

**CITY OF CHARLOTTE
NORTH CAROLINA**

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE YEAR ENDED
JUNE 30, 2001

***GASB 34 PRO FORMA
STATEMENTS***

CITY OF CHARLOTTE, NORTH CAROLINA
TABLE OF CONTENTS

| | Page |
|---|------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | 1 |
| Certificate of Achievement for Excellence in Financial Reporting | 21 |
| Organizational Chart..... | 22 |
| FINANCIAL SECTION | |
| Independent Auditors' Report | 23 |
| General Purpose Financial Statements: | |
| Combined Balance Sheet-All Fund Types, Account Groups and Discretely Presented Component Unit..... | 26 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Discretely Presented Component Unit..... | 31 |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis)- General, Special Revenue and Debt Service Funds | 32 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances-All Proprietary Fund Types and Similar Trust Fund..... | 34 |
| Combined Statement of Cash Flows-Increase (Decrease) in Cash and Cash Equivalents-All Proprietary Fund Types and Nonexpendable Trust Fund..... | 35 |
| Statement of Changes in Plan Net Assets-Pension Trust Fund | 37 |
| Index to the Notes to the Financial Statements | 38 |
| Notes to the Financial Statements..... | 40 |

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

| FINANCIAL SECTION (continued) | Page |
|---|------|
| Combining, Individual Fund and Account Group Statements and Schedules: | |
| General Fund- | |
| Comparative Balance Sheets | 81 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis)..... | 82 |
| Special Revenue Funds- | |
| Description of Special Revenue Funds | 87 |
| Combining Balance Sheet | 88 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | 89 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis)..... | 90 |
| Schedule of Expenditures Compared with Authorizations- | |
| Police Grants Fund | 92 |
| Neighborhood Development Fund | 93 |
| Employment and Training Fund | 94 |
| Debt Service Fund- | |
| Comparative Balance Sheets | 95 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis)..... | 96 |
| Capital Projects Fund- | |
| Comparative Balance Sheets | 99 |
| Comparative Statements of Revenues, Expenditures and Changes in Fund Balances | 100 |
| Schedule of Expenditures and Encumbrances Compared with Authorizations | 101 |

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

| FINANCIAL SECTION (continued) | Page |
|---|------|
| Combining, Individual Fund and Account Group Statements and Schedules (continued): | |
| Enterprise Funds- | |
| Combining Balance Sheet | 104 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings | 106 |
| Combining Statement of Cash Flows-Increase (Decrease) in Cash and Cash Equivalents | 108 |
| Schedule of Changes in Long-Term Debt | 110 |
| Water and Sewer- | |
| Schedules of Revenues, Expenditures and Transfers- Budget and Actual (Non-GAAP) Basis- | |
| Operating Fund..... | 111 |
| Debt Service Fund | 112 |
| Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis | 113 |
| Schedule of Expenditures and Encumbrances Compared with Authorizations-Capital Projects Fund..... | 114 |
| Storm Water- | |
| Schedules of Revenues, Expenditures and Transfers- Budget and Actual (Non-GAAP) Basis- | |
| Operating Fund..... | 115 |
| Debt Service Fund | 116 |
| Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis | 117 |
| Schedule of Expenditures and Encumbrances Compared with Authorizations-Capital Projects Fund..... | 118 |

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

| FINANCIAL SECTION (continued) | Page |
|--|------|
| Combining, Individual Fund and Account Group Statements and Schedules (continued): | |
| Enterprise Funds (continued)- | |
| Airport- | |
| Schedules of Revenues, Expenditures and Transfers- Budget and Actual (Non-GAAP) Basis- | |
| Operating Fund..... | 119 |
| Debt Service Fund | 120 |
| Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis | 121 |
| Schedule of Expenditures and Encumbrances Compared with Authorizations-Capital Projects Fund..... | 122 |
| Public Transit- | |
| Schedules of Revenues, Expenditures and Transfers- Budget and Actual (Non-GAAP) Basis- | |
| Operating Fund..... | 123 |
| Debt Service Fund | 124 |
| Schedule of Reconciliation of Budgetary (Non-GAAP Basis) to Full Accrual Basis | 125 |
| Schedule of Expenditures and Encumbrances Compared with Authorizations-Capital Projects Fund..... | 126 |
| Internal Service Funds- | |
| Combining Balance Sheet | 127 |
| Combining Statement of Revenues, Expenses and Changes in Retained Earnings | 128 |
| Combining Statement of Cash Flows-Increase (Decrease) in Cash and Cash Equivalents | 129 |

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

| FINANCIAL SECTION (continued) | Page |
|--|------|
| Combining, Individual Fund and Account Group Statements and Schedules (continued): | |
| Fiduciary Funds- | |
| Description of Fiduciary Funds | 131 |
| Combining Balance Sheet | 132 |
| Pension Trust Fund-Firefighters' Retirement- | |
| Comparative Statements of Plan Net Assets..... | 133 |
| Comparative Statements of Changes in Plan Net Assets..... | 134 |
| Nonexpendable Trust Fund-Cemetery Trust- | |
| Comparative Statements of Revenues, Transfers and Changes in Fund Balances..... | 135 |
| Comparative Statements of Cash Flows-Increase (Decrease) in Cash and Cash Equivalents | 136 |
| Account Groups- | |
| Comparative Schedule of General Fixed Assets-By Fund..... | 137 |
| Schedule of General Fixed Assets-By Function and Activity | 138 |
| Schedule of Changes in General Fixed Assets- By Function and Activity | 139 |
| Schedule of Changes in General Long-Term Debt | 140 |
| STATISTICAL SECTION | |
| General Governmental Expenditures by Function | 141 |
| General Governmental Revenues by Source..... | 142 |
| General Governmental Tax Revenues by Source | 143 |
| Property Tax Levies and Collections | 144 |
| Analysis of Current Tax Levy | 145 |
| Assessed Value of Property | 146 |

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

| STATISTICAL SECTION (continued) | Page |
|--|------|
| Property Tax Rates-Direct and Overlapping Governments | 147 |
| Principal Taxpayers | 148 |
| Computation of Legal Debt Margin | 149 |
| Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt per Capita..... | 150 |
| Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures | 151 |
| Computation of Direct and Overlapping Bonded Debt | 152 |
| Airport Revenue Bond Coverage..... | 153 |
| Water and Sewer Debt Service Coverage..... | 154 |
| Storm Water Debt Service Coverage | 155 |
| Demographic Statistics | 156 |
| Property Value, Construction and Bank Deposits..... | 157 |
| Miscellaneous Statistics..... | 158 |

SINGLE AUDIT SECTION

| | |
|---|-----|
| Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 159 |
| Independent Auditors' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act | 161 |
| Independent Auditors' Report on Compliance With Requirements Applicable to Each Major State Program and on Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act | 163 |
| Schedule of Findings and Questioned Costs | 165 |
| Summary of Prior Year Findings | 167 |
| Schedule of Expenditures of Federal and State Awards | 169 |

INTRODUCTORY SECTION

The Introductory Section includes
a letter of transmittal, an organizational chart and
the Certificate of Achievement for Excellence in Financial Reporting.



November 8, 2001

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

Maintaining the growth and vitality of the community is one of the primary purposes of city government. This purpose is achieved through responsible fiscal management that assures a high level of public services at a reasonable tax rate. The Comprehensive Annual Financial Report (CAFR) of the City of Charlotte (City) for the fiscal year ended June 30, 2001 reflects the achievement of this goal. Each year a CAFR is prepared to show how the City receives, spends and accounts for its resources and to provide other key indicators of financial strength. As required by North Carolina General Statutes (General Statutes), the CAFR includes financial statements which have been audited by an independent certified public accounting firm. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data and presentation fairly represent the financial position and results of operations of the City and its component units and provide all the information necessary to enable the reader to understand the activities during the last fiscal year.

The CAFR is presented in four sections:

- **Introductory** – includes this letter of transmittal, a copy of the Certificate of Achievement for Excellence in Financial Reporting, and the City's organizational chart.
- **Financial** – includes the independent auditors' report, the general purpose financial statements, the combining, individual fund and account group financial statements and schedules, and detailed budgetary information required by the General Statutes.
- **Statistical** – includes selected financial information and economic and demographic data.
- **Single Audit** – includes the independent auditors' reports on internal controls and compliance and a Schedule of Expenditures of Federal and State Awards which has been prepared in conformance with the provisions of the Single Audit Act, the U.S. Office of Management and Budget Circular A-133 and General Statute 159-34.



Reporting Entity

The CAFR contains all funds and account groups of the City, as well as component units controlled by or dependent on the City. Control or dependence is determined in accordance with criteria established by the Governmental Accounting Standards Board (GASB).

Component units are legally separate entities for which the City is financially accountable. Blended component units are in essence part of the City's operations and are included in this CAFR. The Charlotte Firefighters' Retirement System, a blended component unit, is presented as a Pension Trust Fund. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate and to differentiate their financial position and results of operations from those of the City. The Auditorium-Coliseum-Convention Center Authority is reported as a discretely presented component unit. The Charlotte Transit Center (Center) is a joint venture. The City has ongoing financial responsibility but no equity interest in the Center. City expenditures for this entity are included as part of the Public Transit Enterprise Fund. The Charlotte Housing Authority is a related organization, and is excluded from the City's financial statements.



The City

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

The City was incorporated in 1768, became the county seat in 1774, and has grown from an initial 360 acres to a present area covering 257 square miles of the 527 square miles in Mecklenburg County. The City owes its name to German born Queen Charlotte, wife of England's King George III, and the County to her birthplace of Mecklenburg. That is why Charlotte is referred to as the "Queen City." With a population of 551,645 Charlotte is the core of a Metropolitan Statistical Area (MSA) of approximately 1.5 million people that includes seven counties. Charlotte prides itself as a model of excellence that puts its citizens first. The mission of the City is to ensure the delivery of quality services and to promote safety, health and quality of life for citizens.

Charlotte is a great place to work, live and raise a family.



Government Structure

The City is governed by a mayor and an eleven-member Council elected biennially on a partisan basis. The Council consists of four at-large members and seven members representing districts. The Council employs a City Manager who directs the daily operations of the City through key business executives (department heads) appointed by the City Manager.

Economic Condition and Outlook

Charlotte serves as the financial, transportation, distribution, communications, and manufacturing center of the MSA. There are 6.4 million people living within a 100 mile radius, and recent studies confirm the on-going national trend of population movement to the Sunbelt.



Financial Services Center

One of Charlotte's many strengths as a leading business center is the concentration of financial institutions and

resources. The City ranks as the nation's second largest financial center in headquartered banking assets (\$896 billion), and is the home of Bank of America Corporation and Wachovia Corporation, two of the nation's five largest bank holding companies. Twenty banks, with over 220 offices, and a branch of the Federal Reserve Bank operate in the City and County. Other financial services including insurance, real estate and investment industries are well represented in Charlotte. The City is home to U.S. headquarters for Royal and Sun Alliance as well as Equitable's national operations center. In recent years, the City has expanded its move into the investment industry, attracting national customer service and operations centers for Vanguard Group and TIAA-CREF (Teachers Insurance and Annuity Association College Retirement Equities Fund).



Transportation and Distribution Hub

Charlotte's well-known pro-business environment is evident in its ability to move people and products efficiently and conveniently throughout the world. The City's balanced transportation and distribution systems contribute to its role as a regional center. The Charlotte/Douglas International Airport

ranks as the nation's 17th busiest airport in operations, 21st in passengers, and 30th in cargo. Nine major airlines offer direct or non-stop service to over 160 destinations, including seventeen international destinations. There are four commuter airlines and twenty cargo carriers serving the area. With customs services available at the Airport and a foreign trade zone designation, the City is a port of entry and export. There are two interstate highways which pass through the City limits, Interstate Highways 77 and 85, running north-south and northeast-southwest, respectively, making Charlotte a major trucking hub. Charlotte is also the center of the country's largest consolidated rail system.



Communications Center

A concentration of communications-related firms in the City has made it a center for communications activity. Located in Charlotte are the Western Electric Corporation distribution and repair center for the Carolinas, the state headquarters of BellSouth Telecommunications, six commercial television stations and three public television stations, twenty-six radio stations, one daily newspaper with an average daily circulation of over 245,000, and eight weekly newspapers.



Manufacturing Focus

Although finance and distribution remain the primary areas of activity and growth, Charlotte is a major manufacturing force. There are over 1,200 local and 4,700 regional manufacturing firms located here. The top five industries represented are textiles, food products, printing and publishing, machinery, and chemicals. A number of national and international companies, including approximately 305 of the Fortune 500 companies have facilities here. Nucor, Goodrich, and National Gypsum are headquartered in Charlotte. Lance, Inc., Continental General Tire and Solectron are large area manufacturers. Approximately 400 foreign firms representing 40 countries are located in Mecklenburg County.



Information Technology

In addition to its success in banking, finance, insurance, manufacturing and other sectors, Charlotte is experiencing growth in the information technology sector. The northeast quadrant of the City includes University Research Park, a business park, anchored by the University of North Carolina (UNC) at Charlotte, for expanding firms engaged in product

research, technology research, light assembly and information processing. This park is one of two leading research and technology oriented areas in the state. In November 2000, the state approved a seven-building bond-funded expansion to UNC Charlotte for a School of Information Technology and the Charlotte Institute for Technology Innovation to enhance technology research and development.



Construction Outlook

Significant commercial growth has occurred and is expected to continue throughout the City. Four new hotels opened in the uptown area in 2001 – a 181 room Hilton Garden Inn, a 150 room Residence Inn, a 181 room Courtyard by Marriott and a 149 room Hampton Inn. Tenants recently occupied the renovated 14-story Barclays building and the 17-story 200 South Tryon building.

Bank of America Corporation has recently completed construction of Gateway Village, a corporate campus located in the Third Ward of uptown. The complex includes one million square feet of office space, 250 apartments and condominiums, retail space and a parking deck.

Current uptown construction includes one additional hotel – the Charlotte Convention Center Hotel, a 700 room Westin Hotel.

Bank of America Corporation has under construction a 45-story office building (Hearst Tower) with an estimated cost of \$160 million that includes 40,000 square feet of retail space and a 1,400 space parking garage

In the southern part of the City, Toringdon, a 200-acre mixed-use development is under construction. The first of a planned nine office buildings will open in November to be followed by 980 multifamily units, retail shops and a hotel. Also under construction is Ballantyne, a 2000-acre residential, commercial and recreational development. When completed, this complex will include 4500 homes, hotels, a business park and retail space.



Key Economic Indicators

The following key economic indicators reflect the growth and prosperity of the City.

- During 2000, 1,126 new or expanding businesses created 17,571 new jobs, occupied 16.8 million square feet of commercial space and invested over \$1.8 billion.
- During 2000, 18,937 building permits were issued with a value of \$3.3 billion.

- ❑ Retail sales during 2000 were \$16.8 billion.
- ❑ The June 2001 unemployment rate was 3.8 percent compared to 5.1 percent for the state and 4.5 percent for the nation.



Recreational, Visitor and Cultural Events

The City's 6 percent hotel/motel and 1 percent prepared food and beverage taxes have provided a dedicated resource for marketing the City as a destination for convention, business and leisure travel. The City has approximately 19,300 hotel and motel rooms. Employment within the travel and tourism industry exceeds 46,000.

The City is home to three major-league sports franchises. Basketball fans have the Charlotte Hornets of the National Basketball Association (NBA) and the Charlotte Sting of the Women's NBA. Both of these teams play in the 24,042-seat Charlotte Coliseum. Home for the Carolina Panthers of the National Football League (NFL) is Ericsson Stadium, a \$187 million privately owned, 72,300-seat stadium in uptown Charlotte. Annually, the City hosts the fourth largest attended sporting event in the nation, NASCAR's Coca-Cola 600. Golf lovers can attend a Senior PGA event held each year.

Through the Auditorium-Coliseum-Convention Center Authority, the City provides entertainment and exhibition facilities consisting of an auditorium, two enclosed sports arenas and a convention center. Charlotte also offers a diversity of facilities for culture, the arts, nature and science. The oldest institution, the Mint Museum of Art founded in 1933, houses over 20,000 items including painting, sculpture and decorative arts. The North Carolina Biumental Center for the Performing Arts which contains a 2,100-seat performance hall and a 440-seat theater, showcases the best in opera, symphony, chorus, dance and theatre. The Charlotte Nature Museum provides science-based programs and exhibits centered around a science theme of "Nature and Man." The "hands-on" science and technology museum, Discovery Place, features a 300-seat Omnimax theatre and the largest planetarium dome in the United States.



Other Services

The County operates a consolidated City-County public school system, the 23rd largest school system nationwide. The City has no direct financial responsibility for any part of the school system operations or capital outlay. Institutions of higher

learning in the MSA include six universities, eight four-year colleges, three community colleges, and seven vocational/technical schools. National surveys consistently rank Davidson College among the best liberal arts colleges in the country and both Queens College and the University of North Carolina at Charlotte are recognized among the top regional universities in the South.

The City and County are served by a number of health care providers. There are six hospitals located in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Presbyterian HealthCare. Charlotte's largest hospital, Carolinas Medical Center, is a state-designated Academic Medical Center Teaching Hospital and a Level 1 Trauma Center. Charlotte's quality health care facilities serve more than one million patients a year.

Major Initiatives

For the Year. In 2001 City Council reaffirmed the City's five FOCUS areas: restructuring government, community safety, economic development, transportation and City Within a City (comprehensive development and quality of life issues for older

urban neighborhoods and business areas). Within these FOCUS areas, main priority issues for the year included: Smart Growth, Economic Development and Affordable Housing. Smart Growth means that the City will invest time and resources in planning, strengthening community vitality, designing for livability, safeguarding the environment, developing a balanced transportation system, and using public investment as a catalyst for desired outcomes.

To give key business units and employees direction in carrying out actions that support the Council's FOCUS areas, the City uses the Corporate Balanced Scorecard (Scorecard) performance measurement system to translate mission and strategy into tangible corporate objectives and measures. The Scorecard provides a means by which the City organization can monitor progress towards customer service and financial objectives while evaluating achievements in building organizational capacity for future improvements in internal processes and learning and growth.



Housing

Through the efforts of the City and its financial partners, the supply of low and moderate income housing was increased by 257 units in 2001. During the year, 1,800 homes were brought

into code compliance in an effort to preserve the existing housing stock. Increasing home ownership is another objective under the main priority issue of housing. During 2001, 376 families or individuals received assistance from the City or one of its non-profit partners with purchasing a home. This was an increase of 27 percent over 2000.



Safe Urban Community

As a result of growth and increase in population, the Charlotte-Mecklenburg Police Department (CMPD) made changes to its district and organization structure. An International Relations Unit was established to deal with investigations and crimes committed against internationals and serve as a public relations function for the CMPD. The City experienced a drop in total crime by 11.3 percent and 13.2 percent in violent crime. Also the CMPD was one of five finalists for the annual Herman Goldstein Award for Excellence in Problem-Oriented Policing in recognition of efforts to train the staff of the Uptown Men's Homeless Shelter on crime reduction.

During 2001, three new fire stations were opened to service newly annexed areas. In August 2000, the Charlotte Fire Department (CFD) was awarded an accreditation from the International Association of Fire Chiefs for implementation of

the "Best Practices Model". The CFD is the third city with a population of more than 250,000 to receive the award.

An expansion of McAlpine Creek Wastewater Treatment Plant from 48 million gallons per day (mgd) to 64 mgd was completed at an approximate cost of \$50 million.



Planning Roads/Transportation

City staff continues work on developing the Multi-Modal Land Use and Transportation Plan for the five rapid transit corridors and the "wedge" areas between each corridor. The Metropolitan Transit Commission, a sixteen-member body including representatives from the City, Mecklenburg County and other participating jurisdictions, oversees future transit services and makes recommendations to elected bodies. The Commission plans to build a system of busways and passenger rail over the next two decades.



Revitalizing Corridors/Targeted Areas

The Eastside Strategy Plan and West Morehead Area Plan have been completed and are in the adoption process. Plans are nearly complete for four additional areas. A total of 55 new businesses have opened along targeted business corridors since 1999. The vintage trolley project from South End to Center City is currently under construction with completion scheduled for the middle of 2002.



Sound and Stable Government

The City's restructuring efforts have focused on competition, privatization and benchmarking as key elements to providing quality services at the lowest cost. Since the program began in 1995, fifty-six services, with a value of \$41 million, have faced competition with the private sector. Currently, forty-seven services are being performed by the City and nine are being performed by the private sector. These competitive efforts created an annual recurring savings of \$5.5 million. In addition, fifty-nine services, with a value of \$23.5 million have been outsourced to private businesses for an annual savings of \$3.4

million. The knowledge acquired during the competition efforts was applied to other services for an additional \$4.6 million in annual savings through reengineering and optimization.

In addition to the competition/privatization of services, the City has an asset management program for identification of City owned surplus properties. During the last six years, 204 parcels of surplus property have been sold for \$25.5 million.

A new water rate structure was implemented that encourages conservation by charging higher water rates for higher water usage. Water and sewer rates are among the lowest 20 percent of the 20 largest cities nationwide.

In November 2000, a new PeopleSoft human resource system was implemented. This system replaces numerous separate systems and provides enhanced management of personnel information.

The dedication of property tax revenues to the Storm Water Program was phased out in 2001. The dedicated property tax has been replaced by increases in the storm water user fees. The Storm Water Program is now a self-supporting enterprise operation.

In June 2001, the City annexed approximately 22,000 residents and seventeen square miles with an assessed property value of \$1.8 billion.

The City's property tax rate remained the same with the adoption of the fiscal year 2001-2002 budget. This is the fifteenth consecutive year that the City has either decreased or kept the property tax rate stable.



Smart Growth

The Charlotte City Council chose "Smart Growth" as an overarching theme in early 2000. The mission of this initiative is to ensure that the City addresses long-term impacts of growth on our economy, environment and quality of life. In support of this effort, a Geographic Information System is being developed as a tool to enhance service delivery.

For the Future



Capital Plans

The City's capital policy and future capital plans are established in a five-year capital investment plan which

provides a framework to ensure that the existing infrastructure will be maintained and replaced as needed. The 2002-2006 Capital Investment Plan totals \$2.7 billion and includes priority projects for:

- Road widening and extensions,
- Neighborhood improvements,
- Storm drainage system improvements,
- Public transit,
- Water and sewer plant and line rehabilitation and expansions,
- Airport expansion and improvements, and
- Government facilities.



Transportation

The Public Transit Program provides for replacement and expansion of the existing bus system and development of regional transportation systems. The Program also includes planning, design and construction of rapid transit in three corridors – south, north, and a third corridor to be designated. The program is fully financed through the one-half percent sales tax for transit and federal and state capital grants.



Wastewater Treatment/ Water Distribution

Charlotte-Mecklenburg Utilities has an aggressive capital investment plan that is designed to be responsive to the demands of current and future customers, environmental concerns, as well as State and Federal regulations. A \$32 million raw water pipeline that will bring adequate raw water to the treatment plant will be placed in service in late 2001. Construction on the first phase of the Irwin Creek relief sewer began in fiscal year 2000 with the second phase scheduled to begin in fiscal year 2002. This relief sewer will provide additional wastewater collection capacity. Construction of a \$40 million South Water Transmission Main began in November 2000 and is scheduled to be operational in the summer of 2002. This project is 15 miles of 36 and 48 inch pipe that will enhance the City's water distribution system. Planning and design are underway for a \$76 million phased expansion of McDowell Wastewater Treatment Plant from 6 mgd to 12 mgd.



Airport

In accordance with the Airport Master Plan, construction is underway to add thirty international and domestic gates. The Plan also includes construction of a new runway at a cost of

approximately \$78 million and additional parking facilities to cost approximately \$50 million.



Restructuring Government

Competition/privatization initiatives will continue. The Five-Year Plan (2002-2006) contains sixty-seven services representing \$93 million that will be subject to competitive bids, privatization, optimization or benchmarking.

Financial Information

The financial statements and notes included in this report present the financial position and operations of government, business-type activities and fiduciary responsibilities of the City. Information from the general purpose financial statements is summarized in this letter to provide an overview of the City's financial activities for the fiscal year ended June 30, 2001. During the year, the City continued its sound current and long-range policies for financial management.



Internal Control Structure

The City is responsible for establishing and maintaining an internal control structure designed to ensure that assets are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the City is also responsible for maintaining an adequate internal control structure to ensure and document compliance with applicable laws and regulations related to these programs. As a part of the single audit, tests were made to determine the adequacy of the control structure as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2001 disclosed no material internal control weaknesses or material violations of laws and regulations.



Budgetary Control Structure

General Statute 159-8 requires the adoption of an annual balanced budget for all funds except those for which expenditures are authorized by project ordinance, fiduciary funds and internal service funds. The annual budget is adopted at the fund level which is the legal level of budgetary control. Administrative control is maintained through the establishment of more detailed line item budgets. The legally adopted annual budgets are on the modified accrual basis except that they include encumbrances for the current year and exclude expenditures resulting from prior years' encumbrances. Any unanticipated resources or expenditures are added to the original budget by official legal amendment as provided in General Statute 159-15.

Appropriations are reduced when commitments are issued. Open encumbrances at year-end are reported as reservations of fund balance and constitute budgetary authority for future expenditures. Unencumbered appropriations lapse at June 30 for annually adopted budgets.



Independent Audit

General Statute 159-34 requires an annual audit by a certified public accountant. The independent certified public accounting firm of Deloitte & Touche LLP was selected by the City Council to provide this service. In addition to meeting statutory requirements, the audit also complies with the Single Audit Act, the U.S. Office of Management and Budget Circular A-133, and North Carolina General Statute 159-34 (Single Audit Implementation Act). The auditors' report on the general purpose financial statements and combining and individual fund and account group financial statements and schedules is included in the Financial Section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Single Audit Section.



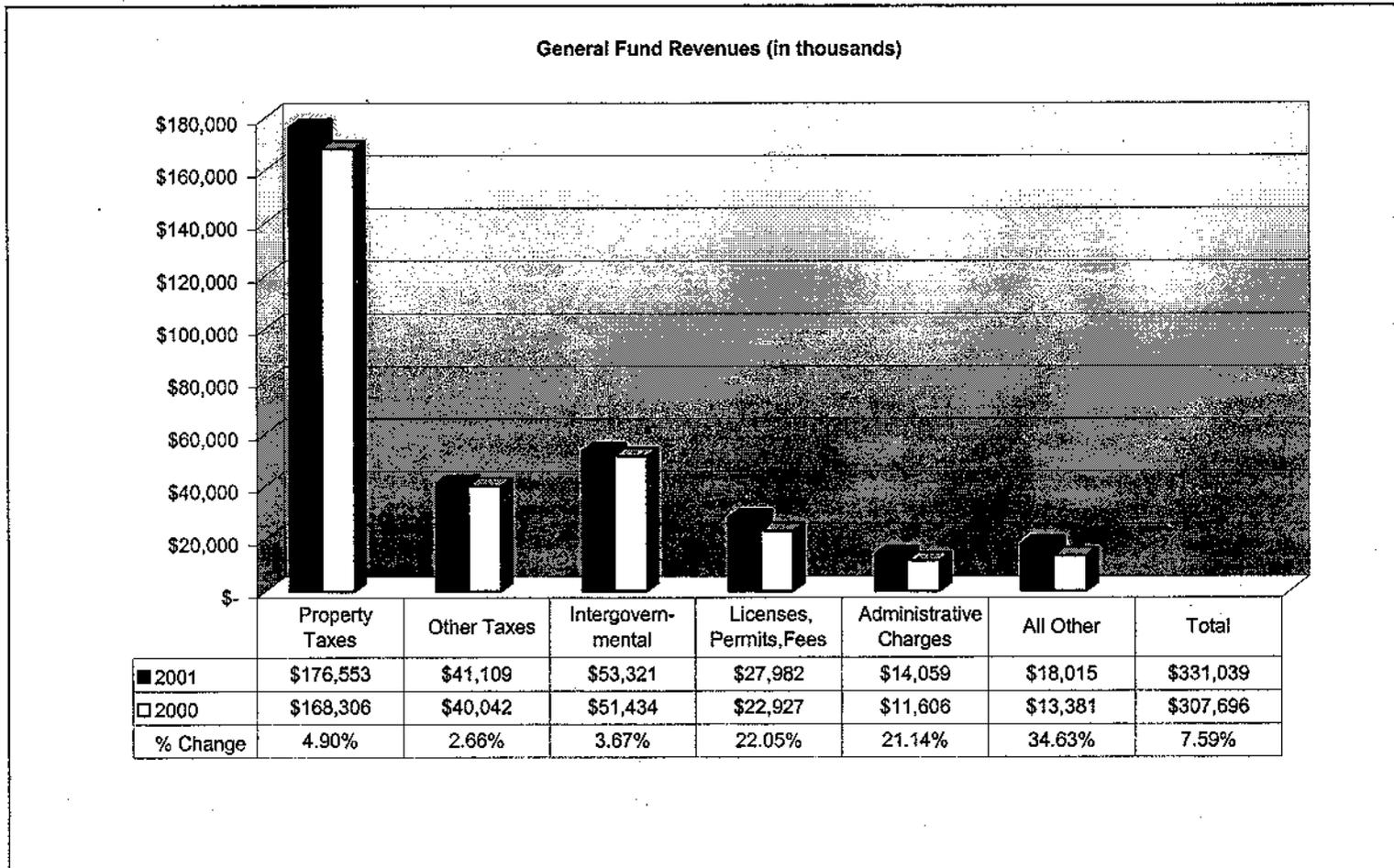
Governmental Funds

General Fund

The General Fund accounts for the major portion of the City's operations except for the proprietary and fiduciary funds.

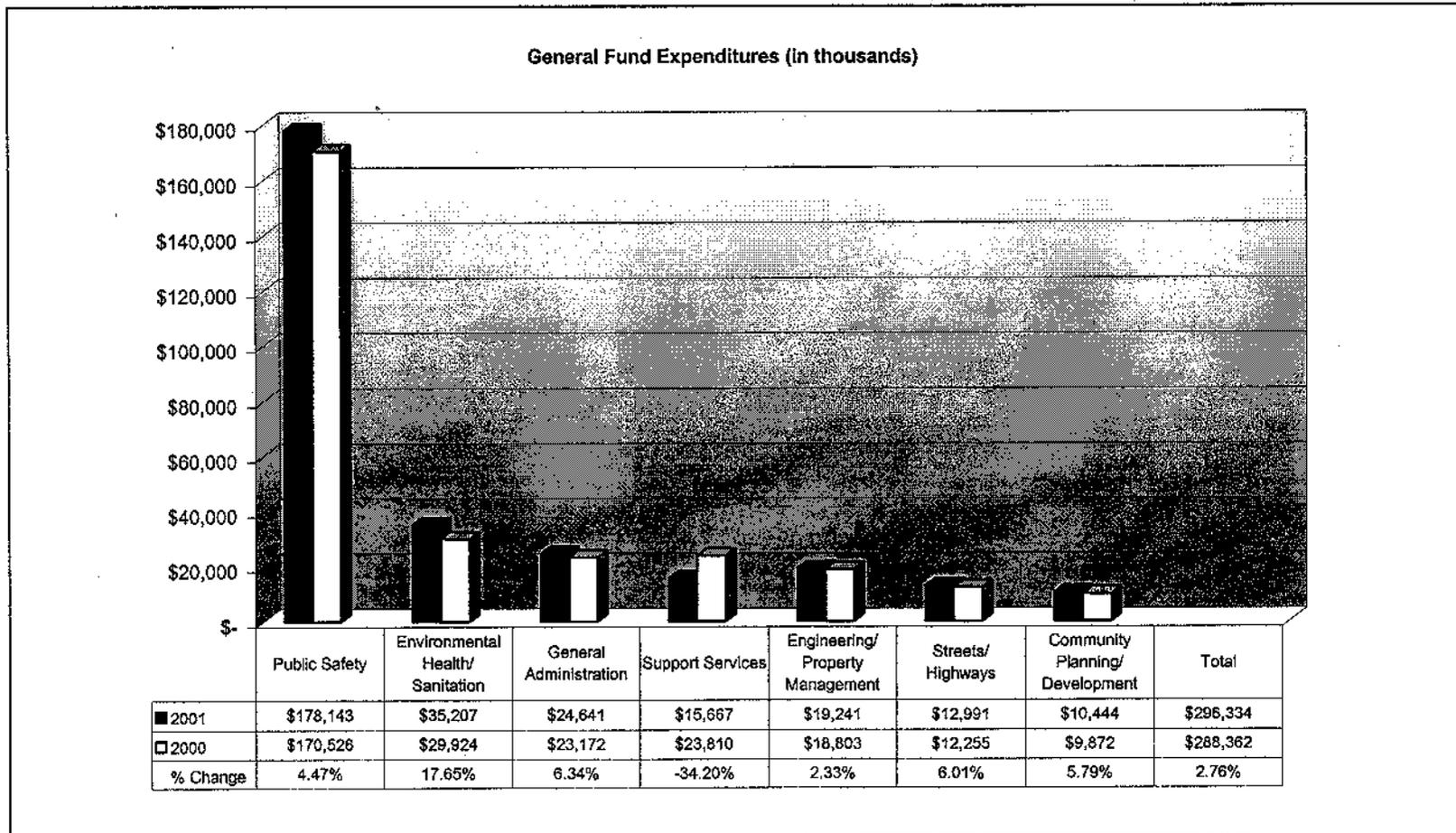
General Fund Revenues

General Fund revenues for fiscal year 2001 increased by \$23.3 million (7.59%) over 2000. The most significant increase, \$8.2 million (4.90%) in property taxes, resulted from annexation and economic growth and development. Licenses, permits and fees increased \$5.1 million (22.05%) primarily as a result of increased collections for business privilege licenses. All other increased \$4.6 million (34.63%) primarily from increases in investment income. The following schedule presents a summary of the revenue categories for the two years.



