four percent per year. In lieu of the lump sum, the beneficiary may elect an annuity which is the actuarial equivalent of the lump sum. The plan does not provide for automatic post-retirement benefit increases.

Contributions: Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Contributions to the pension plan from the City were \$11,450 for the year ended June 30, 2020.

Refund of Contributions: If an employee ceases employment with less than five years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After five or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at four percent or receive an accrued benefit at age 60.

Method Used to Value Investments: The investments of the System are reported at fair value. Securities and mutual funds 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 value.

Investment Policy: The North Carolina Act (Act) which established the System requires the Board of Trustees to act with the same care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. The Act requires the Trustees to design an investment plan to further the purpose of the System by giving consideration to the following: (a) diversification of investments, (b) liquidity and return relative to cash flow needs and (c) projected return. In accordance with the Act, the Board of Trustees has developed and periodically revises a policy statement of investment goals, objectives, and guidelines, which specifically define vehicles that may be used for the investment of System funds. The System invests in the United States government securities, corporate bonds, common stocks and mutual funds.

Concentrations: The System had individual fixed income or equity investments at June 30, 2020 managed by the following organizations that represented five percent or more of the System's net position:

State Street Global Advisors	21%
Barrow Hanley	17%
Morgan Stanley	13%
Winslow Capital Management	9%
Aronson + Johnson + Ortiz	6%
UBS Trumbull Property Fund	5%
Colchester	5%
T. Rowe Price	5%

Rate of Return: For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.28 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the System reported a liability of \$319,460. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions: The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75 to 9.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the RP-2000 Combined Mortality Table projected generationally with Scale AA for the period after service retirement. The RP-2000 Combined Mortality Table set forward one year for males and set forward two years for females and projected generationally with Scale AA is used for dependent beneficiaries. The RP-2000 Employee Mortality Table set back two years for males and projected generationally with Scale AA is used for deaths in active service. The RP-2000 Disabled Mortality Table set back six years for males and set forward one year for females is used for the period after disability retirement.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	36.0%	7.6%
International Equity	26.0%	7.5%
Domestic Fixed Income	23.0%	3.0%
Non U.S. Fixed Income	5.0%	2.3%
Real Estate	10.0%	6.2%
Total	100.0%	

Discount Rate: The discount rate used to measure the total pension liability was 5.37 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the plan year ending June 30, 2051. Therefore, the long-term expected rate of return on pension plan investments of 7.50 percent was applied to all periods of projected benefit payments through June 30, 2051 and the applicable municipal bond index rate of 3.50 percent based on the Bond Buyer General Obligation 20-year Municipal Bond Index published monthly by the Board of Governors of the Federal Reserve System as of June 30, 2019, was applied to all periods of projected benefit payments after June 30, 2051. The Single Equivalent Interest Rate (SEIR) of 5.37 percent that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payments streams was used to determine the total pension liability as of June 30, 2019.

Changes in the Net Pension Liability:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2019	\$ 727,056	\$ 551,892	\$ 175,164
Service cost	22,649	-	22,649
Interest	44,028	-	44,028
Benefit changes	9,692	-	9,692
Difference between expected and actual experience	25,476	-	25,476
Changes of assumptions or other inputs	85,552	-	85,552
Contributions-employer	-	10,193	(10,193)
Contributions-employee	-	10,610	(10,610)
Net investment income	-	22,930	(22,930)
Benefit payments, including refunds of employee contributions	(36,125)	(36,125)	-
Administrative expense	-	(583)	583
Other Changes	-	(49)	49
Balances at June 30, 2020	\$ 878,328	\$ 558,868	\$ 319,460

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the System's net pension liability calculated using the discount rate of 5.37 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.37 percent) or one percentage point higher (6.37 percent) than the current rate:

	1% Decrease (4.37%)	Discount Rate (5.37%)	1% Increase (6.37%)
CFRSP's net pension liability	\$ 440,930	\$ 319,460	\$ 219,066

For the year ended June 30, 2020, the System recognized pension expense of \$63,279. At June 30, 2020, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 35,658	\$ 4,512
Changes of assumptions	182,400	63,033
Net difference between projected and actual earnings on pension plan investments	7,109	-
City contributions subsequent to the measurement date	11,450	-
Total	<u>\$ 236,617</u>	<u>\$ 67,545</u>

\$11,450 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 34,488
2022	27,520
2023	32,027
2024	33,575
2025	6,774
Thereafter	23,238
	<u>\$ 157,622</u>

Below are the Statement of Net Position and Statement of Changes in Net Position for the Firefighters' Retirement Pension Trust:

<u>Statement of Net Position</u>	
Assets:	
Cash, cash equivalents and investments	\$ 7,916
Receivables:	
Employer contributions	344
Member contributions	311
Interest and dividends	600
Total receivables	<u>1,255</u>
Prepaid items	9
Investments:	
Equity securities - stocks	146,050
Fixed income securities - bonds	120,376
Mutual funds	282,943
Total investments	<u>549,369</u>
Capital assets	670
Less accumulated depreciation	402
Total capital assets, net	<u>268</u>
Total assets	<u>558,817</u>
Liabilities:	
Accounts payable	<u>777</u>
Net Position:	
Restricted for pensions	<u>\$ 558,040</u>

<u>Statement of Changes in Net Position</u>	
Additions:	
Contributions-	
Member	\$ 10,770
Employer	11,450
Total contributions	<u>22,220</u>
Investment income -	
Net appreciation in fair value of investments	13,084
Interest	2,789
Dividends	4,259
Total investment income	<u>20,132</u>
Investment expense	2,916
Net investment income	<u>17,216</u>
Total additions	<u>39,436</u>
Deductions:	
Benefits	38,642
Refunds	887
Administration	672
Depreciation	63
Total deductions	<u>40,264</u>
Change in net position	(828)
Net position - beginning	558,868
Net position - ending	<u>\$ 558,040</u>

c. Law Enforcement Officers' Special Separation Allowance (LEOSSA)

Description: The City of Charlotte administers a public employee retirement system (LEOSSA), a single employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible service. The LEOSSA 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 LEOSSA.

All full-time law enforcement officers of the City are covered by the LEOSSA. At December 31, 2018, the LEOSSA's membership consisted of:

Retirees receiving benefits	372
Active plan members	1,772
Total	<u>2,144</u>

Basis of Accounting: The City has chosen to fund the LEOSSA 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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The LEOSSA has no assets accumulated in a trust that meet the criteria in GASB Statement 73.

Actuarial Assumptions: The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50 to 7.35%, including inflation and productivity factor
Discount rate	3.26%

Discount Rate: The discount rate is based on the S&P Municipal Bond 20-year High Grade Rate index.

Mortality rates are based on the following:

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP- 2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104 percent for males and 100 percent for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 123 percent for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP- 2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103 percent for males and 99 percent for females.

December 31, 2018 is the actuarial valuation date upon which the TPL is based. The result was rolled forward using standard actuarial techniques to the Measurement Date. The roll forward calculation adds the annual normal cost (also called the service cost), subtracts the actual benefit payments for the plan year and then applies interest for the year. The procedure used to determine the TPL as of December 31, 2019 is shown in the following table:

	TPL Reported for Year Ending 2018	Development of TPL for Year Ending 2019 Prior to Assumption Change	Development of TPL for Year Ending 2019 after Assumption Change
TPL Roll Forward			
Interest Rate	3.64%	3.64%	3.26%
Valuation Date for Measurement	12/31/2017	12/31/2018	12/31/2018
TPL as of December 31, 2018	\$ 115,208	\$ 123,020	\$ 126,397
Entry Age Normal Cost for the period January 1, 2019 - December 31, 2019 at the End of the Year	3,654	3,654	3,935
Actual Benefit Payments for the Period January 1, 2019 - December 31, 2019 at the End of the Year	7,788	7,788	7,788
TPL as of December 31, 2019	\$ 115,127	\$ 123,222	\$ 126,538
Experience Actuarial (Gain)/Loss		\$ 8,096	
Discount Rate Change (Gain)/Loss			\$ 3,315

No significant changes, other than the change in the Municipal Bond Index Rate, have occurred between the Valuation Date and the Measurement Date.

Contributions: The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund amounts necessary to cover the benefits earned 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. Administration costs of the LEO Separation are financed through investment earnings. The City paid \$6,811 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2020, the LEOSSA reported a total pension liability of \$126,538. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$10,506.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,049	\$ -
Changes of assumptions and other inputs	5,358	3,162
City contributions subsequent to the measurement date	4,409	-
Total	<u>\$ 17,816</u>	<u>\$ 3,162</u>

\$4,409 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021 other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2021	\$ 2,778
2022	2,951
2023	2,106
2024	2,035
2025	375
	<u>\$ 10,245</u>

Sensitivity of the City's total pension liability to changes in the discount rate: The following presents the City's total pension liability calculated using the discount rate of 3.26 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.26 percent) or one percentage point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 135,768	\$ 126,538	\$ 118,033

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2018	\$ 115,208
Service Cost	3,654
Interest	4,053
Difference between expected and actual experience	8,096
Changes of assumptions or other inputs	3,315
Benefit Payments	(7,788)
Total pension liability as of December 31, 2019	<u>\$ 126,538</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five 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 the 1,754 law enforcement officers. Contributions for the year ended June 30, 2020 were \$14,162, which consisted of \$7,117 from the City and \$7,045 from the law enforcement officers.

e. Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LERS), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The benefit is paid to beneficiaries of employees who die while still in active service after one year as a contributing member or die within 180 days of their last day of service, provided the contributions have not been withdrawn. The benefit is a lump-sum payment equal to the employee's highest salary for 12 consecutive months during the 24 months before the death. The lump-sum payment will be at least \$25 but no more than \$50. 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, 2020, the City made contributions to the State for death benefits. The City's contributions for employees engaged in law enforcement represented 0.14 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.

Plan Membership: At June 30, 2018 the EBTP membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits payments	2,208
Active participants	3,513
Total	5,721

Benefits Provided: The EBTP provided healthcare benefits for retirees hired before July 1, 2009 and have at least ten years of City service and immediately begin drawing a retirement benefit. The City pays a percentage of the cost of coverage for employees' benefits through private insurers based on years of service. Retirees are eligible for this benefit after the earliest of 30 years of creditable service; age 60 with 25 years of creditable service; or age 55 with five years creditable service. Sworn public safety officers hired on or after July 1, 2009 are eligible to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Contributions: The contribution requirements of plan members and the City are established and may be amended by the City Council. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$233 to \$2,517 per retiree.

City Contributions to EBTP based on years of creditable service

Years of Creditable Service	Date Hired	
	Pre-July 1, 2009	On or after July 1, 2009
Less than 10 years	0%	0%
10 to 20 years	50%	0%
20 + years	100%	0%

The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually. For the current year, the City contributed \$19,957 to the plan.

Investments: The Long-Term Investment Program (LTIP) represents an investment program in which long-term capital reserves of the City are invested under expanded investment authorization outlined in State law G.S. 147-69.2(b) (1)-(6) and (8) as rewritten with additional investment authorization in Senate Bill 703, ratified June 3, 2009, in order to diversify investment assets of the City. In addition, the LTIP is expected to be a source of funding for OPEB obligations of the City.

The LTIP is overseen by its Board which works with an external investment consultant to manage the LTIP by developing and monitoring its investment policy, including asset allocation, selecting qualified investment managers to manage LTIP assets, and to monitor and evaluate individual investment manager performance.

The LTIP policy regarding the allocation of invested assets, is established and may be amended by the LTIP Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy with moderate risk that provides a rate of return that exceeds the rate of inflation and that is above average compared to relevant market benchmarks. The Board also seeks prudent diversification of the portfolio across a broad selection of distinct asset classes. The LTIP discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. LTIP investments are valued at market value. The following was the Board's adopted asset allocation policy based on an analysis of historical and projected capital market return patterns and consistent with the moderate risk tolerance defined in its policy.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	50%	5.50%
International equity	18%	5.40%
Global fixed income	20%	(0.9)%
Domestic fixed income	12%	0.10%
Total	100%	

Rate of Return: For the year ended June 30, 2020, the annual money market weighted rate of return on investment, net of investment expenses was 1.30 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the City at June 30, 2020 were as follows:

Total OPEB liability	\$ 633,011
Plan fiduciary net position	101,049
City's net OPEB liability	<u>\$ 531,962</u>
Plan fiduciary net position as a percentage of the Total OPEB liability	15.96%

Actuarial Assumptions: The total OPEB liability was determined on an actuarial valuation as of June 30, 2018, using the following key actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.60%
Municipal Bond Index Rate	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Year FNP is projected to be depleted	
Prior Measurement Date	2047
Measurement Date	2039
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	4.78%
Measurement Date	3.05%
Health Care Cost Trends	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

Total OPEB liabilities were rolled forward to June 30, 2019 and June 30, 2020 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for OPEB experience and generational mortality improvements using Scale MP-2015.

Discount Rate: The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.05 percent. The projection's basis was an actuarial valuation performed as of June 30, 2018.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: The following exhibit presents the net OPEB liability of the EBTP as of June 30, 2020 as well as what the EBTP's liability would be if it were calculated using a discount rate that is one percentage point lower (2.05 percent) or one percentage point higher (4.05 percent) than the current rate.

	1% Decrease (2.05%)	Discount Rate (3.05%)	1% Increase (4.05%)
Net OPEB liability	\$ 648,842	\$ 531,962	\$ 440,625

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of EBTP as of June 30, 2020, as well as what the EBTP net OPEB liability would be if it were to calculate the healthcare cost trend rates that are one percentage point lower (4 percent) or one percentage point higher (6 percent) than the current rate healthcare cost trend rate.

	Healthcare Cost Trend Rate		
	1% Decrease (4.00%)	Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 423,995	\$ 531,962	\$ 672,598

Changes in Net OPEB Liability, OPEB Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: At June 30, 2020, EBTP reported a net OPEB liability of \$531,962. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total OPEB liability was then rolled forward to the measurement date of June 30, 2020, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2020, the components of the net OPEB liability of the EBTP, measured as of June 30, 2020, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 469,400	\$ 99,909	\$ 369,491
Service cost	10,615	-	10,615
Interest	22,012	-	22,012
Difference between expected and actual experience	3,218	-	3,218
Changes of assumptions or other inputs	145,782	-	145,782
Contributions-employers	-	19,957	(19,957)
Net investment income	-	1,224	(1,224)
Administrative expense	-	(1,984)	1,984
Benefit payments	(18,016)	(18,016)	-
Other	-	(41)	41
Net change	163,611	1,140	162,471
Balances at June 30, 2020	<u>\$ 633,011</u>	<u>\$ 101,049</u>	<u>\$ 531,962</u>

Changes of Assumptions: Changes of assumptions and other inputs reflect a change in the discount rate from 4.78 percent in 2018 to 3.05 percent in 2019. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule. The Excise Tax of 40 percent on healthcare plans that are above the thresholds set by the Affordable Care Act that will be effective in 2022 and have been reflected.

For the year ended June 30, 2020, the EBTP recognized OPEB expense of \$29,125. At June 30, 2020, the EBTP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,601	\$ 65,893
Changes of assumptions or other inputs	117,801	28,249
Net difference between projected and actual earnings on plan investments	5,422	-
Total	<u>\$ 125,824</u>	<u>\$ 94,142</u>

Total amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2021	\$ 705
2022	757
2023	774
2024	23,439
2025	6,007
	<u>\$ 31,682</u>

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

Statement of Net Position - Other Employee Benefit Trust

Assets:		
Cash, cash equivalents and investments	\$	189
Receivables:		
Interest and dividends		8
Investments:		
Mutual funds		100,878
Total assets		<u>101,075</u>
Liabilities:		
Accounts payable		<u>26</u>
Net Position:		
Net position restricted for OPEB	\$	<u>101,049</u>

Statement of Changes in Net Position - Other Employee Benefit Trust

Additions:		
Contributions-		
Employer	\$	<u>19,010</u>
Investment income -		
Net appreciation in fair value of investments		572
Interest		<u>974</u>
Total investment income		1,546
Investment expense		<u>321</u>
Net investment income		<u>1,225</u>
Total additions		<u>20,235</u>
Deductions:		
Benefits		10,326
Insurance premiums		7,691
Administration		<u>1,984</u>
Total deductions		<u>20,001</u>
Change in net position		234
Net position - beginning		<u>100,815</u>
Net position - ending	\$	<u>101,049</u>

g. Deferred Compensation Plan

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

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, 2020 were as follows:

Land	\$ 392,289
Buildings	1,274,588
Runways	480,405
Improvements other than buildings	312,011
Intangibles	13,160
Machinery and equipment	152,184
Total	<u>2,624,637</u>
Less: accumulated depreciation	942,262
Total	<u>\$ 1,682,375</u>

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2020:

Year	
2021	\$ 53,577
2022	59,391
2023	59,787
2024	58,124
2025	<u>57,840</u>
Total minimum future rental income	<u>\$ 288,719</u>

Of the \$288,719 minimum future rental income on noncancelable operating leases, \$75,649 relates to agreements with American Airlines. See Note 6.i. for additional information related to American Airlines. 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 \$75,525 were received during the year ended June 30, 2020.