General Fund Expenditures

General Fund expenditures for fiscal year 2001 increased by \$8.0 million (2.76%) over 2000. The most significant increases, \$7.6 million (4.47%) for public safety, and \$5.3 million (17.65%) for environmental health and sanitation, resulted primarily from additional positions for policing and costs related to annexation. Support services decreased \$8.1 million (34.20%) as Year 2000 technology efforts ended. The following schedule presents a summary of the expenditure categories for the two years.



General Fund Undesignated Fund Balance

The General Fund undesignated fund balance provides both adequate working capital to meet cash flow needs and protection from contingencies and emergencies. Council recently amended its 10 percent minimum fund balance goal to a 16 percent minimum by fiscal year 2002. This will be accomplished with incremental increases of two percent per year for three years. The undesignated fund balance at fiscal year end was \$60.3 million which is approximately 17 percent of the year 2002 operating budget, exceeding the current year objective of 14 percent.

Special Revenue Funds

The City has eight special revenue funds used to account for revenue sources for which spending is restricted to specific purposes. The Convention Center Tax Fund and Municipal Services District Fund include special tax revenues used for convention and tourism purposes and downtown tax district improvements, respectively. Police Grants, Neighborhood Development, Employment and Training, and State Street Aid are funded primarily with federal and state monies and grants restricted to law enforcement activities, housing and economic development programs, job training programs, and maintenance of streets, respectively. The Stadium Parking Deck Fund and SafeLight Fund revenues are generated from fees and fines that

are used to support parking deck operations, administration of the SafeLight Program and school related traffic safety projects.

Capital Projects Funds

The Capital Projects Fund includes all major capital improvement projects except for those accounted for in the Enterprise Funds. The primary source for financing the City's capital improvement programs is general obligation bonds and certificates of participation. Expenditures for 2001 of \$93.9 million were primarily for economic development, street and highway improvements and public facilities.



Proprietary Funds

Enterprise Funds

The City has four enterprise funds that account for business-type activities.

The Water and Sewer Fund accounts for services supplied by Charlotte-Mecklenburg Utilities. The system uses a rate structure designed to produce revenues sufficient to provide for operating

expenses, debt service costs and adequate working capital. There is an annual review of rates and charges with adjustment, as necessary, to reflect actual costs. The strong commercial, industrial and residential growth in the City and its metropolitan area requires an aggressive ongoing expansion of the system.

The Storm Water Fund accounts for services supplied by Charlotte Storm Water Services. The rate structure is established to produce revenues sufficient to cover operating, debt service and working capital needs. The user fees and charges, associated with the amount of impervious area on parcels of property, are used to provide storm water control including maintenance and improvements to the City's storm drainage system.

The Airport Fund accounts for the Charlotte/Douglas International Airport services that are costed by activity, thereby providing rate and fee structures that are equitably apportioned to the various users of Airport services. The fees are established to recover operating and debt service costs, to sustain adequate levels of working capital and to provide a fair return on investment. Expanded Airport services have enhanced the long-term prospects for growth in the City's underlying tax base. These improvements have been made while maintaining fee structures that are among the most competitive of the major airports in the nation.

The Public Transit Fund accounts for the City's public transit operations. The City contracts for operation of the system with a privately owned transit management company. Drivers and

mechanics are employees of the management company. Passenger fares provide reasonably priced public mass transit and therefore do not cover all operating costs. The fare revenue shortfall is offset by federal and state operating assistance grants, a one-half percent sales tax and contributions from other local governments.

Internal Service Funds

The City has two internal service funds to account for services provided to the City's other key business units and programs.

The Risk Management Fund administers the self-funded and conventionally insured programs for the City of Charlotte, Mecklenburg County and the Charlotte Mecklenburg Board of Education. In addition, the program provides insurance related services to eleven other governmental boards, commissions or agencies. Services are provided on a cost reimbursement basis.

The Employee Health and Life Fund provides health and life insurance benefits to employees and retirees on a cost-sharing basis. These benefits are administered by private companies.



Fiduciary Operations

The City's primary fiduciary operation is a Pension Trust Fund for the Firefighters' Retirement System. Contributions are made by active members and the City to provide retirement, disability and death benefits to eligible employees of the Charlotte Fire Department.



Debt Administration

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 Corporation. Charlotte is one of the few cities in the nation which enjoys the highest financial category rating from both major rating agencies. These ratings save the City a significant amount by allowing long-term financing to be done at the lowest interest rates available in the market.

Outstanding long-term liabilities at June 30, 2001 totaled \$2.0 billion which included \$862.4 million in general obligation bonds, \$851.6 million in revenue bonds primarily for expansion and improvements at the Charlotte/Douglas International Airport and the water and sewer capital program, and \$310.7 million in certificates of participation and other financing agreements

primarily for the Convention Center. Subsequent to June 30, 2001 the City issued \$69.5 million in certificates of participation to purchase land and equipment and refund previously issued certificates of participation.

Bonds authorized but unissued at June 30, 2001 were \$195.8 million consisting of \$155.8 million for street improvements and \$40.0 million for neighborhood improvements. The City plans to issue these general obligation bonds over a five-year period to fund the 2002-2006 Capital Improvement Program.

General Statute 159-55 provides that general obligation debt may not exceed eight percent of the total assessed value of taxable property. At June 30, 2001 the City's rate is 2.45 percent. This provides a legal debt margin for the City at June 30, 2001 of \$2.6 billion.



Investment Management

Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. For the year ended June 30, 2001 the City realized investment earnings (excluding Fiduciary Funds) of \$75.9 million, for an average yield of 5.94 percent. This compares to 2000 earnings of \$49.3 million and a yield of 5.74 percent.

The City's investment policy, guided by General Statute 159-30, minimizes credit and market risks while maintaining a competitive yield on its portfolio. All of the City's investments at June 30, 2001 are classified in the category of lowest credit risk as defined by GASB, held by third parties in the City's name or exempt from risk categorization.



Risk Management

The primary objectives of the Risk Management Program are to:

- Identify potential exposures to loss,
- Evaluate the frequency and severity of losses,
- Reduce or eliminate risks or losses through established procedures and practices, and
- Determine the most efficient use of financial resources to satisfy losses.

Insurance coverage is purchased for property damage for building and contents, police professional liability, excess workers' compensation, airport liability and City bus physical damage and liability. Risk retention losses are funded on an actuarially determined basis.

Other Information



Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. This was the sixteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate, the City must publish an easily readable and efficiently organized CAFR. The Report also must satisfy both generally accepted accounting principles and applicable legal requirements. The GFOA award is valid for a period of one year. We believe that our current CAFR continues to meet the Certificate requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.



Acknowledgements

The cooperation of each City key business unit is appreciated as we continue to provide responsible fiscal management that assures a high level of public services at a reasonable tax rate. We appreciate the assistance and dedication of the Finance key business staff throughout the year, especially during the preparation of this CAFR. Their professional competency and dedicated services have made the timely preparation of this Report possible.

Respectfully submitted,

Pamela A. Syfert
City Manager

Greg C. Gaskins
Interim Director of Finance

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, 2000

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



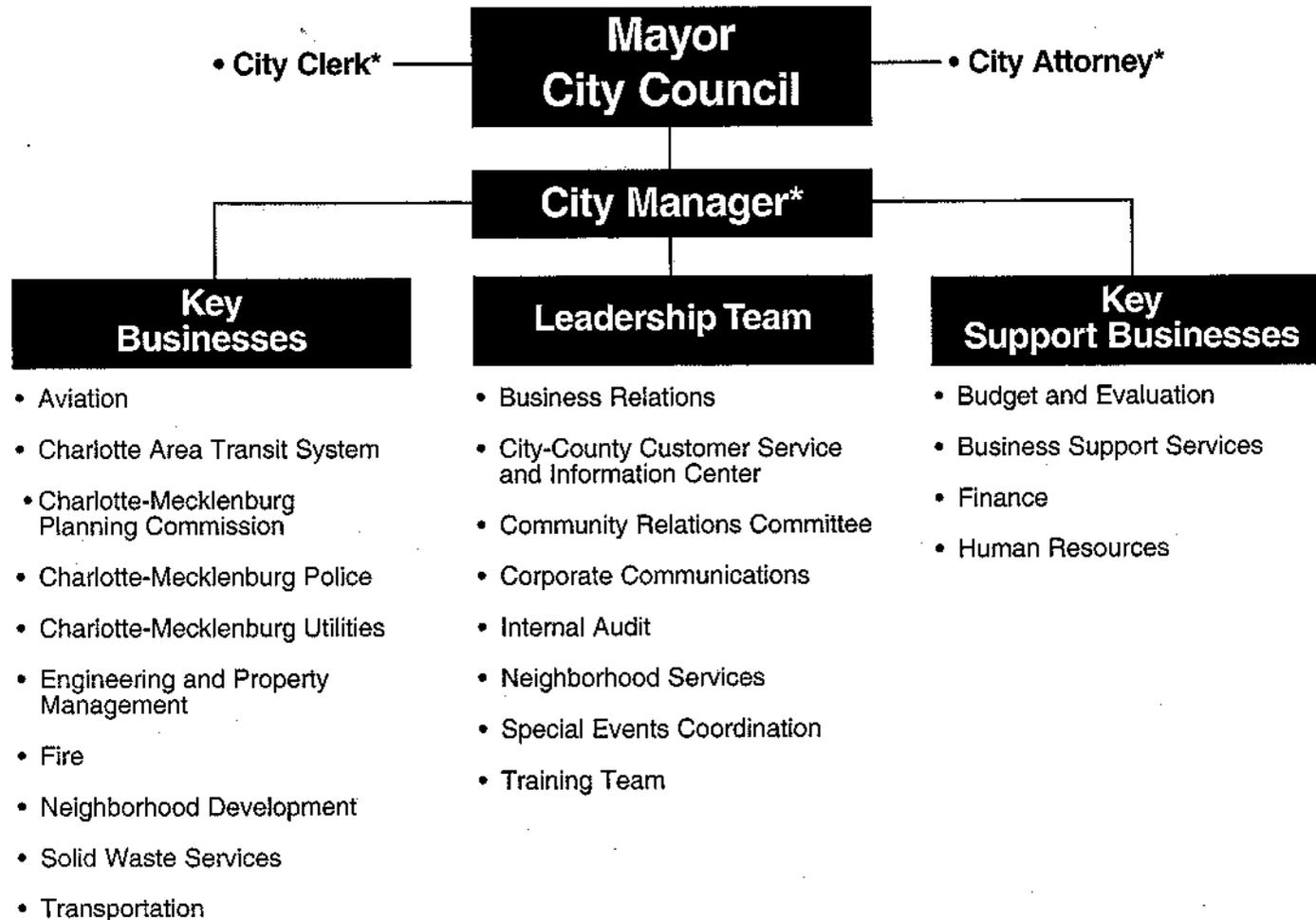
Anne Spray Kinsey
President

Jeffrey L. Esler
Executive Director



CHARLOTTESM

Charlotte City Government



FINANCIAL SECTION

The Financial Section includes the independent auditors' report, the general purpose financial statements, notes to the financial statements and combining, individual fund and account group statements and schedules.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The combining, individual fund and account group financial statements and schedules listed in the foregoing table of contents, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. These financial statements and schedules are also the responsibility of the management of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, when considered in relation to the general purpose financial statements taken as a whole.

Deloitte + Touche LLP

September 28, 2001 (except for Note 7i, as to which the date is November 8, 2001)

CITY OF CHARLOTTE, NORTH CAROLINA

COMBINED BALANCE SHEET

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT

JUNE 30, 2001

(In Thousands)

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) | Auditorium-Coliseum-Convention Center Authority Component Unit | Totals (Memorandum Only) |
|--|-------------------------|-----------------|--------------|------------------|------------------------|------------------|----------------------|----------------------|------------------------|--------------------------|--|--------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust | General Fixed Assets | General Long-Term Debt | Primary Government | | Reporting Entity |
| | | | | | | | | | | | | |
| ASSETS AND OTHER DEBITS | | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | | |
| Cash and cash equivalents/investments | \$ 98,672 | \$ 71,104 | \$ 101,823 | \$ 116,100 | \$ 380,175 | \$ 46,264 | \$ 242,657 | \$ - | \$ - | \$ 1,056,795 | \$ 10,947 | \$ 1,067,742 |
| Receivables, net of allowance for uncollectibles- | | | | | | | | | | | | |
| Property taxes | 3,269 | 16 | 553 | 272 | - | - | - | - | - | 4,110 | - | 4,110 |
| Accounts | 3,303 | 635 | - | 5,557 | 38,008 | - | - | - | - | 47,503 | 1,968 | 49,471 |
| Other | - | 495 | 17 | - | 7,350 | 1,546 | 545 | - | - | 9,953 | - | 9,953 |
| Total receivables | 6,572 | 1,146 | 570 | 5,829 | 45,358 | 1,546 | 545 | - | - | 61,566 | 1,968 | 63,534 |
| Due from other governmental agencies | 19,214 | 5,485 | 3,116 | 5,194 | 23,452 | - | - | - | - | 56,461 | 243 | 56,704 |
| Due from other funds | - | 66 | 2,300 | - | 28 | 1 | - | - | - | 2,395 | - | 2,395 |
| Due from primary government | - | - | - | - | - | - | - | - | - | - | 2,581 | 2,581 |
| Inventories | 629 | - | - | - | 2,775 | - | - | - | - | 3,404 | 219 | 3,623 |
| Other | 109 | - | - | - | - | - | - | - | - | 109 | 32 | 141 |
| Total current assets | 125,196 | 77,801 | 107,809 | 127,123 | 451,788 | 47,811 | 243,202 | - | - | 1,180,730 | 15,990 | 1,196,720 |
| Restricted assets: | | | | | | | | | | | | |
| Cash and cash equivalents | - | - | 15,242 | 34,921 | 111,832 | - | - | - | - | 161,995 | - | 161,995 |
| Investments | - | - | - | - | 167,700 | - | - | - | - | 167,700 | - | 167,700 |
| Total restricted assets | - | - | 15,242 | 34,921 | 279,532 | - | - | - | - | 329,695 | - | 329,695 |
| Noncurrent accounts receivable | - | - | - | - | 11,012 | - | - | - | - | 11,012 | - | 11,012 |
| Deferred charges | - | - | - | - | 13,422 | - | - | - | - | 13,422 | - | 13,422 |
| Notes receivable | 118 | 35,775 | - | 16,075 | - | - | - | - | - | 51,968 | - | 51,968 |
| Fixed assets: | | | | | | | | | | | | |
| Land and easements | - | - | - | - | 158,098 | - | - | 109,021 | - | 267,119 | - | 267,119 |
| Buildings | - | - | - | - | 403,863 | - | 133 | 418,220 | - | 822,216 | - | 822,216 |
| Improvements other than buildings | - | - | - | - | 1,812,278 | - | - | 367,779 | - | 2,180,057 | - | 2,180,057 |
| Machinery and equipment | - | - | - | - | 85,148 | 228 | 6 | 104,467 | - | 189,849 | - | 189,849 |
| Construction in progress | - | - | - | - | 421,059 | - | - | 295,712 | - | 716,771 | - | 716,771 |
| Total fixed assets | - | - | - | - | 2,880,446 | 228 | 139 | 1,295,199 | - | 4,176,012 | - | 4,176,012 |
| Less accumulated depreciation | - | - | - | - | 648,850 | 91 | 56 | 279,538 | - | 928,535 | - | 928,535 |
| Total fixed assets, net | - | - | - | - | 2,231,596 | 137 | 83 | 1,015,661 | - | 3,247,477 | - | 3,247,477 |
| Other debits: | | | | | | | | | | | | |
| Amount available in Debt Service Fund | - | - | - | - | - | - | - | - | 119,508 | 119,508 | - | 119,508 |
| Amount to be provided for retirement of general long-term debt | - | - | - | - | - | - | - | - | 512,245 | 512,245 | - | 512,245 |
| Total assets and other debits | \$ 125,314 | \$ 113,576 | \$ 123,051 | \$ 178,119 | \$ 2,987,350 | \$ 47,948 | \$ 243,285 | \$ 1,015,661 | \$ 631,753 | \$ 5,466,057 | \$ 15,990 | \$ 5,482,047 |

continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA

COMBINED BALANCE SHEET

ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT-(Continued)

JUNE 30, 2001

(In Thousands)

| | Governmental Fund Types | | | | Proprietary Fund Types | | Fiduciary Fund Types | Account Groups | | Totals (Memorandum Only) | Auditorium-Coliseum-Convention Center Authority Component Unit | Totals (Memorandum Only) |
|--|-------------------------|-----------------|--------------|------------------|------------------------|------------------|----------------------|----------------------|------------------------|--------------------------|--|--------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Internal Service | Trust | General Fixed Assets | General Long-Term Debt | Primary Government | | Reporting Entity |
| | | | | | | | | | | | | |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | | |
| Accounts payable/claims payable | 16,958 | 8,106 | 495 | 13,076 | 57,875 | 23,047 | 404 | - | - | 119,961 | 3,111 | 123,072 |
| Deposits and retainage payable | 1,474 | 1,170 | - | 1,358 | 15,979 | - | - | - | - | 19,981 | 2,458 | 22,439 |
| Accrued interest payable | - | - | - | - | 24,148 | - | - | - | - | 24,148 | - | 24,148 |
| Due to other funds | 66 | 1 | 28 | 2,300 | - | - | - | - | - | 2,395 | - | 2,395 |
| Due to component unit | - | 131 | 2,450 | - | - | - | - | - | - | 2,581 | - | 2,581 |
| Current maturities of long-term debt | - | - | - | - | 43,875 | - | - | - | 41,203 | 85,078 | - | 85,078 |
| Total current liabilities | 18,498 | 9,408 | 2,973 | 16,734 | 141,877 | 23,047 | 404 | - | 41,203 | 254,144 | 5,569 | 259,713 |
| Long-term liabilities (Note 7) | - | - | - | - | 1,371,116 | 4,264 | - | - | 590,550 | 1,965,930 | - | 1,965,930 |
| Employees' deferred compensation | - | - | - | - | - | - | - | - | - | - | - | - |
| Deferred revenues | 6,203 | 31,116 | 570 | 21,904 | - | - | - | - | - | 59,793 | - | 59,793 |
| Total liabilities | 24,701 | 40,524 | 3,543 | 38,638 | 1,512,993 | 27,311 | 404 | - | 631,753 | 2,279,867 | 5,569 | 2,285,436 |
| EQUITY AND OTHER CREDITS | | | | | | | | | | | | |
| Investment in general fixed assets | - | - | - | - | - | - | - | 1,015,661 | - | 1,015,661 | - | 1,015,661 |
| Contributed capital and retained earnings, June 30, 1973 | - | - | - | - | 57,078 | - | - | - | - | 57,078 | - | 57,078 |
| Contributed capital, subsequent to June 30, 1973 | - | - | - | - | 775,975 | - | - | - | - | 775,975 | - | 775,975 |
| Retained earnings, subsequent to June 30, 1973: | | | | | | | | | | | | |
| Reserved | - | - | - | - | 62,441 | - | - | - | - | 62,441 | - | 62,441 |
| Unreserved | - | - | - | - | 578,863 | 20,637 | - | - | - | 599,500 | - | 599,500 |
| Fund balances: | | | | | | | | | | | | |
| Reserved by State statute | 15,868 | - | 4,892 | - | - | - | - | - | - | 20,760 | - | 20,760 |
| Reserved for encumbrances | 21,402 | 7,697 | - | - | - | - | - | - | - | 29,099 | - | 29,099 |
| Reserved for inventories | 629 | - | - | - | - | - | - | - | - | 629 | - | 629 |
| Reserved for firefighters' pension benefits (Note 11.b.- Schedule of Funding Progress) | - | - | - | - | - | - | 239,905 | - | - | 239,905 | - | 239,905 |
| Reserved for cemetery maintenance | - | - | - | - | - | - | 2,976 | - | - | 2,976 | - | 2,976 |
| Reserved for loans | - | 3,147 | - | - | - | - | - | - | - | 3,147 | - | 3,147 |
| Reserved for Convention Center Unreserved- | - | - | 14,194 | - | - | - | - | - | - | 14,194 | - | 14,194 |
| Designated for subsequent years' expenditures | 2,447 | 62,208 | 100,422 | 139,481 | - | - | - | - | - | 304,558 | - | 304,558 |
| Undesignated | 60,267 | - | - | - | - | - | - | - | - | 60,267 | 10,421 | 70,688 |
| Total retained earnings/fund balances | 100,613 | 73,052 | 119,508 | 139,481 | 641,304 | 20,637 | 242,881 | - | - | 1,337,476 | 10,421 | 1,347,897 |
| Total equity and other credits | \$ 100,613 | \$ 73,052 | \$ 119,508 | \$ 139,481 | \$ 1,474,357 | \$ 20,637 | \$ 242,881 | \$ 1,015,661 | \$ - | \$ 3,186,190 | \$ 10,421 | \$ 3,196,611 |
| Total liabilities, equity and other credits | \$ 125,314 | \$ 113,576 | \$ 123,051 | \$ 178,119 | \$ 2,987,350 | \$ 47,948 | \$ 243,285 | \$ 1,015,661 | \$ 631,753 | \$ 5,466,057 | \$ 15,990 | \$ 5,482,047 |

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

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | General | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) Primary Government | Auditorium-Coliseum- Convention Center Authority Component Unit | Totals (Memorandum Only) Reporting Entity |
|---|-------------------|------------------|-------------------|-------------------|---|--|--|
| REVENUES: | | | | | | | |
| Property taxes | \$ 176,553 | \$ 1,529 | \$ 29,408 | \$ 10,348 | \$ 217,838 | \$ - | \$ 217,838 |
| Other taxes | 41,109 | 21,687 | 13,416 | 9,771 | 85,983 | - | 85,983 |
| Intergovernmental | 53,321 | 35,659 | 3,794 | 1,853 | 94,627 | - | 94,627 |
| Licenses, permits and fees | 27,982 | - | 41 | 10,113 | 38,136 | - | 38,136 |
| Investment income | 8,639 | 4,467 | 8,094 | 11,452 | 32,652 | 595 | 33,247 |
| Administrative charges | 14,059 | - | - | - | 14,059 | - | 14,059 |
| Charges for current services | 3,931 | - | - | - | 3,931 | 15,552 | 19,483 |
| Fines, forfeitures and penalties | 1,747 | 2,311 | - | - | 4,058 | - | 4,058 |
| Facility fees | - | 1,498 | - | - | 1,498 | 9,058 | 10,556 |
| Other | 3,698 | 3,726 | 359 | 1,584 | 9,367 | 562 | 9,929 |
| Total revenues | <u>331,039</u> | <u>70,877</u> | <u>55,112</u> | <u>45,121</u> | <u>502,149</u> | <u>25,767</u> | <u>527,916</u> |
| EXPENDITURES: | | | | | | | |
| Current- | | | | | | | |
| Public safety | 178,143 | 10,741 | - | - | 188,884 | - | 188,884 |
| Environmental health and sanitation | 35,207 | - | - | - | 35,207 | - | 35,207 |
| General administration | 24,641 | 5,304 | - | - | 29,945 | 11,201 | 41,146 |
| Support services | 15,667 | - | - | - | 15,667 | - | 15,667 |
| Engineering and property management | 19,241 | - | - | - | 19,241 | - | 19,241 |
| Streets and highways | 12,991 | 18,896 | - | - | 31,887 | - | 31,887 |
| Culture and recreation | - | - | - | - | - | 16,718 | 16,718 |
| Community planning and development | 10,444 | 16,585 | - | - | 27,029 | - | 27,029 |
| Job development | - | 2,394 | - | - | 2,394 | - | 2,394 |
| Capital outlay | - | - | - | 93,942 | 93,942 | - | 93,942 |
| Debt service- | | | | | | | |
| Principal retirement | - | - | 60,118 | - | 60,118 | - | 60,118 |
| Interest, fees and other | - | - | 33,811 | - | 33,811 | - | 33,811 |
| Total expenditures | <u>296,334</u> | <u>53,920</u> | <u>93,929</u> | <u>93,942</u> | <u>538,125</u> | <u>27,919</u> | <u>566,044</u> |
| Revenues over (under) expenditures | <u>34,705</u> | <u>16,957</u> | <u>(38,817)</u> | <u>(48,821)</u> | <u>(35,976)</u> | <u>(2,152)</u> | <u>(38,128)</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | | |
| Sales of general fixed assets | 623 | - | - | 322 | 945 | - | 945 |
| Proceeds from certificates of participation | - | - | 756 | 47,199 | 47,955 | - | 47,955 |
| Operating transfers in | 724 | 22,947 | 41,612 | 2,564 | 67,847 | - | 67,847 |
| Operating transfers out | (23,146) | (16,980) | (294) | (46,041) | (86,461) | - | (86,461) |
| Operating transfers to component unit | - | (2,177) | (2,450) | - | (4,627) | - | (4,627) |
| Operating transfers from primary government | - | - | - | - | - | 4,627 | 4,627 |
| Total other financing sources (uses) | <u>(21,799)</u> | <u>3,790</u> | <u>39,624</u> | <u>4,044</u> | <u>25,659</u> | <u>4,627</u> | <u>30,286</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>12,906</u> | <u>20,747</u> | <u>807</u> | <u>(44,777)</u> | <u>(10,317)</u> | <u>2,475</u> | <u>(7,842)</u> |
| FUND BALANCES, beginning of year | <u>87,707</u> | <u>52,305</u> | <u>118,701</u> | <u>184,258</u> | <u>442,971</u> | <u>7,946</u> | <u>450,917</u> |
| FUND BALANCES, end of year | <u>\$ 100,613</u> | <u>\$ 73,052</u> | <u>\$ 119,508</u> | <u>\$ 139,481</u> | <u>\$ 432,654</u> | <u>\$ 10,421</u> | <u>\$ 443,075</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | General Fund | | | Annually Budgeted Special Revenue Funds | | | Debt Service Fund | | |
|-------------------------------------|----------------|----------------|---|--|---------------|---|-------------------|-----------------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| REVENUES: | | | | | | | | | |
| Property taxes | \$ 172,717 | \$ 176,553 | \$ 3,836 | \$ 1,434 | \$ 1,529 | \$ 95 | \$ 29,042 | \$ 29,408 | \$ 366 |
| Other taxes | 38,709 | 41,109 | 2,400 | 23,023 | 21,687 | (1,336) | 14,114 | 13,416 | (698) |
| Intergovernmental | 50,501 | 53,321 | 2,820 | 16,587 | 16,822 | 235 | 3,491 | 3,794 | 303 |
| Licenses, permits and fees | 27,533 | 27,982 | 449 | - | - | - | 39 | 41 | 2 |
| Investment income | 6,413 | 8,639 | 2,226 | 4,552 | 4,430 | (122) | 4,250 | 8,094 | 3,844 |
| Administrative charges | 15,516 | 14,059 | (1,457) | - | - | - | - | - | - |
| Charges for current services | 3,329 | 3,931 | 602 | - | - | - | - | - | - |
| Fines, forfeitures and penalties | 1,744 | 1,747 | 3 | 3,263 | 2,311 | (952) | - | - | - |
| Facility fees | - | - | - | 1,110 | 1,498 | 388 | - | - | - |
| Other | 2,848 | 3,698 | 850 | 21 | 87 | 66 | 380 | 359 | (21) |
| Total revenues | <u>319,310</u> | <u>331,039</u> | <u>11,729</u> | <u>49,990</u> | <u>48,364</u> | <u>(1,626)</u> | <u>51,316</u> | <u>55,112</u> | <u>3,796</u> |
| EXPENDITURES: | | | | | | | | | |
| Current- | | | | | | | | | |
| Public safety | 181,803 | 178,497 | 3,306 | 1,971 | 1,747 | 224 | - | - | - |
| Environmental health and sanitation | 33,155 | 32,651 | 504 | - | - | - | - | - | - |
| General administration | 26,220 | 25,008 | 1,212 | 3,566 | 3,358 | 208 | - | - | - |
| Support services | 15,203 | 14,598 | 605 | - | - | - | - | - | - |
| Engineering and property management | 20,382 | 19,892 | 490 | - | - | - | - | - | - |
| Streets and highways | 15,321 | 13,713 | 1,608 | 22,512 | 19,783 | 2,729 | - | - | - |
| Community planning and development | 10,766 | 10,376 | 390 | 1,694 | 1,684 | 10 | - | - | - |
| Debt service- | | | | | | | | | |
| Principal retirement | - | - | - | - | - | - | 60,214 | 60,118 | 96 |
| Interest, fees and other | - | - | - | - | - | - | 34,113 | 33,811 | 302 |
| Total expenditures | <u>302,850</u> | <u>294,735</u> | <u>8,115</u> | <u>29,743</u> | <u>26,572</u> | <u>3,171</u> | <u>94,327</u> | <u>93,929</u> | <u>398</u> |
| Revenues over (under) expenditures | <u>16,460</u> | <u>36,304</u> | <u>19,844</u> | <u>20,247</u> | <u>21,792</u> | <u>1,545</u> | <u>(43,011)</u> | <u>(38,817)</u> | <u>4,194</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | General Fund | | | Annually Budgeted Special Revenue Funds | | | Debt Service Fund | | |
|---|-------------------|-------------------|---|--|------------------|---|-------------------|-------------------|---|
| | Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) | Budget | Actual | Variance- Favorable (Unfavorable) |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | |
| Sales of general fixed assets | \$ 596 | \$ 623 | \$ 27 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Proceeds from certificates of participation | - | - | - | - | - | - | 846 | 756 | (90) |
| Operating transfers in | 819 | 724 | (95) | 16,520 | 16,520 | - | 42,846 | 41,612 | (1,234) |
| Operating transfers out | (23,146) | (23,146) | - | (20,012) | (16,980) | 3,032 | (294) | (294) | - |
| Operating transfers to component unit | - | - | - | (2,194) | (2,177) | 17 | (2,450) | (2,450) | - |
| Total other financing sources (uses) | <u>(21,731)</u> | <u>(21,799)</u> | <u>(68)</u> | <u>(5,686)</u> | <u>(2,637)</u> | <u>3,049</u> | <u>40,948</u> | <u>39,624</u> | <u>(1,324)</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>\$ (5,271)</u> | 14,505 | <u>\$ 19,776</u> | <u>\$ 14,561</u> | 19,155 | <u>\$ 4,594</u> | <u>\$ (2,063)</u> | 807 | <u>\$ 2,870</u> |
| RECONCILIATION TO GAAP BASIS: | | | | | | | | | |
| Current year encumbrances | | 9,650 | | | 5,847 | | | - | |
| Prior year encumbrances | | (11,249) | | | (4,677) | | | - | |
| Revenues and other sources over expenditures and other uses (project funds) (Note 1.d.) | | - | | | 422 | | | - | |
| FUND BALANCES, beginning of year | | <u>87,707</u> | | | <u>52,305</u> | | | <u>118,701</u> | |
| FUND BALANCES, end of year | | <u>\$ 100,613</u> | | | <u>\$ 73,052</u> | | | <u>\$ 119,508</u> | |