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 \$3,163,233. Collections during fiscal year 2020 were \$53,437 and aggregate collections from inception through June 30, 2020 were \$827,026.

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 \$500. 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.

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 basic life insurance and accidental death and dismemberment benefits for employees in the amount of two times the employees' salary up to a maximum of \$500. Employees may purchase additional life insurance up to a maximum of five times their salary. The City provides short-term disability that equals 60 percent of salary for up to 26 weeks.

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

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2020	\$ 10,400	\$ 80,079	\$ (80,016)	\$ 10,463
2019	10,425	74,055	(74,080)	10,400

At June 30, 2020 the EHLIF held \$61,486 in cash and cash 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, City vehicles while parked and light rail trains; excess workers' compensation; excess vehicle and general liability; network security liability; police professional liability; police helicopter hull liability; drone liability; airport liability; City bus liability and passenger railway liability for the light rail train operations. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$250 and flood insurance of \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums, network security coverage in the amount of \$10,000 and drone liability in the amount of \$2,000. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$500. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. Settled claims have not exceeded insurance coverage in the past three years. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County and the Charlotte-Mecklenburg Board of Education. There is no transfer or pooling of risks 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, 2020, \$16,336 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 \$47,792 reported in the RMF at June 30, 2020, is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2020	\$ 42,968	\$ 19,692	\$ (14,868)	\$ 47,792
2019	39,975	18,335	(15,342)	42,968

At June 30, 2020 the RMF held \$79,010 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 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 \$671 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 cleanup costs.

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

On October 2, 2020, a state judge entered a ruling that is made up of two parts. On the first part, the state judge granted a ruling declaring Charlotte Water's assessment of system development fees between November 5, 2015, and June 30, 2018, to be illegal and ordered those fees be repaid, with interest, to the plaintiffs. The City has a right to appeal this part of the ruling and will consider its options to do so. On the second part of the ruling, the state judge ordered a jury trial to determine the legality of Charlotte Water's assessment of system development fees on and after July 1, 2018. If the court rules against the City in the second part, it would have a right to appeal as well. It is likely that any appeal of either part of the ruling would commence after the second part has concluded.

During 2020, an outbreak of a novel strain on coronavirus ("Covid-19") emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the city's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

Authorized capital projects at June 30, 2020 are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
<u>Governmental</u>			
Capital Projects	\$ 3,222,600	\$ 2,264,584	\$ 958,016
<u>Enterprise</u>			
Water and Sewer	3,453,698	2,671,436	782,262
Storm Water	893,440	714,005	179,435
Airport	2,024,782	1,572,275	452,507
Public Transit	2,209,901	2,008,798	201,103
Total Enterprise	8,581,821	6,966,514	1,615,307
Total	<u>\$ 11,804,421</u>	<u>\$ 9,231,098</u>	<u>\$ 2,573,323</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	\$ 14,697
Capital Projects	286,058
Nonmajor governmental	31,925
Total	<u>\$ 332,680</u>

The City has construction and other contractual commitments at June 30, 2020 as follows by fund:

<u>Governmental</u>	
General	\$ 303,788
Nonmajor governmental	16,563
Total Governmental	<u>320,351</u>
<u>Enterprise</u>	
Water and Sewer	346,938
Storm Water	103,286
Airport	177,385
Public Transit	23,463
Total Enterprise	<u>651,072</u>
Total	<u>\$ 971,423</u>

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2020 as shown below:

Year	
2021	\$ 3,048
2022	3,012
2023	1,060
2024	731
2025	640
2026-2030	1,036
2031-2035	215
	<u>\$ 9,742</u>

Related lease expense was approximately \$3,567 in 2020.

e. Arena

Spectrum Center (formerly Time Warner Cable Arena) was constructed and financed by the City and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Hornets. 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 capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City 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. The City and the Hornets reached an agreement in 2014 to each contribute an additional \$600 annually to a capital reserve and invest \$27.5 million in capital improvements to Spectrum Center Arena that will align amenities and technology with other NBA facilities. The City issued \$15 million of their commitment on June 25, 2015. The remaining \$12.5 million was issued in fiscal year 2019. The City and the Hornets will review the need for additional capital improvements in the next few years.

f. NASCAR Hall of Fame

NASCAR Hall of Fame was constructed and financed by the City 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 owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. The City is responsible for any capital costs for the facility, and may supplement capital maintenance and repair costs through the dedicated revenues if funds are available.

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 lighting 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. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. The final \$23.5 million in additional capital funding was issued June 1, 2016.

i. American Airlines

American Airlines Group Inc., (American Airlines) is the major passenger airline serving Charlotte Douglas International Airport (Airport). For the fiscal year ended June 30, 2020, American Airlines and its affiliates provided 32.75 percent of the Airport's operating revenues.

American Airlines conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 2016 Airline Use and Lease Agreement (Airline Agreement), which has also been executed by Frontier Airlines, JetBlue Airlines, Southwest Airlines, Delta Air Lines, United Airlines and Spirit Airlines (collectively, the Signatory Airlines). Pursuant to the Airline 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, terminal and other airport improvements.



Required Supplementary Information, Combining And Individual Fund Statements and Schedules

Comprehensive Annual Financial Report 2020

CITY OF CHARLOTTE, NORTH CAROLINA
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
LAST SEVEN FISCAL YEARS *
(Dollar Amounts In Thousands)

Valuation Date	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Measurement Date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Reporting Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Proportion of the net pension liability (asset) (%)	5.89290%	(5.88149)%	5.89461%	6.04890%	6.11504%	6.25266%	6.32044%
Proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (32,461)	\$ 26,455	\$ 128,378	\$ 93,421	\$ 148,334	\$ 172,606
Covered payroll	\$ 317,369	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364
Proportionate share of the net pension liability (asset)							
as a percentage of its covered payroll	22.38%	(9.06)%	8.09%	36.59%	24.47%	37.36%	40.58%
Plan fiduciary net position as a percentage of							
the total pension liability**	94.35%	102.64%	98.09%	91.47%	94.18%	91.63%	90.86%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

** This will be the same percentage for all participant employers in the LGERS plan.

This schedule will not present ten years of fiscal information until 2023.

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
CITY OF CHARLOTTE'S CONTRIBUTIONS
LAST SEVEN FISCAL YEARS
(Dollar Amounts In Thousands)

	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 23,348	\$ 24,288	\$ 23,959	\$ 28,613	\$ 30,712	\$ 33,945	\$ 41,715
Contributions in relation to the contractually required contribution	23,348	24,288	23,959	28,613	30,712	33,945	41,715
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charlotte's covered payroll	\$ 358,413	\$ 327,094	\$ 350,856	\$ 381,739	\$ 397,056	\$ 425,364	\$ 454,357
Contributions as a percentage of covered payroll	6.51%	7.43%	6.83%	7.50%	7.73%	7.98%	9.18%

This schedule will not present ten years of fiscal information until 2023.

CITY OF CHARLOTTE, NORTH CAROLINA
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN THE SYSTEM'S NET PENSION LIABILITY
LAST SIX FISCAL YEARS
(Dollar Amounts In Thousands)

Valuation Date	July 1, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	July 1, 2019
Measurement Date	July 1, 2014	July 1, 2015	July 1, 2016	June 30, 2017	June 30, 2018	June 30, 2019
Reporting Date	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total Pension Liability						
Service cost	\$ 13,967	\$ 15,049	\$ 15,387	\$ 26,438	\$ 24,023	\$ 22,649
Interest	34,249	36,036	37,984	37,701	41,792	44,028
Benefit changes	-	-	-	-	-	9,692
Difference between expected and actual experience	-	1,664	(2,503)	19,244	(4,229)	25,476
Change of assumptions	-	-	211,217	(60,216)	(31,043)	85,552
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)	(35,709)
Refunds of contributions	67	(69)	(416)	(70)	(212)	(416)
Net change in Total Pension Liability	24,355	26,274	233,336	(7,978)	(2,789)	151,272
Total Pension Liability - Beginning	453,858	478,213	504,487	737,823	729,845	727,056
Total Pension Liability - Ending (a)	\$ 478,213	\$ 504,487	\$ 737,823	\$ 729,845	\$ 727,056	\$ 878,328
Plan Net Position						
Contributions - employer	\$ 8,348	\$ 8,589	\$ 8,694	\$ 9,106	\$ 9,333	\$ 10,193
Contributions - employee	8,723	9,138	8,991	9,636	9,909	10,610
Net investment income	73,559	20,373	2,266	57,681	46,981	22,930
Benefit payments	(23,928)	(26,406)	(28,333)	(31,075)	(33,120)	(35,709)
Administrative expense	(691)	(625)	(657)	(621)	(735)	(583)
Refunds of contributions	67	(69)	(416)	(70)	(212)	(416)
Other	-	-	-	(13)	(28)	(49)
Net change in Plan Net Position	66,078	11,000	(9,455)	44,644	32,128	6,976
Plan Net Position - Beginning	407,497	473,575	484,575	475,120	519,764	551,892
Plan Net Position - Ending (b)	\$ 473,575	\$ 484,575	\$ 475,120	\$ 519,764	\$ 551,892	\$ 558,868
Net Pension Liability - Ending (a) - (b)	\$ 4,638	\$ 19,912	\$ 262,703	\$ 210,081	\$ 175,164	\$ 319,460
Plan net position as a percentage of total pension liability	99.03%	96.05%	64.39%	71.22%	75.91%	63.63%
Covered payroll	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577
Net pension liability as a percentage of covered payroll	7.03%	29.33%	382.24%	291.84%	237.42%	396.47%

This schedule will not present ten years of fiscal information until 2024.

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
CHARLOTTE FIREFIGHTERS' RETIREMENT SYSTEM
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined employer contribution	\$ 8,131	\$ 8,409	\$ 9,214	\$ 10,849	\$ 11,454	\$ 10,206	\$ 9,495	\$ 13,088	\$ 14,625	\$ 14,713
Actual employer contributions	7,670	7,720	8,100	8,348	8,589	8,694	9,106	9,333	10,193	11,450
Annual contribution deficiency (excess)	\$ 461	\$ 689	\$ 1,114	\$ 2,501	\$ 2,865	\$ 1,512	\$ 389	\$ 3,755	\$ 4,432	\$ 3,263
Covered payroll	\$ 60,632	\$ 61,028	\$ 64,032	\$ 65,992	\$ 67,897	\$ 68,727	\$ 71,984	\$ 73,779	\$ 80,577	\$ 82,609
Actual contributions as a percentage of covered payroll	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	13.86%

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates for the most recent year in the schedule:

Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year Smoothed Market
Inflation	2.50%
Salary increases	3.75 – 9.00%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

CITY OF CHARLOTTE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE (LEOSSA)
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAST FOUR FISCAL YEARS
(Dollar Amounts In Thousands)

Valuation Date	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Measurement Date	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Reporting Date	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total Pension Liability				
Service Cost	\$ 3,555	\$ 3,417	\$ 3,904	\$ 3,654
Interest	3,768	4,043	3,624	4,053
Difference between expected and actual experience	-	2,878	412	8,096
Changes of assumptions and other inputs	(2,348)	6,110	(4,029)	3,315
Benefit payments	(5,509)	(6,124)	(6,811)	(7,788)
Net change in Total Pension Liability	(534)	10,324	(2,900)	11,330
Total Pension Liability - beginning	108,318	107,784	118,108	115,208
Total Pension Liability - ending	\$ 107,784	\$ 118,108	\$ 115,208	\$ 126,538
Covered payroll	\$ 126,473	\$ 128,588	\$ 128,322	\$ 131,791
Total Pension Liability as a percentage of covered payroll	85.22%	91.85%	89.78%	96.01%

The amounts presented for this fiscal year were determined as of December 31, 2018 of the current fiscal year.

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

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
LAST FOUR FISCAL YEARS
(Dollar Amounts In Thousands)

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CHANGES OF TOTAL LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAST FOUR FISCAL YEARS
(Dollar Amounts In Thousands)

	2017	2018	2019	2020
Total OPEB Liability	\$ 598,721	\$ 605,495	\$ 469,400	\$ 633,011
Plan Fiduciary Net Position	60,439	89,305	99,909	101,049
Net OPEB Liability	<u>\$ 538,282</u>	<u>\$ 516,190</u>	<u>\$ 369,491</u>	<u>\$ 531,962</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	10.09%	14.75%	21.28%	15.96%
Covered Payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834
Net OPEB Liability as a percentage of covered payroll	133.74%	128.25%	146.14%	210.40%

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

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYEE BENEFIT TRUST PLAN (EBTP)
SCHEDULE OF CITY CONTRIBUTIONS AND INVESTMENT RETURNS
LAST FOUR FISCAL YEARS
(Dollar Amounts In Thousands)

	2017	2018	2019	2020
Actuarially determined contribution	\$ 22,729	\$ 25,967	\$ 26,605	\$ 26,605
Contributions in relation to actuarially determined contribution	24,630	40,778	21,689	19,957
Contribution deficiency (excess)	<u>\$ (1,901)</u>	<u>\$ (14,811)</u>	<u>\$ 4,916</u>	<u>\$ 6,648</u>
Charlotte's covered payroll	\$ 402,489	\$ 402,489	\$ 252,834	\$ 252,834
Contributions in relation to actuarially determined contribution as a percentage of covered payroll	6.12%	10.13%	8.58%	7.89%
The Total OPEB Liability was determined based on actuarial valuation as of June 30, 2018, using the following key actuarial assumptions and other inputs:				
Inflation	2.50%			
Real wage growth	1.00%			
Wage inflation	3.50%			
Salary increases, including wage inflation				
General Employees	3.50% - 7.75%			
Firefighters	3.50% - 7.75%			
Law Enforcement Officers	3.50% - 7.35%			
Long-term Investment Rate of Return, net of OPEB plan investment expense, including price inflation	6.60%			
Municipal Bond Index Rate				
Prior Measurement Date	3.50%			
Measurement Date	2.21%			
Year FNP is projected to be depleted				
Prior Measurement Date	2047			
Measurement Date	2039			
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation				
Prior Measurement Date	4.78%			
Measurement Date	3.05%			
Health Care Cost Trends				
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028			
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022			
Annual money-weighted rate of return, net of investment expenses	<u>13.84%</u>	<u>7.60%</u>	<u>4.38%</u>	<u>1.30%</u>

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

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.
- 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.
- Republican National Convention Fund – Accounts for a federal grant to support the 2020 Republican National Convention.
- General COVID-19 Assistance Fund – Accounts for funds received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Federal Emergency Management Agency (FEMA) Public Assistance program to be used for expenditures incurred to address the COVID-19 pandemic.
- 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.
- 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.

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020
(Dollar Amounts in Thousands)

	Special Revenue Funds				
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants
Assets:					
Cash, cash equivalents and investments	\$ 61,785	\$ 81,992	\$ 28,404	\$ 480	\$ 7,960
Receivables, net:					
Property taxes	-	-	-	183	-
Accounts	-	29	-	-	-
Other	-	-	-	184	6
Total receivables	-	29	-	367	6
Due from other governmental agencies	3,043	705	513	8	4,753
Prepaid items	-	-	-	-	8
Restricted assets - investments	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 64,828	\$ 82,726	\$ 28,917	\$ 855	\$ 12,727
Liabilities, deferred inflows of resources and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ 134	\$ -	\$ 96	\$ 1,969
Deposits and retainage payable	-	2	-	-	-
Due to other funds	-	-	-	187	-
Due to component unit	-	-	151	-	-
Unearned revenues	-	-	-	-	982
Total liabilities	-	136	151	283	2,951
Deferred inflows of resources:					
Unavailable revenues	-	29	-	367	6
Fund balances:					
Nonspendable:					
Perpetual care	-	-	-	-	-
Prepaid items	-	-	-	-	8
Restricted:					
Public safety	-	-	-	-	7,204
Cultural and recreation	64,828	82,561	28,766	-	-
Community planning and development	-	-	-	205	1,214
Streets and highways	-	-	-	-	1,344
Total fund balances	64,828	82,561	28,766	205	9,770
Total liabilities and fund balances	\$ 64,828	\$ 82,726	\$ 28,917	\$ 855	\$ 12,727

Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
Republican National Convention	General COVID-19 Assistance	Neighborhood Development	Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ 1,307	\$ -	\$ 11,352	\$ 5,885	\$ 199,165	\$ 3,132	\$ 202,297
-	-	-	-	-	-	183	-	183
-	-	-	-	-	-	29	-	29
-	-	-	-	-	-	190	-	190
-	-	-	-	-	-	402	-	402
12,271	157	1,934	1,298	926	235	25,843	-	25,843
-	-	-	-	-	310	318	-	318
-	136,285	-	-	-	-	136,285	-	136,285
-	-	28,908	-	-	-	28,908	-	28,908
\$ 12,271	\$ 136,442	\$ 32,149	\$ 1,298	\$ 12,278	\$ 6,430	\$ 390,921	\$ 3,132	\$ 394,053
\$ 1,031	\$ 789	\$ 777	\$ 1,298	\$ 2,586	\$ 204	8,884	\$ -	8,884
-	-	103	-	735	-	840	-	840
11,240	2,868	-	-	-	-	14,295	-	14,295
-	-	-	-	-	-	151	-	151
-	136,234	52	-	-	-	137,268	-	137,268
12,271	139,891	932	1,298	3,321	204	161,438	-	161,438
-	-	-	-	-	-	402	-	402
-	-	-	-	-	-	-	3,132	3,132
-	-	-	-	-	310	318	-	318
-	(3,449)	-	-	-	5,916	9,671	-	9,671
-	-	-	-	-	-	176,155	-	176,155
-	-	31,217	-	-	-	32,636	-	32,636
-	-	-	-	8,957	-	10,301	-	10,301
-	(3,449)	31,217	-	8,957	6,226	229,081	3,132	232,213
\$ 12,271	\$ 136,442	\$ 32,149	\$ 1,298	\$ 12,278	\$ 6,430	\$ 390,921	\$ 3,132	\$ 394,053

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Special Revenue Funds				
	Convention Center Tax	Tourism	Hall Of Fame Tax	Municipal Services District	Public Safety and Other Grants
Revenues:					
Property taxes	\$ -	\$ -	\$ -	\$ 6,798	\$ -
Other taxes	49,778	13,026	12,044	-	-
Intergovernmental	-	2,948	-	-	8,898
Investment earnings	1,360	2,047	708	11	234
Miscellaneous	1,000	2,007	-	-	1,571
Total revenues	52,138	20,028	12,752	6,809	10,703
Expenditures:					
Current-					
Public safety	-	-	-	-	7,925
Sanitation	-	-	-	-	-
General administration	-	-	-	-	-
Support services	-	-	-	-	-
Engineering and property management	-	-	-	-	-
Streets and highways	-	-	-	-	3,586
Culture and recreation	21,894	2,771	4,481	-	-
Community planning and development	-	-	-	6,975	443
Business-type grant funded	-	-	-	-	-
Total expenditures	21,894	2,771	4,481	6,975	11,954
Excess (deficiency) of revenues over (under) expenditures	30,244	17,257	8,271	(166)	(1,251)
Other Financing Sources (Uses):					
Sales of capital assets	-	-	-	-	-
Transfers in-					
General	-	1,291	-	-	322
Debt service	-	320	-	-	-
Capital projects	-	9,999	-	-	-
Total transfers in	-	11,610	-	-	322
Transfers out-					
General	(4,550)	(35)	-	-	-
Debt service	(37,638)	(25,383)	(8,559)	-	-
Capital projects	-	(4,977)	-	-	-
Total transfers out	(42,188)	(30,395)	(8,559)	-	-
Total other financing sources (uses)	(42,188)	(18,785)	(8,559)	-	322
Net change in fund balances	(11,944)	(1,528)	(288)	(166)	(929)
Fund balances - beginning	76,772	84,089	29,054	371	10,699
Fund balances - ending	\$ 64,828	\$ 82,561	\$ 28,766	\$ 205	\$ 9,770

Special Revenue Funds							Permanent Fund	Total Nonmajor Governmental Funds
Republican National Convention	General COVID-19 Assistance	Neighborhood Development	Employment and Training	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,798	\$ -	\$ 6,798
-	-	-	-	-	-	74,848	-	74,848
12,242	18,471	9,250	8,215	20,520	2,735	83,279	-	83,279
-	51	12	-	316	132	4,871	73	4,944
-	-	818	-	-	-	5,396	-	5,396
12,242	18,522	10,080	8,215	20,836	2,867	175,192	73	175,265
12,242	16,746	-	-	-	2,646	39,559	-	39,559
-	1,717	-	-	-	-	1,717	-	1,717
-	96	804	695	-	-	1,595	-	1,595
-	1,005	-	-	-	-	1,005	-	1,005
-	250	-	-	-	-	250	-	250
-	118	-	-	21,328	-	25,032	-	25,032
-	-	-	-	-	-	29,146	-	29,146
-	1,108	11,740	7,520	-	-	27,786	-	27,786
-	931	-	-	-	-	931	-	931
12,242	21,971	12,544	8,215	21,328	2,646	127,021	-	127,021
-	(3,449)	(2,464)	-	(492)	221	48,171	73	48,244
-	-	-	-	255	-	255	-	255
-	-	-	-	4,261	-	5,874	-	5,874
-	-	-	-	-	-	320	-	320
-	-	743	-	-	-	10,742	-	10,742
-	-	743	-	4,261	-	16,936	-	16,936
-	-	-	-	-	-	(4,585)	(52)	(4,637)
-	-	-	-	(2,501)	-	(74,081)	-	(74,081)
-	-	-	-	-	-	(4,977)	-	(4,977)
-	-	-	-	(2,501)	-	(83,643)	(52)	(83,695)
-	-	743	-	2,015	-	(66,452)	(52)	(66,504)
-	(3,449)	(1,721)	-	1,523	221	(18,281)	21	(18,260)
-	-	32,938	-	7,434	6,005	247,362	3,111	250,473
\$ -	\$ (3,449)	\$ 31,217	\$ -	\$ 8,957	\$ 6,226	\$ 229,081	\$ 3,132	\$ 232,213

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	59,984	49,778	(10,206)	17,019	13,026	(3,993)
Intergovernmental	-	-	-	2,948	2,948	-
Investment earnings	1,184	1,360	176	1,451	2,047	596
Miscellaneous	1,000	1,000	-	1,122	2,007	885
Total revenues	62,168	52,138	(10,030)	22,540	20,028	(2,512)
Expenditures:						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	22,185	21,983	202	4,080	4,004	76
Community planning and development	-	-	-	-	-	-
Total expenditures	22,185	21,983	202	4,080	4,004	76
Excess (deficiency) of revenues over (under) expenditures	39,983	30,155	(9,828)	18,460	16,024	(2,436)
Other Financing Sources (Uses):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	12,897	11,610	(1,287)
Transfers out	(54,481)	(42,188)	12,293	(31,256)	(30,395)	861
Total other financing sources (uses)	(54,481)	(42,188)	12,293	(18,359)	(18,785)	(426)
Revenues and other sources over (under) expenditures and other uses	\$ (14,498)	(12,033)	\$ 2,465	\$ 101	(2,761)	\$ (2,862)
Reconciliation to GAAP Basis:						
Current year encumbrances		89			1,233	
Net change in fund balances		(11,944)			(1,528)	
Fund balances - beginning (annually budgeted funds)		76,772			84,089	
Fund balances - ending (annually budgeted funds)		<u>\$ 64,828</u>			<u>\$ 82,561</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)
\$ -	\$ -	\$ -	\$ 6,976	\$ 6,798	\$ (178)	\$ -	\$ -	\$ -
16,121	12,044	(4,077)	-	-	-	-	-	-
-	-	-	-	-	-	20,503	20,520	17
548	708	160	-	11	11	80	316	236
-	-	-	-	-	-	-	-	-
16,669	12,752	(3,917)	6,976	6,809	(167)	20,583	20,836	253
-	-	-	-	-	-	28,708	28,516	192
3,750	4,481	(731)	-	-	-	-	-	-
-	-	-	6,976	6,975	1	-	-	-
3,750	4,481	(731)	6,976	6,975	1	28,708	28,516	192
12,919	8,271	(4,648)	-	(166)	(166)	(8,125)	(7,680)	445
-	-	-	-	-	-	-	255	255
-	-	-	-	-	-	4,261	4,261	-
(9,290)	(8,559)	731	-	-	-	(2,566)	(2,501)	65
(9,290)	(8,559)	731	-	-	-	1,695	2,015	320
<u>\$ 3,629</u>	<u>(288)</u>	<u>\$ (3,917)</u>	<u>\$ -</u>	<u>(166)</u>	<u>\$ (166)</u>	<u>\$ (6,430)</u>	<u>(5,665)</u>	<u>\$ 765</u>
-	-	-	-	-	-	-	7,188	-
(288)	(288)	-	(166)	(166)	-	-	1,523	-
29,054	29,054	-	371	371	-	-	7,434	-
<u>\$ 28,766</u>	<u>\$ 28,766</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 8,957</u>	<u>\$ 8,957</u>	<u>\$ -</u>

Continued on next page



FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

	Total		
	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Property taxes	\$ 6,976	\$ 6,798	\$ (178)
Other taxes	93,124	74,848	(18,276)
Intergovernmental	23,451	23,468	17
Investment earnings	3,263	4,442	1,179
Miscellaneous	2,122	3,007	885
Total revenues	128,936	112,563	(16,373)
Expenditures:			
Current-			
Streets and highways	28,708	28,516	192
Culture and recreation	30,015	30,468	(453)
Community planning and development	6,976	6,975	1
Total expenditures	65,699	65,959	(260)
Excess (deficiency) of revenues over (under) expenditures	63,237	46,604	(16,633)
Other Financing Sources (Uses):			
Sales of capital assets	-	255	255
Transfers in	17,158	15,871	(1,287)
Transfers out	(97,593)	(83,643)	13,950
Total other financing sources (uses)	(80,435)	(67,517)	12,918
Revenues and other sources over (under) expenditures and other uses	\$ (17,198)	(20,913)	\$ (3,715)
Reconciliation to GAAP Basis:			
Current year encumbrances		8,510	
Net change in fund balances		(12,403)	
Fund balances - beginning (annually budgeted funds)		197,720	
Fund balances - ending (annually budgeted funds)		185,317	
Project funds:			
Fund balances - beginning		49,642	
Net change in fund balances		(5,878)	
Fund balances - ending		43,764	
Fund balances - ending		\$ 229,081	



CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Public safety	\$ 57,119	\$ 5,348	\$ 42,802	\$ 48,150	\$ 8,969
Affordable housing	930	106	694	800	130
Neighborhood improvements	2,057	250	1,098	1,348	709
Area plans	27,611	3,672	15,826	19,498	8,113
Facility renovations	1,500	919	-	919	581
Technology	15,361	1,327	13,262	14,589	772
Other equipment	11,696	332	9,651	9,983	1,713
Total public safety grants	\$ 116,274	\$ 11,954	\$ 83,333	\$ 95,287	\$ 20,987

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
REPUBLICAN NATIONAL CONVENTION
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal: 2020 RNC Grant	\$ 50,000	\$ 12,242	\$ -	\$ 12,242	\$ 37,758

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL COVID-19 ASSISTANCE FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
CARES Act:					
Coronavirus Relief Fund	\$ 154,549	\$ 18,315	\$ -	\$ 18,315	\$ 136,234
Community Development Block Grant	3,515	57	-	57	3,458
Emergency Shelter	1,766	99	-	99	1,667
Housing for Persons with AIDS	416	-	-	-	416
FEMA Public Assistance	3,500	3,500	-	3,500	-
Total General COVID-19 Assistance	\$ 163,746	\$ 21,971	\$ -	\$ 21,971	\$ 141,775

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Housing	\$ 4,448	\$ 647	\$ 2,579	\$ 3,226	\$ 1,222
Affordable housing	102,789	9,388	84,407	93,795	8,994
Housing grants	14,359	2,036	8,646	10,682	3,677
Neighborhood improvements	423	62	191	253	170
Economic development corridors	17,119	322	12,232	12,554	4,565
Total neighborhood development	\$ 139,138	12,455	\$ 108,055	\$ 120,510	\$ 18,628
Contra expense for issuance of long-term loans receivable		89			
		\$ 12,544			

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Workforce Investment Act	\$ 53,757	\$ 8,215	\$ 42,592	\$ 50,807	\$ 2,950

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Implemental functions	\$ 459	\$ 230	\$ 229	\$ 459	\$ -
Phone and furniture	4,796	953	803	1,756	3,040
Software	2,976	1,040	1,105	2,145	831
Hardware	641	403	218	621	20
Training	51	20	31	51	-
Total emergency telephone systems	\$ 8,923	\$ 2,646	\$ 2,386	\$ 5,032	\$ 3,891

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.

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Property tax	\$ 96,980	\$ 96,817	\$ (163)
Other taxes-			
Sales tax	22,219	22,785	566
Heavy equipment	-	182	182
Total other taxes	22,219	22,967	748
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	1,607	1,764	157
Licenses, fees and fines	59	53	(6)
Investment earnings	4,284	4,557	273
Miscellaneous	291	160	(131)
Total revenues	125,440	126,318	878
Expenditures:			
Bonds-			
Principal retirement	52,974	52,974	-
Interest	31,416	31,416	-
Installment purchases-			
Principal retirement	57,150	57,150	-
Interest	30,497	30,497	-
Fiscal agents fees	1,536	1,536	-
Other	2,497	2,497	-
Total expenditures	176,070	176,070	-
Revenues (under) expenditures	(50,630)	(49,752)	878

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, 2020

(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Other Financing Sources (Uses):			
Installment purchases issued	\$ 950	\$ -	\$ (950)
Refunding debt issued	314,330	314,330	-
Premium on debt issuance	36,636	36,386	(250)
Payment to refunded bond escrow agent	(348,762)	(348,762)	-
Transfers in-			
General	19,065	19,065	-
Special revenue:			
Convention Center tax	38,032	37,638	(394)
Tourism	18,324	17,742	(582)
Cultural facilities	7,920	7,641	(279)
Hall of Fame tax	9,290	8,559	(731)
State street aid	2,566	2,501	(65)
Total transfers in	95,197	93,146	(2,051)
Transfers out-			
General	123	123	-
Special revenue:			
Tourism	320	320	-
Capital Projects	101,951	101,951	-
Total transfers out	102,394	102,394	-
Total other financing sources (uses)	(4,043)	(7,294)	(3,251)
Revenues and other sources (under)			
expenditures and other uses	\$ (54,673)	(57,046)	\$ (2,373)
Reconciliation to GAAP Basis:			
Current year encumbrances		12	
Net change in fund balance		(57,034)	
Fund balance - beginning		266,214	
Fund balance - ending		\$ 209,180	

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

CAPITAL PROJECTS FUND

SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS

FOR THE YEAR ENDED JUNE 30, 2020

(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Capital equipment	\$ 43,163	\$ 27,640	\$ -	\$ 27,640	\$ 15,523
Housing	14,313	252	12,366	12,618	1,695
Affordable housing	183,437	5,726	118,778	124,504	58,933
Innovative housing	142,074	4,063	123,357	127,420	14,654
Neighborhood improvements	217,572	14,750	117,094	131,844	85,728
Area plans	11,852	1,057	7,803	8,860	2,992
Street and road infrastructure	616,583	23,095	337,449	360,544	256,039
Non-street transportation infrastructure	236,325	12,125	103,354	115,479	120,846
Traffic control	81,562	6,768	59,742	66,510	15,052
Pedestrian safety	194,397	13,739	142,342	156,081	38,316
Transportation partnerships	11,462	226	9,827	10,053	1,409
Transit corridor development	249,207	56,695	113,749	170,444	78,763
Economic development corridors	84,929	6,489	69,568	76,057	8,872
Business corridors	33,678	1,062	26,251	27,313	6,365
Land acquisition	2,500	-	-	-	2,500
Environmental services program	33,036	2,406	30,434	32,840	196
Tree program	33,647	4,329	25,668	29,997	3,650
Capacity for growth sewer	215	-	203	203	12
New facilities	474,412	53,181	281,382	334,563	139,849
Facility renovations	344,762	64,369	179,920	244,289	100,473
Capital facilities maintenance	123,549	6,597	110,615	117,212	6,337
Technology	81,911	5,911	63,826	69,737	12,174
Other equipment	8,014	2,816	3,690	6,506	1,508
Total capital projects	\$ 3,222,600	\$ 313,296	\$ 1,937,418	\$ 2,250,714	\$ 971,886

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 Water, 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.