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

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Proprietary Fund Types | | Fiduciary Fund Type | Totals |
|---|---------------------------|---------------------|------------------------|----------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | (Memorandum Only) |
| OPERATING REVENUES: | | | | |
| Charges for services | \$ 252,462 | \$ 33,054 | \$ - | \$ 285,516 |
| Investment income | - | - | 169 | 169 |
| Other | 14,341 | - | - | 14,341 |
| Total operating revenues | <u>266,803</u> | <u>33,054</u> | <u>169</u> | <u>300,026</u> |
| OPERATING EXPENSES: | | | | |
| Administration | 31,344 | 5,283 | - | 36,627 |
| Operations and maintenance | 115,650 | - | - | 115,650 |
| Depreciation | 64,138 | 26 | - | 64,164 |
| Insurance claims and premiums (Note 14) | - | 29,626 | - | 29,626 |
| Other | 6,151 | - | - | 6,151 |
| Total operating expenses | <u>217,283</u> | <u>34,935</u> | <u>-</u> | <u>252,218</u> |
| Operating income (loss) | <u>49,520</u> | <u>(1,881)</u> | <u>169</u> | <u>47,808</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Grant contributions | 6,879 | - | - | 6,879 |
| Sales tax | 54,895 | - | - | 54,895 |
| Investment income | 38,925 | 4,319 | - | 43,244 |
| Interest expense and fiscal charges | (60,779) | - | - | (60,779) |
| Non-airline terminal revenue distribution | (8,907) | - | - | (8,907) |
| Other, net | (2,745) | - | - | (2,745) |
| Total nonoperating revenues (expenses) | <u>28,268</u> | <u>4,319</u> | <u>-</u> | <u>32,587</u> |
| Income before contributions and operating transfers | 77,788 | 2,438 | 169 | 80,395 |
| CAPITAL CONTRIBUTIONS | 109,639 | - | - | 109,639 |
| OPERATING TRANSFERS IN | 18,659 | - | - | 18,659 |
| OPERATING TRANSFERS OUT | - | - | (45) | (45) |
| Net income | 206,086 | 2,438 | 124 | 208,648 |
| REDUCTION IN CONTRIBUTED CAPITAL | 4,346 | - | - | 4,346 |
| Increase in retained earnings/fund balances | 210,432 | 2,438 | 124 | 212,994 |
| RETAINED EARNINGS/FUND BALANCES, beginning of year | 430,872 | 18,199 | 2,852 | 451,923 |
| RETAINED EARNINGS/FUND BALANCES, end of year | <u>\$ 641,304</u> | <u>\$ 20,637</u> | <u>\$ 2,976</u> | <u>\$ 664,917</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Proprietary Fund Types | | Fiduciary Fund Type | Totals |
|--|---------------------------|---------------------|------------------------|----------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | (Memorandum Only) |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from customers | \$ 254,081 | \$ - | \$ - | \$ 254,081 |
| Cash received from other funds for claims and services | - | 25,973 | - | 25,973 |
| Cash received from participants | - | 11,342 | - | 11,342 |
| Cash payments for claims | - | (34,118) | - | (34,118) |
| Cash payments for premiums | - | (4,180) | - | (4,180) |
| Cash payments to suppliers and claims administrator for goods and services | (74,772) | (4,522) | - | (79,294) |
| Cash payments to other funds for services | (19,352) | - | - | (19,352) |
| Cash payments to employees for services | (58,239) | (782) | - | (59,021) |
| Cash payments to airlines for non-airline terminal revenue distribution | (7,515) | - | - | (7,515) |
| Other | (2,713) | - | - | (2,713) |
| Net cash provided (used) by operating activities | <u>91,490</u> | <u>(6,287)</u> | <u>-</u> | <u>85,203</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Operating grants received | 6,789 | - | - | 6,789 |
| Property tax received | 28 | - | - | 28 |
| Sales tax received | 54,479 | - | - | 54,479 |
| Operating transfers from other funds | 18,659 | - | - | 18,659 |
| Operating transfers to other funds | - | - | (45) | (45) |
| Net cash provided (used) by noncapital financing activities | <u>79,955</u> | <u>-</u> | <u>(45)</u> | <u>79,910</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from financing agreements | 1,650 | - | - | 1,650 |
| Proceeds from revenue bonds | 285,220 | - | - | 285,220 |
| Water and sewer construction deposits | 1,152 | - | - | 1,152 |
| Acquisition and construction of capital assets | (284,759) | - | - | (284,759) |
| Principal paid on bonds | (70,575) | - | - | (70,575) |
| Principal paid on financing agreements | (2,593) | - | - | (2,593) |
| Interest paid on bonds and financing agreements | (69,010) | - | - | (69,010) |
| Capital contributions | 36,707 | - | - | 36,707 |
| Net cash used by capital and related financing activities | <u>(102,208)</u> | <u>-</u> | <u>-</u> | <u>(102,208)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Purchase of investment securities | (598,243) | - | - | (598,243) |
| Proceeds from sale and maturities of investment securities | 508,095 | - | - | 508,095 |
| Investment income | 41,625 | 4,898 | 180 | 46,703 |
| Net cash provided (used) by investing activities | <u>(48,523)</u> | <u>4,898</u> | <u>180</u> | <u>(43,445)</u> |
| Net increase (decrease) in cash and cash equivalents | 20,714 | (1,389) | 135 | 19,460 |
| CASH AND CASH EQUIVALENTS, beginning of year | 471,293 | 47,653 | 2,811 | 521,757 |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 492,007</u> | <u>\$ 46,264</u> | <u>\$ 2,946</u> | <u>\$ 541,217</u> |

continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
COMBINED STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Proprietary Fund Types | | Fiduciary Fund Type | Totals |
|--|---------------------------|---------------------|------------------------|----------------------|
| | Enterprise | Internal Service | Nonexpendable Trust | (Memorandum Only) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS | | | | |
| TO THE COMBINED BALANCE SHEET: | | | | |
| Current and restricted cash and cash equivalents | \$ 492,007 | \$ 46,264 | \$ 242,657 | \$ 780,928 |
| Less: Firefighters' Retirement Pension Trust Fund | - | - | (239,711) | (239,711) |
| Cash and cash equivalents, end of year | <u>\$ 492,007</u> | <u>\$ 46,264</u> | <u>\$ 2,946</u> | <u>\$ 541,217</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH | | | | |
| PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 49,520 | \$ (1,881) | \$ 169 | \$ 47,808 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities- | | | | |
| Depreciation | 64,138 | 26 | - | 64,164 |
| Other | (2,713) | - | - | (2,713) |
| Non-airline terminal revenue distribution | (7,515) | - | - | (7,515) |
| Investment income | - | - | (169) | (169) |
| Change in assets and liabilities: | | | | |
| (Increase) in receivables | (12,630) | (1,028) | - | (13,658) |
| Decrease in due from other governmental agencies | 275 | - | - | 275 |
| Decrease in due from other funds | - | 18 | - | 18 |
| (Increase) in inventories | (80) | - | - | (80) |
| Increase (decrease) in accounts payable/claims payable | 139 | (5,916) | - | (5,777) |
| Increase in due to participants | - | 2,487 | - | 2,487 |
| (Decrease) in deposits and retainage payable | (31) | - | - | (31) |
| Increase in compensated absences payable | 387 | 7 | - | 394 |
| Total adjustments | <u>41,970</u> | <u>(4,406)</u> | <u>(169)</u> | <u>37,395</u> |
| Net cash provided (used) by operating activities | <u>\$ 91,490</u> | <u>\$ (6,287)</u> | <u>\$ -</u> | <u>\$ 85,203</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | |
| Donated assets | <u>\$ 67,745</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 67,745</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CHANGES IN PLAN NET ASSETS
PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | |
|--|--------------------------|
| ADDITIONS: | |
| Contributions- | |
| Member | \$ 4,563 |
| Employer | <u>4,537</u> |
| Total additions | <u>9,100</u> |
| DEDUCTIONS: | |
| Benefits | 14,060 |
| Refunds | 391 |
| Administration | 321 |
| Depreciation | 6 |
| Investment loss- | |
| Net depreciation in fair value of investments | 18,558 |
| Interest | (2,346) |
| Dividends | <u>(3,072)</u> |
| | 13,140 |
| Investment expense | <u>1,490</u> |
| Net investment loss | <u>14,630</u> |
| Total deductions | <u>29,408</u> |
| Net decrease | (20,308) |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS: | |
| Beginning of year | <u>260,213</u> |
| End of year | <u><u>\$ 239,905</u></u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2001
(Dollar Amounts In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Charlotte have been prepared in conformity with generally accepted accounting principles applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. With respect to proprietary activities, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

a. Reporting Entity

The accompanying financial statements include all of the funds that constitute the City's legal entity and legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if it appoints a voting majority of the organization's governing body and the City is able to impose its will on the organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the City. The City may also be financially accountable for an

organization if it is fiscally dependent on the City regardless of the organization's selection of its governing body. Certain organizations not meeting the above criteria may be included if exclusion would render the City's financial statements incomplete or misleading.

Organizations for which the City is financially accountable are component units. If the governing board of a component unit is substantively the same as that of the City or if the component unit provides services exclusively or almost exclusively to the City, the component unit is blended. Otherwise, the component unit is discretely presented.

The Charlotte Firefighters' Retirement System (System) was organized pursuant to the 1947 Session Laws of the State of North Carolina, for the purpose of providing retirement, disability and death benefits to civil service employees of the Charlotte Fire Department. The System provides services exclusively to the City. Therefore, the System is included as a blended component unit and is reported as a Pension Trust Fund in the accompanying financial statements. The financial statements of the System, which has a June 30 year end, may be obtained from the following address:

Charlotte Firefighters' Retirement System
428 East Fourth Street, Suite 205
Charlotte, North Carolina 28202

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

The Charlotte Auditorium-Coliseum-Convention Center Authority (Authority), which is deemed a "special district," as defined by State statutes and has a year end of June 30, is included in the accompanying financial statements as a discretely presented component unit. The governing board of the Authority is appointed by the City Council. The City pays the Authority's outstanding general obligation bonded debt and any net operating proceeds of the Authority are to be used to pay interest and principal on the bonded debt, or as otherwise directed by the City Council. The financial statements of the Authority may be obtained from the following address:

Auditorium-Coliseum-Convention Center Authority
100 Paul Buck Boulevard
Post Office Box 669247
Charlotte, North Carolina 28266-9247

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

The Charlotte Transit Center, Inc. is a joint venture resulting from an agreement between the City and Bank of America. The corporation was established to build

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

Charlotte Transit Center, Inc.
c/o Lincoln Property Company
100 North Tryon Street, Suite 2600
Charlotte, North Carolina 28202

b. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the accompanying financial statements, into three broad fund categories, seven generic fund types and two account groups as follows:

Governmental Funds

These funds include the General, Special Revenue, Debt Service and Capital Projects Funds. The City's governmental functions are accounted for in these funds and are financed primarily from taxes, intergovernmental revenues and other general revenues.

General Fund – This fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principal sources of revenue are property taxes, other local taxes and state shared revenues. Primary expenditures are for public safety, environmental health and sanitation, general administration and engineering and property management.

Special Revenue Funds – These funds are used to account for proceeds from specific revenue sources (other than funding for major capital projects) that are restricted to expenditures for specified purposes. These funds include Convention Center Tax, Municipal Services District, Police Grants, Neighborhood Development, Employment and Training, State Street Aid, Stadium Parking Deck and SafeLight.

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 enterprise operations.

Capital Projects Fund - The Capital Projects Fund accounts for financial resources, primarily proceeds from bond sales and financing agreements and property taxes, used for the acquisition, construction and improvement of capital equipment and facilities.

Proprietary Funds

The Enterprise Funds are used to account for operations which provide goods or services and recover costs through user charges in a manner similar to a private business enterprise. The Internal Service Funds are used to account for centralized services provided to City

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

departments and other governmental units and agencies on a cost-reimbursement basis.

Enterprise Funds – The City's four enterprise funds are Water and Sewer, Storm Water, Airport and Public Transit.

Water and Sewer Fund – This fund accounts for the operation of Charlotte-Mecklenburg Utilities. Services are provided to customers under a rate structure designed to produce revenues sufficient to provide for operating expenses, including depreciation and debt service costs.

Storm Water Fund – This fund accounts for the operation of Storm Water Services, a division of Engineering and Property Management. Revenues are derived from user fees and charges associated with the amount of impervious area on parcels of property. Revenues are sufficient to provide for operating expenses, including depreciation and debt service costs.

Airport Fund – This fund accounts for the operation of the Charlotte/Douglas International Airport. Revenues, principally charges for the use of facilities, are adequate to provide for operating expenses, including depreciation and debt service costs.

Public Transit Fund – This fund accounts for the operation of the City's public transit system. Fares are structured to encourage community use of public mass transportation with the resulting operating revenue shortfall offset by Federal and State operating assistance grants, a one-half percent sales tax and contributions from other local governmental agencies. The system is managed by a private bus management company pursuant to a contract with the City.

Internal Service Funds – The City's two internal service funds are Risk Management and Employee Health and Life Insurance.

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

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

Fiduciary Funds

The Fiduciary Funds are used to account for resources received and held by the City as trustee or for which the City acts as agent. These funds are expended or

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

invested in accordance with agreements or applicable prescribed procedures. The City's Fiduciary Funds include a Pension Trust Fund – the Charlotte Firefighters' Retirement System (a blended component unit) and a Nonexpendable Trust Fund – the Cemetery Trust.

Account Groups

Account Groups are used to establish accountability for the City's general fixed assets and general long-term debt. The City has the following account groups:

General Fixed Assets Account Group – This account group is established to account for all fixed assets of the City other than those accounted for in the proprietary and fiduciary funds.

General Long-Term Debt Account Group – This account group is established to account for all long-term debt of the City except that accounted for in the proprietary and fiduciary funds.

c. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this

measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary funds, the nonexpendable trust fund and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets. For years beginning after June 15, 2000, as required by GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," capital contributions are recognized as revenue rather than contributed capital.

Basis of accounting refers to when revenues and expenditures or expenses and the related assets and liabilities are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All funds of the City are accounted for during the year on the modified accrual basis of accounting in accordance

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

with State statutes. The governmental fund types are presented in the financial statements on this same basis.

Under the modified accrual basis, revenues are recognized in the accounting period in which they become measurable and available to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, except principal and interest on general long-term debt which is recognized when due.

The City recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. The City considers revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem property taxes receivable are not accrued as a revenue. At June 30, property taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Primary sources of revenue susceptible to accrual include occupancy tax, sales tax and grants. There were no significant changes required as a result of the implementation of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange

Transactions" except for those related to contributed capital as described above.

The proprietary fund types, pension trust fund and nonexpendable trust fund are presented in the financial statements on the accrual basis. Revenues are recognized when earned and expenses are recognized when incurred. Unbilled receivables have been accrued as revenues for the enterprise and internal service funds.

d. Budgets and Budgetary Accounting

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

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgets are entered into the accounting records and comparisons of actual to budget

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

are made throughout the year. City administration has the authority to amend line-item budgets. The budgets shown in the statements are as amended at June 30, 2001. All funds completed the year within their legally authorized appropriation levels.

The accompanying Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) – General, Special Revenue and Debt Service Funds presents comparisons of the legally adopted annual budgets with the actual data on a budgetary basis. All Special Revenue Funds have annual appropriated budgets except for the Police Grants, Neighborhood Development and Employment and Training funds. The legally adopted annual budgets are on a modified accrual basis except that they include encumbrances for the current year and exclude expenditures resulting from prior years' encumbrances. 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 on the statement.

At the end of the fiscal year, unencumbered appropriations for all annual budgets lapse into the unappropriated equity of the respective funds.

e. Encumbrances

Current year's appropriations are charged for encumbrances when commitments for the expenditures of monies are issued. Encumbered appropriations at year end are carried forward as reserves for encumbrances in the various funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Prior year's encumbrances constitute budgetary authority against which expenditures are charged.

f. Cash and Cash Equivalents/Investments

Primary Government

The City maintains a Cash Management Pool (Pool) which is used by all funds except the Firefighters' Retirement 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. Each fund type's portion of these pools is included as "Cash and Cash Equivalents/Investments" on the combined balance sheet.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

The City's Pool facilitates disbursement and investment and maximizes investment income. 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. Therefore, for the Statement of Cash Flows, all proprietary fund types and nonexpendable trust fund pooled cash is considered cash and cash equivalents.

For City funds not included in the pools described above, short-term, highly liquid investments are considered cash equivalents. Short-term refers to investments with an original maturity of three months or less at date of purchase. 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 orders 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 carrying amounts of deposits and investments were \$43,383 and \$1,343,107 at June 30, 2001 and \$10,581 and \$1,292,387 at June 30, 2000, respectively.

Deposits

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 money market accounts and certificates of deposit. The bank balances at June 30, 2001 and 2000, were \$58,230 and \$16,369, respectively.

All of the City's deposits are either insured or collateralized by using the Dedicated Method or the Pooling Method. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. 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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

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

The City utilizes two official depositories which collateralize excess deposits by the Dedicated Method. All other City deposits are maintained with financial institutions which collateralize excess deposits by the Pooling Method. Of the bank balances, \$597 for 2001 and \$519 for 2000 were covered by federal depository insurance; \$57,633 for 2001 and \$15,527 for 2000 were covered by collateral held under the Pooling Method; and \$323 for 2000 was covered by collateral held under the Dedicated Method.

Investments

State statutes authorize the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial

paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Pension Trust Fund, the Charlotte Firefighters' Retirement System, 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.

In accordance with State statutes, the City has invested in step-up securities. Also, in accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. These investments were made to hedge against a rise in interest rates. Step-up securities provide periodic interest rate increases in specific increments on stated dates until maturity. The security may be called by the issuer at any interest payment date. The issuer will be required to pay a call premium on the redemption based on the call date at which the issuer elects to redeem the securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

All investments, except those noted below, are insured or registered, or are securities held by the City or its agent in the City's name (category 1). The investments of the Charlotte Firefighters' Retirement System are held by its agent in the System's name (category 1). Mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. NCCMT is exempt from risk categorization because the City does not own any identifiable securities, but is a shareholder of a percentage of the NCCMT. As required by GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," investments except for NCCMT and Firefighters' Retirement Fund are reported at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at cost. See note 11.b.(2), "Method Used to Value Investments," for an explanation of reporting the Firefighters' Retirement System's investments at fair value.

The reported and fair value of investments at June 30 are shown below:

| | <u>2001</u> | <u>2000</u> |
|-------------------------------|--------------------|--------------------|
| Category 1: | | |
| U.S. Government Securities | \$ 515,428 | \$ 511,037 |
| Commercial Paper | 166,611 | 190,149 |
| Corporate Bonds | 16,345 | 15,979 |
| Common Stocks..... | <u>136,914</u> | <u>153,935</u> |
| Total Category 1..... | 835,298 | 871,100 |
| Mutual Funds | 228,031 | 248,509 |
| N.C. Capital Management Trust | <u>279,778</u> | <u>172,778</u> |
| Total | <u>\$1,343,107</u> | <u>\$1,292,387</u> |

Component Unit

The Authority considers investments with an original maturity of three months or less to be cash equivalents. The carrying amounts of deposits and investments were \$10,947 and \$9,818 at June 30, 2001 and 2000, respectively.

The Authority must comply with the collateralization requirements and investment restrictions required by State statute as previously described for the City. The bank balances were \$280 and \$223 at June 30, 2001

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

and 2000, respectively. Of the bank balances, \$100 for 2001 and 2000 were covered by Federal depository insurance. The remaining balances were covered by collateral held under the Pooling collateralization method. All of the Authority's investments were with the North Carolina Capital Management Trust which is exempt from risk categorization. The reported and fair values of investments at June 30, 2001 and 2000, were \$10,501 and \$9,029, respectively.

g. Receivables

Uncollected property taxes, accounts and other receivables which are not accrued in the Governmental Funds are shown in the combined balance sheet as assets but are offset by deferred revenue.

h. Inventories

Inventories of the Governmental and Enterprise Funds consist of supplies held for consumption. Inventories are recorded as an expenditure/expense at the time an item is used. Enterprise Fund inventories are valued at lower of cost (first-in, first-out) or market. Governmental Fund inventories are valued at cost (first-in, first-out).

i. Deferred Charges

In Governmental Funds bond issuance costs are recognized in the current period. Bond issuance costs

for Proprietary Funds are deferred and amortized over the life of the bonds using the straight-line method.

j. Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund operations (general fixed assets) are accounted for in the General Fixed Asset Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are capitalized along with other general fixed assets. Depreciation is not charged to governmental fund operations.

All purchased fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The City uses historical sources to establish any estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date donated.

Long-term liabilities expected to be financed from Governmental Funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not funds. They are concerned only with the measurement of financial

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for Governmental Funds excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Funds expenditures or liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

General obligation and revenue bonds payable in proprietary funds are reported net of the deferred amounts on refunding. The deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the old debt. This amount is amortized as a component of interest expense, using the straight-line basis, over the life of the old debt or new debt, whichever is shorter.

Depreciation of all consumable assets used by proprietary and pension trust funds is charged as an expense against their operations. Accumulated depreciation is reported on their balance sheets. In the General Fixed Assets Account Group accumulated depreciation is reported to disclose the net value of these assets.

Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|---|---------------|
| Buildings | 20 - 40 years |
| Improvements other than buildings | 10 - 60 years |
| Machinery and equipment..... | 3 - 40 years |

Net interest cost on debt issued to finance the construction of fixed assets was capitalized during the construction period in the Water and Sewer, Storm Water and Airport Enterprise Funds in the amounts of \$7,816, \$863 and \$1,939, respectively, for the year ended June 30, 2001.

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are recorded in the financial statements.

k. Fund Balances

Fund balances are classified as follows:

Reserved

Reserved by State statute – This represents fund balance, in addition to amounts reserved for encumbrances and inventories, which is not available for

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

appropriation under State law. This amount is primarily comprised of accounts receivable which have not been offset by deferred revenues.

Reserved for encumbrances – This represents commitments outstanding related to purchase orders and unperformed contracts.

Reserved for inventories – This represents the balance of inventories which is not an available expendable financial resource.

Reserved for firefighters' pension benefits – This represents net assets available to pay retirement benefits.

Reserved for cemetery maintenance – This represents fund balance available to pay cemetery maintenance costs.

Reserved for loans – This represents fund balance reserved for notes receivable which are not an available expendable financial resource.

Reserved for Convention Center – This represents fund balance that is legally restricted through bond indentures for future payment of debt service requirements.

Unreserved

Designated for subsequent years' expenditures – This represents fund balance appropriated for the budget for the year ending June 30, 2002 and other tentative managerial and/or City Council plans for future use of financial resources.

Undesignated – This represents fund balance that is uncommitted and available for appropriation.

I. Compensated Absences

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

Compensated absences payable includes accumulated unpaid vacation leave and sick leave. This liability is recorded in the General Long-Term Debt Account Group for governmental funds and the liabilities of the proprietary funds are recorded in the individual funds. The current portion of the accumulated vacation and sick leave is not considered to be material and, therefore, no provision for this has been made in the accompanying financial statements.

m. Memorandum Only – Total Columns

Total columns on the general purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

n. Reclassifications

Certain 2000 amounts have been reclassified to conform with the 2001 presentation.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Deficit Fund Equity

The Employee Health and Life Fund, an Internal Service Fund, had a deficit fund equity of \$403 at June 30, 2001. Future revenues will eliminate this deficit.

3. ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES:

Accounts receivable are presented net of allowance for uncollectibles in the accompanying financial statements. The estimated amounts considered uncollectible are as follows by fund:

| | <u>2001</u> | <u>2000</u> |
|-------------------------|-----------------|-----------------|
| Governmental- | | |
| General..... | \$11,020 | \$10,093 |
| Special Revenue- | | |
| SafeLight..... | 1,210 | 575 |
| Debt Service | 1,107 | 1,035 |
| Capital Projects | <u>847</u> | <u>807</u> |
| Total Governmental..... | <u>14,184</u> | <u>12,510</u> |
| Enterprise- | | |
| Water and Sewer..... | 3,445 | 3,209 |
| Storm Water..... | <u>499</u> | <u>542</u> |
| Total Enterprise | <u>3,944</u> | <u>3,751</u> |
| Total Allowance | <u>\$18,128</u> | <u>\$16,261</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

4. 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, 2000, were based on the assessed values listed as of January 1, 2000, 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 levies for 2001 and 2000 (tax rate per \$100 valuation) to its funds is shown below:

| | <u>2001</u> | <u>2000</u> |
|--------------------------------|---------------|---------------|
| General | \$.3805 | \$.3805 |
| Debt Service | .0640 | .0618 |
| Capital Projects | .0225 | .0225 |
| Enterprise - Storm Water | - | .0022 |
| Total | <u>\$4670</u> | <u>\$4670</u> |

In addition, special taxes are levied on uptown areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2001 for Districts 1, 2, 3 and 4 were \$.0193, \$.0140, \$.0289 and \$.0900, respectively. For 2000 the tax rates were the same for Districts 1, 2 and 3. District 4 was added in 2001.

Property taxes receivable are recorded net of an allowance for estimated uncollectible delinquent taxes, with the net receivable included in deferred revenue. At June 30, property taxes receivable are materially past due and, consequently, cannot be considered a resource which can be used to finance government operations for the current period, although the amount due is measurable.

5. RESTRICTED ASSETS:

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

| | <u>2001</u> | <u>2000</u> |
|--------------------------|------------------|------------------|
| Governmental- | | |
| Debt Service | \$ 15,242 | \$15,765 |
| Capital Projects | <u>34,921</u> | <u>16,594</u> |
| Total Governmental | <u>50,163</u> | <u>32,359</u> |
| Enterprise- | | |
| Water and Sewer | 113,672 | 18,248 |
| Storm Water | 8,285 | 21,941 |
| Airport | <u>157,575</u> | <u>183,383</u> |
| Total Enterprise | <u>279,532</u> | <u>223,572</u> |
| Total | <u>\$329,695</u> | <u>\$255,931</u> |

The governmental and enterprise fund assets are restricted pursuant to bond orders and other financing agreements.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

6. CHANGES IN GENERAL FIXED ASSETS:

A summary of changes in general fixed assets excluding accumulated depreciation follows:

| | Balance <u>July 1, 2000</u> | <u>Additions</u> | <u>Deletions</u> | Balance <u>June 30, 2001</u> |
|---|--------------------------------|------------------|------------------|---------------------------------|
| Land and easements..... | \$ 108,047 | \$ 1,132 | \$ 158 | \$ 109,021 |
| Buildings | 417,829 | 391 | - | 418,220 |
| Improvements other than buildings | 357,014 | 12,856 | 2,091 | 367,779 |
| Machinery and equipment..... | 93,560 | 17,840 | 6,933 | 104,467 |
| Construction in progress..... | <u>230,035</u> | <u>82,339</u> | <u>16,662</u> | <u>295,712</u> |
| Total | <u>\$1,206,485</u> | <u>\$114,558</u> | <u>\$25,844</u> | <u>\$1,295,199</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts in Thousands)

7. LONG-TERM LIABILITIES:

a. Changes in Long-Term Liabilities

A summary of the changes in long-term liabilities follows by type:

| | Balance July 1, 2000 | Additions | Deletions | Balance June 30, 2001 |
|---|-------------------------|-------------------|-------------------|--------------------------|
| General- | | | | |
| General obligation bonds..... | \$ 359,072 | \$ - | \$ 45,086 | \$ 313,986 |
| Revenue bonds..... | 175 | - | 175 | - |
| Certificates of participation..... | 257,994 | 47,955 | 14,857 | 291,092 |
| Compensated absences..... | 20,582 | 3,530 | - | 24,112 |
| Law enforcement officers' separation allowance..... | 2,399 | 164 | - | 2,563 |
| Total general..... | <u>640,222</u> | <u>51,649</u> | <u>60,118</u> | <u>631,753</u> |
| Enterprise- | | | | |
| General obligation bonds..... | 596,413 | - | 47,965 | 548,448 |
| Revenue bonds..... | 589,037 | 285,220 | 22,610 | 851,647 |
| Other financing agreements..... | 15,395 | - | 840 | 14,555 |
| Certificates of participation..... | 4,505 | 1,650 | 1,108 | 5,047 |
| Refundable water and sewer construction deposits..... | 7,608 | 1,152 | 801 | 7,959 |
| Compensated absences..... | 3,719 | 387 | - | 4,106 |
| Arbitrage..... | 1,419 | 2,022 | 95 | 3,346 |
| Less unamortized amount deferred for refundings..... | (22,018) | - | (1,901) | (20,117) |
| Total enterprise..... | <u>1,196,078</u> | <u>290,431</u> | <u>71,518</u> | <u>1,414,991</u> |
| Internal service- | | | | |
| Due to participants..... | 1,310 | 2,891 | - | 4,201 |
| Compensated absences..... | 56 | 7 | - | 63 |
| Total internal service..... | <u>1,366</u> | <u>2,898</u> | <u>-</u> | <u>4,264</u> |
| Total..... | <u>\$ 1,837,666</u> | <u>\$ 344,978</u> | <u>\$ 131,636</u> | <u>\$ 2,051,008</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts in Thousands)

b. Annual Debt Service Requirements to Maturity

The following table summarizes the City's General and Enterprise debt service requirements including interest of \$1,427,462:

| | General Obligation Bonds | Revenue Bonds | Certificates of Participation and Other Financing Agreements | Total |
|-----------------------|--------------------------------|---------------------|---|---------------------|
| General- | | | | |
| 2002..... | \$ 39,875 | \$ - | \$ 31,665 | \$ 71,540 |
| 2003..... | 39,538 | - | 30,868 | 70,406 |
| 2004..... | 39,531 | - | 28,584 | 68,115 |
| 2005..... | 38,958 | - | 27,070 | 66,028 |
| 2006..... | 30,760 | - | 23,848 | 54,608 |
| To maturity..... | <u>270,986</u> | <u>-</u> | <u>355,631</u> | <u>626,617</u> |
| Total general..... | <u>459,648</u> | <u>-</u> | <u>497,666</u> | <u>957,314</u> |
| Enterprise- | | | | |
| 2002..... | 57,866 | 58,641 | 3,090 | 119,597 |
| 2003..... | 57,207 | 60,806 | 3,014 | 121,027 |
| 2004..... | 56,270 | 65,136 | 2,747 | 124,153 |
| 2005..... | 54,578 | 65,211 | 2,551 | 122,340 |
| 2006..... | 49,385 | 63,226 | 1,805 | 114,416 |
| To maturity..... | <u>563,603</u> | <u>1,315,535</u> | <u>14,252</u> | <u>1,893,390</u> |
| Total enterprise..... | <u>838,909</u> | <u>1,628,555</u> | <u>27,459</u> | <u>2,494,923</u> |
| Total..... | <u>\$ 1,298,557</u> | <u>\$ 1,628,555</u> | <u>\$ 525,125</u> | <u>\$ 3,452,237</u> |

Excludes compensated absences, law enforcement officers' separation allowance, due to participants, refundable water and sewer construction deposits, arbitrage and unamortized amount deferred for refundings.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts in Thousands)

c. General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. Interest rates on general obligation bonds outstanding range from 4.00 to 6.80 percent with final maturity in the year 2025.

d. Revenue Bonds

The following table summarizes the City's revenue bonds:

| <u>Date Sold</u> | <u>Original Issue</u> | <u>Refunded</u> | <u>Interest Rates</u> | <u>Final Maturity</u> | <u>Balance June 30, 2001</u> |
|---------------------------|-----------------------|-----------------|-----------------------|-----------------------|------------------------------|
| Airport- | | | | | |
| December 1985 | \$ 108,780 | June 1993 | 6.34% | 2017 | \$ 93,000 |
| May 1987 | 75,880 | June 1997 | 5.90% | 2018 | 64,380 |
| December 1999 | 102,255 | - | 4.63% - 6.85% | 2030 | 100,540 |
| December 1999 | 88,805 | - | Variable | 2030 | 74,470 |
| Airport Special Facility- | | | | | |
| June 1987 | 67,000 | March 1998 | 5.60% | 2028 | 66,300 |
| December 1988 | 19,762 | March 1998 | 8.10% - 8.25% | 2006 | 612 |
| March 1998 | 19,700 | - | 5.60% | 2028 | 19,700 |
| September 2000 | 34,700 | - | 7.75% | 2028 | 34,700 |
| Water and Sewer- | | | | | |
| November 1996 | 43,110 | - | 4.20% - 5.75% | 2022 | 41,010 |
| August 1999 | 70,745 | - | 4.20% - 6.00% | 2024 | 70,745 |
| October 2000 | 101,520 | - | 5.00% - 5.75% | 2025 | 101,520 |
| June 2001 | 149,000 | - | 4.25% - 5.50% | 2026 | 149,000 |
| Storm Water- | | | | | |
| May 2000 | 36,355 | - | 5.50% - 6.00% | 2025 | 35,670 |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

The City entered into interest rate swap agreements for its variable rate 1993 Airport Refunding Revenue Bonds and for its variable rate 1997 Airport Refunding Revenue Bonds. Based on the swap agreements, the City owes interest calculated at a fixed rate of 6.34 percent on the 1993 bonds and 5.90 percent on the 1997 bonds to the counterparty to the swap. In return, the counterparty owes the City interest based on a variable rate that matches the rate required by the bonds. Only the net difference in interest payments is actually exchanged with the counterparty. The bond principal is not exchanged and is only the basis on which the interest payments are calculated. The City continues to pay interest to the bondholders at the variable rate provided by the bonds. However, during the term of the swap agreement, the City effectively pays a fixed rate on the debt. The debt service requirements to maturity for these bonds are based on that fixed rate. The City will be exposed to variable rates if the counterparty to the swap defaults or if the swap is terminated. Termination of the swap agreement may also result in the City's making or receiving a termination payment.

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

The Airport Special Facility Revenue Bonds are payable from lease revenues pursuant to a Special Facility Lease (Lease) agreement with US Airways Group, Inc.

The principal and interest on the Water and Sewer and Storm Water Revenue Bonds are payable from net revenues of the water and sewer and storm water systems, respectively. Pursuant to the general trust indentures, the City has covenanted to charge rates which produce revenues sufficient to cover principal and interest payments. Based on the 2001 Water and Sewer Fund and Storm Water Fund budgets, the coverage factors are 1.13 and 1.80, respectively.

The Revenue and Special Facility Revenue Bonds do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Lease or Revenue Bond Order. 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 Lease or Revenue Bond Order.

The Revenue Bond Orders provide for the establishment of reserves for working capital and debt service. The reserves in the Airport Enterprise Fund at

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts in Thousands)

June 30, 2001 and 2000, are \$48,361 and \$45,176, respectively. For the 1996, 1999 and 2000 Water and Sewer Revenue bonds, the City purchased a surety bond in lieu of funding a reserve. For the 2001 bonds, the reserve in the Water and Sewer Enterprise Fund is \$11,170 at June 30, 2001. The reserves in the Storm Water Enterprise fund at June 30, 2001 and 2000 are \$2,910 and \$2,888, respectively.

e. Certificates of Participation

The following table summarizes the City's certificates of participation:

| <u>Date Sold</u> | <u>Original Issue</u> | <u>Refunded</u> | <u>Interest Rates</u> | <u>Final Maturity</u> | <u>Balance June 30, 2001</u> |
|--------------------|-----------------------|-----------------|-----------------------|-----------------------|------------------------------|
| Convention Center- | | | | | |
| July 1991 | \$ 167,644 | August 1993 | 4.25% - 7.10% | 2022 | \$ 168,524 |
| April 2000 | 27,775 | - | 5.00% - 5.63% | 2026 | 27,460 |
| October 2000 | 16,500 | - | 5.00% - 7.25% | 2026 | 16,500 |
| Public Safety- | | | | | |
| July 1993 | 14,000 | - | 2.50% - 5.38% | 2013 | 9,895 |
| March 1995 | 10,500 | - | 4.30% - 6.10% | 2016 | 8,570 |
| November 2000 | 21,765 | - | 5.00% - 5.75% | 2025 | 21,375 |
| Stadium Parking- | | | | | |
| August 1994 | 9,755 | - | 4.40% - 6.00% | 2014 | 7,645 |
| Equipment- | | | | | |
| 1997 - 2001 | 52,115 | - | 3.10% - 5.50% | 2006 | 36,170 |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

The City sold certificates of participation to construct a new convention center. An indenture of trust for the 1991 Convention Center certificates of participation required the creation and maintenance of a reserve fund in an amount equal to the lesser of (a) 10 percent of the proceeds of the certificates, (b) the maximum annual installment payments or (c) 125 percent of the average annual installment payments. The reserve in the Debt Service Fund at June 30, 2001 and 2000 was \$14,194. For the April and October 2000 Convention Center certificates of participation, a surety bond was purchased in lieu of funding a debt service reserve.

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

The City entered into installment contract financings for the Public Safety and Stadium Parking certificates of participation. In addition, the City enters into private placement financings annually involving publicly sold certificates of participation for the purchase of capital

equipment. These collateralized equipment purchase financing arrangements are payable over five years.

f. Other Long-Term Liabilities

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

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

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

borrowings. At June 30, 2001, a long-term liability for \$1,277, \$105 and \$1,964 is included in the Water and Sewer, Storm Water and Airport Enterprise Funds, respectively. A current liability for \$918 is included in the Capital Projects Fund for estimated arbitrage profits payable.

g. Other Debt Information

At June 30, 2001, the City had defeased \$503,440 of general obligation bonds and \$126,035 of certificates of participation by placing the proceeds of the new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2001, \$165,175 of general government, \$267,625 of water and sewer and \$2,200 of storm water debt outstanding is considered defeased.

As of June 30, 2001, the City has authorized but unissued bonds of \$195,800 consisting of \$155,800 for street improvements and \$40,000 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed value of real and personal property. As of June 30, 2001, the City's legal debt limit was \$3,716,206. The outstanding debt subject to this limit was \$1,139,872, leaving a net legal debt margin of \$2,576,334.

h. Early Extinguishment of Debt

In April 2001 the City early extinguished general obligation debt of \$17,515 and water and sewer general obligation debt of \$16,750. The City placed in escrow funds sufficient to pay debt service requirements. In August and October 2000 the City called \$14,335 of airport revenue bonds.

i. Subsequent Events

In November 2001, the City issued \$69,485 of certificates of participation. The interest rates range from 3.5 to 5.0 percent with final maturity in 2021. The

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

proceeds will be used to refund \$18,150 of previously issued certificates of participation and to purchase land and equipment for \$51,335.

The City early extinguished \$7,100 of Airport Revenue Bond Debt in September 2001 and defeased the Stadium Parking Facility Debt of \$7,645 in October 2001.

8. DEFERRED REVENUES:

Property taxes and certain other receivables are not accrued as revenues in the Governmental Funds because they are not considered to be susceptible to accrual and are recorded initially as deferred revenue. The balance in deferred revenue is composed of the following amounts by fund:

| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Total</u> |
|---|----------------|----------------------------|-------------------------|-----------------------------|-----------------|
| Property taxes | \$3,272 | \$ 16 | \$553 | \$ 272 | \$ 4,113 |
| Notes receivable..... | 118 | 29,886 | - | 16,075 | 46,079 |
| Grant advances | - | 579 | - | - | 579 |
| Accounts receivable and due from other governmental agencies | <u>2,813</u> | <u>635</u> | <u>17</u> | <u>5,557</u> | <u>9,022</u> |
| Total deferred revenues | <u>\$6,203</u> | <u>\$31,116</u> | <u>\$570</u> | <u>\$21,904</u> | <u>\$59,793</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

9. CONTRIBUTED CAPITAL AND RETAINED EARNINGS:

All grants or contributions in aid of construction received subsequent to June 30, 1973 were reported as contributed capital and cumulative net income earned subsequent to June 30, 1973 was reported as retained earnings prior to the implementation of GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions." The determination of the contributed capital and retained earnings components of fund equity prior to July 1, 1973 was not considered practicable.

As required by GASB Statement No. 33, the City has begun recognizing capital contributions from external sources as revenue in the current year rather than as contributed capital. The City utilizes an option allowed under NCGA Statement 2 for the Combined Statement of Revenues, Expenses, and Changes in Retained Earnings whereby it closes depreciation expense on assets acquired or constructed through grants to the contributed capital account rather than to retained earnings.

Retained earnings subsequent to June 30, 1973 are reserved in the Enterprise Funds pursuant to agreements relating to the sale of revenue bonds and for agreements with the airlines which provide for the establishment of

reserves for working capital and debt service. The amounts reserved at June 30, 2001 and 2000 are shown below:

| | <u>2001</u> | <u>2000</u> |
|-----------------------|-----------------|-----------------|
| Water and Sewer | \$11,170 | \$ - |
| Storm Water | 2,910 | 2,888 |
| Airport | <u>48,361</u> | <u>45,176</u> |
| Total..... | <u>\$62,441</u> | <u>\$48,064</u> |

The changes in contributed capital for Enterprise Funds are analyzed below:

| | |
|--|------------------|
| CONTRIBUTED CAPITAL, subsequent to | |
| June 30, 1973, beginning of the year | \$780,321 |
| Reductions- | |
| Consumption and depreciation of | |
| assets acquired from contributed | |
| capital | <u>(4,346)</u> |
| CONTRIBUTED CAPITAL, subsequent to | |
| June 30, 1973, end of year | <u>\$775,975</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

10. OTHER INDIVIDUAL FUND DISCLOSURES:

a. Segment Information for Enterprise Funds

The City maintains four Enterprise funds which provide water and sewer, storm water, airport and mass transit services. Segment information for the year ended June 30, 2001 is as follows:

| | <u>Water and Sewer</u> | <u>Storm Water</u> | <u>Airport</u> | <u>Public Transit</u> | <u>Total</u> |
|---|------------------------|--------------------|----------------|---------------------------|--------------|
| Operating revenues | \$ 143,663 | \$ 22,085 | \$ 92,451 | \$ 8,604 | \$ 266,803 |
| Operating expenses before depreciation | 65,066 | 8,710 | 32,386 | 46,983 | 153,145 |
| Depreciation..... | 38,659 | 1,181 | 19,952 | 4,346 | 64,138 |
| Operating income (loss)..... | 39,938 | 12,194 | 40,113 | (42,725) | 49,520 |
| Operating grant contributions | - | - | - | 6,879 | 6,879 |
| Sales tax..... | - | - | - | 54,895 | 54,895 |
| Operating transfers in | - | - | - | 18,659 | 18,659 |
| Capital contributions | 59,457 | 8,288 | 22,684 | 19,210 | 109,639 |
| Net income..... | 76,455 | 20,837 | 49,002 | 59,792 | 206,086 |
| Fixed assets: | | | | | |
| Additions | 242,747 | 25,723 | 91,847 | 19,713 | 380,030 |
| Deletions | 455 | - | 106 | 1,234 | 1,795 |
| Net working capital | 38,593 | 29,866 | 140,848 | 100,604 | 309,911 |
| Total assets | 1,748,072 | 175,426 | 901,344 | 162,508 | 2,987,350 |
| Bonds and other long-term liabilities payable | | | | | |
| from operating revenues | 858,775 | 56,607 | 453,904 | 1,830 | 1,371,116 |
| Total equity | 810,485 | 111,508 | 397,276 | 155,088 | 1,474,357 |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

b. Interfund Receivables and Payables

The following is a summary of interfund receivables and payables at June 30, 2001 by fund:

| | <u>Interfund</u> <u>Receivables</u> | <u>Interfund</u> <u>Payables</u> |
|--------------------------|--|-------------------------------------|
| General | \$ - | \$ 66 |
| Special Revenue- | | |
| Neighborhood Development | 66 | 1 |
| Debt Service | 2,300 | 28 |
| Capital Projects | - | 2,300 |
| Enterprise- | | |
| Public Transit | 28 | - |
| Internal Service- | | |
| Risk Management | <u>1</u> | <u>-</u> |
| Total | <u>\$2,395</u> | <u>\$2,395</u> |

c. 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, 2001 follows:

| | |
|---|------------------|
| Land and easements | \$133,102 |
| Buildings | 385,543 |
| Runways..... | 132,245 |
| Improvements other than buildings | 24,097 |
| Machinery and equipment | <u>8,916</u> |
| Total | 683,903 |
| Less accumulated depreciation | <u>235,927</u> |
| Total, net | <u>\$447,976</u> |

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2001:

| | |
|------------------------------------|------------------|
| 2002..... | \$ 59,977 |
| 2003..... | 60,187 |
| 2004..... | 59,670 |
| 2005..... | 59,496 |
| 2006..... | 59,747 |
| Thereafter..... | <u>613,698</u> |
| Total minimum future rental income | <u>\$912,775</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Rental income, consisting of all rental and concession revenues except parking, was \$71,957 for the year ended June 30, 2001. Of this amount, approximately \$11,981 was contingent rentals.

11. PENSION PLANS:

Primary Government

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

a. Local Governmental Employees' Retirement System

(1) Description

The City of Charlotte contributes to the statewide LGERS, a cost-sharing multiple-employer defined benefit pension plan. All employees of the City, except for members of the Charlotte Firefighters' Retirement System, participate in LGERS which

provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410.

(2) Funding Policy

Plan members are required to contribute 6.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80 percent and 4.78 percent, respectively, of annual covered payroll. The contribution requirements of members and of the City are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2001, 2000, and 1999, were \$8.5 million, \$7.9 million and \$6.9 million, respectively. The

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

contributions made by the City equaled the required contributions for each year.

b. Charlotte Firefighters' Retirement System

(1) Description

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

(2) Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the System are presented on the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income

are reported as earned. The net appreciation (depreciation) in the fair value of investments includes realized gains and losses on investments that were both bought and sold during the year.

Method Used to Value Investments

The investments of the System are reported at fair value. Short-term investments are reported at fair value as determined by quoted market prices. 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.

(3) Contributions

Pursuant to the North Carolina Act (Act) which created the System, the City is required to match the member's contribution. The Act dictates that the member's contribution is equal to the member's compensation multiplied by the sum of the current social security contribution rate plus 5.0 percent. The

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

current rate is 12.65 percent. The Act was established and may be amended by the North Carolina General Assembly.

(4) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the System for the current year were as follows:

| | |
|--|-------------------------|
| Annual required contribution..... | \$ 4,537 |
| Interest on net pension obligation | (608) |
| Adjustment to annual required contribution | <u>1,611</u> |
| Annual pension cost | 5,540 |
| Contributions made | <u>(4,537)</u> |
| Increase in net pension obligation..... | 1,003 |
| Net pension obligation, beginning of year | <u>(7,848)</u> |
| Net pension obligation, end of year | <u><u>\$(6,845)</u></u> |

Trend Information

| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|-------------------------------------|---------------------------|
| 2001 | \$5,540 | 81.90% | \$(6,845) |
| 2000 | (15) | N/A | (7,848) |
| 1999 | 1,868 | 207.18 | (3,557) |

(5) Concentrations

The System had investments at June 30, 2001 with the following organizations that represented more than five percent of the System's net assets:

| | |
|------------------------------------|-----|
| Evergreen Investment Management | 17% |
| Morgan Stanley Dean Witter | 14 |
| Alliance Capital Management | 13 |
| Banc of America Capital Management | 12 |
| State Street Global Advisors | 12 |
| Cadence Capital Management | 8 |
| Boston Partners | 8 |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

(6) Schedule of Funding Progress

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)- Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u> |
|---|--|---|--|-----------------------------------|------------------------------------|--|
| 7/1/99 | \$216,336 | \$186,854 | \$(29,482) | 115.78% | \$32,462 | (90.82)% |
| 7/1/00 | 235,901 | 239,784 | 3,883 | 98.38 | 33,080 | 11.74 |
| 7/1/01 | 246,614 | 254,767 | 8,153 | 96.80 | 38,079 | 21.41 |

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

| | | | |
|-------------------------------|------------------------|----------------------------|---------------|
| Actuarial valuation date | 7/1/01 | Actuarial assumptions | |
| Actuarial cost method | Entry age | Investment rate of return | 7.75% |
| Amortization method | Level dollar open | Projected salary increases | 4.75 to 7.75% |
| Remaining amortization period | 19 years | Includes inflation at | 3.75% |
| Asset valuation method | 5-year smoothed market | Cost-of-living adjustments | None |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

(7) Subsequent Event

Due to market declines, the fair value of the System's assets had decreased by approximately \$15 million at September 28, 2001.

c. Law Enforcement Officers' Separation Allowance

(1) Description

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

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2000, the LEO Separation's membership consisted of:

| | |
|-----------------------------------|--------------|
| Retirees receiving benefits | 146 |
| Active plan members | <u>1,501</u> |
| Total | <u>1,647</u> |

(2) Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

(3) Contributions

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

Trend Information

| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|------------------------------|-------------------------------------|------------------------------|
| 2001 | \$1,912 | 91.42% | \$2,563 |
| 2000 | 1,974 | 77.30 | 2,399 |
| 1999 | 1,835 | 74.60 | 1,951 |

The net pension obligation as of June 30, 2001 is included in the General Long-Term Debt Account Group.

(4) Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the LEO Separation for the current year were as follows:

| | |
|---|----------------|
| Annual required contribution..... | \$2,179 |
| Interest on net pension obligation | 158 |
| Adjustment to annual required contribution | <u>(425)</u> |
| Annual pension cost | 1,912 |
| Contributions made | <u>(1,748)</u> |
| Increase in net pension obligation..... | 164 |
| Net pension obligation, beginning of year.. | <u>2,399</u> |
| Net pension obligation, end of year | <u>\$2,563</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

(5) Required Supplementary Information

Schedule of Funding Progress-

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|--------------------------------|--|--|------------------------------------|--------------------------|---------------------------|---|
| 12/31/95 | - | \$12,034 | \$12,034 | -% | \$43,993 | 27.35% |
| 12/31/96 | - | 13,386 | 13,386 | - | 48,183 | 27.78 |
| 12/31/97 | - | 14,398 | 14,398 | - | 49,199 | 29.26 |
| 12/31/98 | - | 15,274 | 15,274 | - | 53,277 | 28.67 |
| 12/31/99 | - | 16,359 | 16,359 | - | 57,651 | 28.38 |
| 12/31/00 | - | 24,391 | 24,391 | - | 63,952 | 38.14 |

Schedule of Employer Contributions-

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|-----------------------|---------------------------------|---------------------------|
| 1996 | \$1,313 | 80.50% |
| 1997 | 1,592 | 71.04 |
| 1998 | 1,755 | 74.19 |
| 1999 | 1,860 | 73.60 |
| 2000 | 2,008 | 76.00 |
| 2001 | 2,179 | 80.22 |

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

| | | | |
|-------------------------------|-----------------------|----------------------------|---------------|
| Actuarial valuation date | 12/31/00 | Actuarial assumptions | |
| Actuarial cost method | Projected unit credit | Investment rate of return | 7.25% |
| Amortization method | Level dollar closed | Projected salary increases | 5.90 to 9.80% |
| Remaining amortization period | 30 years | Includes inflation at | 3.75% |
| Asset valuation method | Not applicable | Cost-of-living adjustments | None |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

d. Supplemental Retirement Income Plan for Law Enforcement Officers

(1) 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.

(2) Funding Policy

Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for 1,470 law enforcement officers. Contributions for the year ended June 30, 2001 were \$4,861, which consisted of \$3,091 from the City and \$1,770 from the law enforcement officers.

Component Unit

The Authority participates in the North Carolina Local Governmental Employees' Retirement System which is described in Note 11.a. The Authority's contribution to the LGERS for the year ended June 30, 2001 was \$263, which was 4.80 percent of annual covered payroll.

12. POST-EMPLOYMENT BENEFITS:

In addition to the pension benefits described in Note 11, the City Council has authorized the City to provide health benefits to retirees. Currently, 1,641 retirees are receiving benefits. For individuals who retired prior to January 1, 1991 or who retire with 20 or more years of service, the City funds the same percent of the benefit for the retiree and dependents as it does for active employees. For retirees with 15 to 20 years of service, the City funds the same percent of the benefit for the retiree only as it does for active employees. For retirees with less than 15 years of service, the City does not fund any portion of the cost.

Post-retirement health benefits are accounted for in the City's Employee Health and Life Insurance Fund. Accordingly, expenditures are recognized and liabilities are reported as described in Note 14.a. During 2001, expenditures for post-retirement health care were approximately \$6,460.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (System), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$20. 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, 2001, the City made contributions of \$90 to the State for death benefits. The City's contributions for employees engaged in law enforcement represented .14 percent of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

13. DEFERRED COMPENSATION PLAN:

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

14. INSURANCE:

a. Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains excess coverage with private carriers for health claims in excess of \$200 per year per person and life claims in excess of \$75. The City has an Employee Health and Life Insurance Fund (EHLIF), an internal service fund, to account for and finance its health and life insurance program.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

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

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

| | <u>Beginning</u> <u>Of Year</u> | Claims and <u>Changes In</u> <u>Estimates</u> | <u>Claims</u> <u>Payments</u> | <u>End of</u> <u>Year</u> |
|------|------------------------------------|---|----------------------------------|------------------------------|
| 2001 | \$4,486 | \$26,883 | \$(25,619) | \$5,750 |
| 2000 | 3,911 | 21,109 | (20,534) | 4,486 |

At June 30, 2001, the EHLIF held \$5,208 in cash and cash equivalents for payments of these claims. See Note 1.f. for additional information about cash and cash equivalents.

b. 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 property damage for buildings and contents, police professional liability, excess workers’ compensation, airport liability and City bus physical damage and liability. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence and workers’ compensation claims in excess of \$300. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County and the Charlotte-Mecklenburg Board of Education. There is no transfer or pooling of risks among entities. Amounts collected or due and amounts paid or to be paid to settle claims for Mecklenburg County and the Charlotte-Mecklenburg Board of Education are reported as a net liability on an accrual basis. At June 30, 2001, \$4,201 were 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 \$17,297 reported in the RMF at June 30, 2001, 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.

| | Beginning <u>Of Year</u> | Claims and Changes In <u>Estimates</u> | Claims <u>Payments</u> | End of <u>Year</u> |
|------|-----------------------------|--|---------------------------|-----------------------|
| 2001 | \$24,477 | \$ 1,319 | \$(8,499) | \$17,297 |
| 2000 | 21,831 | 11,139 | (8,493) | 24,477 |

During 2001 the City settled claims for significantly less than was accrued. These settlements reduced current year estimated claims expense by \$6 million.

At June 30, 2001, the RMF held \$41,056 in cash and cash equivalents for payments of these claims. See Note 1.f. for additional information about cash and cash equivalents.

15. COMMITMENTS AND CONTINGENCIES:

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

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

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs cannot be reasonably estimated. Accordingly, no provision for cleanup costs has been provided within the financial statements. In the opinion of City management, any

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

costs ultimately incurred are not expected to have a material effect on the City's financial position.

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

Authorized capital projects at June 30, 2001, are comprised of the following by fund:

| | Project | | |
|------------------------|----------------------|--------------------|-------------------|
| | <u>Authorization</u> | <u>Expended</u> | <u>Unexpended</u> |
| Governmental- | | | |
| Capital Projects | \$ 787,305 | \$ 591,321 | \$195,984 |
| Enterprise- | | | |
| Water and Sewer | 1,080,168 | 710,784 | 369,384 |
| Storm Water | 136,216 | 93,762 | 42,454 |
| Airport | 494,846 | 328,349 | 166,497 |
| Public Transit | <u>108,236</u> | <u>56,493</u> | <u>51,743</u> |
| Total Enterprise | <u>1,819,466</u> | <u>1,189,388</u> | <u>630,078</u> |
| Total | <u>\$2,606,771</u> | <u>\$1,780,709</u> | <u>\$826,062</u> |

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

The City has construction and other contractual commitments at June 30, 2001, as follows by fund:

| | |
|------------------------------|------------------|
| Governmental- | |
| Capital Projects | \$ 62,258 |
| Special Revenue- | |
| Neighborhood Development ... | 3,706 |
| Enterprise- | |
| Water and Sewer | 122,068 |
| Storm Water | 13,695 |
| Airport | 45,548 |
| Public Transit | <u>23,403</u> |
| Total Enterprise | <u>204,714</u> |
| Total | <u>\$270,678</u> |

The City has operating lease commitments, primarily for land and office space, with future rentals under these leases at June 30, 2001 as shown below:

| <u>Year</u> | <u>Amount</u> |
|------------------|----------------|
| 2002 | \$ 753 |
| 2003 | 353 |
| 2004 | 353 |
| 2005 | 353 |
| 2006 | 143 |
| Thereafter | <u>701</u> |
| Total | <u>\$2,656</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2001
(Dollar Amounts In Thousands)

Related lease expense was approximately \$591 in 2001 and \$469 in 2000.

Under Municipal Agreements with the North Carolina Department of Transportation, the City has obligations to share the cost of certain street and highway construction or improvements in the Charlotte area. As of June 30, 2001, the City's estimated obligation for future costs under these agreements was approximately \$612.

The City has obligations issued to local financial institutions, in the form of "master notes," to evidence borrowings for mortgage loan programs in redevelopment areas. The obligations are collateralized by and payable solely from program revenues and therefore do not represent a claim against the revenues of the City. Funds are advanced under the notes, up to the face amounts thereof, as required to fund qualifying mortgage loans. The amounts authorized and outstanding by loan program at June 30, 2001, are as follows:

| <u>Loan Program</u> | <u>Purpose</u> | <u>Amount Authorized</u> | <u>Amount Outstanding</u> |
|---------------------|----------------|--------------------------|---------------------------|
| Third/Fourth Ward | Residential | \$44,000 | \$ 90 |
| Five Points | Residential | 1,850 | 508 |
| Uptown | Residential | 21,000 | 277 |

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

GENERAL FUND

The General Fund is the City's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. Principal sources of revenue are property taxes, other local taxes and intergovernmental revenues. Primary expenditures are for public safety, environmental health and sanitation, general administration and engineering and property management.

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000
(In Thousands)

| <u>ASSETS</u> | <u>2001</u> | <u>2000</u> |
|---|-------------------|-------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 98,672 | \$ 88,161 |
| Receivables, net of allowance for uncollectibles- | | |
| Property taxes | 3,269 | 4,023 |
| Accounts | <u>3,303</u> | <u>2,629</u> |
| Total receivables | 6,572 | 6,652 |
| Due from other governmental agencies | 19,214 | 17,211 |
| Inventories | 629 | 562 |
| Other | <u>109</u> | <u>2,377</u> |
| Total current assets | 125,196 | 114,963 |
| Notes receivable | <u>118</u> | <u>159</u> |
| Total assets | <u>\$ 125,314</u> | <u>\$ 115,122</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 16,958 | \$ 16,097 |
| Deposits and retainage payable | 1,474 | 1,741 |
| Due to other funds | <u>66</u> | <u>422</u> |
| Total current liabilities | 18,498 | 18,260 |
| Deferred revenues | <u>6,203</u> | <u>9,155</u> |
| Total liabilities | <u>24,701</u> | <u>27,415</u> |
| <u>FUND BALANCES</u> | | |
| Reserved by State statute | 15,868 | 17,244 |
| Reserved for encumbrances | 21,402 | 24,375 |
| Reserved for inventories | 629 | 562 |
| Unreserved: | | |
| Designated for subsequent years' expenditures | 2,447 | 1,579 |
| Undesignated | <u>60,267</u> | <u>43,947</u> |
| Total fund balances | <u>100,613</u> | <u>87,707</u> |
| Total liabilities and fund balances | <u>\$ 125,314</u> | <u>\$ 115,122</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|----------------|----------------|---|----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Taxes- | | | | |
| Real and tangible personal property: | | | | |
| Current year | \$ 170,984 | \$ 173,149 | \$ 2,165 | \$ 166,714 |
| Prior years | 1,792 | 3,475 | 1,683 | 3,191 |
| Interest and penalties | 1,000 | 1,592 | 592 | 1,523 |
| Less rebates | (1,059) | (1,663) | (604) | (3,122) |
| Total real and tangible personal property | <u>172,717</u> | <u>176,553</u> | <u>3,836</u> | <u>168,306</u> |
| Other: | | | | |
| Sales | 35,839 | 36,968 | 1,129 | 37,429 |
| Occupancy | 2,870 | 2,570 | (300) | 2,613 |
| Vehicle rental | - | 1,571 | 1,571 | - |
| Total other | <u>38,709</u> | <u>41,109</u> | <u>2,400</u> | <u>40,042</u> |
| Total taxes | <u>211,426</u> | <u>217,662</u> | <u>6,236</u> | <u>208,348</u> |
| Intergovernmental- | | | | |
| State of North Carolina: | | | | |
| Utility franchise tax | 24,835 | 26,534 | 1,699 | 24,850 |
| Inventory tax reimbursement | 6,459 | 7,171 | 712 | 6,489 |
| Intangible tax reimbursement | 4,310 | 4,600 | 290 | 4,866 |
| Beer and wine | 2,334 | 2,294 | (40) | 2,265 |
| Other | 1,679 | 1,517 | (162) | 1,500 |
| Total State of North Carolina | <u>39,617</u> | <u>42,116</u> | <u>2,499</u> | <u>39,970</u> |
| Federal Government: | | | | |
| Grant income | <u>509</u> | <u>501</u> | <u>(8)</u> | <u>1,155</u> |
| Mecklenburg County: | | | | |
| ABC Board contribution | 1,492 | 2,173 | 681 | 1,449 |
| Law enforcement services | 4,946 | 4,485 | (461) | 4,756 |
| Other | 1,560 | 1,639 | 79 | 1,767 |
| Total Mecklenburg County | <u>7,998</u> | <u>8,297</u> | <u>299</u> | <u>7,972</u> |
| Charlotte-Mecklenburg Board of Education | <u>1,076</u> | <u>1,177</u> | <u>101</u> | <u>1,138</u> |
| Local municipalities- service fees | <u>1,301</u> | <u>1,230</u> | <u>(71)</u> | <u>1,199</u> |
| Total intergovernmental | <u>50,501</u> | <u>53,321</u> | <u>2,820</u> | <u>51,434</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|--|----------------|----------------|---|----------------|
| | Budget | Actual | | |
| REVENUES (continued): | | | | |
| Licenses, permits and fees- | | | | |
| Business privilege licenses | \$ 7,600 | \$ 7,081 | \$ (519) | \$ 4,642 |
| Motor vehicle licenses | 1,987 | 2,003 | 16 | 1,964 |
| Refuse disposal fees | 8,418 | 8,448 | 30 | 6,982 |
| Cable TV franchise | 4,700 | 4,981 | 281 | 4,495 |
| Parking fees | 2,653 | 2,829 | 176 | 2,538 |
| Other | 2,175 | 2,640 | 465 | 2,306 |
| Total licenses, permits and fees | <u>27,533</u> | <u>27,982</u> | <u>449</u> | <u>22,927</u> |
| Investment income | <u>6,413</u> | <u>8,639</u> | <u>2,226</u> | <u>5,457</u> |
| Administrative charges- | | | | |
| Equipment services | 2,644 | 2,453 | (191) | 2,144 |
| Cost allocation | 12,872 | 11,606 | (1,266) | 9,462 |
| Total administrative charges | <u>15,516</u> | <u>14,059</u> | <u>(1,457)</u> | <u>11,606</u> |
| Charges for current services- | | | | |
| Private street cuts | 1,900 | 2,186 | 286 | 1,498 |
| Other | 1,429 | 1,745 | 316 | 1,775 |
| Total charges for current services | <u>3,329</u> | <u>3,931</u> | <u>602</u> | <u>3,273</u> |
| Fines, forfeitures and penalties- | | | | |
| Burglar alarm fines | 1,200 | 1,017 | (183) | 1,305 |
| Other | 544 | 730 | 186 | 508 |
| Total fines, forfeitures and penalties | <u>1,744</u> | <u>1,747</u> | <u>3</u> | <u>1,813</u> |
| Other | <u>2,848</u> | <u>3,698</u> | <u>850</u> | <u>2,838</u> |
| Total revenues | <u>319,310</u> | <u>331,039</u> | <u>11,729</u> | <u>307,696</u> |

continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|----------------|----------------|---|----------------|
| | Budget | Actual | | |
| EXPENDITURES: | | | | |
| Current- | | | | |
| Public safety: | | | | |
| Police | \$ 119,275 | \$ 117,057 | \$ 2,218 | \$ 113,637 |
| Fire | 56,483 | 55,399 | 1,084 | 50,157 |
| Street lighting | 6,045 | 6,041 | 4 | 6,084 |
| Total public safety | <u>181,803</u> | <u>178,497</u> | <u>3,306</u> | <u>169,878</u> |
| Environmental health and sanitation: | | | | |
| Solid-waste services | 33,155 | 32,651 | 504 | 33,685 |
| General administration: | | | | |
| Finance | 7,295 | 6,756 | 539 | 6,593 |
| Human resources | 2,293 | 2,218 | 75 | 2,206 |
| City manager | 3,698 | 3,613 | 85 | 3,262 |
| Corporate communications | 1,740 | 1,678 | 62 | 1,554 |
| City attorney | 1,331 | 1,304 | 27 | 1,175 |
| Budget and evaluation | 1,008 | 984 | 24 | 905 |
| City council | 1,026 | 990 | 36 | 1,014 |
| City clerk | 425 | 423 | 2 | 382 |
| Retiree health and life insurance | 3,751 | 3,751 | - | 2,034 |
| Elections office | 1,586 | 1,586 | - | 1,455 |
| Other | 2,067 | 1,705 | 362 | 2,929 |
| Total general administration | <u>26,220</u> | <u>25,008</u> | <u>1,212</u> | <u>23,509</u> |
| Support services | 15,203 | 14,598 | 605 | 18,491 |
| Engineering and property management | 20,382 | 19,892 | 490 | 18,561 |
| Streets and highways: | | | | |
| Transportation | 15,321 | 13,713 | 1,608 | 12,859 |
| Community planning and development: | | | | |
| Community relations | 1,072 | 775 | 297 | 656 |
| City-County Planning Commission | 3,296 | 3,232 | 64 | 3,092 |
| United Arts Council | 2,675 | 2,674 | 1 | 2,675 |
| Convention Visitor's Bureau | 2,905 | 2,905 | - | 2,931 |
| Other | 818 | 790 | 28 | 722 |
| Total community planning and development | <u>10,766</u> | <u>10,376</u> | <u>390</u> | <u>10,076</u> |
| Total expenditures | <u>302,850</u> | <u>294,735</u> | <u>8,115</u> | <u>287,059</u> |
| Revenues over expenditures | <u>16,460</u> | <u>36,304</u> | <u>19,844</u> | <u>20,637</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 |
|--|-------------------|-------------------|---|------------------|
| | Budget | Actual | | Actual |
| OTHER FINANCING SOURCES (USES): | | | | |
| Sales of general fixed assets | \$ 596 | \$ 623 | \$ 27 | \$ 1,329 |
| Transfers from other funds- | | | | |
| Debt Service | 35 | 35 | - | 35 |
| Capital Projects | 644 | 644 | - | 657 |
| Cemetery Trust | 140 | 45 | (95) | 164 |
| Public Transit | - | - | - | 562 |
| Total transfers from other funds | <u>819</u> | <u>724</u> | <u>(95)</u> | <u>1,418</u> |
| Transfers to other funds- | | | | |
| Debt Service | 16,112 | 16,112 | - | 12,154 |
| Capital Projects | 1,127 | 1,127 | - | 10,191 |
| Employment and Training | 904 | 904 | - | 846 |
| Neighborhood Development | 3,219 | 3,219 | - | 2,924 |
| Police Grants | 1,784 | 1,784 | - | 2,990 |
| Total transfers to other funds | <u>23,146</u> | <u>23,146</u> | <u>-</u> | <u>29,105</u> |
| Total other financing sources (uses) | <u>(21,731)</u> | <u>(21,799)</u> | <u>(68)</u> | <u>(26,358)</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>\$ (5,271)</u> | 14,505 | <u>\$ 19,776</u> | (5,721) |
| RECONCILIATION TO GAAP BASIS: | | | | |
| Current year encumbrances | | 9,650 | | 14,140 |
| Prior year encumbrances | | (11,249) | | (15,443) |
| FUND BALANCES, beginning of year | | <u>87,707</u> | | <u>94,731</u> |
| FUND BALANCES, end of year | | <u>\$ 100,613</u> | | <u>\$ 87,707</u> |

SPECIAL REVENUE FUNDS

The 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.