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Volumetric rates	\$ 308,743	\$ 300,832	\$ (7,911)
Fixed rates	75,683	79,262	3,579
System development fees	18,000	30,115	12,115
Other	23,490	33,069	9,579
Investment earnings	3,000	3,344	344
Total revenues	428,916	446,622	17,706
Expenditures:			
Water supply and treatment	17,902	16,928	974
Sewer system and treatment	50,130	47,249	2,881
Administration and engineering	45,738	39,788	5,950
Other operating	66,657	63,779	2,878
Total expenditures	180,427	167,744	12,683
Revenues over expenditures	248,489	278,878	30,389
Transfers Out:			
Water and Sewer Debt Service	151,763	149,633	2,130
Water and Sewer Capital Projects	135,035	135,035	-
Capital Projects	120	120	-
Total transfers out	286,918	284,788	2,130
Revenues (under) expenditures and transfers	\$ (38,429)	\$ (5,910)	\$ 32,519

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ 25	\$ 25
Refunding bonds issued	58,750	58,750	-
Premium on debt issuance	15,045	14,995	(50)
Installment purchases issued	-	38	38
Total revenues	73,795	73,808	13
Expenditures:			
Bonds-			
Principal retirement	78,135	78,135	-
Interest	62,402	62,402	-
Other financing agreements-			
Principal retirement	8,270	5,933	2,337
Interest	2,771	1,249	1,522
Payment to refunded bond escrow agent	73,275	73,275	-
Bond issue expense	520	500	20
Other	1,014	676	338
Total expenditures	226,387	222,170	4,217
Revenues (under) expenditures	(152,592)	(148,362)	4,230
Transfers In:			
Water and Sewer Operating	151,763	149,633	(2,130)
Water and Sewer Capital Projects	829	528	(301)
Total transfers in	152,592	150,161	(2,431)
Revenues and transfers (under) expenditures	\$ -	\$ 1,799	\$ 1,799

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020
(Dollar Amounts in Thousands)

Revenues and transfers over (under) expenditures and transfers:		
Operating Fund	\$	(5,910)
Debt Service Fund		1,799
Capital Projects Fund investment earnings		3,469
Current year encumbrances		13,190
Deferred outflows of resources for pensions		(1,600)
Net pension liability		(2,904)
Deferred inflows of resources for pensions		97
Deferred outflows of resources for OPEB		8,596
Net OPEB liability		(10,689)
Deferred inflows of resources for OPEB		2,128
Depreciation		(134,388)
Debt principal retirement		84,068
Premium on debt issuance		(14,995)
Capital outlay		288
Amortization of deferred charges		(1,639)
Amortization of premium		24,743
Deferred inflows of gains on refundings		(15,198)
Capital contributions		57,158
Other		(2,936)
Net transfers to (from) Water and Sewer Capital Projects Fund:		
Water and Sewer Operating		140,866
Water and Sewer Debt Service		(528)
Compensated absences		(1,077)
Change in net position	\$	<u>144,538</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Water:					
Capacity for growth	\$ 467,554	\$ 22,174	\$ 316,133	\$ 338,307	\$ 129,247
Commitment public projects/Operations	155,009	6,532	119,492	126,024	28,985
Rehab and replacement	441,248	43,427	323,117	366,544	74,704
Regulatory requirements	45,617	5,172	34,325	39,497	6,120
Sewer:					
Capacity for growth	976,259	114,514	578,748	693,262	282,997
Commitment public projects/Operations	125,647	3,983	97,944	101,927	23,720
Rehab and replacement	922,587	54,315	745,677	799,992	122,595
Regulatory requirements	186,563	28,791	89,441	118,232	68,331
New facilities	26,924	1,987	1,095	3,082	23,842
Facility renovations	5,547	339	1,227	1,566	3,981
Facilities maintenance	2,354	1,186	424	1,610	744
Technology	58,286	5,370	41,295	46,665	11,621
Capital equipment	40,103	5,571	29,157	34,728	5,375
Total water and sewer capital projects	\$ 3,453,698	\$ 293,361	\$ 2,378,075	\$ 2,671,436	\$ 782,262

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Storm water fees	\$ 71,525	\$ 73,281	\$ 1,756
Other	-	63	63
Investment earnings	-	746	746
Total revenues	71,525	74,090	2,565
Expenditures:			
Storm water systems	14,332	9,240	5,092
Administration	2,066	2,066	-
Total expenditures	16,398	11,306	5,092
Revenues over expenditures	55,127	62,784	7,657
Transfers Out:			
Storm Water Debt Service	14,015	13,370	645
Storm Water Capital Projects	61,000	61,000	-
Capital Projects	49	49	-
Total transfers out	75,064	74,419	645
Revenues (under) expenditures and transfers	\$ (19,937)	\$ (11,635)	\$ 8,302

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Investment earnings	\$ -	\$ (9)	\$ (9)
Total revenues	-	(9)	(9)
Expenditures:			
Bonds-			
Principal retirement	6,482	6,482	-
Interest	7,503	6,924	579
Bond issue expense	50	-	50
Other	30	18	12
Total expenditures	14,065	13,424	641
Revenues (under) expenditures	(14,065)	(13,433)	632
Transfers In:			
Storm Water Operating	14,015	13,370	(645)
Storm Water Capital projects	112	112	-
Total transfers in	14,127	13,482	(645)
Revenues and transfers over expenditures	\$ 62	\$ 49	\$ (13)

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

Revenues and transfers over (under) expenditures and transfers:	
Operating Fund	\$ (11,635)
Debt Service Fund	49
Capital Projects Fund:	
Charges for services	1,041
Investment earnings	2,683
Current year encumbrances	767
Deferred outflows of resources for pensions	(223)
Net pension liability	(657)
Deferred inflows of resources for pensions	18
Deferred outflows of resources for OPEB	1,077
Net OPEB liability	(1,587)
Deferred inflows of resources for OPEB	205
Depreciation	(11,883)
Debt principal retirement	6,482
Capital outlay	37
Amortization of deferred charges	(172)
Amortization of premium	1,398
Deferred inflows of gain on refundings	(139)
Net transfers to (from) Storm Water Capital Projects Fund:	
Operating Fund	61,000
Debt Service Fund	(112)
Compensated absences	(264)
Change in net position	<u>\$ 48,085</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Flood control program	\$ 445,391	\$ 49,773	\$ 296,466	\$ 346,239	\$ 99,152
Storm water maintenance program	281,585	30,789	208,026	238,815	42,770
Stream restoration/mitigation	109,168	2,965	77,660	80,625	28,543
Storm water support for projects	54,920	2,078	43,885	45,963	8,957
Transit corridor development	2,376	611	1,752	2,363	13
Total storm water capital projects	\$ 893,440	\$ 86,216	\$ 627,789	\$ 714,005	\$ 179,435

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Terminal area	\$ 48,414	\$ 64,000	\$ 15,586
Airfield	30,968	31,323	355
Concessions	76,699	41,141	(35,558)
Rental Car Revenues	-	13,220	13,220
Parking	60,371	47,561	(12,810)
Passenger facility charges	62,506	53,437	(9,069)
Contract facility charges	13,613	10,577	(3,036)
Fixed Base Operator (FBO)	27,482	18,816	(8,666)
Other	36,246	12,166	(24,080)
Investment earnings	-	15,005	15,005
Total revenues	356,299	307,246	(49,053)
Expenditures:			
Operating	204,163	184,922	19,241
Nonoperating	24,644	24,554	90
Total expenditures	228,807	209,476	19,331
Revenues over expenditures	127,492	97,770	(29,722)
Transfers In:			
Airport Debt Service	1,085	1,085	-
Airport Capital Projects	113,668	113,668	-
Total transfers in	114,753	114,753	-
Transfers Out:			
Airport Debt Service	60,113	59,276	837
Airport Capital Projects	156,224	156,224	-
Capital Projects	42	42	-
Total transfers out	216,379	215,542	837
Revenues and transfers over (under) expenditures and transfers	\$ 25,866	\$ (3,019)	\$ (28,885)

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Premium on debt issuance	\$ 2,300	\$ -	\$ (2,300)
Revenue bond anticipation notes issued	-	325	325
Proceeds from refunding	77,250	77,250	-
Investment earnings	-	1,162	1,162
Total revenues	79,550	78,737	(813)
Expenditures:			
Bonds-			
Principal retirement	19,991	19,975	16
Interest	42,248	42,248	-
Payment to refunded bond escrow agent	76,953	76,953	-
Bond issue expense	1,300	370	930
Other	137	99	38
Total expenditures	140,629	139,645	984
Revenues (under) expenditures	(61,079)	(60,908)	171
Transfers In:			
Airport Operating	60,113	59,276	(837)
Transfers Out:			
Airport Operating	1,085	1,085	-
Revenues and transfers (under) expenditures and transfers	<u>\$ (2,051)</u>	<u>\$ (2,717)</u>	<u>\$ (666)</u>

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

Revenues and transfers (under) expenditures and transfers:

Operating Fund	\$	(3,019)
Debt Service Fund		(2,717)
Capital Projects Fund investment earnings		5,824
Current year encumbrances		13,370
Deferred outflows of resources for pensions		47
Net pension liability		(3,597)
Deferred inflows of resources for pensions		62
Deferred outflows of resources for OPEB		3,160
Net OPEB liability		(3,951)
Deferred inflows of resources for OPEB		770
Depreciation		(74,117)
Debt principal retirement		19,975
Capital outlay		1,538
Amortization of deferred charges		(74)
Amortization of premium		5,821
Deferred inflows of gain on refundings		(1,636)
Capital contributions		49,611
Other		(6,079)
Net transfers to (from) Airport Capital Projects Fund:		
Airport Operating		42,556
Compensated absences		(635)
Change in net position	\$	<u>46,909</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Airfield projects	\$ 408,163	\$ 55,688	\$ 273,211	\$ 328,899	\$ 79,264
Cargo development projects	9,818	9	9,431	9,440	378
General aviation projects	2,708	-	2,688	2,688	20
Terminal building	760,070	121,453	407,216	528,669	231,401
Ground transportation	390,643	8,451	359,840	368,291	22,352
Fueling facilities	32,151	3,335	15,095	18,430	13,721
Airport service fees (ASF)	100,823	20,093	62,952	83,045	17,778
Land acquisition - non-airfield	192,581	21,179	139,855	161,034	31,547
Included miscellaneous	59,219	3,645	10,201	13,846	45,373
Excluded miscellaneous	21,605	7,369	11,750	19,119	2,486
Fixed base operator (FBO)	21,593	422	17,106	17,528	4,065
Technology	25,408	5,815	15,471	21,286	4,122
Total airport capital projects	\$ 2,024,782	\$ 247,459	\$ 1,324,816	\$ 1,572,275	\$ 452,507

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Passenger fares	\$ 21,577	\$ 21,268	\$ (309)
Sales tax	109,933	107,779	(2,154)
Intergovernmental	42,055	29,186	(12,869)
Other	3,444	4,271	827
Investment earnings	941	1,234	293
Total revenues	177,950	163,738	(14,212)
Expenditures:			
Operations and maintenance	149,992	144,525	5,467
Administration	22,725	17,153	5,572
Total expenditures	172,717	161,678	11,039
Revenues over expenditures	5,233	2,060	(3,173)
Transfers In:			
Public Transit Debt Service	-	257	257
Public Transit Capital Projects	4,577	4,577	-
Capital Projects	24,102	24,102	-
Total transfers in	28,679	28,936	257
Transfers Out:			
Public Transit Capital Projects	5,559	5,559	-
Public Transit Debt Service	30,601	28,447	2,154
Total transfers out	36,160	34,006	2,154
Revenues and transfers (under) expenditures and transfers	\$ (2,248)	\$ (3,010)	\$ (762)

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, 2020
(Dollar Amounts in Thousands)

	Budget	Actual	Variance- Positive (Negative)
Revenues:			
Grant contributions	\$ 82,929	\$ 5,895	\$ (77,034)
Investment earnings	-	1,782	1,782
Total revenues	82,929	7,677	(75,252)
Expenditures:			
Installment purchases-			
Principal retirement	101,041	24,148	76,893
Interest	14,442	14,293	149
Other	114	29	85
Total expenditures	115,597	38,470	77,127
Revenues (under) expenditures	(32,668)	(30,793)	1,875
Transfers In:			
Public Transit Operating	30,601	28,447	(2,154)
Public Transit Capital Projects	15,000	15,000	-
Total transfers in	45,601	43,447	(2,154)
Transfers Out:			
Public Transit Operating	-	257	(257)
Public Transit Capital Projects	17,093	11,444	5,649
Total transfers out	17,093	11,701	5,392
Revenues and transfers over (under) expenditures and transfers	\$ (4,160)	\$ 953	\$ 5,113

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

Revenues and transfers over (under) expenditures and transfers:

Operating Fund	\$	(3,010)
Debt Service Fund		953
Capital Projects Fund investment earnings		2,759
Current year encumbrances		2,455
Deferred outflows of resources for pensions		(898)
Net pension liability		(1,511)
Deferred inflows of resources for pensions		52
Deferred outflows of resources for OPEB		2,516
Net OPEB liability		(3,761)
Deferred inflows of resources for OPEB		461
Compensated absences		(485)
Depreciation		(90,874)
Debt principal retirement		24,148
Amortization of deferred charges		(15)
Amortization of premium		1,407
Deferred inflows of gain on refundings		(507)
Capital contributions		53,960
Other		226
Net transfers to (from) Public Transit Capital Projects Fund:		
Public Transit Operating		982
Public Transit Debt Service		(3,556)
Capital Projects		(263)
Change in net position	\$	<u>(14,961)</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 COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Transit corridor development	\$ 1,775,852	\$ 67,532	\$ 1,563,272	\$ 1,630,804	\$ 145,048
Transit vehicles	234,606	19,150	185,110	204,260	30,346
Transit facilities	120,625	19	115,833	115,852	4,773
Transit maintenance & equipment	50,926	2,194	40,697	42,891	8,035
Transit support	26,252	252	14,739	14,991	11,261
CARES Act Urbanized Area Grant	1,640	-	-	-	1,640
Total public transit capital projects	\$ 2,209,901	\$ 89,147	\$ 1,919,651	\$ 2,008,798	\$ 201,103

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, 2020
(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Assets:			
Current assets:			
Cash, cash equivalents and investments	\$ 79,010	\$ 61,486	\$ 140,496
Receivables - other	419	303	722
Due from other governmental agencies	4,001	2	4,003
Due from other funds	-	226	226
Prepaid items	19	8	27
Total current assets	83,449	62,025	145,474
Capital assets:			
Machinery and equipment	165	-	165
Less accumulated depreciation	155	-	155
Total capital assets, net	10	-	10
Total assets	83,459	62,025	145,484
Deferred Outflows Of Resources:			
Pension deferrals	236	-	236
OPEB deferrals	264	-	264
Contributions to pension plan in current fiscal year	154	-	154
Total deferred outflows of resources	654	-	654
Liabilities:			
Current liabilities:			
Accounts payable	453	1,079	1,532
Claims payable	47,792	10,463	58,255
Current maturities of noncurrent liabilities	75	-	75
Total current liabilities	48,320	11,542	59,862
Noncurrent liabilities:			
Due to participants	16,336	-	16,336
Compensated absences payable	112	-	112
Net pension liability	639	-	639
Net OPEB liability	1,214	-	1,214
Total noncurrent liabilities	18,301	-	18,301
Total liabilities	66,621	11,542	78,163
Deferred Inflows Of Resources:			
OPEB deferrals	197	-	197
Total deferred inflows of resources	197	-	197
Net Position:			
Net investment in capital assets	10	-	10
Unrestricted	17,285	50,483	67,768
Total net position	\$ 17,295	\$ 50,483	\$ 67,778

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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, 2020

(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Operating Revenues:			
Charges for services-			
Risk management and safety fees	\$ 2,081	\$ 11,503	\$ 13,584
Claims:			
Employer	13,907	49,897	63,804
Employee	-	8,205	8,205
Other	123	32	155
Total claims	14,030	58,134	72,164
Premiums	8,923	21,570	30,493
Reimbursement from trust	-	30,015	30,015
Total operating revenues	25,034	121,222	146,256
Operating Expenses:			
Administration	4,268	13,487	17,755
Claims	14,868	80,016	94,884
Insurance premiums	8,850	21,570	30,420
Depreciation	2	-	2
Total operating expenses	27,988	115,073	143,061
Operating income (loss)	(2,954)	6,149	3,195
Nonoperating Revenues:			
Investment earnings	1,209	1,917	3,126
Transfers In	150	-	150
Transfers Out	(38)	-	(38)
Change in net position	(1,633)	8,066	6,433
Total net position - beginning	18,928	42,417	61,345
Total net position - ending	\$ 17,295	\$ 50,483	\$ 67,778

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts in Thousands)

	Risk Management	Employee Health and Life	Total
Cash Flows From Operating Activities:			
Receipts from participants	\$ 8,696	\$ 29,775	\$ 38,471
Payments to suppliers	(1,744)	(13,884)	(15,628)
Internal activity - receipts from other funds	24,011	61,700	85,711
Receipts from trust	-	30,015	30,015
Receipts from recovery of losses	283	-	283
Payments to employees	(2,513)	-	(2,513)
Payments for claims	(16,330)	(79,953)	(96,283)
Payments for premiums	(13,015)	(20,876)	(33,891)
Other receipts (payments)	-	32	32
Net cash provided (used) by operating activities	(612)	6,809	6,197
Cash Flows From Noncapital Financing Activities:			
Transfers	112	-	112
Cash Flows From Investing Activities:			
Interest received	1,959	1,985	3,944
Net increase in cash and cash equivalents	1,459	8,794	10,253
Cash, cash equivalents and investments - beginning of year	77,551	52,692	130,243
Cash, cash equivalents and investments - end of year	\$ 79,010	\$ 61,486	\$ 140,496
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	\$ (2,954)	\$ 6,149	\$ 3,195
Adjustments to reconcile operating income (loss) to net cash provided by (used) operating activities-			
Depreciation	2	-	2
Change in assets and liabilities:			
Decrease in receivables	33	-	33
(Increase) decrease in due from other governments	(3,996)	1	(3,995)
Decrease in due from other funds	-	300	300
(Increase) decrease in prepaid items	(1)	639	638
Decrease in deferred outflows of resources for pensions	94	-	94
(Increase) in deferred outflows of resources for OPEB	(260)	-	(260)
Increase (decrease) in accounts payable	228	(343)	(115)
Increase in claims payable	4,824	63	4,887
Increase in due to participants	1,096	-	1,096
Increase in compensated absences payable	14	-	14
Increase in net pension liability	31	-	31
Increase in net OPEB liability	343	-	343
(Decrease) in deferred inflows of resources for pensions	(3)	-	(3)
(Decrease) in deferred inflows of resources for OPEB	(63)	-	(63)
Total adjustments	2,342	660	3,002
Net cash provided (used) by operating activities	\$ (612)	\$ 6,809	\$ 6,197

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

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 provisions of other postemployment benefit payments for retirees and their beneficiaries.