These funds include Convention Center Tax, Municipal Services District, Police Grants, Neighborhood Development, Employment and Training, State Street Aid, Stadium Parking Deck and SafeLight.

CITY OF CHARLOTTE, NORTH CAROLINA
DESCRIPTION OF SPECIAL REVENUE FUNDS

Convention Center Tax Fund

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

Municipal Services District Fund

The Municipal Services District Fund accounts for activities including downtown planning, promotion and revitalization within the designated Municipal Services Districts. These activities are financed by a property tax on property within the designated districts.

Police Grants Fund

The Police Grants Fund accounts for activities of the Charlotte-Mecklenburg Police Department that are funded primarily by federal and state grants.

Neighborhood Development Fund

The Neighborhood Development Fund accounts for the activities of the Community Development Program, including the development of viable urban communities to provide for adequate housing and a suitable living environment, and the expansion of economic opportunities, principally for persons of low and moderate income. This program is financed primarily by Federal grants.

Employment and Training Fund

The Employment and Training Fund accounts for activities providing comprehensive employment and training services to enable individuals to secure and retain employment at their maximum capacity. This program is currently funded by the Workforce Investment Act and the Job Training Partnership Act.

State Street Aid Fund

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

Stadium Parking Deck Fund

The Stadium Parking Deck Fund accounts for rental revenues and parking fees which are specifically for debt service and operations and maintenance.

SafeLight Fund

The SafeLight Fund accounts for citation revenue to be used for the administration and operation of the SafeLight program and school related traffic safety projects.

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| <u>ASSETS</u> | Convention | Municipal | Police | Neighborhood | Employment | State | Stadium | SafeLight | Totals | |
|---|------------------|-------------------|-----------------|------------------|---------------|------------------|-----------------|-----------------|-------------------|------------------|
| | Center Tax | Services District | Grants | Development | and Training | Street Aid | Parking Deck | | 2001 | 2000 |
| Current assets: | | | | | | | | | | |
| Cash and cash equivalents | \$ 43,030 | \$ 437 | \$ 2,529 | \$ 3,391 | \$ 180 | \$ 19,211 | \$ 876 | \$ 1,450 | \$ 71,104 | \$ 51,021 |
| Receivables, net of allowance for uncollectibles- | | | | | | | | | | |
| Property taxes | - | 16 | - | - | - | - | - | - | 16 | 20 |
| Accounts | - | - | - | - | - | - | - | 635 | 635 | 644 |
| Other | - | 91 | - | - | - | - | 382 | 22 | 495 | 369 |
| Total receivables | - | 107 | - | - | - | - | 382 | 657 | 1,146 | 1,033 |
| Due from other governmental agencies | 2,125 | - | 1,279 | 1,477 | 481 | 123 | - | - | 5,485 | 7,487 |
| Due from other funds | - | - | - | 66 | - | - | - | - | 66 | 642 |
| Due from component unit | - | - | - | - | - | - | - | - | - | 101 |
| Total current assets | 45,155 | 544 | 3,808 | 4,934 | 661 | 19,334 | 1,258 | 2,107 | 77,801 | 60,284 |
| Notes receivable | - | - | - | 35,775 | - | - | - | - | 35,775 | 34,965 |
| Total assets | <u>\$ 45,155</u> | <u>\$ 544</u> | <u>\$ 3,808</u> | <u>\$ 40,709</u> | <u>\$ 661</u> | <u>\$ 19,334</u> | <u>\$ 1,258</u> | <u>\$ 2,107</u> | <u>\$ 113,576</u> | <u>\$ 95,249</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | | | | | |
| <u>LIABILITIES</u> | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ 179 | \$ 5,170 | \$ 508 | \$ 2,146 | \$ - | \$ 103 | \$ 8,106 | \$ 10,499 |
| Deposits and retainage payable | - | - | - | 631 | - | 283 | 256 | - | 1,170 | 1,622 |
| Due to other funds | - | - | - | 1 | - | - | - | - | 1 | 19 |
| Due to component unit | 131 | - | - | - | - | - | - | - | 131 | - |
| Total current liabilities | 131 | - | 179 | 5,802 | 508 | 2,429 | 256 | 103 | 9,408 | 12,140 |
| Deferred revenues | - | 16 | 579 | 29,886 | - | - | - | 635 | 31,116 | 30,804 |
| Total liabilities | 131 | 16 | 758 | 35,688 | 508 | 2,429 | 256 | 738 | 40,524 | 42,944 |
| <u>FUND BALANCES</u> | | | | | | | | | | |
| Reserved for encumbrances | - | - | 667 | 136 | 153 | 6,233 | - | 508 | 7,697 | 6,435 |
| Reserved for loans | - | - | - | 3,147 | - | - | - | - | 3,147 | 3,147 |
| Unreserved: | | | | | | | | | | |
| Designated for subsequent years' expenditures | 45,024 | 528 | 2,383 | 1,738 | - | 10,672 | 1,002 | 861 | 62,208 | 42,723 |
| Total fund balances | 45,024 | 528 | 3,050 | 5,021 | 153 | 16,905 | 1,002 | 1,369 | 73,052 | 52,305 |
| Total liabilities and fund balances | <u>\$ 45,155</u> | <u>\$ 544</u> | <u>\$ 3,808</u> | <u>\$ 40,709</u> | <u>\$ 661</u> | <u>\$ 19,334</u> | <u>\$ 1,258</u> | <u>\$ 2,107</u> | <u>\$ 113,576</u> | <u>\$ 95,249</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Convention Center Tax | Municipal Services District | Police Grants | Neighborhood Development | Employment and Training | State Street Aid | Stadium Parking Deck | SafeLight | Totals | |
|---|--------------------------|-----------------------------------|------------------|-----------------------------|----------------------------|------------------------|----------------------------|-----------------|------------------|------------------|
| | | | | | | | | | 2001 | 2000 |
| REVENUES: | | | | | | | | | | |
| Property taxes | \$ - | \$ 1,529 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,529 | \$ 1,206 |
| Other taxes | 21,687 | - | - | - | - | - | - | - | 21,687 | 21,219 |
| Intergovernmental | - | 13 | 6,972 | 9,976 | 1,889 | 16,809 | - | - | 35,659 | 40,774 |
| Investment income | 2,637 | 5 | 37 | - | - | 1,668 | 39 | 81 | 4,467 | 3,095 |
| Fines, forfeitures and penalties | - | - | - | - | - | - | - | 2,311 | 2,311 | 1,999 |
| Facility fees | - | - | - | - | - | - | 1,498 | - | 1,498 | 1,367 |
| Principal on loans | - | - | - | 1,454 | - | - | - | - | 1,454 | 2,229 |
| Interest on loans | - | - | - | 556 | - | - | - | - | 556 | 366 |
| Other | - | - | 12 | 1,617 | - | 87 | - | - | 1,716 | 1,083 |
| Total revenues | 24,324 | 1,547 | 7,021 | 13,603 | 1,889 | 18,564 | 1,537 | 2,392 | 70,877 | 73,338 |
| EXPENDITURES: | | | | | | | | | | |
| Public safety | - | - | 9,277 | - | - | - | - | 1,464 | 10,741 | 12,449 |
| General administration | 3,302 | 56 | - | 1,521 | 425 | - | - | - | 5,304 | 3,919 |
| Streets and highways | - | - | - | - | - | 18,896 | - | - | 18,896 | 18,396 |
| Community planning and development | - | 1,393 | - | 14,901 | - | - | 291 | - | 16,585 | 22,059 |
| Job development | - | - | - | - | 2,394 | - | - | - | 2,394 | 2,641 |
| Total expenditures | 3,302 | 1,449 | 9,277 | 16,422 | 2,819 | 18,896 | 291 | 1,464 | 53,920 | 59,464 |
| Revenues over (under) expenditures | 21,022 | 98 | (2,256) | (2,819) | (930) | (332) | 1,246 | 928 | 16,957 | 13,874 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Operating transfers in | 16,520 | - | 1,784 | 3,739 | 904 | - | - | - | 22,947 | 15,682 |
| Operating transfers out | (14,736) | - | - | - | - | (1,037) | (807) | (400) | (16,980) | (28,779) |
| Operating transfers to component unit | (2,177) | - | - | - | - | - | - | - | (2,177) | (1,367) |
| Total other financing sources (uses) | (393) | - | 1,784 | 3,739 | 904 | (1,037) | (807) | (400) | 3,790 | (14,464) |
| Revenues and other sources over (under) expenditures and other uses | 20,629 | 98 | (472) | 920 | (26) | (1,369) | 439 | 528 | 20,747 | (590) |
| FUND BALANCES, beginning of year | 24,395 | 430 | 3,522 | 4,101 | 179 | 18,274 | 563 | 841 | 52,305 | 52,895 |
| FUND BALANCES, end of year | \$ 45,024 | \$ 528 | \$ 3,050 | \$ 5,021 | \$ 153 | \$ 16,905 | \$ 1,002 | \$ 1,369 | \$ 73,052 | \$ 52,305 |

| Stadium Parking Deck | | | SafeLight | | | Totals | | | |
|----------------------|--------------|----------------------------------|-----------------|--------------|----------------------------------|------------------|----------------|----------------------------------|------------------|
| Budget | Actual | Variance-Favorable (Unfavorable) | Budget | Actual | Variance-Favorable (Unfavorable) | Budget | Actual | Variance-Favorable (Unfavorable) | 2000 Actual |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,434 | \$ 1,529 | \$ 95 | \$ 1,206 |
| - | - | - | - | - | - | 23,023 | 21,687 | (1,336) | 21,219 |
| - | - | - | - | - | - | 16,587 | 16,822 | 235 | 16,223 |
| 45 | 39 | (6) | 28 | 81 | 53 | 4,552 | 4,430 | (122) | 3,010 |
| - | - | - | 3,263 | 2,311 | (952) | 3,263 | 2,311 | (952) | 1,999 |
| 1,110 | 1,498 | 388 | - | - | - | 1,110 | 1,498 | 388 | 1,367 |
| 21 | - | (21) | - | - | - | 21 | 87 | 66 | 121 |
| <u>1,176</u> | <u>1,537</u> | <u>361</u> | <u>3,291</u> | <u>2,392</u> | <u>(899)</u> | <u>49,990</u> | <u>48,364</u> | <u>(1,626)</u> | <u>45,145</u> |
| - | - | - | 1,971 | 1,747 | 224 | 1,971 | 1,747 | 224 | 1,701 |
| - | - | - | - | - | - | 3,566 | 3,358 | 208 | 2,632 |
| - | - | - | - | - | - | 22,512 | 19,783 | 2,729 | 19,027 |
| 301 | 291 | 10 | - | - | - | 1,694 | 1,684 | 10 | 1,321 |
| <u>301</u> | <u>291</u> | <u>10</u> | <u>1,971</u> | <u>1,747</u> | <u>224</u> | <u>29,743</u> | <u>26,572</u> | <u>3,171</u> | <u>24,681</u> |
| 875 | 1,246 | 371 | 1,320 | 645 | (675) | 20,247 | 21,792 | 1,545 | 20,464 |
| - | - | - | - | - | - | 16,520 | 16,520 | - | 7,920 |
| (807) | (807) | - | (400) | (400) | - | (20,012) | (16,980) | 3,032 | (28,769) |
| - | - | - | - | - | - | (2,194) | (2,177) | 17 | (1,367) |
| <u>(807)</u> | <u>(807)</u> | <u>-</u> | <u>(400)</u> | <u>(400)</u> | <u>-</u> | <u>(5,686)</u> | <u>(2,637)</u> | <u>3,049</u> | <u>(22,216)</u> |
| <u>\$ 68</u> | <u>439</u> | <u>\$ 371</u> | <u>\$ 920</u> | <u>245</u> | <u>\$ (675)</u> | <u>\$ 14,561</u> | <u>19,155</u> | <u>\$ 4,594</u> | <u>(1,752)</u> |
| - | - | - | - | 503 | - | - | 5,847 | - | 5,546 |
| - | - | - | - | (220) | - | - | (4,677) | - | (4,838) |
| - | 563 | - | - | 841 | - | - | 44,503 | - | 45,547 |
| <u>\$1,002</u> | | | <u>\$ 1,369</u> | | | <u>64,828</u> | | | <u>44,503</u> |
| | | | | | | | 7,802 | | 7,348 |
| | | | | | | | 422 | | 454 |
| | | | | | | | <u>8,224</u> | | <u>7,802</u> |
| | | | | | | <u>\$ 73,052</u> | | | <u>\$ 52,305</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
POLICE GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations |
|---|------------------|-----------------|------------------|------------------|------------------------------|
| | | Current Year | Prior Years | Total | |
| Local Law Enforcement Block Grants | \$ 5,405 | \$ 2,671 | \$ 2,291 | \$ 4,962 | \$ 443 |
| C.O.P.S. M.O.R.E. | 12,531 | (21) | 5,926 | 5,905 | 6,626 |
| C.O.P.S. Regional Community Policing | 2,139 | 688 | 1,224 | 1,912 | 227 |
| C.O.P.S. Advancing Community Policing | 154 | 38 | 88 | 126 | 28 |
| C.O.P.S. Universal Hiring Award | 9,485 | 4,881 | 3,731 | 8,612 | 873 |
| C.O.P.S. Community Policing Domestic Violence | 550 | 74 | 41 | 115 | 435 |
| C.O.P.S. Effects of Bullying and Intimidation | 170 | 71 | 84 | 155 | 15 |
| C.O.P.S. Police Integrity Training Initiative | 400 | 15 | - | 15 | 385 |
| Police-Researcher Partnership | 286 | 67 | 176 | 243 | 43 |
| National Incident Based Reporting System | 337 | 71 | 194 | 265 | 72 |
| Family Solutions/Child Development | 81 | 8 | - | 8 | 73 |
| Asset forfeiture | 3,328 | 714 | 1,509 | 2,223 | 1,105 |
| Other police programs | 10 | - | - | - | 10 |
| Total police grants | \$ 34,876 | \$ 9,277 | \$ 15,264 | \$ 24,541 | \$ 10,335 |

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations |
|--|------------------|------------------|------------------|------------------|------------------------------|
| | | Current Year | Prior Years | Total | |
| Brownfields | \$ 716 | \$ 26 | \$ 81 | \$ 107 | \$ 609 |
| Community Development Block Grants | 12,802 | 5,325 | 5,828 | 11,153 | 1,649 |
| HOME Grants | 10,985 | 4,360 | 5,773 | 10,133 | 852 |
| Lead Based Paint Hazards | 4,922 | 1,650 | 2,539 | 4,189 | 733 |
| Emergency Shelter | 503 | 169 | 332 | 501 | 2 |
| Economic Development Initiative - West Boulevard Shopping Center | 2,560 | - | - | - | 2,560 |
| Economic Development Initiative - Wilkinson Boulevard | 1,250 | 1,218 | - | 1,218 | 32 |
| Weed and Seed | 773 | 139 | 447 | 586 | 187 |
| Urban Enterprise Community | 2,141 | 7 | 1,176 | 1,183 | 958 |
| Housing Opportunities For Persons With AIDS | 1,185 | 380 | 404 | 784 | 401 |
| Pepsi North Carolina Mentoring Initiative | 15 | (10) | 25 | 15 | - |
| Mecklenburg Mill | 303 | 28 | 185 | 213 | 90 |
| Economic development | 320 | 320 | - | 320 | - |
| Code enforcement | 711 | 710 | - | 710 | 1 |
| Community empowerment | 1,647 | 1,624 | - | 1,624 | 23 |
| Other community planning and development | 546 | 476 | - | 476 | 70 |
| Total neighborhood development | <u>\$ 41,379</u> | <u>\$ 16,422</u> | <u>\$ 16,790</u> | <u>\$ 33,212</u> | <u>\$ 8,167</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations |
|--------------------------------|-----------------|-----------------|----------------|-----------------|------------------------------|
| | | Current Year | Prior Years | Total | |
| Workforce Investment Act | \$ 5,078 | \$ 1,846 | \$ 812 | \$ 2,658 | \$ 2,420 |
| State Worker Training Trust | 194 | 43 | 22 | 65 | 129 |
| Other job development programs | 1,051 | 930 | - | 930 | 121 |
| Total employment and training | <u>\$ 6,323</u> | <u>\$ 2,819</u> | <u>\$ 834</u> | <u>\$ 3,653</u> | <u>\$ 2,670</u> |

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 enterprise operations.

CITY OF CHARLOTTE, NORTH CAROLINA
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000
(In Thousands)

| <u>ASSETS</u> | <u>2001</u> | <u>2000</u> |
|---|-------------------|-------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 101,823 | \$ 99,160 |
| Receivables, net of allowance for uncollectibles- | | |
| Property taxes | 553 | 647 |
| Other | <u>17</u> | <u>34</u> |
| Total receivables | 570 | 681 |
| Due from other governmental agencies | 3,116 | 3,775 |
| Due from other funds | <u>2,300</u> | <u>-</u> |
| Total current assets | 107,809 | 103,616 |
| Restricted assets- Cash and cash equivalents | <u>15,242</u> | <u>15,765</u> |
| Total assets | <u>\$ 123,051</u> | <u>\$ 119,381</u> |
| | | |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| <u>LIABILITIES</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 495 | \$ - |
| Due to other funds | 28 | 33 |
| Due to component unit | <u>2,450</u> | <u>-</u> |
| Total current liabilities | 2,973 | 33 |
| Deferred revenues | <u>570</u> | <u>647</u> |
| Total liabilities | <u>3,543</u> | <u>680</u> |
| | | |
| <u>FUND BALANCES</u> | | |
| Reserved by State statute | 4,892 | 3,809 |
| Reserved for Convention Center | 14,194 | 14,194 |
| Unreserved: | | |
| Designated for subsequent years' expenditures | <u>100,422</u> | <u>100,698</u> |
| Total fund balances | <u>119,508</u> | <u>118,701</u> |
| Total liabilities and fund balances | <u>\$ 123,051</u> | <u>\$ 119,381</u> |

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, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|--|---------------|---------------|---|----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Taxes- | | | | |
| Real and tangible personal property: | | | | |
| Current year | \$ 29,061 | \$ 29,110 | \$ 49 | \$ 27,097 |
| Prior years | 159 | 570 | 411 | 556 |
| Less rebates | <u>(178)</u> | <u>(272)</u> | <u>(94)</u> | <u>(494)</u> |
| Total real and tangible personal property | <u>29,042</u> | <u>29,408</u> | <u>366</u> | <u>27,159</u> |
| Other: | | | | |
| Sales | 9,350 | 9,498 | 148 | 9,731 |
| Occupancy | <u>4,764</u> | <u>3,918</u> | <u>(846)</u> | <u>4,484</u> |
| Total other | <u>14,114</u> | <u>13,416</u> | <u>(698)</u> | <u>14,215</u> |
| Total taxes | <u>43,156</u> | <u>42,824</u> | <u>(332)</u> | <u>41,374</u> |
| Intergovernmental- | | | | |
| State of North Carolina: | | | | |
| Inventory tax reimbursement | 1,054 | 1,048 | (6) | 1,054 |
| Intangible tax reimbursement | <u>725</u> | <u>773</u> | <u>48</u> | <u>790</u> |
| Total State of North Carolina | <u>1,779</u> | <u>1,821</u> | <u>42</u> | <u>1,844</u> |
| Mecklenburg County: | | | | |
| ABC Board contribution | 411 | 677 | 266 | 451 |
| Debt service contributions | <u>1,301</u> | <u>1,296</u> | <u>(5)</u> | <u>1,329</u> |
| Total Mecklenburg County | <u>1,712</u> | <u>1,973</u> | <u>261</u> | <u>1,780</u> |
| Total intergovernmental | <u>3,491</u> | <u>3,794</u> | <u>303</u> | <u>3,624</u> |
| Licenses, permits and fees | 39 | 41 | 2 | 40 |
| Investment income | 4,250 | 8,094 | 3,844 | 5,457 |
| Rents | 380 | 325 | (55) | 165 |
| Other | <u>-</u> | <u>34</u> | <u>34</u> | <u>-</u> |
| Total revenues | <u>51,316</u> | <u>55,112</u> | <u>3,796</u> | <u>50,660</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | | 2000 Actual |
|--|-------------------|-------------------|---|-------------------|
| | Budget | Actual | Variance- Favorable (Unfavorable) | |
| EXPENDITURES: | | | | |
| Bonds- | | | | |
| Principal retirement | \$ 45,262 | \$ 45,261 | \$ 1 | \$ 25,349 |
| Interest | 18,083 | 18,078 | 5 | 15,447 |
| Certificates of participation and other financing agreements- | | | | |
| Principal retirement | 14,952 | 14,857 | 95 | 11,082 |
| Interest | 14,202 | 14,202 | - | 11,088 |
| Cost of bond sale | 885 | 869 | 16 | 993 |
| Other | 943 | 662 | 281 | 108 |
| Total expenditures | <u>94,327</u> | <u>93,929</u> | <u>398</u> | <u>64,067</u> |
| Revenues under expenditures | <u>(43,011)</u> | <u>(38,817)</u> | <u>4,194</u> | <u>(13,407)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from certificates of participation | 846 | 756 | (90) | 790 |
| Transfers from other funds- | | | | |
| Capital Projects | 9,962 | 9,957 | (5) | 5,866 |
| General | 16,112 | 16,112 | - | 12,154 |
| Convention Center Tax | 15,965 | 14,736 | (1,229) | 12,628 |
| Stadium Parking Deck | 807 | 807 | - | 815 |
| Total transfers from other funds | <u>42,846</u> | <u>41,612</u> | <u>(1,234)</u> | <u>31,463</u> |
| Transfers to other funds- | | | | |
| General | 35 | 35 | - | 35 |
| Public Transit | 259 | 259 | - | 257 |
| Total transfers to other funds | <u>294</u> | <u>294</u> | <u>-</u> | <u>292</u> |
| Transfer (to) from component unit | <u>(2,450)</u> | <u>(2,450)</u> | <u>-</u> | <u>250</u> |
| Total other financing sources (uses) | <u>40,948</u> | <u>39,624</u> | <u>(1,324)</u> | <u>32,211</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>\$ (2,063)</u> | 807 | <u>\$ 2,870</u> | 18,804 |
| FUND BALANCES, beginning of year | | <u>118,701</u> | | <u>99,897</u> |
| FUND BALANCES, end of year | | <u>\$ 119,508</u> | | <u>\$ 118,701</u> |

CAPITAL PROJECTS FUND

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

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
JUNE 30, 2001 AND 2000
(In Thousands)

| <u>ASSETS</u> | <u>2001</u> | <u>2000</u> |
|---|-------------------|-------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 116,100 | \$ 172,986 |
| Receivables, net of allowance for uncollectibles- | | |
| Property taxes | 272 | 297 |
| Accounts | <u>5,557</u> | <u>5,686</u> |
| Total receivables | 5,829 | 5,983 |
| Due from other governmental agencies | <u>5,194</u> | <u>4,529</u> |
| Total current assets | 127,123 | 183,498 |
| Restricted assets- Cash and cash equivalents | 34,921 | 16,594 |
| Notes receivable | <u>16,075</u> | <u>16,621</u> |
| Total assets | <u>\$ 178,119</u> | <u>\$ 216,713</u> |

LIABILITIES AND FUND BALANCES

| <u>LIABILITIES</u> | | |
|--------------------------------|---------------|---------------|
| Current liabilities: | | |
| Accounts payable | \$ 13,076 | \$ 8,753 |
| Deposits and retainage payable | 1,358 | 878 |
| Due to other funds | <u>2,300</u> | <u>220</u> |
| Total current liabilities | 16,734 | 9,851 |
| Deferred revenues | <u>21,904</u> | <u>22,604</u> |
| Total liabilities | <u>38,638</u> | <u>32,455</u> |

FUND BALANCES

| | | |
|---|-------------------|-------------------|
| Unreserved: | | |
| Designated for subsequent years' expenditures | <u>139,481</u> | <u>184,258</u> |
| Total fund balances | <u>139,481</u> | <u>184,258</u> |
| Total liabilities and fund balances | <u>\$ 178,119</u> | <u>\$ 216,713</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|--|-------------------|-------------------|
| REVENUES: | | |
| Property taxes | \$ 10,348 | \$ 9,866 |
| Sales taxes | 9,771 | 9,400 |
| Intergovernmental | 1,853 | 776 |
| Licenses, permits and fees | 10,113 | 2,693 |
| Investment income | 11,452 | 6,231 |
| Other | <u>1,584</u> | <u>331</u> |
| Total revenues | <u>45,121</u> | <u>29,297</u> |
| EXPENDITURES: | | |
| Capital outlay | <u>93,942</u> | <u>70,656</u> |
| Revenues under expenditures | <u>(48,821)</u> | <u>(41,359)</u> |
| OTHER FINANCING SOURCES (USES): | | |
| Sales of general fixed assets | 322 | 333 |
| Proceeds from bonds | - | 69,775 |
| Proceeds from certificates of participation | 47,199 | 40,700 |
| Transfers from other funds- | | |
| General | 1,127 | 10,191 |
| State Street Aid | 1,037 | 86 |
| SafeLight | 400 | - |
| Risk Management | - | 1,100 |
| Convention Center Tax | - | 15,240 |
| Public Transit | <u>-</u> | <u>11,107</u> |
| Total transfers from other funds | <u>2,564</u> | <u>37,724</u> |
| Transfers to other funds- | | |
| General | 644 | 657 |
| Debt Service | 9,957 | 5,866 |
| Convention Center Tax | 16,520 | 7,920 |
| Neighborhood Development | 520 | 992 |
| Public Transit | <u>18,400</u> | <u>18,616</u> |
| Total transfers to other funds | <u>46,041</u> | <u>34,051</u> |
| Total other financing sources (uses) | <u>4,044</u> | <u>114,481</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>(44,777)</u> | <u>73,122</u> |
| FUND BALANCES, beginning of year | <u>184,258</u> | <u>111,136</u> |
| FUND BALANCES, end of year | <u>\$ 139,481</u> | <u>\$ 184,258</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations | Encumbrances June 30, 2001 | Unencumbered Authorizations June 30, 2001 |
|------------------------|-------------------|------------------|-------------------|-------------------|---------------------------|----------------------------|---|
| | | Current Year | Prior Years | Total | | | |
| Economic development | \$ 291,798 | \$ 24,701 | \$ 222,833 | \$ 247,534 | \$ 44,264 | \$ 17,491 | \$ 26,773 |
| Streets and highways | 267,977 | 30,514 | 126,580 | 157,094 | 110,883 | 30,630 | 80,253 |
| Culture and recreation | 3,295 | 1,248 | 1,225 | 2,473 | 822 | 18 | 804 |
| General government | 75,499 | 10,464 | 51,212 | 61,676 | 13,823 | 2,534 | 11,289 |
| Public safety | 92,365 | 19,264 | 48,863 | 68,127 | 24,238 | 7,952 | 16,286 |
| Public housing | 56,371 | 7,751 | 46,666 | 54,417 | 1,954 | 906 | 1,048 |
| Total capital projects | <u>\$ 787,305</u> | <u>\$ 93,942</u> | <u>\$ 497,379</u> | <u>\$ 591,321</u> | <u>\$ 195,984</u> | <u>\$ 59,531</u> | <u>\$ 136,453</u> |

ENTERPRISE FUNDS

The Enterprise Funds are used to account for operations which provide goods or services and recover costs through user charges in a manner similar to private business enterprises.

The City's four enterprise operations are Water and Sewer, Storm Water, Airport and Public Transit.

Water and Sewer Fund — The Water and Sewer Fund accounts for the operation of Charlotte-Mecklenburg Utilities.

Storm Water Fund — The Storm Water Fund accounts for the operation of Charlotte Storm Water Services.

Airport Fund — The Airport Fund accounts for the operation of the Charlotte/Douglas International Airport.

Public Transit Fund — The Public Transit Fund accounts for the operation of the City's public transit system.