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020
(Dollar Amounts in Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit- Other Employee Benefit Trust	Total
Assets:			
Cash, cash equivalents and investments	\$ 7,916	\$ 189	\$ 8,105
Receivables:			
Employer contributions	344	-	344
Member contributions	311	-	311
Interest and dividends	600	8	608
Total receivables	1,255	8	1,263
Prepaid items	9	-	9
Investments:			
Equity securities - stocks	146,050	-	146,050
Fixed income securities - bonds	120,376	-	120,376
Mutual funds	282,943	100,878	383,821
Total investments	549,369	100,878	650,247
Capital assets	670	-	670
Less accumulated depreciation	402	-	402
Total capital assets, net	268	-	268
Total assets	558,817	101,075	659,892
Liabilities:			
Accounts payable	777	26	803
Net Position:			
Restricted for pensions	\$ 558,040		558,040
Restricted for OPEB		\$ 101,049	101,049
			\$ 659,089

FINANCIAL SECTION

Required Supplementary Information, Combining And Individual Fund Statements and Schedules

CITY OF CHARLOTTE, NORTH CAROLINA

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2020

(Dollar Amounts in Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit- Other Employee Benefit Trust	Total
Additions:			
Contributions-			
Member	\$ 10,770	\$ -	\$ 10,770
Employer	11,450	19,010	30,460
Total contributions	22,220	19,010	41,230
Investment income -			
Net appreciation in fair value of investments	13,084	572	13,656
Interest	2,789	974	3,763
Dividends	4,259	-	4,259
Total investment income	20,132	1,546	21,678
Investment expense	2,916	321	3,237
Net investment income	17,216	1,225	18,441
Total additions	39,436	20,235	59,671
Deductions:			
Benefits	38,642	10,326	48,968
Refunds	887	-	887
Insurance premiums	-	7,691	7,691
Administration	672	1,984	2,656
Depreciation	63	-	63
Total deductions	40,264	20,001	60,265
Change in net position	(828)	234	(594)
Net position - beginning	558,868	100,815	659,683
Net position - ending	\$ 558,040	\$ 101,049	\$ 659,089



Statistical Section

Comprehensive Annual Financial Report 2020

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.

Financial Trends	153
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time	
Revenue Capacity	159
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax	
Debt Capacity	164
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	
Demographic and Economic Information	172
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place	
Operating Information	174
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	

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
(Dollar Amounts In Thousands)
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 4,535,870	\$ 4,655,357	\$ 4,666,993	\$ 4,668,843	\$ 4,655,202	\$ 4,563,879	\$ 4,690,751	\$ 4,814,247	\$ 5,057,912	\$ 5,117,695
Restricted	233,293	221,832	248,404	252,385	349,992	356,435	324,070	324,406	327,369	306,143
Unrestricted ⁽³⁾	428,842	421,933	447,428	496,553	351,862	428,719	345,073	(165,257)	(209,226)	(214,378)
Total governmental activities net position	5,198,005	5,299,122	5,362,825	5,417,781	5,357,056	5,349,033	5,359,894	4,973,396	5,176,055	5,209,460
Business-type activities										
Net investment in capital assets ⁽¹⁾	2,455,159	2,543,085	2,794,170	3,077,745	3,380,700	3,676,609	3,924,620	4,153,959	4,514,469	4,726,781
Restricted ⁽²⁾	256,055	316,914	356,516	391,966	430,577	443,384	345,499	364,684	383,929	388,227
Unrestricted	772,884	792,697	755,548	740,933	848,115	957,704	1,389,110	1,380,816	1,319,590	1,328,048
Total business-type activities net position	3,484,098	3,652,696	3,906,234	4,210,644	4,659,392	5,077,697	5,659,229	5,899,459	6,217,988	6,443,056
Primary government										
Net investment in capital assets	6,991,029	7,198,442	7,461,163	7,746,588	8,035,902	8,240,488	8,615,371	8,968,206	9,572,381	9,844,476
Restricted	489,348	538,746	604,920	644,351	780,569	799,819	669,569	689,090	711,298	694,370
Unrestricted	1,201,726	1,214,630	1,202,976	1,237,486	1,199,977	1,386,423	1,734,183	1,215,559	1,110,364	1,113,670
Total primary government net position	\$ 8,682,103	\$ 8,951,818	\$ 9,269,059	\$ 9,628,425	\$ 10,016,448	\$ 10,426,730	\$ 11,019,123	\$ 10,872,855	\$ 11,394,043	\$ 11,652,516

⁽¹⁾ 2011 through 2013 have been restated for the effects of a prior period adjustment.

⁽²⁾ 2017 reflects use of passenger facility charges for Airport projects.

⁽³⁾ 2018 reflects the City's implementation of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Public safety ⁽¹⁾	\$ 324,920	\$ 347,380	\$ 372,986	\$ 348,428	\$ 350,556	\$ 374,328	\$ 432,355	\$ 450,771	\$ 439,381	\$ 542,109
Sanitation	48,210	47,925	49,572	52,871	53,912	55,717	59,011	63,956	66,888	73,879
General administration	38,272	45,030	45,273	47,158	49,897	58,256	44,998	53,366	56,604	70,743
Support services	21,454	35,427	25,599	28,820	30,398	31,210	36,894	41,625	34,573	51,432
Engineering and property management	27,265	24,876	31,637	25,769	26,331	52,044	38,831	52,342	44,253	49,469
Streets and highways ⁽⁴⁾	119,024	114,400	122,168	125,518	159,892	174,912	48,548	51,839	21,958	63,178
Culture and recreation	10,085	17,856	28,744	32,826	43,617	45,158	44,830	56,956	43,902	51,642
Community planning and development	83,608	73,513	68,789	67,154	88,651	75,889	71,844	82,197	81,270	88,837
Business-type grant related	-	-	-	-	-	-	-	-	-	931
Interest and other charges	57,059	56,080	56,373	54,329	55,000	57,498	53,220	50,059	51,559	58,439
Total governmental activities expenses	729,897	762,487	801,141	782,873	858,254	925,012	830,531	903,111	840,388	1,050,659
Business-type activities:										
Water	104,711	116,628	103,934	104,925	136,759	143,992	142,697	148,429	157,345	180,167
Sewer	141,380	132,824	144,972	149,865	160,104	163,565	165,039	175,447	183,496	188,000
Storm water ⁽³⁾	20,186	20,766	22,117	19,934	21,374	16,614	17,517	24,664	25,448	29,578
Airport ⁽⁶⁾	159,443	170,298	172,091	185,178	189,466	205,860	234,432	261,333	289,791	311,166
Public transit ⁽⁶⁾	150,994	160,655	168,183	162,511	167,482	173,243	177,312	219,192	263,871	266,955
Total business-type activities expenses	576,714	601,171	611,297	622,413	675,185	703,274	736,997	829,065	919,951	975,866
Total primary government expenses	\$ 1,306,611	\$ 1,363,658	\$ 1,412,438	\$ 1,405,286	\$ 1,533,439	\$ 1,628,286	\$ 1,567,528	\$ 1,732,176	\$ 1,760,339	\$ 2,026,525
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 24,959	\$ 23,761	\$ 28,281	\$ 28,452	\$ 29,474	\$ 38,772	\$ 40,271	\$ 43,696	\$ 42,804	\$ 44,960
Sanitation	12,148	12,336	12,341	13,084	12,491	8,824	11,156	13,773	16,247	20,937
General administration	16,980	16,851	15,779	17,418	3,162	2,913	2,033	2,156	2,154	2,020
Community planning and development	4,571	3,290	7,162	3,437	5,171	4,859	3,767	5,389	8,016	9,158
Other activities	28,610	37,684	34,446	33,829	54,833	59,761	60,216	60,022	57,452	56,480
Operating grants and contributions ⁽¹⁾	64,049	78,593	97,294	50,978	33,471	51,192	50,295	56,547	58,886	72,757
Capital grants and contributions	102,965	121,645	14,469	22,629	53,241	20,810	19,304	20,601	36,716	62,382
Total governmental activities program revenues	254,282	294,160	209,772	169,827	191,843	187,131	187,042	202,184	222,275	268,694
Business-type activities:										
Fees, fines, and charges for services:										
Water ⁽⁵⁾	101,868	115,459	119,718	129,115	145,234	166,043	171,798	171,796	181,823	173,923
Sewer	163,622	177,377	184,630	189,744	195,530	211,084	230,511	235,548	242,504	264,182
Storm water	48,589	52,075	57,642	56,885	61,786	70,042	70,496	71,985	73,082	74,322
Airport ⁽⁵⁾	212,935	219,990	243,874	254,331	264,139	277,891	289,450	313,113	344,049	292,022
Public transit ⁽⁵⁾	25,025	26,508	29,122	28,820	33,955	32,404	31,823	29,585	27,685	21,268
Operating grants and contributions	12,923	12,586	12,197	12,082	11,406	10,945	12,053	33,953	30,854	35,081
Capital grants and contributions ⁽⁷⁾	85,319	73,900	145,792	153,666	312,823	241,970	381,724	114,107	142,122	160,729
Total business-type activities program revenues	650,281	677,895	792,975	824,643	1,024,873	1,010,379	1,187,855	970,087	1,042,119	1,021,527
Total primary government program revenues	\$ 904,563	\$ 972,055	\$ 1,002,747	\$ 994,470	\$ 1,216,716	\$ 1,197,510	\$ 1,374,897	\$ 1,172,271	\$ 1,264,394	\$ 1,290,221

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (475,615)	\$ (468,327)	\$ (591,369)	\$ (613,046)	\$ (666,411)	\$ (737,881)	\$ (643,489)	\$ (700,927)	\$ (618,113)	\$ (781,965)
Business-type activities	73,567	76,724	181,678	202,230	349,688	307,105	450,858	141,022	122,168	45,661
Total primary governmental net expense	<u>\$ (402,048)</u>	<u>\$ (391,603)</u>	<u>\$ (409,691)</u>	<u>\$ (410,816)</u>	<u>\$ (316,723)</u>	<u>\$ (430,776)</u>	<u>\$ (192,631)</u>	<u>\$ (559,905)</u>	<u>\$ (495,945)</u>	<u>\$ (736,304)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes-										
Property	\$ 362,780	\$ 377,309	\$ 397,629	\$ 436,597	\$ 396,985	\$ 452,209	\$ 454,908	\$ 467,815	\$ 490,890	\$ 507,167
Sales	73,340	82,730	84,890	92,853	105,623	114,192	118,385	128,402	135,068	139,507
Utility franchise	36,804	36,442	38,069	38,915	52,403	53,545	52,627	52,933	54,338	51,661
Occupancy ⁽⁸⁾	29,448	32,590	37,963	40,087	45,092	49,079	51,917	56,398	59,680	44,737
Prepared foods ⁽⁸⁾	20,378	22,523	24,643	25,514	28,358	30,026	31,509	33,632	35,512	31,650
Business privilege ⁽⁵⁾	15,430	16,375	17,721	9,188	17,098	283	29	23	17	11
Municipal vehicle	14,695	15,740	14,783	19,001	16,430	17,068	18,280	18,060	18,092	18,120
Grants and contributions not restricted to specific programs	16,979	18,513	19,067	20,546	22,205	23,383	24,952	26,222	27,519	24,820
Investment earnings	5,369	(16,546)	35,063	3,842	3,890	4,670	5,150	11,884	20,091	21,307
Miscellaneous	6,806	2,167	(1,001)	(450)	1,441	7,012	475	9,168	2,754	18
Special items ⁽²⁾	-	-	-	-	14,100	-	-	-	-	-
Transfers	(18,402)	(18,399)	(13,755)	(18,091)	(20,270)	(21,609)	(25,402)	(22,920)	(23,189)	(23,628)
Total governmental activities	<u>563,627</u>	<u>569,444</u>	<u>655,072</u>	<u>668,002</u>	<u>683,355</u>	<u>729,858</u>	<u>732,830</u>	<u>781,617</u>	<u>820,772</u>	<u>815,370</u>
Business-type activities:										
Sales taxes levied for Public transit	57,355	65,754	66,505	71,233	81,150	89,617	92,601	103,022	107,535	107,779
Investment earnings	8,842	6,461	(1,107)	7,738	6,098	7,065	7,830	23,412	48,690	38,024
Miscellaneous	8,612	1,260	(7,293)	5,118	3,319	(7,091)	4,841	3,372	9,920	9,976
Transfers	18,402	18,399	13,755	18,091	20,270	21,609	25,402	22,920	23,189	23,628
Total business-type activities	<u>93,211</u>	<u>91,874</u>	<u>71,860</u>	<u>102,180</u>	<u>110,837</u>	<u>111,200</u>	<u>130,674</u>	<u>152,726</u>	<u>189,334</u>	<u>179,407</u>
Total primary government	<u>\$ 656,838</u>	<u>\$ 661,318</u>	<u>\$ 726,932</u>	<u>\$ 770,182</u>	<u>\$ 794,192</u>	<u>\$ 841,058</u>	<u>\$ 863,504</u>	<u>\$ 934,343</u>	<u>\$ 1,010,106</u>	<u>\$ 994,777</u>
Change in Net Position										
Governmental activities	\$ 88,012	\$ 101,117	\$ 63,703	\$ 54,956	\$ 16,944	\$ (8,023)	\$ 89,341	\$ 80,690	\$ 202,659	\$ 33,405
Business-type activities	166,778	168,598	253,538	304,410	460,525	418,305	581,532	293,748	311,502	225,068
Total primary government	<u>\$ 254,790</u>	<u>\$ 269,715</u>	<u>\$ 317,241</u>	<u>\$ 359,366</u>	<u>\$ 477,469</u>	<u>\$ 410,282</u>	<u>\$ 670,873</u>	<u>\$ 374,438</u>	<u>\$ 514,161</u>	<u>\$ 258,473</u>

Notes:

(1) In 2012, the City hosted the Democratic National Convention, funded by a Federal grant. In 2017, the City added 106 public safety positions. In 2020, the City hosted the Republican National Convention, funded by a Federal grant and COVID-19 was declared a world-wide pandemic and impacted operations.

(2) In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

(3) 2012 and 2013 have been restated for the effects of a prior period adjustment.

(4) In 2017 and 2019, expense decreased due to increased capitalization of streets and right-of-way maintained by the City.

(5) In 2016, the Business Privilege License Tax ended.

(6) In 2018, Public Transit blue line light rail extension to the University area went into operation and the Airport expanded Concourse A.

(7) In 2017, Public Transit grant reimbursements were received for blue line light rail extension that went into operations in 2018.