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| ASSETS | Water and Sewer | Storr Water | Airport | Public Transit | Totals | |
|--|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | | | | | 2001 | 2000 |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 85,292 | \$ 31,474 | \$ 179,426 | \$ 83,983 | \$ 380,175 | \$ 325,273 |
| Receivables, net of allowance for uncollectibles- | | | | | | |
| Accounts | 26,601 | 5,176 | 6,162 | 69 | 38,008 | 31,956 |
| Other | 1,240 | 442 | 4,987 | 681 | 7,350 | 7,242 |
| Total receivables | 27,841 | 5,618 | 11,149 | 750 | 45,358 | 39,198 |
| Due from other governmental agencies | 2,388 | 85 | 437 | 20,542 | 23,452 | 17,271 |
| Due from other funds | - | - | - | 28 | 28 | 33 |
| Inventories | 1,884 | - | - | 891 | 2,775 | 2,695 |
| Total current assets | 117,405 | 37,177 | 191,012 | 106,194 | 451,788 | 384,470 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 7,978 | 8,285 | 95,569 | - | 111,832 | 146,020 |
| Investments | 105,694 | - | 62,006 | - | 167,700 | 77,552 |
| Total restricted assets | 113,672 | 8,285 | 157,575 | - | 279,532 | 223,572 |
| Noncurrent accounts receivable | - | - | 11,012 | - | 11,012 | 6,840 |
| Deferred charges | 4,971 | 378 | 8,073 | - | 13,422 | 9,424 |
| Fixed assets: | | | | | | |
| Land and easements | 21,634 | - | 133,102 | 3,362 | 158,098 | 150,811 |
| Buildings | 10,633 | - | 385,543 | 7,687 | 403,863 | 382,409 |
| Improvements other than buildings- | | | | | | |
| Water and sewer systems | 1,575,763 | - | - | - | 1,575,763 | 1,460,874 |
| Storm water systems | - | 77,425 | - | - | 77,425 | 59,442 |
| Runways | - | - | 132,245 | - | 132,245 | 132,281 |
| Other | - | - | 24,097 | 2,748 | 26,845 | 24,135 |
| Total improvements other than buildings | 1,575,763 | 77,425 | 156,342 | 2,748 | 1,812,278 | 1,676,732 |
| Machinery and equipment | 14,744 | 322 | 8,916 | 61,166 | 85,148 | 74,713 |
| Construction in progress | 260,965 | 65,306 | 85,696 | 9,092 | 421,059 | 217,546 |
| Total fixed assets | 1,883,739 | 143,053 | 769,599 | 84,055 | 2,880,446 | 2,502,211 |
| Less accumulated depreciation | 371,715 | 13,467 | 235,927 | 27,741 | 648,850 | 586,317 |
| Total fixed assets, net | 1,512,024 | 129,586 | 533,672 | 56,314 | 2,231,596 | 1,915,894 |
| Total assets | <u>\$1,748,072</u> | <u>\$ 175,426</u> | <u>\$ 901,344</u> | <u>\$ 162,508</u> | <u>\$ 2,987,350</u> | <u>\$ 2,540,200</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET-(Continued)
JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| <u>LIABILITIES AND FUND EQUITY</u> | Water and Sewer | Storr Water | Airport | Public Transit | Totals | |
|---|-----------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
| | | | | | 2001 | 2000 |
| <u>LIABILITIES</u> | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 26,881 | \$ 2,294 | \$ 23,379 | \$ 5,321 | \$ 57,875 | \$ 39,789 |
| Deposits and retainage payable | 10,293 | 2,774 | 2,877 | 35 | 15,979 | 12,398 |
| Accrued interest payable | 11,333 | 619 | 12,168 | 28 | 24,148 | 23,664 |
| Current maturities of long-term debt | <u>30,305</u> | <u>1,624</u> | <u>11,740</u> | <u>206</u> | <u>43,875</u> | <u>46,355</u> |
| Total current liabilities | 78,812 | 7,311 | 50,164 | 5,590 | 141,877 | 122,206 |
| Long-term liabilities: | | | | | | |
| General obligation bonds payable - net of deferred amount on refunding of \$15,955 in 2001 and \$17,594 in 2000 | 470,616 | 21,343 | 9,680 | 883 | 502,522 | 547,606 |
| Revenue bonds payable - net of deferred amount on refunding of \$4,162 in 2001 and \$4,424 in 2000 | 359,445 | 34,930 | 441,450 | - | 835,825 | 571,545 |
| Other financing agreements | 17,511 | - | - | - | 17,511 | 17,952 |
| Refundable water and sewer construction deposits | 7,806 | - | - | - | 7,806 | 7,482 |
| Compensated absences payable | 2,120 | 229 | 810 | 947 | 4,106 | 3,719 |
| Arbitrage payable | <u>1,277</u> | <u>105</u> | <u>1,964</u> | <u>-</u> | <u>3,346</u> | <u>1,419</u> |
| Total long-term liabilities | <u>858,775</u> | <u>56,607</u> | <u>453,904</u> | <u>1,830</u> | <u>1,371,116</u> | <u>1,149,723</u> |
| Total liabilities | <u>937,587</u> | <u>63,918</u> | <u>504,068</u> | <u>7,420</u> | <u>1,512,993</u> | <u>1,271,929</u> |
| <u>FUND EQUITY</u> | | | | | | |
| Contributed capital and retained earnings, June 30, 1973 | 41,142 | - | 15,936 | - | 57,078 | 57,078 |
| Subsequent to June 30, 1973: | | | | | | |
| Contributed capital | 496,290 | 57,275 | 197,919 | 24,491 | 775,975 | 780,321 |
| Retained earnings- | | | | | | |
| Reserved by bond order for operations and debt service | 11,170 | 2,910 | 48,361 | - | 62,441 | 48,064 |
| Unreserved | <u>261,883</u> | <u>51,323</u> | <u>135,060</u> | <u>130,597</u> | <u>578,863</u> | <u>382,808</u> |
| Total retained earnings | <u>273,053</u> | <u>54,233</u> | <u>183,421</u> | <u>130,597</u> | <u>641,304</u> | <u>430,872</u> |
| Total fund equity | <u>810,485</u> | <u>111,508</u> | <u>397,276</u> | <u>155,088</u> | <u>1,474,357</u> | <u>1,268,271</u> |
| Total liabilities and fund equity | <u>\$1,748,072</u> | <u>\$ 175,426</u> | <u>\$ 901,344</u> | <u>\$ 162,508</u> | <u>\$ 2,987,350</u> | <u>\$ 2,540,200</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Water and Sewer | Storm Water | Airport | Public Transit | Totals | |
|----------------------------------|-----------------------|----------------|---------|-------------------|-----------|-----------|
| | | | | | 2001 | 2000 |
| OPERATING REVENUES: | | | | | | |
| Charges for services- | | | | | | |
| Water sales | \$ 61,819 | \$ - | \$ - | \$ - | \$ 61,819 | \$ 57,247 |
| Sewer service fees | 69,584 | - | - | - | 69,584 | 66,818 |
| Storm water fees | - | 22,085 | - | - | 22,085 | 19,636 |
| Terminal area | - | - | 25,886 | - | 25,886 | 23,932 |
| Airfield | - | - | 17,140 | - | 17,140 | 11,334 |
| Concessions | - | - | 19,494 | - | 19,494 | 18,345 |
| Parking | - | - | 18,413 | - | 18,413 | 17,689 |
| Maintenance facility | - | - | 9,437 | - | 9,437 | 7,744 |
| Passenger fares | - | - | - | 8,604 | 8,604 | 8,418 |
| Total charges for services | 131,403 | 22,085 | 90,370 | 8,604 | 252,462 | 231,163 |
| Other | 12,260 | - | 2,081 | - | 14,341 | 13,105 |
| Total operating revenues | 143,663 | 22,085 | 92,451 | 8,604 | 266,803 | 244,268 |
| OPERATING EXPENSES: | | | | | | |
| Administration | 12,672 | 818 | 6,680 | 11,174 | 31,344 | 28,315 |
| Operations and maintenance- | | | | | | |
| Water system | 24,215 | - | - | - | 24,215 | 24,216 |
| Sewer system | 27,529 | - | - | - | 27,529 | 26,265 |
| Storm water system | - | 7,892 | - | - | 7,892 | 8,653 |
| Airport | - | - | 21,239 | - | 21,239 | 18,927 |
| Transit system | - | - | - | 34,775 | 34,775 | 28,500 |
| Total operations and maintenance | 51,744 | 7,892 | 21,239 | 34,775 | 115,650 | 106,561 |
| Depreciation | 38,659 | 1,181 | 19,952 | 4,346 | 64,138 | 59,026 |
| Other | 650 | - | 4,467 | 1,034 | 6,151 | 6,426 |
| Total operating expenses | 103,725 | 9,891 | 52,338 | 51,329 | 217,283 | 200,328 |
| Operating income (loss) | 39,938 | 12,194 | 40,113 | (42,725) | 49,520 | 43,940 |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Water and Sewer | Storm Water | Airport | Public Transit | Totals | |
|--|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | | 2001 | 2000 |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Grant contributions | \$ - | \$ - | \$ - | \$ 6,879 | \$ 6,879 | \$ 5,406 |
| Property tax | - | - | - | - | - | 957 |
| Sales tax | - | - | - | 54,895 | 54,895 | 53,321 |
| Investment income | 10,326 | 2,661 | 21,312 | 4,626 | 38,925 | 26,715 |
| Interest expense and fiscal charges | (33,151) | (2,357) | (25,214) | (57) | (60,779) | (53,020) |
| Non-airline terminal revenue distribution | - | - | (8,907) | - | (8,907) | (7,781) |
| Other, net | (115) | 51 | (986) | (1,695) | (2,745) | (2,291) |
| Total nonoperating revenues (expenses) | <u>(22,940)</u> | <u>355</u> | <u>(13,795)</u> | <u>64,648</u> | <u>28,268</u> | <u>23,307</u> |
| Income before contributions and operating transfers | 16,998 | 12,549 | 26,318 | 21,923 | 77,788 | 67,247 |
| Capital contributions | 59,457 | 8,288 | 22,684 | 19,210 | 109,639 | - |
| Operating transfers in | - | - | - | 18,659 | 18,659 | 7,204 |
| Net income | <u>76,455</u> | <u>20,837</u> | <u>49,002</u> | <u>59,792</u> | <u>206,086</u> | <u>74,451</u> |
| REDUCTION IN CONTRIBUTED CAPITAL OF THE PUBLIC TRANSIT FUND RESULTING FROM CONSUMPTION AND DEPRECIATION OF ASSETS ACQUIRED FROM CONTRIBUTED CAPITAL | | | | | | |
| | - | - | - | 4,346 | 4,346 | 3,981 |
| Increase in retained earnings | 76,455 | 20,837 | 49,002 | 64,138 | 210,432 | 78,432 |
| RETAINED EARNINGS, beginning of year | <u>196,598</u> | <u>33,396</u> | <u>134,419</u> | <u>66,459</u> | <u>430,872</u> | <u>352,440</u> |
| RETAINED EARNINGS, end of year | <u>\$ 273,053</u> | <u>\$ 54,233</u> | <u>\$ 183,421</u> | <u>\$ 130,597</u> | <u>\$ 641,304</u> | <u>\$ 430,872</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Water and Sewer | Storr Water | Airport | Public Transit | Totals | |
|--|-----------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| | | | | | 2001 | 2000 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash received from customers | \$ 139,389 | \$ 20,759 | \$ 85,371 | \$ 8,562 | \$ 254,081 | \$ 235,447 |
| Cash payments to suppliers for goods and services | (28,570) | (4,802) | (19,844) | (21,556) | (74,772) | (69,733) |
| Cash payments to other funds for services | (11,897) | (625) | (4,065) | (2,765) | (19,352) | (16,792) |
| Cash payments to employees for services | (24,990) | (2,514) | (8,455) | (22,280) | (58,239) | (51,710) |
| Cash payments to airlines for non-airline terminal revenue distribution | - | - | (7,515) | - | (7,515) | (6,560) |
| Other | (839) | 641 | (2,722) | 207 | (2,713) | (5,923) |
| Net cash provided (used) by operating activities | <u>73,093</u> | <u>13,459</u> | <u>42,770</u> | <u>(37,832)</u> | <u>91,490</u> | <u>84,729</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Operating grants received | - | - | - | 6,789 | 6,789 | 5,251 |
| Property tax received | - | 28 | - | - | 28 | 999 |
| Sales tax received | - | - | - | 54,479 | 54,479 | 50,542 |
| Motor vehicle licenses received | - | - | - | - | - | 6,911 |
| Operating transfers from other funds | - | - | - | 18,659 | 18,659 | 7,204 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>28</u> | <u>-</u> | <u>79,927</u> | <u>79,955</u> | <u>70,907</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Proceeds from financing agreements | 1,650 | - | - | - | 1,650 | 3,000 |
| Proceeds from revenue bonds | 250,520 | - | 34,700 | - | 285,220 | 298,160 |
| Water and sewer construction deposits | 1,152 | - | - | - | 1,152 | 1,475 |
| Acquisition and construction of capital assets | (168,192) | (18,301) | (79,286) | (18,980) | (284,759) | (191,307) |
| Principal paid on bonds | (45,034) | (1,529) | (23,810) | (202) | (70,575) | (35,701) |
| Principal paid on financing agreements | (2,593) | - | - | - | (2,593) | (2,178) |
| Interest paid on bonds and financing agreements | (38,953) | (3,334) | (26,661) | (62) | (69,010) | (54,678) |
| Capital contributions | - | - | 22,859 | 13,848 | 36,707 | 20,048 |
| Net cash provided (used) by capital and related financing activities | <u>(1,450)</u> | <u>(23,164)</u> | <u>(72,198)</u> | <u>(5,396)</u> | <u>(102,208)</u> | <u>38,819</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Purchase of investment securities | (105,694) | - | (492,549) | - | (598,243) | (435,152) |
| Proceeds from sale and maturities of investment securities | 4,851 | - | 503,244 | - | 508,095 | 384,571 |
| Investment income | 11,181 | 2,749 | 23,420 | 4,275 | 41,625 | 24,098 |
| Net cash provided (used) by investing activities | <u>(89,662)</u> | <u>2,749</u> | <u>34,115</u> | <u>4,275</u> | <u>(48,523)</u> | <u>(26,483)</u> |
| Net increase (decrease) in cash and cash equivalents | (18,019) | (6,928) | 4,687 | 40,974 | 20,714 | 167,972 |
| CASH AND CASH EQUIVALENTS, beginning of year | 111,289 | 46,687 | 270,308 | 43,009 | 471,293 | 303,321 |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 93,270</u> | <u>\$ 39,759</u> | <u>\$ 274,995</u> | <u>\$ 83,983</u> | <u>\$ 492,007</u> | <u>\$ 471,293</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Water and Sewer | Storr Water | Airport | Public Transit | Totals | |
|--|-----------------------|------------------|------------------|--------------------|------------------|------------------|
| | | | | | 2001 | 2000 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET | | | | | | |
| CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | \$ 39,938 | \$ 12,194 | \$ 40,113 | \$ (42,725) | \$ 49,520 | \$ 43,940 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities- | | | | | | |
| Depreciation | 38,659 | 1,181 | 19,952 | 4,346 | 64,138 | 59,026 |
| Other | (839) | 641 | (2,722) | 207 | (2,713) | (5,923) |
| Non-airline terminal revenue distribution | - | - | (7,515) | - | (7,515) | (6,560) |
| Change in assets and liabilities: | | | | | | |
| (Increase) in receivables | (4,182) | (1,326) | (7,080) | (42) | (12,630) | (8,925) |
| (Increase) decrease in due from other governmental agencies | (12) | 271 | 16 | - | 275 | 323 |
| (Increase) in inventories | (10) | - | - | (70) | (80) | (368) |
| Increase (decrease) in accounts payable | (517) | 466 | (77) | 267 | 139 | 2,893 |
| Increase (decrease) in deposits and retainage payable | (92) | - | 61 | - | (31) | (52) |
| Increase in compensated absences payable | 148 | 32 | 22 | 185 | 387 | 375 |
| Total adjustments | 33,155 | 1,265 | 2,657 | 4,893 | 41,970 | 40,789 |
| Net cash provided (used) by operating activities | <u>\$ 73,093</u> | <u>\$ 13,459</u> | <u>\$ 42,770</u> | <u>\$ (37,832)</u> | <u>\$ 91,490</u> | <u>\$ 84,729</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | | | |
| Donated assets | <u>\$ 59,457</u> | <u>\$ 8,288</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 67,745</u> | <u>\$ 41,600</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
ENTERPRISE FUNDS
SCHEDULE OF CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Debt Outstanding July 1, 2000 | Additions | Retirements | Debt Outstanding June 30, 2001 |
|--|-------------------------------------|-------------------|------------------|--------------------------------------|
| WATER AND SEWER: | | | | |
| General obligation bonds- | | | | |
| Water | \$ 232,706 | \$ - | \$ 18,205 | \$ 214,501 |
| Sewer | 322,925 | - | 25,749 | 297,176 |
| Total general obligation bonds | <u>555,631</u> | <u>-</u> | <u>43,954</u> | <u>511,677</u> |
| Revenue bonds- | | | | |
| Water | 30,224 | 137,916 | 776 | 167,364 |
| Sewer | 82,611 | 112,604 | 304 | 194,911 |
| Total revenue bonds | <u>112,835</u> | <u>250,520</u> | <u>1,080</u> | <u>362,275</u> |
| Other financing agreements- Municipal systems | 15,395 | - | 840 | 14,555 |
| Certificates of participation- Equipment | 4,505 | 1,650 | 1,108 | 5,047 |
| Refundable water and sewer construction deposits | 7,608 | 1,152 | 801 | 7,959 |
| Compensated absences | 1,972 | 148 | - | 2,120 |
| Arbitrage | 756 | 616 | 95 | 1,277 |
| Less unamortized amount deferred for refundings | <u>(17,433)</u> | <u>-</u> | <u>(1,603)</u> | <u>(15,830)</u> |
| Total water and sewer | <u>681,269</u> | <u>254,086</u> | <u>46,275</u> | <u>889,080</u> |
| STORM WATER: | | | | |
| General obligation bonds | 23,071 | - | 844 | 22,227 |
| Revenue bonds | 36,355 | - | 685 | 35,670 |
| Compensated absences | 197 | 32 | - | 229 |
| Arbitrage | 27 | 78 | - | 105 |
| Total storm water | <u>59,650</u> | <u>110</u> | <u>1,529</u> | <u>58,231</u> |
| AIRPORT: | | | | |
| General obligation bonds | 16,420 | - | 2,965 | 13,455 |
| Revenue bonds | 439,847 | 34,700 | 20,845 | 453,702 |
| Compensated absences | 788 | 22 | - | 810 |
| Arbitrage | 636 | 1,328 | - | 1,964 |
| Less unamortized amount deferred for refundings | <u>(4,585)</u> | <u>-</u> | <u>(298)</u> | <u>(4,287)</u> |
| Total airport | <u>453,106</u> | <u>36,050</u> | <u>23,512</u> | <u>465,644</u> |
| PUBLIC TRANSIT: | | | | |
| General obligation bonds | 1,291 | - | 202 | 1,089 |
| Compensated absences | 762 | 185 | - | 947 |
| Total public transit | <u>2,053</u> | <u>185</u> | <u>202</u> | <u>2,036</u> |
| Total enterprise funds long-term debt | <u>\$ 1,196,078</u> | <u>\$ 290,431</u> | <u>\$ 71,518</u> | <u>\$ 1,414,991</u> |

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, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|--------------------|-------------------|---|-----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Water sales | \$ 59,822 | \$ 61,819 | \$ 1,997 | \$ 57,247 |
| Sewer services fees | 68,877 | 69,584 | 707 | 66,818 |
| Other | 9,759 | 12,915 | 3,156 | 10,566 |
| Investment income | 3,058 | 5,711 | 2,653 | 3,672 |
| Total revenues | <u>141,516</u> | <u>150,029</u> | <u>8,513</u> | <u>138,303</u> |
| EXPENDITURES: | | | | |
| Water supply and treatment | 24,188 | 24,188 | - | 24,346 |
| Sewer system and treatment | 28,757 | 28,757 | - | 25,874 |
| Administration and engineering | 8,672 | 8,620 | 52 | 10,003 |
| Nondepartmental charges | 4,287 | 4,177 | 110 | 4,050 |
| Total expenditures | <u>65,904</u> | <u>65,742</u> | <u>162</u> | <u>64,273</u> |
| Revenues over expenditures | <u>75,612</u> | <u>84,287</u> | <u>8,675</u> | <u>74,030</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Water and Sewer Capital Projects | <u>2,338</u> | <u>2,338</u> | - | <u>1,224</u> |
| TRANSFERS TO OTHER FUNDS: | | | | |
| Water and Sewer Debt Service | 83,141 | 83,141 | - | 58,984 |
| Water and Sewer Capital Projects | <u>8,000</u> | <u>8,000</u> | - | <u>7,905</u> |
| Total transfers to other funds | <u>91,141</u> | <u>91,141</u> | - | <u>66,889</u> |
| Revenues and transfers over (under) expenditures and transfers | <u>\$ (13,191)</u> | <u>\$ (4,516)</u> | <u>\$ 8,675</u> | <u>\$ 8,365</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|--|-------------------|------------------|---|-----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Investment income | \$ 558 | \$ 2,145 | \$ 1,587 | \$ 518 |
| Proceeds from revenue bonds | 1,518 | 12,680 | 11,162 | 1,742 |
| Other | 78 | 78 | - | 78 |
| Total revenues | <u>2,154</u> | <u>14,903</u> | <u>12,749</u> | <u>2,338</u> |
| EXPENDITURES: | | | | |
| Bonds- | | | | |
| Principal retirement | 45,034 | 45,034 | - | 27,021 |
| Interest | 37,936 | 37,936 | - | 34,744 |
| Other financing agreements- | | | | |
| Principal retirement | 1,948 | 1,948 | - | 1,702 |
| Interest | 1,019 | 1,019 | - | 942 |
| Bond issue expense | 2,599 | 2,599 | - | 1,736 |
| Other | 510 | 510 | - | 21 |
| Total expenditures | <u>89,046</u> | <u>89,046</u> | <u>-</u> | <u>66,166</u> |
| Revenues over (under) expenditures | <u>(86,892)</u> | <u>(74,143)</u> | <u>12,749</u> | <u>(63,828)</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Water and Sewer Operating | 83,141 | 83,141 | - | 58,984 |
| Water and Sewer Capital Projects | 2,207 | 2,207 | - | 4,877 |
| Total transfers from other funds | <u>85,348</u> | <u>85,348</u> | <u>-</u> | <u>63,861</u> |
| Revenues and transfers over (under) expenditures | <u>\$ (1,544)</u> | <u>\$ 11,205</u> | <u>\$ 12,749</u> | <u>\$ 33</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|-------------------------------------|------------------|------------------|
| Revenues and transfers over (under) | | |
| expenditures and transfers: | | |
| Operating Fund | \$ (4,516) | \$ 8,365 |
| Debt Service Fund | 11,205 | 33 |
| Accrued interest on long-term debt | (410) | 188 |
| Investment income in the | | |
| Capital Projects Fund | 2,470 | 5,574 |
| Current year encumbrances | 1,537 | 1,346 |
| Prior year encumbrances | (1,316) | (3,938) |
| Bond proceeds | (12,680) | (1,742) |
| Debt principal retirement | 47,627 | 29,261 |
| Depreciation | (38,659) | (34,149) |
| Capital outlay | 630 | 3,342 |
| Capital contributions | 59,457 | - |
| Deferred charges | 2,586 | 1,736 |
| Amortization of deferred charges | (1,837) | (1,747) |
| Capitalized interest | 7,816 | 5,248 |
| Other | (197) | 128 |
| Net transfers to (from) Capital | | |
| Projects Fund: | | |
| Operating Fund | 5,662 | 6,681 |
| Debt Service Fund | (2,207) | (4,877) |
| Compensated absences | (148) | (239) |
| Bad debt expense | (565) | (1,758) |
| Net income- full accrual basis | <u>\$ 76,455</u> | <u>\$ 13,452</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations | Encumbrances June 30, 2001 | Unencumbered Authorizations June 30, 2001 |
|---|---------------------|-------------------|-------------------|-------------------|------------------------------|-------------------------------|---|
| | | Current Year | Prior Years | Total | | | |
| Water projects | \$ 450,147 | \$ 79,708 | \$ 225,140 | \$ 304,848 | \$ 145,299 | \$ 60,575 | \$ 84,724 |
| Sewer projects | <u>630,021</u> | <u>94,225</u> | <u>311,711</u> | <u>405,936</u> | <u>224,085</u> | <u>53,642</u> | <u>170,443</u> |
| Total water and sewer capital projects | <u>\$ 1,080,168</u> | <u>\$ 173,933</u> | <u>\$ 536,851</u> | <u>\$ 710,784</u> | <u>\$ 369,384</u> | <u>\$ 114,217</u> | <u>\$ 255,167</u> |

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, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|-------------------|-----------------|---|-----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Storm water fees | \$ 20,232 | \$ 22,085 | \$ 1,853 | \$ 19,636 |
| Property taxes | - | - | - | 957 |
| Other | - | 76 | 76 | 276 |
| Investment income | 493 | 594 | 101 | 453 |
| Total revenues | <u>20,725</u> | <u>22,755</u> | <u>2,030</u> | <u>21,322</u> |
| EXPENDITURES: | | | | |
| Storm water systems | 10,175 | 7,409 | 2,766 | 8,271 |
| Administration | 786 | 786 | - | 668 |
| Total expenditures | <u>10,961</u> | <u>8,195</u> | <u>2,766</u> | <u>8,939</u> |
| Revenues over expenditures | <u>9,764</u> | <u>14,560</u> | <u>4,796</u> | <u>12,383</u> |
| TRANSFERS TO OTHER FUNDS: | | | | |
| Storm Water Capital Projects | 7,078 | 7,078 | - | 6,260 |
| Storm Water Debt Service | 3,955 | 1,709 | 2,246 | 2,294 |
| Total transfers to other funds | <u>11,033</u> | <u>8,787</u> | <u>2,246</u> | <u>8,554</u> |
| Revenues over (under) expenditures and transfers | <u>\$ (1,269)</u> | <u>\$ 5,773</u> | <u>\$ 7,042</u> | <u>\$ 3,829</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|-----------------|------------------|---|-----------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Investment income | \$ 149 | \$ 217 | \$ 68 | \$ 151 |
| Proceeds from revenue bonds | - | - | - | 3,355 |
| Total revenues | <u>149</u> | <u>217</u> | <u>68</u> | <u>3,506</u> |
| EXPENDITURES: | | | | |
| Bonds- | | | | |
| Principal retirement | 1,529 | 1,529 | - | 805 |
| Interest | 3,333 | 3,333 | - | 1,168 |
| Other | 25 | 12 | 13 | 402 |
| Total expenditures | <u>4,887</u> | <u>4,874</u> | <u>13</u> | <u>2,375</u> |
| Revenues over (under) expenditures | <u>(4,738)</u> | <u>(4,657)</u> | <u>81</u> | <u>1,131</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Storm Water Operating | 3,955 | 1,709 | (2,246) | 2,294 |
| Storm Water Capital Projects | 2,011 | 1,903 | (108) | 518 |
| Total transfers from other funds | <u>5,966</u> | <u>3,612</u> | <u>(2,354)</u> | <u>2,812</u> |
| Revenues and transfers over (under) expenditures | <u>\$ 1,228</u> | <u>\$(1,045)</u> | <u>\$ (2,273)</u> | <u>\$ 3,943</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|-------------------------------------|------------------|------------------|
| Revenues and transfers over | | |
| (under) expenditures and transfers: | | |
| Operating Fund | \$ 5,773 | \$ 3,829 |
| Debt Service Fund | (1,045) | 3,943 |
| Accrued interest on long-term debt | 114 | (254) |
| Investment income in the | | |
| Capital Projects Fund | 1,850 | 459 |
| Current year encumbrances | 296 | 161 |
| Prior year encumbrances | (818) | (836) |
| Bond proceeds | - | (3,355) |
| Debt principal retirement | 1,529 | 805 |
| Depreciation | (1,181) | (1,257) |
| Capital outlay | 58 | 557 |
| Capital contributions | 8,288 | - |
| Deferred charges | - | 402 |
| Capitalized interest | 863 | 1,422 |
| Other | (13) | (283) |
| Net transfers to (from) Capital | | |
| Projects Fund: | | |
| Operating Fund | 7,078 | 6,260 |
| Debt Service Fund | (1,903) | (518) |
| Compensated absences | (32) | (22) |
| Bad debt expense | (20) | (264) |
| Net income- full accrual basis | <u>\$ 20,837</u> | <u>\$ 11,049</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations | Encumbrances June 30, 2001 | Unencumbered Authorizations June 30, 2001 |
|---------------------------------------|-------------------|------------------|------------------|------------------|------------------------------|-------------------------------|---|
| | | Current Year | Prior Years | Total | | | |
| Flood control | \$ 57,050 | \$ 5,012 | \$ 32,962 | \$ 37,974 | \$ 19,076 | \$ 5,493 | \$ 13,583 |
| Storm drain repair | 54,661 | 7,815 | 36,137 | 43,952 | 10,709 | 6,286 | 4,423 |
| Storm water projects | <u>24,505</u> | <u>3,686</u> | <u>8,150</u> | <u>11,836</u> | <u>12,669</u> | <u>1,725</u> | <u>10,944</u> |
| Total storm water capital projects | <u>\$ 136,216</u> | <u>\$ 16,513</u> | <u>\$ 77,249</u> | <u>\$ 93,762</u> | <u>\$ 42,454</u> | <u>\$ 13,504</u> | <u>\$ 28,950</u> |

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, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|-----------------|------------------|---|------------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Terminal area | \$ 22,253 | \$ 25,886 | \$ 3,633 | \$ 23,932 |
| Airfield | 11,005 | 17,140 | 6,135 | 11,334 |
| Concessions | 17,414 | 19,494 | 2,080 | 18,345 |
| Parking | 16,806 | 18,413 | 1,607 | 17,689 |
| Investment income | 2,363 | 9,146 | 6,783 | 4,450 |
| Other | 2,484 | 2,256 | (228) | 2,962 |
| Total revenues | <u>72,325</u> | <u>92,335</u> | <u>20,010</u> | <u>78,712</u> |
| EXPENDITURES: | | | | |
| Operating | 35,914 | 34,876 | 1,038 | 31,036 |
| Nonoperating | 9,380 | 7,515 | 1,865 | 6,560 |
| Total expenditures | <u>45,294</u> | <u>42,391</u> | <u>2,903</u> | <u>37,596</u> |
| Revenues over expenditures | <u>27,031</u> | <u>49,944</u> | <u>22,913</u> | <u>41,116</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Airport Debt Service | 1,876 | 1,690 | (186) | 1,427 |
| Airport Capital Projects | 1,940 | 1,940 | - | 24,042 |
| Total transfers from other funds | <u>3,816</u> | <u>3,630</u> | <u>(186)</u> | <u>25,469</u> |
| TRANSFERS TO OTHER FUNDS: | | | | |
| Airport Debt Service | 28,131 | 27,223 | 908 | 22,365 |
| Airport Capital Projects | 901 | 901 | - | 13,179 |
| Total transfers to other funds | <u>29,032</u> | <u>28,124</u> | <u>908</u> | <u>35,544</u> |
| Revenues and transfers over expenditures and transfers | <u>\$ 1,815</u> | <u>\$ 25,450</u> | <u>\$ 23,635</u> | <u>\$ 31,041</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|-----------------|-----------------|---|------------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Maintenance facility | \$ 5,656 | \$ 9,437 | \$ 3,781 | \$ 7,744 |
| Investment income | 2,423 | 2,771 | 348 | 3,010 |
| Proceeds from revenue bonds | 5,156 | 3,148 | (2,008) | 26,781 |
| Total revenues | <u>13,235</u> | <u>15,356</u> | <u>2,121</u> | <u>37,535</u> |
| EXPENDITURES: | | | | |
| Bonds- | | | | |
| Principal retirement | 23,810 | 23,810 | - | 7,495 |
| Interest | 26,752 | 26,662 | 90 | 17,745 |
| Other financing agreements- | | | | |
| Principal retirement | - | - | - | 190 |
| Interest | - | - | - | 5 |
| Bond issue expense | 2,012 | 2,012 | - | 2,543 |
| Other | 825 | 815 | 10 | 680 |
| Total expenditures | <u>53,399</u> | <u>53,299</u> | <u>100</u> | <u>28,658</u> |
| Revenues over (under) expenditures | <u>(40,164)</u> | <u>(37,943)</u> | <u>2,221</u> | <u>8,877</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Airport Operating | 28,131 | 27,223 | (908) | 22,365 |
| Airport Capital Projects | 14,352 | 14,352 | - | 1,878 |
| Total transfers from other funds | <u>42,483</u> | <u>41,575</u> | <u>(908)</u> | <u>24,243</u> |
| TRANSFERS TO OTHER FUNDS: | | | | |
| Airport Operating | 1,876 | 1,690 | 186 | 1,427 |
| Airport Capital Projects | 207 | 207 | - | - |
| Total transfers to other funds | <u>2,083</u> | <u>1,897</u> | <u>186</u> | <u>1,427</u> |
| Revenues and transfers over expenditures and transfers | <u>\$ 236</u> | <u>\$ 1,735</u> | <u>\$ 1,499</u> | <u>\$ 31,693</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|---|------------------|------------------|
| Revenues and transfers over | | |
| expenditures and transfers: | | |
| Operating Fund | \$ 25,450 | \$ 31,041 |
| Debt Service Fund | 1,735 | 31,693 |
| Accrued interest on long-term debt | (193) | (4,068) |
| Investment income in the | | |
| Capital Projects Fund | 9,395 | 7,095 |
| Current year encumbrances | 2,795 | 2,381 |
| Prior year encumbrances | (2,177) | (1,599) |
| Bond proceeds | (3,148) | (26,781) |
| Debt principal retirement | 23,810 | 7,685 |
| Depreciation | (19,952) | (19,639) |
| Capital outlay | 1,894 | 911 |
| Capital contributions | 22,684 | - |
| Deferred charges | 2,012 | 2,543 |
| Amortization of deferred charges | (648) | (552) |
| Capitalized interest | 1,939 | 1,017 |
| Other | 4 | 97 |
| Net transfers from Capital | | |
| Projects Fund: | | |
| Operating Fund | (1,039) | (10,863) |
| Debt Service Fund | (14,145) | (1,878) |
| Compensated absences | (22) | (30) |
| Non-airline terminal revenue distribution | <u>(1,392)</u> | <u>(1,221)</u> |
| Net income- full accrual basis | <u>\$ 49,002</u> | <u>\$ 17,832</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations | Encumbrances June 30, 2001 | Unencumbered Authorizations June 30, 2001 |
|--------------------------------|-------------------|------------------|-------------------|-------------------|------------------------------|-------------------------------|---|
| | | Current Year | Prior Years | Total | | | |
| Capital improvements | \$ 364,533 | \$ 67,245 | \$ 152,632 | \$ 219,877 | \$ 144,656 | \$ 34,321 | \$ 110,335 |
| Airport expansion | 46,650 | 1,312 | 36,882 | 38,194 | 8,456 | 21 | 8,435 |
| Terminal construction | 39,985 | - | 38,980 | 38,980 | 1,005 | - | 1,005 |
| Airline maintenance facility | <u>43,678</u> | <u>19,558</u> | <u>11,740</u> | <u>31,298</u> | <u>12,380</u> | <u>5</u> | <u>12,375</u> |
| Total airport capital projects | <u>\$ 494,846</u> | <u>\$ 88,115</u> | <u>\$ 240,234</u> | <u>\$ 328,349</u> | <u>\$ 166,497</u> | <u>\$ 34,347</u> | <u>\$ 132,150</u> |

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, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- Favorable (Unfavorable) | 2000 Actual |
|---|-----------------|------------------|---|------------------|
| | Budget | Actual | | |
| REVENUES: | | | | |
| Passenger fares | \$ 8,965 | \$ 8,604 | \$ (361) | \$ 8,418 |
| Sales tax | 52,000 | 54,895 | 2,895 | 53,321 |
| Intergovernmental | 6,392 | 6,879 | 487 | 5,406 |
| Investment income | 1,824 | 2,742 | 918 | 1,123 |
| Other | - | 202 | 202 | 418 |
| Total revenues | <u>69,181</u> | <u>73,322</u> | <u>4,141</u> | <u>68,686</u> |
| EXPENDITURES: | | | | |
| Transit operations | 26,122 | 25,520 | 602 | 22,439 |
| Transit vehicle maintenance | 6,261 | 6,261 | - | 5,293 |
| Bus transit planning | 6,017 | 4,552 | 1,465 | 2,957 |
| Marketing and communications | 3,039 | 2,922 | 117 | 382 |
| Specialized transportation | 3,681 | 3,233 | 448 | 2,865 |
| Purchased transportation | 2,636 | 1,850 | 786 | 1,327 |
| Social Services transportation | 1,988 | 1,820 | 168 | 1,183 |
| Commuter register | 300 | 300 | - | - |
| Uptown transit center | 1,573 | 1,573 | - | 950 |
| Total expenditures | <u>51,617</u> | <u>48,031</u> | <u>3,586</u> | <u>37,396</u> |
| Revenues over expenditures | <u>17,564</u> | <u>25,291</u> | <u>7,727</u> | <u>31,290</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Capital Projects | 18,400 | 18,400 | - | 18,616 |
| Public Transit Capital Projects | 264 | 264 | - | 30 |
| Total transfers from other funds | <u>18,664</u> | <u>18,664</u> | <u>-</u> | <u>18,646</u> |
| TRANSFERS TO OTHER FUNDS: | | | | |
| Public Transit Capital Projects | 28,448 | 25,495 | 2,953 | 13,764 |
| General Fund | - | - | - | 562 |
| Capital Projects | - | - | - | 11,107 |
| Total transfers to other funds | <u>28,448</u> | <u>25,495</u> | <u>2,953</u> | <u>25,433</u> |
| Revenues and transfers over expenditures and transfers | <u>\$ 7,780</u> | <u>\$ 18,460</u> | <u>\$ 10,680</u> | <u>\$ 24,503</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT DEBT SERVICE FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2000
(In Thousands)

| | 2001 | | Variance- | 2000 |
|-----------------------------|-------------|-------------|----------------------------|-------------|
| | Budget | Actual | Favorable (Unfavorable) | Actual |
| EXPENDITURES: | | | | |
| Principal retirement | \$ 202 | \$ 202 | \$ - | \$ 190 |
| Interest | 57 | 57 | - | 67 |
| Total expenditures | <u>259</u> | <u>259</u> | <u>-</u> | <u>257</u> |
| TRANSFERS FROM OTHER FUNDS: | | | | |
| Debt Service | 259 | 259 | - | 257 |
| Transfers over expenditures | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|--------------------------------|------------------|------------------|
| Revenues and transfers over | | |
| expenditures and transfers: | | |
| Operating Fund | \$ 18,460 | \$ 24,503 |
| Investment income in the | | |
| Capital Projects Fund | 1,884 | 210 |
| Current year encumbrances | 2,303 | 1,499 |
| Prior year encumbrances | (1,095) | (1,827) |
| Debt principal retirement | 202 | 190 |
| Depreciation | (4,346) | (3,981) |
| Capital outlay | 9 | 513 |
| Capital contributions | 19,210 | - |
| Other | (1,881) | (2,639) |
| Net transfers to Capital | | |
| Projects Fund: | | |
| Operating Fund | 25,231 | 13,734 |
| Compensated absences | <u>(185)</u> | <u>(84)</u> |
| Net income- full accrual basis | <u>\$ 59,792</u> | <u>\$ 32,118</u> |

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

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Authorizations | Expenditures | | | Unexpended Authorizations | Encumbrances June 30, 2001 | Unencumbered Authorizations June 30, 2001 |
|---------------------------------------|-------------------|------------------|------------------|------------------|---------------------------|----------------------------|---|
| | | Current Year | Prior Years | Total | | | |
| Rapid transit | \$ 40,212 | \$ 9,997 | \$ 309 | \$ 10,306 | \$ 29,906 | \$ 12,210 | \$ 17,696 |
| Capital purchases- 2001 | 17,475 | 3,851 | - | 3,851 | 13,624 | 5,413 | 8,211 |
| Capital purchases- 2000 | 25,381 | 6,579 | 11,539 | 18,118 | 7,263 | 5,476 | 1,787 |
| Capital purchases- 1999 | 465 | 30 | 322 | 352 | 113 | - | 113 |
| Capital purchases- 1998 | 12,551 | 940 | 10,926 | 11,866 | 685 | 254 | 431 |
| Capital purchases- 1997 | 9,550 | 146 | 9,303 | 9,449 | 101 | 50 | 51 |
| Capital purchases- 1996 | <u>2,602</u> | <u>-</u> | <u>2,551</u> | <u>2,551</u> | <u>51</u> | <u>-</u> | <u>51</u> |
| Total public transit capital projects | <u>\$ 108,236</u> | <u>\$ 21,543</u> | <u>\$ 34,950</u> | <u>\$ 56,493</u> | <u>\$ 51,743</u> | <u>\$ 23,403</u> | <u>\$ 28,340</u> |

INTERNAL SERVICE FUNDS

The 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 — The Risk Management Fund accounts for the general insurance program of 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 Insurance Fund — The Employee Health and Life Insurance Fund accounts for funds contributed by the City and employees for health and life benefits.