(8) In 2020, COVID-19 was declared a world-wide pandemic and impacted revenue streams.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Nonspendable:										
Inventories ⁽²⁾	\$ 951	\$ 1,004	\$ 985	\$ 1,208	\$ 1,378	\$ 1,426	\$ 1,218	\$ 1,385	\$ -	\$ -
Long-term notes receivable	-	-	-	-	29	13	28	9	-	-
Restricted - State statute	59,131	61,679	73,571	65,521	63,151	62,967	65,499	73,510	70,411	61,457
Prepaid items	-	-	-	-	-	-	-	-	-	37
Committed:										
Capital projects	3,790	5,674	12,539	5,311	14,382	21,795	2,751	5,540	7,624	14,258
Component unit	848	1,100	1,738	2,146	2,610	3,215	3,441	3,765	4,297	3,205
Assigned:										
Capital Projects	-	395	550	550	-	-	-	-	-	-
Culture and recreation	94	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	463	-	-	-
Community planning and development	-	875	-	483	-	-	-	-	-	-
Unassigned	84,703	88,423	90,161	95,298	95,280	101,590	107,014	111,102	116,428	115,010
Total general fund	\$ 149,517	\$ 159,150	\$ 179,544	\$ 170,517	\$ 176,830	\$ 191,006	\$ 180,414	\$ 195,311	\$ 198,760	\$ 193,967
All other governmental funds										
Nonspendable:										
Perpetual care	\$ 3,120	\$ 3,121	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,111	\$ 3,132
Inventories	-	-	-	-	-	-	130	112	96	81
Prepaid items	-	-	-	-	-	-	119	501	418	318
Long-term notes receivable	-	-	-	-	89,899	87,498	-	-	-	-
Restricted:										
State statute	3,402	3,592	3,854	4,785	5,235	5,732	5,776	6,342	6,903	12,791
Special obligation debt service	10,970	10,120	9,220	8,270	7,270	6,215	5,100	-	-	-
Public safety	13,190	9,003	10,295	11,830	16,816	3,282	13,989	13,590	13,716	9,671
Streets and highways	10,878	8,359	13,373	14,332	15,141	10,809	7,923	7,541	8,787	10,301
Culture and recreation	121,702	120,924	129,869	138,774	144,780	167,391	183,899	185,310	189,915	176,155
Community planning and development	4,291	5,034	5,111	5,762	4,560	7,507	38,773	35,002	34,526	32,636
Committed:										
Capital projects ⁽³⁾	91,572	86,946	87,751	137,488	191,797	238,041	255,898	242,615	381,714	378,413
Culture and recreation	1,896	1,500	1,016	396	414	-	-	-	-	-
Debt Service ⁽⁴⁾	-	-	-	-	4,400	34,510	45,016	68,130	86,000	96,921
Assigned:										
Debt Service	206,124	216,209	210,586	251,590	278,219	239,681	218,640	191,069	173,311	99,468
Unassigned ⁽¹⁾	1,927	-	-	-	(629)	-	-	-	-	-
Total all other governmental funds	\$ 469,072	\$ 464,808	\$ 474,186	\$ 576,338	\$ 761,013	\$ 803,777	\$ 778,374	\$ 753,323	\$ 898,497	\$ 819,887

⁽¹⁾ In 2015, Municipal Services Districts had a deficit fund balance due to property tax revenues less than anticipated.

⁽²⁾ In 2019, support services spare parts inventory was sold to a private vendor.

⁽³⁾ In 2014, more debt was sold in order to fund Capital Projects. This increase in Capital Projects spending continues.

⁽⁴⁾ In 2015, debt services advanced funds for various capital projects. This continued for other capital projects that will be repaid over five years.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Property taxes	\$ 363,060	\$ 378,409	\$ 395,789	\$ 430,657	\$ 401,040	\$ 451,563	\$ 456,176	\$ 467,717	\$ 492,051	\$ 505,521
Other taxes	133,558	149,564	159,787	171,864	193,197	208,513	217,719	235,000	247,814	229,989
Intergovernmental ⁽¹⁾	129,561	149,958	176,661	136,198	172,109	166,463	163,711	172,575	188,832	222,470
Licenses, fees and fines	60,118	61,103	63,914	63,001	68,421	43,363	46,287	50,347	49,097	53,165
Investment earnings	4,677	3,544	(14)	4,739	3,350	3,745	3,815	8,373	21,635	20,479
Private contributions ⁽²⁾	12,230	2,377	3,872	9,428	4,745	4,039	1,671	3,612	2,371	3,475
Administrative charges	28,513	29,406	24,636	25,227	29,361	34,793	37,031	39,589	44,716	46,858
Charges for current services	9,004	8,325	6,187	6,364	6,919	7,234	8,670	8,126	9,832	12,052
Miscellaneous	9,173	8,614	9,714	9,828	8,151	10,051	10,458	11,782	9,252	8,194
Total revenues	749,894	791,300	840,546	857,306	887,293	929,764	945,538	997,121	1,065,600	1,102,203
Expenditures:										
Public safety ⁽¹⁾	317,255	340,387	366,574	335,977	346,524	359,187	382,427	391,301	420,234	448,196
Sanitation	45,930	45,694	46,680	49,278	50,764	52,265	55,610	59,179	64,032	67,322
General administration	36,649	41,979	43,596	45,295	44,042	40,294	42,078	47,143	51,977	55,009
Support services	19,895	30,848	22,563	25,956	29,414	29,728	31,823	31,885	29,250	41,703
Engineering and property management	21,164	22,717	22,056	22,479	22,739	20,973	22,095	21,927	23,558	25,236
Streets and highways	63,922	56,366	51,097	57,313	57,580	62,924	65,102	62,376	58,831	59,927
Culture and recreation ⁽³⁾	10,068	13,632	17,793	21,035	24,571	27,312	29,835	38,743	31,559	35,425
Community planning and development	52,248	51,215	46,683	51,947	56,613	49,813	46,119	46,868	53,238	63,857
Business-type grant funded	-	-	-	-	-	-	-	-	-	931
Debt service-										
Principal ⁽⁴⁾	64,029	72,849	68,812	77,139	86,287	112,033	97,190	116,416	121,309	110,124
Interest and other charges	60,296	58,606	59,210	61,053	61,334	66,557	60,790	60,238	61,918	65,934
Capital outlay	126,119	137,506	170,522	162,571	160,745	154,320	166,087	175,209	234,489	313,296
Total expenditures	817,575	871,799	915,586	910,043	940,613	975,406	999,156	1,051,285	1,150,395	1,286,960
(Deficiency) of revenues										
(under) expenditures	(67,681)	(80,499)	(75,040)	(52,737)	(53,320)	(45,642)	(53,618)	(54,164)	(84,795)	(184,757)

Continued on next page

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other financing sources (uses):										
Sales of capital assets ⁽⁵⁾	1,435	1,943	4,768	1,117	1,003	34,027	6,238	2,518	3,112	\$ 1,275
Bonds issued	-	-	-	34,370	-	-	34,503	57,062	58,435	121,568
Commercial paper issued	62,786	64,846	73,988	59,055	59,973	66,213	1,677	-	-	-
Installment purchases issued	-	33,155	34,808	63,994	100,691	23,685	-	-	170,205	-
Refunding debt issued	-	177,485	130,470	266,893	62,755	33,010	116,230	-	150,905	314,330
Premium on debt issuance	-	36,025	5,123	31,544	15,199	5,906	19,377	-	49,086	36,683
Private loan ⁽⁶⁾	3,785	270	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	(209,457)	(130,590)	(293,020)	(71,580)	(38,650)	(135,000)	-	(175,155)	(348,762)
Transfers in	126,518	111,204	126,402	121,528	123,605	186,997	191,445	175,007	175,167	254,381
Transfers out	(144,920)	(129,603)	(140,157)	(139,619)	(140,475)	(208,606)	(216,847)	(190,577)	(198,337)	(278,121)
Total other financing sources (uses)	49,604	85,868	104,812	145,862	151,171	102,582	17,623	44,010	233,418	101,354
Net change in fund balances	\$ (18,077)	\$ 5,369	\$ 29,772	\$ 93,125	\$ 97,851	\$ 56,940	\$ (35,995)	\$ (10,154)	\$ 148,623	\$ (83,403)
Debt service as a percentage of noncapital expenditures	17.7%	17.6%	17.0%	18.4%	18.1%	19.4%	18.0%	18.2%	18.9%	15.2%

⁽¹⁾ The City hosted the Democratic National Convention in September 2012, funded by a Federal grant. The City hosted the Republican National Convention in August 2020, funded by a Federal Grant. In 2020, COVID-19 was declared a world-wide pandemic and impacted operations.

⁽²⁾ In 2011, private contributions were received to fund construction of the Mint Museum.

⁽³⁾ In 2018, Federal Court House was sold and design fees for Convention Center renovations were incurred.

⁽⁴⁾ In 2016, the Hall of Fame private loan was paid.

⁽⁵⁾ In 2016, land was sold to pay off NASCAR Hall of Fame private loan.

⁽⁶⁾ 2011 through 2012 reflects 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

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			
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	238,179	90,565,968	0.4370
2014	45,891,739	31,556,625	5,671,639	7,764,066	250,288	90,633,781	0.4687
2015	45,297,317	30,263,922	6,194,474	7,953,022	285,506	89,423,229	0.4687
2016	44,813,098	32,220,420	6,550,784	7,909,799	294,003	91,200,098	0.4787
2017	44,848,147	33,778,317	7,016,818	8,057,175	292,117	93,408,340	0.4787
2018	45,442,308	35,137,507	7,199,466	8,404,556	306,676	95,877,161	0.4787
2019	45,888,331	36,330,136	7,351,494	8,912,989	309,697	98,173,253	0.4887
2020	66,952,245	60,265,814	7,822,734	9,286,431	505,388	143,821,836	0.3481

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	Municipal Service Districts					Mecklenburg County
					District 1	District 2	District 3	District 4	District 5	
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
2014	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2015	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2016	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2017	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2018	.3741	.0926	.0120	.4787	.0168	.0233	.0358	.0668	.0279	.8157
2019	.3816	.0951	.0120	.4887	.0208	.0293	.0418	.0668	.0279	.8232
2020	.2731	.0677	.0073	.3481	.0136	.0227	.0338	.0390	.0279	.6169

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

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wells Fargo	\$ 1,786,844	1	1.24%	\$ 1,201,538	2	1.55%
Bank of America	1,539,965	2	1.07	1,499,799	1	1.93
Duke Energy Corporation	1,655,678	3	1.15	737,864	3	0.95
American Airlines/US Airways Group Incorporated	855,391	4	0.59	435,627	5	0.56
Time Warner Entertainment	456,383	5	0.32	198,165	10	0.26
Parkway Properties	362,514	6	0.25	-	-	-
Southpark Mall	392,870	7	0.27	230,995	7	0.30
301 College Street	288,610	8	0.20	-	-	-
AT&T	294,557	9	0.20	456,031	4	0.59
Piedmont Natural Gas	287,554	10	0.20	258,468	6	0.33
TIAA-Cref, LLC	-	-	-	207,935	8	0.27
Panthers Stadium, LLC	-	-	-	199,310	9	0.26
Total	\$ 7,920,366		5.49%	\$ 5,425,732		7.00%

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
2011	\$	362,833	\$ 355,258	97.91%	\$ 5,164	\$ 360,422	99.34%
2012		395,901	387,890	97.98	(15,513)	372,377	94.06
2013		395,392	386,270	97.69	(8,423)	377,847	95.56
2014		415,447	408,956	98.44	2,246	411,202	98.98
2015		392,831	390,339	99.37	7,286	397,625	100.00
2016		422,527	420,153	99.44	9,049	429,202	100.00
2017		422,768	419,751	99.29	9,175	428,926	100.00
2018		432,044	429,926	99.51	9,228	439,154	100.00
2019		453,300	451,005	99.49	10,175	461,180	100.00
2020		479,035	473,689	98.88	-	473,689	98.88

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, 2019, for the fiscal year 2020, were based on the assessed values listed as of January 1, 2019.

⁽²⁾ In subsequent years, for the fiscal years 2012 and 2013, refunds due to successful appeals of the revaluation exceeded additional collections.

CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2020
(Dollar Amounts In Thousands)

	City - Wide			Total Levy	
	Property Valuation ⁽²⁾	Rate	Total Levy ⁽¹⁾	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 134,842,868	0.3481	\$ 487,415	\$ 469,388	\$ 18,027
Discoveries - current and prior years	595,219		-	-	-
Total property valuation	<u>\$ 135,438,087</u>		487,415	469,388	18,027
Net Levy			472,250	454,223	18,027
Unpaid (by taxpayer) taxes at June 30, 2019			(5,231)	(5,231)	-
Current year's taxes collected			<u>\$ 467,019</u>	<u>\$ 448,992</u>	<u>\$ 18,027</u>
Current levy collection percentage			<u>98.89%</u>	<u>98.85%</u>	<u>100.00%</u>

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

⁽²⁾ Property valuation amounts are only for property and does not include registered motor vehicles.

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					Direct Borrowing
	Governmental Activities General Obligation Bonds ⁽³⁾	Business-Type Activities General Obligation Bonds ⁽³⁾	Percentage of Actual Taxable Value of Property ⁽¹⁾	Per Capita ⁽²⁾	Special Obligation Bonds	Direct Placement			Section 108 ⁽⁷⁾	
						Installment Purchases ⁽³⁾⁽⁴⁾⁽⁷⁾	Construction Period Notes ⁽⁶⁾⁽⁷⁾	Private Loan		
2011	\$ 485,333	\$ 286,002	0.99%	\$ 1,055	\$ 10,970	\$ 739,441	\$ 109,248	\$ 38,830	\$ 11,575	
2012	606,204	258,998	0.96	1,120	10,120	730,252	24,094	39,100	9,342	
2013	577,431	231,267	0.89	1,015	9,220	727,912	98,082	35,331	8,902	
2014	729,362	203,241	1.03	1,170	8,270	747,191	7,137	35,331	8,444	
2015	691,351	174,812	0.97	1,069	7,270	803,723	67,110	16,231	7,943	
2016	647,449	145,373	0.87	959	6,215	767,855	133,323	-	7,538	
2017	737,220	114,415	0.87	995	5,100	708,206	34,503	-	5,780	
2018	685,147	85,211	0.80	880	-	639,406	91,565	-	4,368	
2019	630,710	58,470	0.70	750	-	756,697	150,000	-	4,368	
2020	753,491	33,590	0.57	875	-	690,282	66,568	-	2,780	

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⁾ 2011 through 2012 have been restated for the implementation of GASB 65.

⁽⁴⁾ 2011 through 2012 have been restated for a prior period adjustment.

⁽⁵⁾ N/A = Data not available

⁽⁶⁾ 2011 through 2016 includes Commercial Paper Notes. 2017 through 2020 includes General Obligation Bond Anticipation Notes.

⁽⁷⁾ In 2019, debt classification changed to reflect direct and indirect placements and borrowings through implementation of GASB 88.

Fiscal Year	Other Business-Type Activities Debt							Percentage of Personal Income ⁽²⁾⁽⁵⁾	Per Capita ⁽²⁾
	Direct Placement			Direct Borrowing					
	Revenue Bonds ⁽³⁾	Installment Purchases ⁽³⁾⁽⁷⁾	Revenue Bond Anticipation Notes ⁽⁷⁾	Other Financing Agreements	Revolving Loans ⁽⁷⁾	TIFIA Loan ⁽⁷⁾	Total Primary Government		
2011	\$ 2,355,194	\$ 176,999	\$ -	\$ 6,275	\$ -	\$ -	\$ 4,219,867	18.26%	\$ 5,769
2012	2,473,421	167,135	-	5,440	133	-	4,324,239	19.13	5,597
2013	2,404,518	288,353	-	4,610	1,242	-	4,386,868	19.70	5,505
2014	2,303,043	281,758	87,054	3,775	1,176	-	4,415,782	18.62	5,541
2015	2,162,847	279,384	214,999	2,950	1,110	-	4,429,730	16.86	5,469
2016	2,296,876	275,258	83,739	2,130	1,043	88,353	4,455,152	16.06	5,386
2017	2,416,258	380,699	67,895	1,320	3,730	137,685	4,612,811	N/A	5,388
2018	2,524,153	371,318	52,405	675	3,438	180,000	4,637,686	N/A	5,298
2019	2,644,364	271,347	92,449	250	14,837	176,259	4,799,751	N/A	5,220
2020	2,533,555	263,788	279,971	-	49,831	172,411	4,846,267	N/A	5,212

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
June 30, 2020
(Dollar Amounts in Thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City ⁽¹⁾	Amount Applicable to City
Jurisdiction			
Direct:			
City of Charlotte	\$ 1,513,121	100%	\$ 1,513,121
Overlapping:			
Mecklenburg County	1,491,152	75%	1,118,634
Total	<u>\$ 3,004,273</u>		<u>\$ 2,631,755</u>

⁽¹⁾ Percentage of direct and overlapping debt is based on June 30, 2020 assessed valuation of the City of Charlotte (\$143,821,836) as compared to the June 30, 2020 assessed valuation of Mecklenburg County (\$185,555,815).

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
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
2014	7,250,702	2,150,659	5,100,043	29.66
2015	6,780,590	2,235,933	4,544,657	32.98
2016	7,296,008	2,067,347	5,228,661	28.34
2017	7,472,667	2,365,043	5,107,624	31.65
2018	7,670,173	2,158,926	5,511,247	28.15
2019	7,853,860	2,270,477	5,583,383	28.91
2020	11,505,747	2,180,507	9,325,240	18.95

⁽¹⁾ Excludes debt not applicable to the limit.

⁽²⁾ 2011 through 2012 have been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2020:

Assessed value		\$143,821,836
Debt limit (8% of assessed value)		11,505,747
Total outstanding general obligation bonded debt	\$ 787,081	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	954,070	
Bonds authorized but unissued	448,926	
	2,190,077	
Less- Water general obligation bonds	9,570	
Outstanding debt, net		2,180,507
Legal debt margin		\$ 9,325,240

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

Fiscal Year	Allowable Revenues ⁽¹⁾	Debt Service Requirement ⁽²⁾	Bond Coverage
2011	\$ 17,638	\$ 1,382	12.8
2012	20,033	1,383	14.5
2013	20,648	1,383	14.9
2014	22,796	1,382	16.5
2015	26,138	1,382	18.9
2016	27,896	1,386	20.1
2017	28,623	1,396	20.5

⁽¹⁾ Allowable revenues as defined by the Revenue Bond Order.

⁽²⁾ Bonds were paid off in fiscal year 2018.

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⁾	Debt Service Requirement	Revenue Bond Coverage	50% of Surplus Fund ⁽¹⁾	Revenue Bond Coverage, Including Surplus Fund
2011	\$ 268,791	\$ 103,436	\$ 147,208	1.1	\$ 61,343	1.5
2012	295,784	106,737	140,599	1.3	73,442	1.9
2013	308,137	108,679	143,074	1.4	85,595	2.0
2014	323,047	114,147	145,837	1.4	83,019	2.0
2015	345,228	125,272	142,804	1.5	71,888	2.0
2016	382,826	129,059	150,528	1.7	92,803	2.3
2017	410,308	146,262	150,819	1.8	119,415	2.5
2018	418,226	142,433	146,441	1.9	133,664	2.8
2019	435,750	150,082	153,687	1.9	142,773	2.8
2020	446,647	168,420	147,719	1.9	136,712	2.8

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

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

Fiscal Year	Allowable Revenues ⁽¹⁾	Current Expenses ⁽¹⁾	Debt Service Requirement	Revenue Bond Coverage	50% of Surplus Fund ⁽¹⁾	Revenue Bond Coverage, Including Surplus Fund
2011	\$ 48,817	\$ 12,119	\$ 10,547	3.5	\$ 11,222	4.5
2012	52,160	12,381	10,544	3.8	9,575	4.7
2013	55,219	13,522	8,841	4.7	8,543	5.7
2014	55,769	12,815	9,961	4.3	7,816	5.1
2015	59,367	9,913	11,357	4.4	6,416	4.9
2016	66,515	11,788	11,971	4.6	8,589	5.3
2017	67,268	11,649	12,538	4.4	8,819	5.1
2018	68,414	11,778	12,523	4.5	9,757	5.3
2019	73,499	9,678	13,135	4.9	13,500	5.9
2020	74,081	11,324	13,406	4.7	14,389	5.8

⁽¹⁾ Allowable revenues, current expenses and Surplus Fund 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⁾
2011	\$ 131,566	\$ 57,291	\$ 74,275	\$ 21,049	3.5
2012	139,958	61,711	78,247	24,289	3.2
2013	156,794	71,736	85,058	26,071	3.3
2014	164,907	73,161	91,746	26,072	3.5
2015	176,443	91,912	84,531	25,733	3.3
2016	195,521	105,039	90,482	25,722	3.5
2017	207,928	113,685	94,243	17,439	5.4
2018	226,000	119,984	106,016	17,775	6.0
2019	245,855	130,117	115,738	22,871	5.1
2020	214,254	137,869	76,385	25,451	3.0

⁽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
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	33.9	8.4
2014	796,921	23,708,978	23,946	34.5	6.0
2015	809,958	26,268,690	25,877	35.4	5.3
2016	827,097	27,738,165	26,575	35.5	4.5
2017	856,062	N/A	37,687	34.7	4.1
2018	875,318	N/A	37,913	35.1	4.0
2019	919,503	N/A	N/A	34.7	4.2
2020	940,144	N/A	N/A	N/A	8.8

Source: Unemployment rates are from NC Commerce LAUS reports, Population provided by the City of Charlotte Planning Department, Per Capita and Median Age provided by Census Reporter

N/A: Information not available.

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

Employer	2020			2011		
	Employees	Rank	Percentage to Total City Employment	Employees	Rank	Percentage to Total City Employment
Atrium Health (formerly Carolinas Healthcare System)	35,700	1	6.48%	27,432	1	5.98%
Wells Fargo	23,500	2	4.26	20,500	2	4.47
Charlotte-Mecklenburg Schools	18,495	3	3.36	18,202	3	3.97
Wal-Mart Stores, Incorporated	17,100	4	3.10	14,000	5	3.05
Bank of America	15,000	5	2.72	15,000	4	3.27
Novant Health/Presbyterian Regional Healthcare Corporation	11,698	6	2.12	9,000	6	1.96
American Airlines/US Airways Group, Incorporated	11,000	7	2.00	6,637	10	1.45
Delhaize America, Incorporated/ Food Lion LLC	9,078	8	1.65	8,700	7	1.90
Harris Teeter, Incorporated	8,239	9	1.50	-	-	-
Lowe's Companies, Incorporated	7,801	10	1.42	8,700	7	1.90
Duke Energy Corporation	-		-	7,300	9	1.59
Total	157,611		28.61%	135,471		29.54%

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

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

	Full-time Equivalent Employees as of June 30									
Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety ^{(1) (4) (5)}	3,388.50	3,408.50	3,472.50	3,472.50	3,500.50	3,474.50	3,594.50	3,705.50	3,711.50	3,735.50
Sanitation	283.00	289.00	289.00	289.00	302.00	302.00	305.00	314.00	314.00	316.00
General administration ^{(2) (3)}	371.25	373.25	370.50	370.50	348.50	366.75	372.75	294.00	288.00	258.00
Support services ^{(4) (6)}	246.00	254.50	257.00	257.00	288.00	249.00	257.00	268.00	145.00	148.00
Engineering and property management ^{(3) (6)}	330.00	330.00	322.00	322.00	322.00	325.00	343.00	347.00	450.00	491.00
Streets and highways ⁽⁴⁾	432.50	431.50	431.50	431.50	431.50	408.75	410.75	422.75	423.75	424.75
Community planning and development ⁽²⁾	229.00	220.00	220.00	225.00	228.00	214.00	218.00	329.75	361.75	377.75
Water and Sewer ⁽⁷⁾	791.50	746.25	746.50	761.50	796.00	822.00	846.00	912.00	958.00	997.00
Storm Water	84.00	84.00	95.00	100.00	108.00	124.00	131.00	136.00	153.00	171.00
Airport ^{(5) (8)}	266.00	283.00	251.00	262.00	432.00	503.00	553.00	595.00	659.00	708.00
Public Transit ⁽⁹⁾	360.75	361.75	361.75	361.75	384.75	419.75	522.75	522.75	534.75	582.75
Risk Management	27.00	27.00	27.00	27.00	28.00	28.00	28.00	27.00	23.00	23.00
Total	6,809.50	6,808.75	6,843.75	6,879.75	7,169.25	7,236.75	7,581.75	7,873.75	8,021.75	8,232.75

⁽¹⁾ In 2017, positions were added because the Mayor and City Council identified public safety as the highest priority.

⁽²⁾ In 2018, Char Meck 311 positions were moved from General administration to Community planning and development.

⁽³⁾ In 2020, the Procurement division including Charlotte Business Inclusion was transferred from General Administration to Engineering and Property Management.

⁽⁴⁾ In 2016, vacant positions were eliminated.

⁽⁵⁾ In 2013, positions were transferred from public safety at the Airport to Public safety.

⁽⁶⁾ In 2019, General Services Fleet management positions were moved to Engineering and property management.

⁽⁷⁾ In 2012, vacant positions were eliminated as part of the financial stability plan. In 2014, positions were added to offset reductions in contractual services. In 2015, positions were added to meet service demand. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2019 positions were added to keep pace with the growth in customer base. In 2020 positions were added to support rehabilitation and replacement efforts and to maintain regulatory compliance.

⁽⁸⁾ In 2012, positions were added for public safety. In 2014, 2015, 2016 positions were added to meet service demand. In 2015, existing full-time temporary positions were converted to regular full-time status. In 2016, positions were added in response to the improving economy and regulatory changes. In 2017 through 2020 positions were added to keep up with service complexity and customer demand.

⁽⁹⁾ In 2015, positions were added to meet service demand. In 2016, positions were added for the Blue Line Extension. In 2017, positions were added for start-up and testing of new rail services for the Blue Line Extension project.

SOURCE:

Position allocations per Strategy and Budget Department.

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police physical arrests	27,800	25,389	22,839	23,018	22,144	20,794	19,697	18,937	17,221	16,841
911 call volume	1,002,790	1,093,772	1,015,825	1,061,018	1,180,177	1,251,592	1,195,766	1,179,451	1,247,438	1,220,559
Fire calls answered	98,569	95,922	97,361	103,474	110,710	117,315	123,159	124,123	130,138	119,602
Sanitation ⁽¹⁾										
Refuse collected (in tons)	221,868	218,792	212,296	211,407	206,535	219,901	228,819	226,199	230,938	237,806
Refuse collected by City contractors (in tons)	74,646	77,195	62,153	63,971	65,768	72,548	84,794	87,853	87,502	93,794
Recyclables and organics collected (in tons) ⁽²⁾	53,264	54,587	54,557	58,173	88,332	50,995	57,832	57,600	63,949	51,718
Recyclables and organics collected by City contractors (in tons) ⁽²⁾	45,206	46,599	47,666	49,183	10,283	49,313	49,994	48,377	43,229	50,559
Support services/Engineering and Property Management										
Fleet maintained	3,465	3,577	3,331	3,280	3,250	3,233	3,342	3,294	3,398	3,444
Streets and highways										
Miles resurfaced	325	222	149	211	221	234	272	206	159	141
Potholes repaired ⁽³⁾	790	768	856	1,205	1,101	1,173	1,183	1,524	2,889	2,244
Community planning and development										
Housing inspections conducted	3,196	3,070	2,498	2,670	2,779	2,300	2,141	2,320	2,504	1,809
Affordable housing production ⁽⁴⁾	1,310	1,614	1,368	1,083	824	768	1,033	1,248	1,199	1,802
Water										
Number of service connections	248,257	253,557	257,683	262,607	267,664	273,574	279,380	285,092	290,442	297,098
Average daily pumped (in millions of gallons)	110	101	99	101	103	107	107	106	108	109
Sewer										
Number of service connections	229,002	235,157	238,854	242,959	247,165	246,299	256,327	260,580	264,981	270,640
Average daily treatment (in millions of gallons)	76	78	79	83	81	80	80	78	91	89
Storm water										
Requests for services completed ⁽⁵⁾	1,890	2,862	1,809	1,886	1,711	2,565	2,405	2,369	3,661	3,783
Airport										
Number of airline arrivals and departures per day ⁽⁶⁾	1,359	1,371	1,415	1,401	1,399	1,389	1,402	1,383	1,547	1,293
Passengers boarding (in thousands) ⁽⁶⁾	19,614	20,010	21,108	21,977	22,193	22,376	22,515	23,075	23,959	19,409
Public transit										
Revenue miles operated (in thousands) ^{(6) (7)}	16,048	16,087	16,180	16,172	16,934	16,893	16,310	16,386	17,144	15,782
Passengers (in thousands) ⁽⁶⁾	24,901	26,500	26,110	25,572	25,201	23,900	22,734	21,230	20,430	18,090

NOTES:

⁽¹⁾ Operating indicators for Sanitation have been restated to break out between City services and contractor provided services for fiscal years 2011 through 2012.

⁽²⁾ Recycling contract was cancelled in 2015. Recycling contract started in 2016.

⁽³⁾ In 2019, transferred to a new system capturing each pothole separately instead of just by work order.

⁽⁴⁾ In 2017, City Council approved more low income tax credit housing projects. In 2020, additional funding sources supported an increase in production.

⁽⁵⁾ 2019 rain events caused an increase in the number of service requests received.

⁽⁶⁾ The decrease is due to the impacts of the COVID-19 pandemic on the industry in the last three months of FY20.

⁽⁷⁾ 2019 The numbers have been restated to reflect consistency with National Transit Database (NTD).

SOURCES:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Engineering & Property Management, Charlotte Department of Transportation, Housing & Neighborhood Services, Charlotte Water, Storm Water Services, Charlotte Douglas International Airport, Charlotte Area Transit System

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

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police stations	13	13	13	13	13	13	13	13	13	13
Patrol units	1,267	1,352	1,386	1,391	1,388	1,392	1,443	1,490	1,486	1,594
Fire stations	41	42	42	42	42	42	42	42	42	42
Sanitation										
Collection trucks	178	171	180	177	188	177	180	178	186	192
Streets and highways										
Lane miles of streets ⁽¹⁾	5,185	5,245	5,261	5,265	5,271	5,284	5,323	5,371	5,415	5,445
Number of street lights	69,695	70,862	71,851	72,316	73,185	73,634	74,140	74,310	75,472	76,734
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	4,094	4,206	4,198	4,209	4,232	4,269	4,314	4,353	4,393	4,431
Fire hydrants	12,568	16,756	16,889	16,631	16,766	16,901	17,109	17,344	17,517	17,677
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	7	7
Miles of sanitary sewer lines	4,073	4,180	4,170	4,320	4,200	4,244	4,288	4,330	4,376	4,420
Airport										
Feet of runway	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175	35,175
Public transit										
Motor buses	324	323	322	322	316	316	315	312	309	339
Light rail vehicles ⁽²⁾	20	20	20	20	20	24	36	40	42	42
Streetcar vehicles ⁽³⁾	-	-	-	-	-	3	3	3	3	3

NOTES:

⁽¹⁾ 2011 through 2016 have been restated to record lane miles of street verses miles of streets.

⁽²⁾ In 2017, twelve light rail vehicles were purchased and placed into service for the Blue Line Extension project.

⁽³⁾ In 2016, streetcar operations began.

SOURCE:

Charlotte-Mecklenburg Police Department, Charlotte Fire Department, Solid Waste Services, Charlotte Department of Transportation, Charlotte Water, Charlotte Douglas International Airport, Charlotte Area Transit System

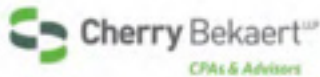


Single Audit

Comprehensive Annual Financial Report 2020



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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, North Carolina (the “City”), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated October 31, 2020. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (CRVA), as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Charlotte Firefighters’ Retirement System were not audited in accordance with *Government Auditing Standards*.

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”) as a basis for designing 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.

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

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 financial statement. 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*.

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.

Cheng Behrnt LLP

Charlotte, North Carolina

October 31, 2020



Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance 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, North Carolina (the “City”), compliance with the types of compliance requirements described in the OMB 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, 2020. 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.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance 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, 2020.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cheng Behant LLP

Charlotte, North Carolina

October 31, 2020



Report of Independent Auditor on Compliance for Each Major State Program and on Internal Control over Compliance in Accordance with OMB Uniform Guidance 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 the City of Charlotte, North Carolina (the “City”), 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, 2020. 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.

Our audit, described below, did not include the operations of the Charlotte Regional Visitors Authority (CRVA), a discretely presented component unit of the City, since it was audited by other auditors.

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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 on the City’s compliance.

Opinion on Each Major State 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 State programs for the year ended June 30, 2020.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cheryl Behrman LLP

Charlotte, North Carolina

October 31, 2020

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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 X no

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ yes X no

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major federal 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 federal awards?

_____ yes X 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 2 CFR 200.516 (a)?

_____ yes X no

Identification of major federal programs:

CFDA Numbers

Names of Federal Program or Cluster

20.500

Federal Transit Cluster:

20.507

Capital Investment Grants

20.525

Formula Grants

20.526

State of Good Repair Grants Program

Bus and Bus Facilities Formula Program

14.218

CDBG – Entitlement Grants Cluster:

Community Development Block

Grants/Entitlement Grants

21.019

Coronavirus Relief Fund Program

16.738

Edward Byrne Memorial Justice Assistance Grant Program
-Republican National Convention



CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

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

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 3,000,000

Auditee qualified as low-risk auditee? yes X no

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

FY2020 SMAP Letter

State Street Aid – Powell Bill

Other major State programs for the City of Charlotte are Public Transportation Sections 5307 and 5309 Capital Programs which are State matches on the Federal Transit Cluster program. Therefore, these programs have been included in the list of major federal programs above.

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Finding 2019-001: This finding has been corrected.





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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G18GA0007A	\$ 60,936	\$ -	\$ -
High Intensity Drug Trafficking Areas	95.001	G19GA0007A	73,195	-	-
High Intensity Drug Trafficking Areas	95.001	G20GA0007A	416	-	-
Total Executive Office of the President			\$ 134,547	\$ -	\$ -
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Assistance to Firefighters	97.044	EMW-2017-FR-00329	\$ 14,326	\$ -	\$ -
TSA-NEDCTP	97.U01	HSTS02-16-H-NCP416 TSA (K-9)	204,452	-	-
TSA-Credentialing Screening & Intel Division	97.U02	HSTS02-16-H-SLR722 TSA (LEO)	746,640	-	-
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00550	38,173	-	-
Total Direct Programs			1,003,591	-	-
Pass-Through N.C. Department of Crime Control and Public Safety:					
Disaster - Public Assistance (Presidentially Declared)	97.036	Hurricane Dorian (DR-4465-NC)	579,506	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 / 1754	450,609	-	-
Homeland Security	97.067	EMW-2018-SS-00053 / MOA 1853	277,540	-	-
Homeland Security	97.067	EMW-2017-SS-00085-S01 / MOA 1700-2	43,357	-	-
Total Pass-Through N.C. Department of Crime Control and Public Safety			1,351,012	-	-
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2018-EP-00007 / MOA 18059	740	-	-
Emergency Management Performance	97.042	EMA-2019-EP-00002 / MOA 19059	79,894	-	-
Total Pass-Through Mecklenburg County			80,634	-	-
Total U.S. Department of Homeland Security			\$ 2,435,237	\$ -	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Environmental Protection Agency</u>					
Pass-Through N.C. Department of Environmental Quality					
Clean Water State Revolving Cluster:	66.458	CS370377-14	\$ 10,377,352	\$ -	\$ -
Clean Water State Revolving Cluster:	66.458	CS370377-15	24,909,135	-	-
Total U.S. Department of Environmental Protection Agency			\$ 35,286,487	\$ -	\$ -
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement	14.218	B-18-MC-37-0003	\$ 4,320,199	\$ -	\$ 2,615,847
COVID 19 - Community Development Block Grant Program	14.218	B-20-MW-37-0003	56,972	-	-
Total CDBG - Entitlement Grants Cluster			4,377,171	-	2,615,847
Other U.S. Dept. of Housing and Urban Development Grants:					
Emergency Shelter	14.231	E-14-MC-37-0002	89	-	89
Emergency Shelter	14.231	E-18-MC-37-0003	412,736	-	412,736
Emergency Shelter	14.231	E-19-MC-37-0003	234,473	-	234,190
COVID 19 - Emergency Shelter	14.231	E-20-MW-37-0003	99,139	-	-
HOME Investment Partnerships	14.239	M16-DC370212	714,118	-	714,118
HOME Investment Partnerships	14.239	M17-DC370212	713,227	-	240,881
HOME Investment Partnerships	14.239	M18-DC370212	73,869	-	-
Housing Opportunities For Persons With AIDS	14.241	NCH17-F001	383,750	-	383,750
Housing Opportunities For Persons With AIDS	14.241	NCH18-F001	1,652,556	-	1,640,868
Continuum of Care Program	14.267	NC0389L4F051700	82,519	-	-
Fair Housing Assistance	14.401	FF204K194008	106,450	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0623-16	491,749	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	NCLHB0623-16	101,516	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0722-19	69,361	-	-
Total Other U.S. Dept. of Housing and Urban Development Grants			5,135,552	-	3,626,632
Total U.S. Department of Housing and Urban Development			\$ 9,512,723	\$ -	\$ 6,242,479

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Justice</u>					
Direct Programs:					
Crime Victim Assistance	16.582	2018-V3-GX-0010	\$ 62,823	\$ -	\$ -
Public Safety Partnership and Community Policing	16.710	2015GVWX0010	193	-	-
Public Safety Partnership and Community Policing	16.710	2016ULWX0046/NC06001	594,111	-	-
DNA Backlog Reduction	16.741	2017-DN-BX-0035	169,551	-	-
DNA Backlog Reduction	16.741	2018-DN-BX-0060	148,265	-	-
Special Data Collections and Statistical Studies	16.734	2016-FU-CX-K053	10,632	-	-
Edward Byrne Memorial Justice Assistance	16.738	2016-DJ-BX-0384	9,530	-	-
Edward Byrne Memorial Justice Assistance	16.738	2017-DJ-BX-0391	363,985	-	24,120
Edward Byrne Memorial Justice Assistance	16.738	2018-DJ-BX-0384	231,025	-	131,481
National Sexual Assault Kit Initiative	16.833	2016-AK-BX-K019	261,413	-	-
National Sexual Assault Kit Initiative	16.833	2017-AK-BX-0020	271,364	-	-
National Sexual Assault Kit Initiative	16.833	2018-AK-BX-0011	50,090	-	-
Money Laundering and Asset Recovery - Justice	16.922	ESAC 07/01/2017	1,065,290	-	-
CMPD Training Facility Enhancement	16.U01	MOA - no award #	514,352	-	-
Edward Byrne Memorial Justice Assistance	16.738	2020-ZC-BX-0001	12,241,621	-	-
Total Direct Programs			15,994,245	-	155,601
Total U.S. Department of Justice			\$ 15,994,245	\$ -	\$ 155,601
<u>U.S. Department of Treasury</u>					
Direct Programs:					
Money Laundering and Asset Recovery - Treasury	21.016	ESAC 07/01/2017	\$ 395,910	\$ -	\$ -
Total U.S. Department of Treasury			\$ 395,910	\$ -	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act Clusters:					
WIA/WIOA Adult Programs					
WIA Statewide Activities	17.258	2016-4050	\$ 6,635	\$ -	\$ 6,635
Workforce Investment Act	17.258	2018-4010	291,325	-	291,325
WIA Adult	17.258	2018-4020	1,051,848	-	1,051,848
WIA Adult	17.258	2019-4020	2,217,114	-	2,217,114
WIA Statewide Activities	17.258	2019-4050	40,766	-	40,766
WIA Statewide Activities	17.258	2019-4050	32,753	-	32,753
WIA Statewide Activities	17.258	2017-4050	4,566	-	4,566
Total WIA/WIOA Adult Programs			3,645,007	-	3,645,007
WIA/WIOA Youth Activities					
Workforce Investment Act	17.259	2017-4050	23,913	-	23,913
Workforce Investment Act	17.259	2016-4050	2,215	-	2,215
Workforce Investment Act	17.259	2017-4050	4,130	-	4,130
Workforce Investment Act	17.259	2018-4040	826,291	-	826,291
WIA Statewide Activities	17.259	2018-4050	14,678	-	14,678
WIA Statewide Activities	17.259	2018-4050	18,467	-	18,467
WIA Statewide Activities	17.259	2019-4050	216,451	-	216,451
WIOA Youth Activities	17.259	2019-4010	263,122	-	263,122
WIOA Youth Activities	17.259	2019-4040	1,476,366	-	1,476,366
Total WIA/WIOA Youth Activities			2,845,633	-	2,845,633
WIA/WIOA Dislocated Worker					
WIA/WIOA Dislocated Worker	17.278	2016-4050-7018 / AA-28327-16-55-A-37	12,892	-	12,892
WIA/WIOA Dislocated Worker	17.278	2018-4030	1,279,082	-	1,279,082
WIA Statewide Activities	17.278	2017-4050	22,609	-	22,609
WIA Statewide Activities	17.278	2018-4050	70,870	-	70,870
WIA Statewide Activities	17.278	2018-4050	150,000	-	150,000
WIA/WIOA Dislocated Worker Admin	17.278	2019-4010	140,067	-	140,067
WIA/WIOA Dislocated Worker	17.278	2019-4030	48,748	-	48,748
Total WIA/WIOA Dislocated Worker			1,724,268	-	1,724,268
Total Workforce Investment Act Clusters			8,214,908	-	8,214,908
Total U.S. Department of Labor			\$ 8,214,908	\$ -	\$ 8,214,908

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-075-2016	\$ 966,310	\$ -	\$ -
Airport Improvement Program	20.106	3-37-0012-077-2017	788,736	-	-
Airport Improvement Program	20.106	3-37-0012-080-2018	547,390	-	-
Airport Improvement Program	20.106	3-37-0012-081-2019	12,927,017	-	-
Airport Improvement Program	20.106	3-37-0012-082-2019	1,019,905	-	-
Total Federal Aviation Administration			16,249,358	-	-
Federal Railroad Administration:					
National Infrastructure Investments - Railway	20.933	FR-TII-0047-17	9,236,476	-	-
Total Federal Railroad Administration			9,236,476	-	-
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment	20.500	NC-03-0082-00/36224.26.4.3/13-BL-001/36224.26.1.1/09-NS-082	29,191,474	-	-
Federal Transit - Capital Investment		NC-03-0082-00/36224.26.4.3/13-BL-001/36224.26.1.1/09-NS-082	-	15,859,929	-
Federal Transit - Capital Investment	20.500	NC-2016-001-00	21,999,477	-	-
Federal Transit - Capital Investment	20.500	NC-2019-027-00	216,024	-	-
Federal Transit - Capital Investment Total			51,406,975	15,859,929	-

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Transit - Formula					
Federal Transit - Formula	20.507	NC-90-X541 / 36231.14.11.5 / 17-90-541	209,775	-	-
Federal Transit - Formula	20.507	NC-2016-043-00	1,304,640	-	-
Bus and Bus Facilities - Formula	20.526	NC-2019-039-00	5,932,800	-	-
Bus and Bus Facilities - Formula	20.526	NC-2018-029-00	1,640,365	-	-
Federal Transit - Formula	20.507	NC-2017-019-00	672,260	-	-
Federal Transit - Formula	20.507	NC-2018-015-00	4,595,534	-	-
Federal Transit - Formula	20.507	NC-2018-068-00	5,628,831	-	-
Federal Transit - Formula		20-UM-102B / NC-2018-068-00 / 36231.14.14.4	-	483,022	-
Federal Transit - Formula	20.507	NC-2018-076-00	3,864,000	-	-
Federal Transit - Formula		20-UM-102D / NC-2018-076-00 / 36231.14.14.6	-	483,000	-
Federal Transit - Formula	20.507	NC-90-X569	287,964	-	-
Federal Transit - Formula	20.507	NC-2019-050-01-00	9,405,558	-	-
COVID 19 - Federal Transit - Formula	20.507	NC-2020-031-00	255,686	-	-
Federal Transit - Formula		20-UM-102A / NC-2018-029-00 / 36231.14.14.3	-	205,045	-
Federal Transit - Formula Total			33,797,413	1,171,067	-
Federal Transit - State of Good Repair					
Federal Transit - State of Good Repair Program	20.525	NC-2017-009-00	255,029	-	-
Federal Transit - State of Good Repair Program	20.525	NC-2017-045-00	1,201,806	-	-
Federal Transit - State of Good Repair Program	20.525	NC-2019-040-00	2,447,729	-	-
Federal Transit - State of Good Repair Total			3,904,564	-	-
Total Federal Transit Cluster			89,108,952	17,030,996	-
Transit Services Programs Cluster:					
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2017-030-00	113,446	-	111,535
Enhance Mobility of Seniors and Individuals with Disabilities	20.513	NC-2019-004-00	172,418	-	12,125
Total Transit Services Programs Cluster			285,864	-	123,660
Total Federal Transit Administration Direct Programs			89,394,816	17,030,996	123,660

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Federal Transit Administration:					
Pass-Through N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning	20.505	Section 5303/36230.5.19.6	419,645	-	-
Federal Transit - Metropolitan Planning		Section 5303/36230.5.19.6	-	52,456	-
Total Pass-Through N.C. Department of Transportation			419,645	52,456	-
Total Federal Transit Administration			89,814,461	17,083,452	123,660
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Pass-Through Programs:					
Pass-Through N.C. Department of Transportation:					
Highway Planning and Construction	20.205	CMS-1003(132) / 51011.3.1/C-5541	493,673	-	-
Highway Planning and Construction	20.205	CMS-1003(144)	114,398	-	-
Highway Planning and Construction	20.205	NHPBA-0771(230)/I-5405C/45454.1.9,45454.3.10	82,085	-	-
Highway Planning and Construction	20.205	BRZ-NBIS (20)	104,725	-	-
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	105,750	-	-
Highway Planning and Construction	20.205	M-0528BN / 48232.2.14 / SPR-OSPR (202)	18,475	-	-
Highway Planning and Construction	20.205	47616.1.2 / STBG-DA	7,680	-	-
Highway Planning and Construction	20.205	C-5534 / CMS-1003(134)	289,380	-	-
Highway Planning and Construction	20.205	34749.3.GV4 / U-0209B / NHFSTP-0074(137)	89,035	-	-
Highway Planning and Construction	20.205	C-56131 / CMAQ-0051(034)	49,785	-	-
Highway Planning and Construction	20.205	U-5874 / 46437.2.1 / STBGDA-0085(036)	502,241	-	-
Highway Planning and Construction	20.205	C-5601EB CMAQ-00SS(020)	110,200	-	-
Highway Planning and Construction	20.205	Section 104(f) PL/STP-DA	1,789,004	-	41,640
Highway Planning and Construction	20.205	M-0528CB / 48232.3.2	499,154	-	-
Highway Planning and Construction	20.205	EB-5832 / 47248.2.1 / TAP-2833(004)	199,720	-	-
Highway Planning and Construction	20.205	C-5601EB CMAQ-00SS(020)	245,147	-	-
Highway Planning and Construction	20.205	EB-5929 / 47694.1.1 / STBGDA-1003(161)	199,796	-	-
Total Pass-Through N.C. Department of Transportation			4,900,248	-	41,640

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
Other Pass-Through Programs:					
Pass-Through S.C. Department of Transportation:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	11,750	-	-
Pass-Through Rock Hill:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	10,890	-	-
Pass-Through Gastonia:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	20,781	-	-
Pass-Through Concord:					
Highway Planning and Construction	20.205	M-0512 / 44843.10.1 / SPR-OSPR(102)	17,195	-	-
Total Other Pass-Through Programs			60,616	-	-
Total Highway Planning and Construction Cluster			4,960,864	-	41,640
Total Federal Highway Administration			4,960,864	-	41,640
National Highway Traffic Safety Administration:					
Pass-Through N.C. Department of Transportation:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	AL-19-02-03	32,531	-	-
State and Community Highway Safety	20.600	PT-19-06-18	14,066	-	-
State and Community Highway Safety	20.600	AL-20-02-02	57,475	-	-
State and Community Highway Safety	20.600	PT-20-06-08	15,318	-	-
Total Highway Safety Cluster			119,390	-	-
Total U.S. Department of Transportation			\$ 120,380,549	\$ 17,083,452	\$ 165,300
U.S. Department of Treasury					
Coronavirus Relief Fund Program	21.019	Coronavirus Relief Fund	\$ 18,315,222	\$ -	\$ -
Total U.S. Department of Treasury			\$ 18,315,222	\$ -	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>N.C. Department of Public Safety</u>					
Direct Programs:					
Regional Response Team		RRT 7 2018	\$ -	\$ 45,668	\$ -
Total Direct Programs			-	45,668	-
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		23955 (JCPC)	-	131,927	-
Total Pass-Through Mecklenburg County			-	131,927	-
Total N.C. Department of Public Safety			\$ -	\$ 177,595	\$ -
<u>N.C. Department of Transportation</u>					
State Maintenance Assistance FY2020		FY2020 SMAP Letter	-	9,590,670	-
State Street Aid-Powell Bill		32570	-	20,519,618	-
Traffic - Construction by Others Agreement		46450.1.1, 46450.2.1, 46450.3.1 / U-5905	-	822,152	-
Traffic - Construction by Others Agreement		SS-41910CO / 44961.3.1	-	1,500	-
Traffic - Construction by Others Agreement		44959.1.1 / SS-4910CM	-	70,222	-
Traffic - Construction by Others Agreement		34749.1.1/34749.3.GV3/U-0209B	-	415,249	-
Locally Administered Project - Federal		M-0528CB / 48232.3.2	-	328,689	-
Locally Administered Project - Federal		M-0528BN / 48232.2.14 / SPR-OSPR (202)	-	10,000	-
NCDOT - Capital Improvement		NC SL 2017-57 Section 34.19C	-	3,170,120	-
Apprenticeship/Intern Program		36223.5.26.1/20-DG-102A	-	20,655	-
Apprenticeship/Intern Program		36223.5.26.3/20-DG-102C	-	23,446	-
State Aid to Airports		36244.17.17.1	-	26,117,578	-
Public Transportation for Transit Demand Management		36225.1.18.1/20-RS-102	-	101,885	-
Public Transportation for Advanced Technology		36235.2.14.7/19-AT-102A	-	133,549	-
Total N.C. Department of Transportation			\$ -	\$ 61,325,333	\$ -

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Award Number	Federal (Direct & Pass-Through) Expenditures **Rounded	State Expenditures **Rounded	Pass-Through to Subrecipients **Rounded
<u>N.C. Department of Environmental Quality</u>					
Waste Reduction and Recycling Grant		Contract 7926	\$ -	\$ 4,889	\$ -
Total N.C. Department of Environmental Quality			\$ -	\$ 4,889	\$ -
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee: SMAT III		Contract 00039223 Division HP-12-2319	\$ -	\$ 3,605	\$ -
Total N.C. Office of Emergency Medical Services			\$ -	\$ 3,605	\$ -
TOTAL FEDERAL AND STATE AWARDS			\$ 210,669,828	\$ 78,594,874	\$ 14,778,288

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Charlotte, North Carolina (the "City") under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



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