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Risk Management | Employee Health and Life | Totals | |
|--|--------------------|--------------------------------|------------------|------------------|
| | | | 2001 | 2000 |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 41,056 | \$ 5,208 | \$ 46,264 | \$ 47,653 |
| Receivables- Other | 1,407 | 139 | 1,546 | 693 |
| Due from other funds | 1 | - | 1 | 19 |
| Total current assets | 42,464 | 5,347 | 47,811 | 48,365 |
| Equipment | 228 | - | 228 | 228 |
| Less accumulated depreciation | 91 | - | 91 | 65 |
| Total equipment, net | 137 | - | 137 | 163 |
| Total assets | <u>\$ 42,601</u> | <u>\$ 5,347</u> | <u>\$ 47,948</u> | <u>\$ 48,528</u> |
| <u>LIABILITIES AND FUND EQUITY</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Claims payable | \$ 17,297 | \$ 5,750 | \$ 23,047 | \$ 28,963 |
| Long-term liabilities: | | | | |
| Due to participants | 4,201 | - | 4,201 | 1,310 |
| Compensated absences payable | 63 | - | 63 | 56 |
| Total long-term liabilities | 4,264 | - | 4,264 | 1,366 |
| Total liabilities | 21,561 | 5,750 | 27,311 | 30,329 |
| <u>FUND EQUITY</u> | | | | |
| Retained earnings (deficit): | | | | |
| Unreserved | 21,040 | (403) | 20,637 | 18,199 |
| Total liabilities and fund equity | <u>\$ 42,601</u> | <u>\$ 5,347</u> | <u>\$ 47,948</u> | <u>\$ 48,528</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Risk Management | Employee Health and Life | Totals | |
|--|--------------------|--------------------------------|------------------|------------------|
| | | | 2001 | 2000 |
| OPERATING REVENUES: | | | | |
| Charges for services- | | | | |
| Risk management and safety fees | \$ 1,190 | \$ 4,053 | \$ 5,243 | \$ 4,775 |
| Claims: | | | | |
| Employer | 4,141 | 15,231 | 19,372 | 18,009 |
| Employee | - | 6,140 | 6,140 | 5,764 |
| Other | - | 115 | 115 | 122 |
| Total claims | 4,141 | 21,486 | 25,627 | 23,895 |
| Premiums | 1,900 | 284 | 2,184 | 1,942 |
| Total operating revenues | <u>7,231</u> | <u>25,823</u> | <u>33,054</u> | <u>30,612</u> |
| OPERATING EXPENSES: | | | | |
| Administration | 1,230 | 4,053 | 5,283 | 4,745 |
| Depreciation | 26 | - | 26 | 26 |
| Claims | 524 | 26,883 | 27,407 | 30,365 |
| Premiums | 1,935 | 284 | 2,219 | 1,925 |
| Total operating expenses | <u>3,715</u> | <u>31,220</u> | <u>34,935</u> | <u>37,061</u> |
| Operating income (loss) | 3,516 | (5,397) | (1,881) | (6,449) |
| NONOPERATING REVENUES: | | | | |
| Investment income | 2,935 | 1,384 | 4,319 | 2,314 |
| Income (loss) before operating transfers | 6,451 | (4,013) | 2,438 | (4,135) |
| OPERATING TRANSFERS OUT | - | - | - | (1,100) |
| Net income (loss) | 6,451 | (4,013) | 2,438 | (5,235) |
| RETAINED EARNINGS, beginning of year | <u>14,589</u> | <u>3,610</u> | <u>18,199</u> | <u>23,434</u> |
| RETAINED EARNINGS (DEFICIT), end of year | <u>\$ 21,040</u> | <u>\$ (403)</u> | <u>\$ 20,637</u> | <u>\$ 18,199</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEAR ENDED JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Risk Management | Employee Health and Life | Totals | |
|--|--------------------|--------------------------------|-------------------|-------------------|
| | | | 2001 | 2000 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash received from other funds for claims and services | \$ 6,671 | \$ 19,302 | \$ 25,973 | \$ 23,937 |
| Cash received from participants | 4,868 | 6,474 | 11,342 | 11,312 |
| Cash payments for claims | (8,499) | (25,619) | (34,118) | (29,027) |
| Cash payments for premiums | (3,896) | (284) | (4,180) | (3,692) |
| Cash payments to suppliers and claims administrator for goods and services | (469) | (4,053) | (4,522) | (4,104) |
| Cash payments to employees for services | (782) | - | (782) | (668) |
| Net cash used by operating activities | <u>(2,107)</u> | <u>(4,180)</u> | <u>(6,287)</u> | <u>(2,242)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Operating transfers to other funds | - | - | - | (1,100) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Acquisition of capital assets | - | - | - | (7) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Investment income | <u>3,486</u> | <u>1,412</u> | <u>4,898</u> | <u>2,689</u> |
| Net increase (decrease) in cash and cash equivalents | 1,379 | (2,768) | (1,389) | (660) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>39,677</u> | <u>7,976</u> | <u>47,653</u> | <u>48,313</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 41,056</u> | <u>\$ 5,208</u> | <u>\$ 46,264</u> | <u>\$ 47,653</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 3,516 | \$ (5,397) | \$ (1,881) | \$ (6,449) |
| Adjustments to reconcile operating income (loss) to net cash used by operating activities- | | | | |
| Depreciation | 26 | - | 26 | 26 |
| Change in assets and liabilities: | | | | |
| (Increase) in receivables | (963) | (65) | (1,028) | - |
| Decrease in due from participants | - | - | - | 29 |
| Decrease in due from other governmental agencies | - | - | - | 1 |
| (Increase) decrease in due from other funds | - | 18 | 18 | (10) |
| Increase (decrease) in claims payable | (7,180) | 1,264 | (5,916) | 3,221 |
| Increase in due to participants | 2,487 | - | 2,487 | 946 |
| Increase (decrease) in compensated absences payable | 7 | - | 7 | (6) |
| Total adjustments | <u>(5,623)</u> | <u>1,217</u> | <u>(4,406)</u> | <u>4,207</u> |
| Net cash used by operating activities | <u>\$ (2,107)</u> | <u>\$ (4,180)</u> | <u>\$ (6,287)</u> | <u>\$ (2,242)</u> |

FIDUCIARY FUNDS

The Fiduciary Funds are used to account for resources received and held by the City as trustee. These funds are expended or invested in accordance with agreements or applicable prescribed procedures.

The City's Fiduciary Funds include a Pension Trust Fund, the Charlotte Firefighters' Retirement System, and a Nonexpendable Trust Fund, the Cemetery Trust.

CITY OF CHARLOTTE, NORTH CAROLINA
DESCRIPTION OF FIDUCIARY FUNDS

Firefighters' Retirement Fund

The Firefighters' Retirement Fund accounts for assets accumulated for the provision of retirement benefits to Firefighters' Retirement System members. Funding is provided by active member contributions and matching contributions from the City.

Cemetery Trust Fund

The Cemetery Trust Fund accounts for monies held by the City for cemetery maintenance.

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001 WITH COMPARATIVE TOTALS FOR 2000
(In Thousands)

| | Pension | Nonexpendable | Totals | |
|---|-----------------------------|-------------------|------------|------------|
| | Trust Fund | Trust Fund | 2001 | 2000 |
| | Firefighters' Retirement | Cemetery Trust | | |
| <u>ASSETS</u> | | | | |
| Current assets: | | | | |
| Cash and cash equivalents/investments | \$ 239,711 | \$ 2,946 | \$ 242,657 | \$ 262,783 |
| Receivables- Other | 515 | 30 | 545 | 638 |
| Total current assets | 240,226 | 2,976 | 243,202 | 263,421 |
| Fixed assets: | | | | |
| Building | 133 | - | 133 | 133 |
| Equipment | 6 | - | 6 | 6 |
| Total fixed assets | 139 | - | 139 | 139 |
| Less accumulated depreciation | 56 | - | 56 | 50 |
| Total fixed assets, net | 83 | - | 83 | 89 |
| Total assets | \$ 240,309 | \$ 2,976 | \$ 243,285 | \$ 263,510 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| <u>LIABILITIES</u> | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 404 | \$ - | \$ 404 | \$ 445 |
| <u>FUND BALANCES</u> | | | | |
| Fund balances: | | | | |
| Reserved for firefighters' pension benefits | 239,905 | - | 239,905 | 260,213 |
| Reserved for cemetery maintenance | - | 2,976 | 2,976 | 2,852 |
| Total fund balances | 239,905 | 2,976 | 242,881 | 263,065 |
| Total liabilities and fund balances | \$ 240,309 | \$ 2,976 | \$ 243,285 | \$ 263,510 |

CITY OF CHARLOTTE, NORTH CAROLINA
PENSION TRUST FUND- FIREFIGHTERS' RETIREMENT
COMPARATIVE STATEMENTS OF PLAN NET ASSETS
JUNE 30, 2001 AND 2000
(In Thousands)

| <u>ASSETS</u> | <u>2001</u> | <u>2000</u> |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 7,436 | \$ 8,712 |
| Receivables: | | |
| Employer contributions | 53 | 48 |
| Member contributions | 53 | 48 |
| Interest and dividends | <u>409</u> | <u>501</u> |
| Total receivables | 515 | 597 |
| Investments: | | |
| Equity securities- stocks | 108,101 | 128,019 |
| Fixed income securities- bonds | 27,024 | 25,435 |
| Mutual funds | <u>97,150</u> | <u>97,806</u> |
| Total investments | 232,275 | 251,260 |
| Fixed assets, at cost, net of accumulated depreciation of \$56 - 2001 and \$50 - 2000 | <u>83</u> | <u>89</u> |
| Total assets | 240,309 | 260,658 |
| <u>LIABILITIES</u> | | |
| Accounts payable | <u>404</u> | <u>445</u> |
| Net assets held in trust for pension benefits | <u>\$ 239,905</u> | <u>\$ 260,213</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
PENSION TRUST FUND- FIREFIGHTERS' RETIREMENT
COMPARATIVE STATEMENTS OF CHANGES IN PLAN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|--|-------------------|-------------------|
| ADDITIONS: | | |
| Contributions- | | |
| Member | \$ 4,563 | \$ 4,325 |
| Employer | <u>4,537</u> | <u>4,276</u> |
| Total additions | <u>9,100</u> | <u>8,601</u> |
| Investment income- | | |
| Net appreciation in fair value of investments | - | 25,443 |
| Interest | - | 2,518 |
| Dividends | <u>-</u> | <u>2,596</u> |
| | - | 30,557 |
| Less investment expense | <u>-</u> | <u>1,324</u> |
| Net investment income | <u>-</u> | <u>29,233</u> |
| Total additions | <u>9,100</u> | <u>37,834</u> |
| DEDUCTIONS: | | |
| Benefits | 14,060 | 12,406 |
| Refunds | 391 | 85 |
| Administration | 321 | 297 |
| Depreciation | 6 | 7 |
| Investment loss- | | |
| Net depreciation in fair value of investments | 18,558 | - |
| Interest | (2,346) | - |
| Dividends | <u>(3,072)</u> | <u>-</u> |
| | 13,140 | - |
| Investment expense | <u>1,490</u> | <u>-</u> |
| Net investment loss | <u>14,630</u> | <u>-</u> |
| Total deductions | <u>29,408</u> | <u>12,795</u> |
| Net increase (decrease) | (20,308) | 25,039 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS: | | |
| Beginning of year | <u>260,213</u> | <u>235,174</u> |
| End of year | <u>\$ 239,905</u> | <u>\$ 260,213</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NONEXPENDABLE TRUST FUND- CEMETERY TRUST
COMPARATIVE STATEMENTS OF REVENUES, TRANSFERS AND
CHANGES IN FUND BALANCES
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|----------------------------------|------------------------|------------------------|
| OPERATING REVENUES: | | |
| Investment income | \$ 169 | \$ 164 |
| OPERATING TRANSFERS OUT | <u>(45)</u> | <u>(164)</u> |
| Net income | 124 | - |
| FUND BALANCES, beginning of year | <u>2,852</u> | <u>2,852</u> |
| FUND BALANCES, end of year | <u><u>\$ 2,976</u></u> | <u><u>\$ 2,852</u></u> |

CITY OF CHARLOTTE, NORTH CAROLINA
NONEXPENDABLE TRUST FUND- CEMETERY TRUST
COMPARATIVE STATEMENTS OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
FOR THE YEARS ENDED JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|---|-----------------|-----------------|
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Operating transfers to other funds | \$ (45) | \$ (164) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income | <u>180</u> | <u>161</u> |
| Net increase (decrease) in cash and cash equivalents | 135 | (3) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>2,811</u> | <u>2,814</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 2,946</u> | <u>\$ 2,811</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES: | | |
| Operating income | \$ 169 | \$ 164 |
| Adjustments to reconcile operating income to net cash provided by operating activities- | | |
| Investment income | <u>(169)</u> | <u>(164)</u> |
| Net cash provided by operating activities | <u>\$ -</u> | <u>\$ -</u> |

ACCOUNT GROUPS

Account groups are used to establish accountability for the City's general fixed assets and general long-term debt.

The City has the following account groups.

General Fixed Assets Account Group — This account group is established to account for all fixed assets of the City other than those accounted for in the proprietary and fiduciary funds.

General Long-Term Debt Account Group — This account group is established to account for all long-term debt of the City except that accounted for in the proprietary and fiduciary funds.

CITY OF CHARLOTTE, NORTH CAROLINA
COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS- BY FUND
JUNE 30, 2001 AND 2000
(In Thousands)

| | <u>2001</u> | <u>2000</u> |
|--|---------------------|--------------------|
| General Fixed Assets: | | |
| Land and easements | \$ 109,021 | \$ 108,047 |
| Buildings | 418,220 | 417,829 |
| Improvements other than buildings | 367,779 | 357,014 |
| Machinery and equipment | 104,467 | 93,560 |
| Construction in progress | <u>295,712</u> | <u>230,035</u> |
| Total general fixed assets | <u>\$ 1,295,199</u> | <u>\$1,206,485</u> |
| Investment in General Fixed | | |
| Assets from: | | |
| General and Special Revenue Funds | \$ 104,920 | \$ 104,231 |
| Capital Projects Fund | <u>1,190,279</u> | <u>1,102,254</u> |
| Total investment in general fixed assets | <u>\$ 1,295,199</u> | <u>\$1,206,485</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
JUNE 30, 2001
(In Thousands)

| | Land and Easements | Buildings | Improvements Other Than Buildings | Machinery and Equipment | Total |
|-------------------------------------|--------------------------|-------------------|---|-------------------------------|---------------------|
| Public safety | \$ 1,415 | \$ 46,854 | \$ 815 | \$ 50,295 | \$ 99,379 |
| Environmental health and sanitation | 11 | - | - | 21,128 | 21,139 |
| General administration | - | 43,414 | 531 | 937 | 44,882 |
| Support services | 2,276 | 4,321 | 395 | 5,608 | 12,600 |
| Engineering and property management | 5,144 | 2,304 | 3,327 | 3,070 | 13,845 |
| Streets and highways | 4,231 | 4,097 | 201,734 | 15,001 | 225,063 |
| Culture and recreation | 69,401 | 259,134 | 32,849 | 4,211 | 365,595 |
| Community planning and development | 2,645 | 5,239 | 17,800 | 721 | 26,405 |
| Assets prior to July 1, 1987 | 23,898 | 52,857 | 110,328 | 3,496 | 190,579 |
| Total | <u>\$ 109,021</u> | <u>\$ 418,220</u> | <u>\$ 367,779</u> | <u>\$ 104,467</u> | 999,487 |
| Construction in progress | | | | | 295,712 |
| Total general fixed assets | | | | | <u>\$ 1,295,199</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Balance July 1, 2000 | Additions | Deductions | Balance June 30, 2001 |
|-------------------------------------|-------------------------|-------------------|------------------|--------------------------|
| Public safety | \$ 92,800 | \$ 9,040 | \$ 2,461 | \$ 99,379 |
| Environmental health and sanitation | 18,175 | 6,220 | 3,256 | 21,139 |
| General administration | 44,781 | 150 | 49 | 44,882 |
| Support services | 12,568 | 32 | - | 12,600 |
| Engineering and property management | 12,826 | 1,123 | 104 | 13,845 |
| Streets and highways | 215,352 | 12,581 | 2,870 | 225,063 |
| Culture and recreation | 365,595 | - | - | 365,595 |
| Community planning and development | 23,672 | 3,073 | 340 | 26,405 |
| Assets prior to July 1, 1987 | 190,681 | - | 102 | 190,579 |
| Construction in progress | 230,035 | 82,339 | 16,662 | 295,712 |
| Total general fixed assets | <u>\$ 1,206,485</u> | <u>\$ 114,558</u> | <u>\$ 25,844</u> | <u>\$ 1,295,199</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | Debt Outstanding July 1, 2000 | Additions | Retirements | Debt Outstanding June 30, 2001 |
|--|-------------------------------------|------------------|------------------|--------------------------------------|
| General obligation bonds: | | | | |
| Museum | \$ 1,372 | \$ - | \$ 276 | \$ 1,096 |
| Street improvement | 205,945 | - | 12,598 | 193,347 |
| Cultural facilities | 13,911 | - | 1,301 | 12,610 |
| Recreational facilities | 18,825 | - | 1,861 | 16,964 |
| Land acquisition | 2,706 | - | 545 | 2,161 |
| Public building | 2,471 | - | 231 | 2,240 |
| Storm drainage | 6,549 | - | 582 | 5,967 |
| Sanitary landfill | 1,026 | - | 207 | 819 |
| City-County office building | 13,911 | - | 2,201 | 11,710 |
| Coliseum | 20,228 | - | 20,228 | - |
| Cemetery | 697 | - | 26 | 671 |
| Firefighting facilities | 2,486 | - | 233 | 2,253 |
| Neighborhood improvement | 30,585 | - | 912 | 29,673 |
| Environmental clean-up | 21,830 | - | 510 | 21,320 |
| Refunding | 16,530 | - | 3,375 | 13,155 |
| Total general obligation bonds | <u>359,072</u> | <u>-</u> | <u>45,086</u> | <u>313,986</u> |
| Revenue Bonds - Independence Plaza parking facility | 175 | - | 175 | - |
| Certificates of participation: | | | | |
| Convention Center | 201,579 | 16,500 | 5,595 | 212,484 |
| Public safety facilities | 19,410 | 21,765 | 1,335 | 39,840 |
| Stadium parking facility | 8,040 | - | 395 | 7,645 |
| Equipment | 28,965 | 9,690 | 7,532 | 31,123 |
| Total certificates of participation | <u>257,994</u> | <u>47,955</u> | <u>14,857</u> | <u>291,092</u> |
| Compensated absences | 20,582 | 3,530 | - | 24,112 |
| Law enforcement officers' separation allowance | 2,399 | 164 | - | 2,563 |
| Total general long-term debt | <u>\$ 640,222</u> | <u>\$ 51,649</u> | <u>\$ 60,118</u> | <u>\$ 631,753</u> |

STATISTICAL SECTION

The Statistical Section reflects financial trends, demographic and economic data and the fiscal capacity of the City.

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS
(In Thousands)

| Fiscal Year | (2) Public Safety | (3) Environmental Health and Sanitation | (4) (5) General Administration | (5) Support Services | (6) Engineering and Property Management | Streets and Highways | (6) (7) Culture and Recreation | Community Planning and Development | Job Development | (8) Debt Service | Total |
|-------------|----------------------|--|-----------------------------------|-------------------------|--|----------------------|-----------------------------------|------------------------------------|-----------------|---------------------|------------|
| 1992 | \$ 96,219 | \$ 20,259 | \$ 23,393 | \$ 6,711 | \$ 8,335 | \$ 23,298 | \$ 20,135 | \$ 15,341 | \$ 2,514 | \$ 48,731 | \$ 264,936 |
| 1993 | 99,233 | 20,403 | 30,593 | 6,415 | 14,050 | 19,899 | 12,251 | 15,459 | 3,000 | 49,983 | 271,286 |
| 1994 | 111,575 | 19,232 | 27,955 | 4,224 | 14,216 | 20,753 | 12,749 | 16,178 | 3,411 | 51,699 | 281,992 |
| 1995 | 122,258 | 17,529 | 28,397 | 4,103 | 14,220 | 22,426 | 15,588 | 17,218 | 3,364 | 54,336 | 299,439 |
| 1996 | 131,633 | 17,587 | 29,583 | 4,216 | 13,597 | 21,252 | 15,579 | 18,760 | 2,740 | 56,400 | 311,347 |
| 1997 | 139,379 | 24,201 | 31,505 | 4,712 | 13,230 | 23,515 | 16,172 | 21,551 | 2,409 | 60,514 | 337,188 |
| 1998 | 154,738 | 27,952 | 31,111 | 7,571 | 14,321 | 24,651 | 15,566 | 23,440 | 2,742 | 60,696 | 362,788 |
| 1999 | 160,490 | 26,986 | 36,533 | 13,828 | 15,539 | 27,996 | 14,360 | 24,334 | 2,427 | 69,213 | 391,706 |
| 2000 | 182,975 | 29,924 | 37,682 | 23,810 | 18,803 | 30,651 | 17,580 | 31,931 | 2,641 | 64,067 | 440,064 |
| 2001 | 188,884 | 35,207 | 41,146 | 15,667 | 19,241 | 31,887 | 16,718 | 27,029 | 2,394 | 93,929 | 472,102 |

- (1) Includes general, special revenue and debt service funds and discretely presented component unit.
(2) In 1994 the City and Mecklenburg County (County) police departments consolidated under the administration of the City. The implementation of a Community Safety Plan in 1995 included additional police officers in 1995, 1996, 1998 and 2000. In 1998 the Police Department purchased laptop computers for police officers and video cameras for patrol cars.
(3) In 1997 the City began collecting and remitting to the County a refuse disposal fee which was previously collected by the County.
(4) Includes settlement of personal injury litigation in 1993.
(5) In 1999 and 2000 the City upgraded its technology infrastructure and software applications for Year 2000 compliance.
(6) Landscaping, grounds and maintenance costs transferred from Culture and Recreation to Engineering and Property Management during 1993.
(7) Parks and recreation operations consolidated under the administration of the County during 1993.
(8) The City early extinguished \$17,515 of general obligation debt in 2001.

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(In Thousands)

| Fiscal Year | (2) Taxes | (2)(3) Inter- governmental | (4) Licenses, Permits and Fees | Investment Income | Administrative Charges | Charges for Current Services | Fines, Forfeitures and Penalties | Facility Fees | Other | Total |
|-------------|--------------|----------------------------------|--------------------------------------|----------------------|---------------------------|------------------------------------|--|------------------|----------|------------|
| 1992 | \$ 175,338 | \$ 47,354 | \$ 9,318 | \$ 7,041 | \$ 7,102 | \$ 11,456 | \$ 1,024 | \$ 5,796 | \$ 6,248 | \$ 270,677 |
| 1993 | 151,668 | 70,246 | 9,991 | 6,503 | 7,475 | 11,903 | 753 | 5,395 | 6,734 | 270,668 |
| 1994 | 155,135 | 82,954 | 10,909 | 7,722 | 7,777 | 13,686 | 814 | 6,342 | 8,194 | 293,533 |
| 1995 | 159,632 | 85,252 | 11,689 | 7,433 | 8,390 | 15,021 | 880 | 7,014 | 7,431 | 302,742 |
| 1996 | 168,016 | 100,332 | 11,600 | 10,285 | 8,590 | 15,018 | 974 | 7,946 | 5,838 | 328,599 |
| 1997 | 213,828 | 76,786 | 19,348 | 10,232 | 9,035 | 14,661 | 2,505 | 9,048 | 7,071 | 362,514 |
| 1998 | 238,751 | 85,486 | 22,921 | 12,037 | 9,014 | 15,973 | 1,893 | 9,570 | 9,374 | 405,019 |
| 1999 | 258,856 | 86,226 | 22,515 | 11,070 | 10,714 | 16,674 | 2,668 | 8,825 | 7,948 | 425,496 |
| 2000 | 272,147 | 95,832 | 22,967 | 14,555 | 11,606 | 20,693 | 3,812 | 10,373 | 7,282 | 459,267 |
| 2001 | 283,702 | 92,774 | 28,023 | 21,795 | 14,059 | 19,483 | 4,058 | 10,556 | 8,345 | 482,795 |

- (1) Includes general, special revenue and debt service funds and discretely presented component unit.
(2) In 1993 Mecklenburg County (County) began levying property taxes for parks and recreation activities and police services. A prorated portion for police services was included as intergovernmental revenues from the County. In 1995 the intangible property tax was repealed by the North Carolina General Assembly and replaced in 1996 with a reimbursement grant from the State for a similar amount. In 1997 the City resumed levying property taxes for the consolidated City-County police services resulting in increased property taxes and reduced intergovernmental revenues from the County.
(3) In 1994 the City began billing storm water fees for the County which reimburses the City for the cost of this service.
(4) In 1997 the City began charging refuse disposal fees which are paid to the County.

CITY OF CHARLOTTE, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS
(In Thousands)

| Fiscal Year | (2) Property | Sales | (3) Intangible Property | Occupancy | Prepared Foods | (4) Vehicle Rental | Total |
|-------------|-----------------|-----------|-------------------------------|-----------|-------------------|--------------------------|------------|
| 1992 | \$ 131,937 | \$ 27,305 | \$ 6,010 | \$ 6,960 | \$ 3,126 | \$ - | \$ 175,338 |
| 1993 | 103,903 | 27,860 | 5,993 | 7,332 | 6,580 | - | 151,668 |
| 1994 | 104,923 | 28,970 | 5,993 | 8,085 | 7,164 | - | 155,135 |
| 1995 | 111,490 | 31,270 | - | 9,110 | 7,762 | - | 159,632 |
| 1996 | 114,190 | 34,648 | - | 10,446 | 8,732 | - | 168,016 |
| 1997 | 154,491 | 37,904 | - | 11,924 | 9,509 | - | 213,828 |
| 1998 | 176,465 | 38,601 | - | 13,444 | 10,241 | - | 238,751 |
| 1999 | 187,342 | 45,051 | - | 15,315 | 11,148 | - | 258,856 |
| 2000 | 196,671 | 47,160 | - | 16,191 | 12,125 | - | 272,147 |
| 2001 | 207,490 | 46,466 | - | 15,467 | 12,708 | 1,571 | 283,702 |

(1) Includes general, special revenue and debt service funds.

(2) Mecklenburg County began levying property taxes for parks and recreation activities and police services in 1993. In 1997 the City resumed levying property taxes for the consolidated City-County police services.

(3) This tax was repealed by the North Carolina General Assembly in 1995.

(4) This tax was added by the North Carolina General Assembly in 2001.

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

| (1) Fiscal Year | (2) Total Tax Levy | Current Tax Collections | Percentage of Current Taxes Collected | Total Tax Collections and Adjustments | Percentage of Total Tax Collections and Adjustments to Total Tax Levy |
|-----------------------|--------------------------|----------------------------|---|---|--|
| 1992 | \$ 141,672 | \$ 138,674 | 97.88% | \$ 140,387 | 99.09% |
| 1993 | 111,550 | 109,612 | 98.26 | 111,773 | 100.20 |
| 1994 | 115,916 | 113,425 | 97.85 | 115,003 | 99.21 |
| 1995 | 123,775 | 121,193 | 97.91 | 123,039 | 99.41 |
| 1996 | 128,204 | 124,637 | 97.22 | 126,678 | 98.81 |
| 1997 | 165,873 | 161,079 | 97.11 | 162,939 | 98.23 |
| 1998 | 185,520 | 181,261 | 97.70 | 184,396 | 99.39 |
| 1999 | 201,401 | 195,767 | 97.20 | 198,830 | 98.72 |
| 2000 | 208,300 | 202,672 | 97.30 | 209,788 | 100.71 |
| 2001 | 220,359 | 214,352 | 97.27 | 219,083 | 99.42 |

- (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, 2000, for the fiscal year 2001, were based on the assessed values listed as of January 1, 2000.
- (2) Mecklenburg County began levying property taxes for parks and recreation activities and police services in 1993. In 1997 the City resumed levying property taxes for the consolidated City-County police services.

CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

| | <u>City-Wide</u> | | | <u>Total Levy</u> | |
|---------------------------------------|--|-------------|-----------------------|---|--------------------------------------|
| | <u>Property Valuation Adjusted</u> | <u>Rate</u> | <u>Total Levy</u> | <u>Property Excluding Registered Motor Vehicles</u> | <u>Registered Motor Vehicles</u> |
| Original levy: | | | | | |
| Property taxed at current year's rate | \$ 46,452,573 | \$ 0.467 | \$ 220,359 | \$ 198,733 | \$ 21,627 |
| Current year's taxes collected | | | 214,352 | 195,754 | 18,598 |
| Current levy collection percentage | | | 97.27% | 98.50% | 85.99% |

CITY OF CHARLOTTE, NORTH CAROLINA
ASSESSED VALUE OF PROPERTY (1)
LAST TEN FISCAL YEARS
(In Thousands)

| Fiscal Year | Assessed Value | | Real Property Exemptions | Total Assessed Value |
|----------------|------------------|----------------------|--------------------------------|----------------------------|
| | Real Property | Personal Property | | |
| 1992 | \$ 20,143,214 | \$ 5,465,640 | \$ 34,251 | \$25,574,603 |
| 1993 | 20,272,719 | 5,357,844 | 33,155 | 25,597,408 |
| 1994 | 20,786,848 | 6,286,064 | 31,363 | 27,041,549 |
| 1995 | 21,977,682 | 6,812,750 | 37,760 | 28,752,672 |
| 1996 | 22,394,567 | 7,178,536 | 34,839 | 29,538,264 |
| 1997 | 23,620,204 | 7,819,827 | 32,288 | 31,407,743 |
| 1998 | 25,731,811 | 9,358,702 | 41,258 | 35,049,255 |
| 1999 | 31,883,141 | 10,151,662 | 41,989 | 41,992,814 |
| 2000 | 33,488,114 | 10,877,380 | 41,031 | 44,324,463 |
| 2001 | 35,083,075 | 11,409,420 | 39,922 | 46,452,573 |

(1) The assessed value is 100% of appraised/market value.

**CITY OF CHARLOTTE, NORTH CAROLINA
PROPERTY TAX RATES (1)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

| Fiscal Year | City of Charlotte | | | | | (2) (3) Mecklenburg County | (5) Total |
|-------------|--------------------|-----------------|---------------------|--------------------|---------|----------------------------------|--------------|
| | (2) (3) General | Debt Service | Capital Projects | (4) Storm Water | Total | | |
| 1992 | \$.4625 | \$.0550 | \$.0325 | \$ - | \$.5500 | \$.6550 | \$1.2050 |
| 1993 | .3510 | .0550 | .0300 | - | .4360 | .7600 | 1.1960 |
| 1994 | .3330 | .0550 | .0300 | .0100 | .4280 | .8095 | 1.2375 |
| 1995 | .3330 | .0550 | .0300 | .0100 | .4280 | .8050 | 1.2330 |
| 1996 | .3305 | .0575 | .0300 | .0100 | .4280 | .8050 | 1.2330 |
| 1997 | .4325 | .0675 | .0150 | .0100 | .5250 | .7300 | 1.2550 |
| 1998 | .4300 | .0725 | .0150 | .0075 | .5250 | .7300 | 1.2550 |
| 1999 | .3780 | .0670 | .0225 | .0045 | .4720 | .6850 | 1.1570 |
| 2000 | .3805 | .0618 | .0225 | .0022 | .4670 | .7300 | 1.1970 |
| 2001 | .3805 | .0640 | .0225 | - | .4670 | .7300 | 1.1970 |

(1) Per \$100 assessed value.

(2) Mecklenburg County (County) began levying property taxes for parks and recreation activities and police services in 1993.

(3) In 1997 the City resumed levying property taxes for the consolidated City-County police services.

(4) In 2001 the City property tax revenue dedicated to the storm water program was phased out completely and replaced by annual increases in the storm water user fee.

(5) The 1999 tax rates decreased reflecting the revaluation of real property.

CITY OF CHARLOTTE, NORTH CAROLINA
PRINCIPAL TAXPAYERS
JUNE 30, 2001
(Dollar Amounts In Thousands)

| <u>Taxpayer</u> | <u>Type of Business</u> | <u>2001 Assessed Valuation</u> | <u>Percentage of Total Assessed Valuation</u> |
|--------------------------------|-------------------------|--|---|
| Duke Energy/Crescent | Utility | \$ 735,502 | 1.58% |
| Bank of America | Financial services | 622,622 | 1.34 |
| US Airways Group, Incorporated | Air carrier services | 503,329 | 1.08 |
| BellSouth | Utility | 383,685 | 0.83 |
| First Union National Bank | Financial services | 337,464 | 0.73 |
| Childress Klein | Real estate management | 322,367 | 0.69 |
| Piedmont Natural Gas | Utility | 218,035 | 0.47 |
| IBM | Manufacturing | 180,833 | 0.39 |
| Carolina Stadium Corporation | Professional football | 175,741 | 0.38 |
| Continental General Tire | Manufacturing | <u>140,625</u> | <u>0.30</u> |
| | | <u>\$ 3,620,203</u> | <u>7.79%</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2001
(In Thousands)

| | | |
|--|----------------|----------------------|
| Assessed property value (100% assessment ratio)..... | | <u>\$ 46,452,573</u> |
| Gross limitation- 8 percent of assessed property value..... | | <u>\$ 3,716,206</u> |
| Total outstanding general obligation bonded debt..... | \$ 862,434 | |
| Amounts due under certificates of participation primarily for Convention Center, capital improvements and equipment..... | 296,139 | |
| Bonds authorized but unissued..... | <u>195,800</u> | |
| | 1,354,373 | |
| Less- Water general obligation bonds..... | <u>214,501</u> | |
| Outstanding debt, net..... | | <u>1,139,872</u> |
| Net legal debt margin..... | | <u>\$ 2,576,334</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

| Fiscal Year | (1) Population | (2) Assessed Value * | (3) Gross Bonded Debt * | (4) Debt Payable From Enterprise Revenues * | Net Bonded Debt * | Ratio of Net Bonded Debt to Assessed Value | (5) Net Bonded Debt per Capita |
|-------------|-------------------|-------------------------|----------------------------|--|-------------------|--|-----------------------------------|
| 1992 | 421,990 | \$ 25,574,603 | \$ 539,970 | \$ 269,069 | \$ 270,901 | 1.06% | \$ 641.96 |
| 1993 | 430,430 | 25,597,408 | 545,640 | 264,117 | 281,523 | 1.10 | 654.05 |
| 1994 | 443,611 | 27,041,549 | 701,850 | 386,942 | 314,908 | 1.16 | 709.87 |
| 1995 | 455,367 | 28,752,672 | 666,485 | 368,112 | 298,373 | 1.04 | 655.24 |
| 1996 | 465,895 | 29,538,264 | 859,355 | 543,302 | 316,053 | 1.07 | 678.38 |
| 1997 | 470,553 | 31,407,743 | 818,015 | 521,598 | 296,417 | 0.94 | 629.93 |
| 1998 | 507,553 | 35,049,255 | 774,195 | 498,960 | 275,235 | 0.79 | 542.28 |
| 1999 | 512,628 | 41,992,814 | 940,700 | 626,429 | 314,271 | 0.75 | 613.06 |
| 2000 | 527,291 | 44,324,463 | 955,485 | 596,413 | 359,072 | 0.81 | 680.98 |
| 2001 | 551,645 | 46,452,573 | 862,434 | 548,448 | 313,986 | 0.68 | 569.18 |

* Amounts in thousands

(1) Source- Charlotte Chamber of Commerce.

(2) The assessed value is 100% of appraised/market value.

(3) Amount does not include revenue bonds.

(4) These amounts include the general obligation bonds that are being paid from the Water and Sewer, Storm Water, Airport and Public Transit Funds.

(5) The City early extinguished \$17,515 of general obligation debt in 2001.

CITY OF CHARLOTTE, NORTH CAROLINA
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT (1)
TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS
(Dollar Amounts in Thousands)

| <u>Fiscal Year</u> | <u>(2) Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>(3) Total General Governmental Expenditures</u> | <u>Ratio of Debt Service to General Governmental Expenditures (2)</u> |
|--------------------|--------------------------|-----------------|-------------------------------|--|---|
| 1992 | \$ 14,394 | \$ 17,705 | \$ 32,099 | \$ 264,936 | 12.12% |
| 1993 | 15,856 | 15,512 | 31,368 | 271,286 | 11.56 |
| 1994 | 18,312 | 13,387 | 31,699 | 281,992 | 11.24 |
| 1995 | 16,535 | 15,268 | 31,803 | 299,439 | 10.62 |
| 1996 | 17,021 | 15,702 | 32,723 | 311,347 | 10.51 |
| 1997 | 19,636 | 15,562 | 35,198 | 337,188 | 10.44 |
| 1998 | 21,182 | 14,611 | 35,793 | 362,788 | 9.87 |
| 1999 | 24,320 | 14,996 | 39,316 | 391,706 | 10.04 |
| 2000 | 24,974 | 15,433 | 40,407 | 440,064 | 9.18 |
| 2001 | 45,086 | 18,075 | 63,161 | 472,102 | 13.38 |

(1) General obligation bonds reported in the enterprise funds have been excluded.

(2) The City early extinguished \$17,515 of general obligation debt in 2001.

(3) Includes general, special revenue and debt service funds and discretely presented component unit.

CITY OF CHARLOTTE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2001
(Dollar Amounts in Thousands)

| <u>Jurisdiction</u> | (1) Net General Obligation Bonded Debt Outstanding | Percentage Applicable to City | Amount Applicable to City |
|---------------------|--|-------------------------------------|---------------------------------|
| Direct: | | | |
| City of Charlotte | \$ 313,986 | 100% | \$ 313,986 |
| Overlapping: | | | |
| Mecklenburg County | <u>1,333,610</u> | 72 | <u>960,199</u> |
| Total | <u>\$ 1,647,596</u> | | <u>\$ 1,274,185</u> |

(1) Excludes general obligation bonds being paid from enterprise funds.

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

| Fiscal Year | (1) Gross Revenues | (1) Application of Revenues | Requirement for 1960 General Obligation Bond Debt Service | Net Revenues Available for Debt Service | (2) Debt Service Requirement | (3) Revenue Bond Coverage |
|-------------|-----------------------|--------------------------------|--|---|---------------------------------------|------------------------------------|
| 1992 | \$ 44,593 | \$ 15,383 | \$ 211 | \$ 28,999 | \$ 17,938 | 1.6 |
| 1993 | 46,675 | 15,753 | 138 | 30,784 | 17,933 | 1.7 |
| 1994 | 48,405 | 16,242 | - | 32,163 | 14,837 | 2.2 |
| 1995 | 52,826 | 17,946 | - | 34,880 | 15,596 | 2.2 |
| 1996 | 55,922 | 18,700 | - | 37,222 | 15,725 | 2.4 |
| 1997 | 60,684 | 18,632 | - | 42,052 | 15,668 | 2.7 |
| 1998 | 62,597 | 21,368 | - | 41,229 | 14,558 | 2.8 |
| 1999 | 68,756 | 24,802 | - | 43,954 | 14,731 | 3.0 |
| 2000 | 73,715 | 26,705 | - | 47,010 | 17,527 | 2.7 |
| 2001 | 86,234 | 28,755 | - | 57,479 | 23,456 | 2.5 |

- (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
WATER AND SEWER DEBT SERVICE COVERAGE (1)
(Dollar Amounts in Thousands)

| Fiscal Year | (2) Gross Revenues | (3) Operating Expenses | Net Revenues Available for Debt Service | (4) Total Debt Service Requirement | (4)(5) Total Debt Service Coverage |
|-------------|-----------------------|---------------------------|---|---------------------------------------|---------------------------------------|
| 1997 | \$ 108,833 | \$ 48,492 | \$ 60,341 | \$ 50,243 | 1.2 |
| 1998 | 117,372 | 51,399 | 65,973 | 50,871 | 1.3 |
| 1999 | 131,072 | 55,875 | 75,197 | 54,587 | 1.4 |
| 2000 | 143,972 | 64,899 | 79,073 | 66,166 | 1.2 |
| 2001 | 153,989 | 65,066 | 88,923 | 89,046 | 1.0 |

- (1) Pursuant to the General Trust Indenture for the 1997 Water and Sewer Revenue Bonds, rates must be established for amounts sufficient to cover expenses and total debt service.
- (2) Gross revenues include operating revenues and interest income.
- (3) Operating expenses exclusive of depreciation.
- (4) Total debt service requirement and total debt service coverage as defined by the General Trust Indenture.
- (5) The City early extinguished \$16,750 of water and sewer general obligation debt in 2001.

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER DEBT SERVICE COVERAGE (1)
(Dollar Amounts in Thousands)

| Fiscal Year | (2) Gross Revenues | (3) Operating Expenses | Net Revenues Available for Debt Service | (4) Total Debt Service Requirement | (4) Total Debt Service Coverage |
|-------------|-----------------------|---------------------------|---|---------------------------------------|------------------------------------|
| 2000 | \$ 20,699 | \$ 9,343 | \$ 11,356 | \$ 2,375 | 4.8 |
| 2001 | 24,746 | 8,710 | 16,036 | 4,874 | 3.3 |

- (1) Pursuant to the General Trust Indenture for the 2000 Storm Water Revenue Bonds, rates must be established for amounts sufficient to cover expenses and total debt service.
- (2) Gross revenues include operating revenues and interest income.
- (3) Operating expenses exclusive of depreciation.
- (4) Total debt service requirement and total debt service coverage as defined by the General Trust Indenture.

**CITY OF CHARLOTTE, NORTH CAROLINA
 DEMOGRAPHIC STATISTICS
 LAST TEN FISCAL YEARS**

| Fiscal Year | (1) Population | (1) Average Household Income | (2) Median Age | (3) School Enrollment | (2) Unemployment Rate |
|-------------|-------------------|------------------------------------|----------------------|-----------------------------|-----------------------------|
| 1992 | 421,990 | \$ 41,139 | 32.3 | 76,329 | 6.0% |
| 1993 | 430,430 | 43,417 | 32.5 | 78,667 | 5.4 |
| 1994 | 443,611 | 46,042 | 32.7 | 82,069 | 3.6 |
| 1995 | 455,367 | 48,583 | 33.0 | 85,240 | 3.6 |
| 1996 | 465,895 | 43,764 | 33.4 | 88,854 | 3.4 |
| 1997 | 470,553 | 46,138 | 33.7 | 92,994 | 3.2 |
| 1998 | 507,553 | 49,348 | 33.9 | 95,797 | 2.6 |
| 1999 | 512,628 | 51,265 | 34.2 | 98,542 | 2.0 |
| 2000 | 527,291 | 53,072 | 34.5 | 100,368 | 2.7 |
| 2001 | 551,645 | 54,566 | * | 103,086 | 3.8 |

* Information not available.

(1) Source- Charlotte Chamber of Commerce.

(2) Source- Charlotte Chamber of Commerce. Statistics are for the County.

(3) Source- Charlotte-Mecklenburg Schools. Statistics are for the County.

CITY OF CHARLOTTE, NORTH CAROLINA
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

| Fiscal Year | (1) Property Value (in thousands) | | | | (2) Commercial Construction | | (2) Residential Construction | | (3) Bank |
|----------------|--------------------------------------|---------------|------------|---------------|--------------------------------|------------------------|---------------------------------|------------------------|---------------------------|
| | Commercial | Residential | Exemptions | Total | Number Of Units | Value (in millions) | Number Of Units | Value (in millions) | Deposits (in billions) |
| 1992 | \$ 12,103,857 | \$ 13,504,997 | \$ 34,251 | \$ 25,574,603 | 3,277 | \$ 356.2 | 4,611 | \$ 446.4 | \$ 8.9 |
| 1993 | 11,825,844 | 13,804,719 | 33,155 | 25,597,408 | 3,617 | 403.3 | 5,019 | 537.8 | 10.3 |
| 1994 | 12,113,514 | 14,959,398 | 31,363 | 27,041,549 | 3,783 | 530.6 | 7,538 | 715.4 | 10.4 |
| 1995 | 13,620,683 | 15,169,749 | 37,760 | 28,752,672 | 4,976 | 703.2 | 9,415 | 950.9 | 10.4 |
| 1996 | 13,948,627 | 15,624,476 | 34,839 | 29,538,264 | 4,276 | 739.6 | 9,148 | 963.8 | 13.1 |
| 1997 | 15,239,950 | 16,200,081 | 32,288 | 31,407,743 | 4,559 | 726.8 | 10,245 | 1,010.3 | 12.5 |
| 1998 | 16,771,530 | 18,318,983 | 41,258 | 35,049,255 | 4,733 | 900.8 | 12,047 | 1,237.5 | 23.8 |
| 1999 | 18,995,052 | 23,039,751 | 41,989 | 41,992,814 | 5,119 | 1,034.9 | 13,786 | 1,257.6 | 27.4 |
| 2000 | 20,089,202 | 24,276,292 | 41,031 | 44,324,463 | 5,157 | 1,219.7 | 14,249 | 1,601.3 | 36.4 |
| 2001 | 21,119,975 | 25,372,520 | 39,922 | 46,452,573 | 4,588 | 1,648.7 | 14,349 | 1,607.4 | * |

* Information not available.

(1) Source- Mecklenburg County (County).

(2) Source- Charlotte Chamber of Commerce.

Statistics are for the County.

(3) Source- Federal Reserve Bank/Charlotte Branch.

Statistics are for the County.

CITY OF CHARLOTTE, NORTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30, 2001

| | | | |
|---|-----------------|---|------------|
| Date of incorporation | 1768 | Water system- | |
| Form of government | Council/Manager | Miles of water mains | 3,140 |
| Number of employees | 5,413 | Number of treatment plants | 3 |
| Area in square miles | 257 | Number of service connections | 192,000 |
| City of Charlotte facilities and services: | | Number of fire hydrants | 9,062 |
| Miles of streets | 1,990 | Average daily consumption in millions of gallons | 102.23 |
| Number of street lights | 58,357 | Maximum daily capacity of treatment plants in millions of gallons | 189 |
| Fire protection- | | Airport- | |
| Number of stations | 36 | Number of feet of runways | 26,345 |
| Number of fire personnel | 892 | Number of airline arrivals and departures per day | 1,102 |
| Number of calls answered | 69,174 | Passengers boarding | 11,998,609 |
| Number of inspections conducted | 20,676 | Transportation- | |
| Police protection- | | Scheduled bus miles operated | 6,635,587 |
| Number of stations | 11 | Passengers | 14,024,619 |
| Number of police personnel and officers | 1,903 | Facilities and services not included in the reporting entity: | |
| Number of patrol units | 919 | Education- | |
| Number of law violations: | | Charlotte-Mecklenburg public schools (1): | |
| Physical arrests | 26,042 | Number of elementary schools | 86 |
| Accidents investigated | 35,799 | Number of secondary schools | 40 |
| Citations issued | 88,860 | Number of elementary and secondary school personnel- | |
| Sewage system- | | Professional | 7,978 |
| Miles of sanitary sewer lines | 3,062 | Support | 5,141 |
| Number of treatment plants | 5 | Number of colleges and universities (2) | 14 |
| Number of service connections | 171,300 | Hospitals (2)- | |
| Average daily treatment in millions of gallons | 76.00 | Number of hospitals | 6 |
| Maximum daily capacity of treatment plants in millions of gallons | 113 | Number of patient beds | 2,334 |

(1) Source- Charlotte-Mecklenburg Schools.

(2) Source- Charlotte Chamber of Commerce.

SINGLE AUDIT

The Single Audit has been prepared in compliance with the Single Audit Act,
Office of Management and Budget Circular A-133 and
North Carolina General Statute 159-34 which establish audit requirements for
local governmental units that receive Federal and State financial assistance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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 the general purpose financial statements of City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2001, and have issued our report thereon dated September 28, 2001. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated September 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touche LLP

September 28, 2001

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Compliance

We have audited the compliance of City of Charlotte, North Carolina (the "City"), with the types of compliance requirements described in the *U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2001. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City Council, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touche LLP

September 28, 2001

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Compliance

We have audited the compliance of City of Charlotte, North Carolina (the "City"), with the types of compliance requirements described in the *U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2001. The City's major State programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major State program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the members of the City Council, management and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Deloitte + Touche LLP

September 28, 2001

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2001**

I. SUMMARY OF AUDITORS' RESULTS

- A. An unqualified opinion was issued on the general purpose financial statements of the City of Charlotte, North Carolina (the "City").
- B. Our audit of the general purpose financial statements disclosed no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses or reportable conditions.
- C. Our audit of the general purpose financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the general purpose financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no material weaknesses or reportable conditions in the internal controls over major programs.
- E. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major federal programs.
- F. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major State programs.
- G. Our audit disclosed no findings which related to the federal programs of the City.
- H. Our audit disclosed no findings which related to the State programs of the City.
- I. Major federal programs for the City for the year ended June 30, 2001 were:

| Program Name | CFDA# |
|-----------------------------------|--------|
| Local Law Enforcement Block Grant | 16.592 |
| EDI-Special Project Grant | 14.246 |
| C.O.P.S. | 16.710 |
| Workforce Investment Act | 17.255 |
| Airport Improvement Program | 20.106 |

**CITY OF CHARLOTTE, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2001**

J. Major State programs for the City for the fiscal year ended June 30, 2001 were:

| Program Name | Grant Award Number |
|--------------------------------|-----------------------|
| State Street Aid - Powell Bill | N/A |
| State Maintenance Assistance | N/A |
| Transit Development | 9.9051829 |
| Public Transportation | 9.9051952 |

K. The threshold for determining Type-A programs, as the term is defined in OMB Circular A-133, for the City is \$1,810,246.

L. The City qualified as a low-risk auditee under Section .530 of OMB Circular A-133.

II. FINDINGS RELATED TO THE AUDIT OF THE GENERAL PURPOSE FINANCIAL STATEMENTS OF THE CITY

Our audit disclosed no findings related to the general purpose financial statements of the City.

III. FINDINGS RELATED TO THE AUDIT OF THE FEDERAL AND STATE PROGRAMS OF THE CITY

Our audit disclosed no findings related to the audit of the federal and State programs of the City.

**CITY OF CHARLOTTE, NORTH CAROLINA
SUMMARY OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2001**

There were no prior year findings.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|---|---------------------------|--------------------|----------------|------------------------------|----------------------------|
| FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA: | | | | | |
| U.S. Environmental Protection Agency- | | | | | |
| Brownfields | 66.811 | BL-984867-99-0 | \$ 500,000 | \$ - | \$ - |
| Brownfields | 66.811 | BP-984022-96-0 | 300,000 | 25,727 | 190,441 |
| Total U.S. Environmental Protection Agency | | | 800,000 | 25,727 | 190,441 |
| U.S. Department of Housing and Urban Development- | | | | | |
| Community Development | 14.218 | B-98-MC-37-0003-A | 2,560,000 | - | - |
| Community Development | 14.218 | B-99-MC-37-0003 | 4,556,000 | 2,458,527 | 4,556,000 |
| Community Development | 14.218 | B-00-MC-37-0003 | 4,713,000 | 684,151 | 684,151 |
| Community Development | 14.218 | M-92-MC-37-0201 | 2,124,000 | 927,007 | 2,124,000 |
| Community Development | 14.218 | M-99-MC-37-0201 | 2,082,000 | 1,051,554 | 2,082,000 |
| Community Development | 14.218 | M-00-MC-37-0201 | 2,081,000 | 1,275,707 | 1,275,707 |
| Total Community Development | | | 18,116,000 | 6,396,946 | 10,721,858 |
| Emergency Shelter | 14.231 | S-99-MC-37-0002 | 162,000 | 9,838 | 162,000 |
| Emergency Shelter | 14.231 | S-00-MC-37-0002 | 161,000 | 159,588 | 159,588 |
| Total Emergency Shelter | | | 323,000 | 169,426 | 321,588 |
| EDI - Special Project Grant | 14.246 | B-98-SP-NC-0082 | 2,500,000 | 1,396,803 | 2,067,493 |
| EDI - Special Project Grant | 14.246 | B-99-SP-NC-0176 | 1,250,000 | 1,218,499 | 1,218,499 |
| Total EDI - Special Project Grant | | | 3,750,000 | 2,615,302 | 3,285,992 |
| Fair Housing Assistance | 14.401 | FF204K984008 | 55,300 | 25,000 | 55,300 |
| Fair Housing Assistance | 14.401 | FF204K004008 | 64,560 | 64,560 | 64,560 |
| Total Fair Housing Assistance | | | 119,860 | 89,560 | 119,860 |
| Lead-Based Paint Hazards | 14.900 | NCLAG0075-97 | 4,986,800 | 1,649,661 | 4,253,703 |
| Total U.S. Department of Housing and Urban Development | | | 27,295,660 | 10,920,895 | 18,703,001 |
| U.S. Department of Justice- | | | | | |
| Domestic Preparedness Equipment Support Program | 16.006 | 2000-TE-CX-0075 | 299,493 | 298,973 | 298,973 |
| Police-Researcher Partnership | 16.560 | 97-IJ-CX-0016 | 93,800 | 15,594 | 93,681 |
| Police-Researcher Partnership | 16.560 | 97-IJ-CX-K004 | 234,980 | 50,888 | 191,957 |
| Total Police-Researcher Partnership | | | 328,780 | 66,482 | 285,638 |
| Local Law Enforcement Block Grant | 16.592 | 98-LB-VX-5238 | 1,859,033 | 924,803 | 1,859,033 |
| Local Law Enforcement Block Grant | 16.592 | 99-LB-VX-8243 | 1,769,773 | 1,371,531 | 1,371,531 |
| Total Local Law Enforcement Block Grant | | | 3,628,806 | 2,296,334 | 3,230,564 |
| Weed and Seed | 16.595 | 98-WS-QX-0152 | 250,000 | - | 238,964 |
| Weed and Seed | 16.595 | 99-WS-QX-0120 | 174,994 | 122,496 | 174,994 |
| Weed and Seed | 16.595 | 01-WS-QX-0076 | 175,000 | - | - |
| Total Weed and Seed | | | 599,994 | 122,496 | 413,958 |

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|---|---------------------------|--------------------|-------------------|------------------------------|----------------------------|
| FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (continued): | | | | | |
| U.S. Department of Justice-(continued) | | | | | |
| Public Safety Partnership and Community Policing- | | | | | |
| Police Community Policing Institutes | 16.710 | 97-CK-WX-0100 | \$ 970,000 | \$ 658,335 | \$ 951,919 |
| C.O.P.S. M.O.R.E. | 16.710 | 95-CL-WX-0008 | 4,242,333 | 25,981 | 4,186,135 |
| C.O.P.S. M.O.R.E. | 16.710 | 97-CL-WX-0057 | 4,120,920 | 136,554 | 2,349,813 |
| C.O.P.S. M.O.R.E. | 16.710 | 98-CL-WX-0167 | 4,033,902 | (178,183) | 891,695 |
| C.O.P.S. Regional Community Policing | 16.710 | 97-CK-WX-0043 | 1,970,000 | 29,877 | 961,373 |
| C.O.P.S. Advancing Community Policing | 16.710 | 97-OC-WX-0060 | 153,588 | 38,333 | 126,110 |
| C.O.P.S. Universal Hiring Award | 16.710 | 97-UL-WX-0027 | 13,800,000 | 3,660,653 | 7,319,245 |
| C.O.P.S. Community Policing Domestic Violence | 16.710 | 98-DV-WX-K031 | 100,000 | 55,624 | 96,510 |
| C.O.P.S. Community Policing Domestic Violence | 16.710 | 99-DV-WX-K016 | 450,000 | 18,167 | 18,167 |
| C.O.P.S. Effects of Bullying and Intimidation | 16.710 | 98-SB-WX-0093 | 169,660 | 70,617 | 153,517 |
| C.O.P.S. Police Integrity Training Initiative | 16.710 | 01-HS-WX-K024 | 400,000 | 15,400 | 15,400 |
| Total Public Safety Partnership and Community Policing | | | <u>30,410,403</u> | <u>4,531,358</u> | <u>17,069,884</u> |
| National Incident Based Reporting System | 16.733 | 99-BJ-CX-K007 | 336,950 | 71,466 | 265,100 |
| Total U.S. Department of Justice | | | <u>35,604,426</u> | <u>7,387,109</u> | <u>21,564,117</u> |
| U.S. Department of Transportation- | | | | | |
| Airport Improvement Program | 20.106 | 3-37-0012-08 | 3,679,500 | - | 3,644,649 |
| Airport Improvement Program | 20.106 | 3-37-0012-10 | 1,740,155 | - | 1,702,739 |
| Airport Improvement Program | 20.106 | 3-37-0012-19 | 2,550,000 | - | 2,459,185 |
| Airport Improvement Program | 20.106 | 3-37-0012-20 | 7,764,439 | - | 7,656,872 |
| Airport Improvement Program | 20.106 | 3-37-0012-24 | 1,200,000 | 72,261 | 1,200,000 |
| Airport Improvement Program | 20.106 | 3-37-0012-31 | 7,710,639 | 573,992 | 7,710,639 |
| Airport Improvement Program | 20.106 | 3-37-0012-32 | 4,781,250 | 1,950,000 | 3,123,419 |
| Airport Improvement Program | 20.106 | 3-37-0012-33 | 1,914,234 | 556,260 | 1,914,234 |
| Airport Improvement Program | 20.106 | 3-37-0012-34 | 962,831 | 125,000 | 219,172 |
| Airport Improvement Program | 20.106 | 3-37-0012-35 | 7,436,877 | 2,073,387 | 6,587,445 |
| Airport Improvement Program | 20.106 | 3-37-0012-36 | 5,049,062 | 863,028 | 863,028 |
| Airport Improvement Program | 20.106 | 3-37-0012-37 | 7,513,549 | 7,372,278 | 7,372,278 |
| Airport Improvement Program | 20.106 | 3-37-0012-38 | 5,045,175 | 1,451,787 | 1,451,787 |
| Airport Improvement Program | 20.106 | 3-37-0012-39 | 5,000,000 | 500,000 | 500,000 |
| Airport Improvement Program | 20.106 | 3-37-0012-41 | 7,961,220 | 7,100,000 | 7,100,000 |
| Airport Improvement Program | 20.106 | 3-37-0012-42 | 6,268,675 | 180,194 | 180,194 |
| Total Airport Improvement Program | | | <u>76,577,606</u> | <u>22,818,187</u> | <u>53,685,641</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|--|---------------------------|--------------------|--------------------|------------------------------|----------------------------|
| FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (continued): | | | | | |
| U.S. Department of Transportation-(continued) | | | | | |
| Federal Transit Cluster: | | | | | |
| Federal Transit Administration Capital Improvement | 20.500 | NC-03-0023 | \$ 13,200,000 | \$ - | \$ 7,330,007 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-03-0027 | 125,000 | - | 120,993 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-03-0038 | 996,766 | 122,007 | 910,281 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-03-0045 | 2,004,400 | 521,225 | 521,225 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-03-0048 | 3,117,000 | 645,059 | 645,059 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-26-0002 | 500,000 | - | 483,115 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-26-7005 | 50,000 | 25,610 | 27,898 |
| Federal Transit Administration Capital Improvement | 20.500 | NC-37-4003 | 250,000 | 250,000 | 250,000 |
| Total Federal Transit Administration Capital Improvement | | | <u>20,243,166</u> | <u>1,563,901</u> | <u>10,288,578</u> |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0150 | 1,074,650 | - | 1,074,650 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0164 | 1,322,239 | - | 1,322,239 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0178 | 5,620,314 | - | 5,620,314 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0192 | 2,081,600 | - | 2,040,559 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0209 | 6,400,000 | 84,185 | 6,317,564 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0233 | 5,367,584 | 565,703 | 5,017,009 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0264 | 12,825,997 | 10,596,917 | 10,596,917 |
| Federal Transit Administration Capital and Operating Assistance | 20.507 | NC-90-0277 | 7,236,726 | 3,546,710 | 3,546,710 |
| Total Federal Transit Administration Capital and Operating Assistance | | | <u>41,929,110</u> | <u>14,793,515</u> | <u>35,535,962</u> |
| Total Federal Transit Cluster | | | <u>62,172,276</u> | <u>16,357,416</u> | <u>45,824,540</u> |
| Total U.S. Department of Transportation | | | <u>138,749,882</u> | <u>39,175,603</u> | <u>99,510,181</u> |
| Total Federal Grant Funds Distributed Directly to the City of Charlotte, North Carolina | | | <u>202,449,968</u> | <u>57,509,334</u> | <u>139,967,740</u> |
| FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE STATE OF NORTH CAROLINA TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH): | | | | | |
| Federal Emergency Management Agency- | | | | | |
| N.C. Department of Crime Control and Public Safety- | | | | | |
| West Corridor Family Support | 16.595 | 060-1-99-004-D-477 | 87,593 | 16,531 | 86,425 |
| U.S. Department of Housing and Urban Development- | | | | | |
| N.C. Department of Health and Human Services- | | | | | |
| Housing Opportunities For Persons With AIDS | 14.241 | NC-19-H99-F0001 | 397,000 | 353,132 | 397,000 |
| Housing Opportunities For Persons With AIDS | 14.241 | NC-19-H00-F0001 | 428,000 | 26,729 | 26,729 |
| Total Housing Opportunities For Persons With AIDS | | | <u>825,000</u> | <u>379,861</u> | <u>423,729</u> |
| N.C. Division of Social Services- | | | | | |
| Urban Enterprise Community | 93.585 | CAN: 5-G995521 | 2,947,368 | 6,814 | 1,989,775 |
| Total U.S. Department of Housing and Urban Development | | | <u>3,772,368</u> | <u>386,675</u> | <u>2,413,504</u> |

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|--|---------------------------|--------------------|--------------------|------------------------------|----------------------------|
| FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE STATE OF NORTH CAROLINA TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH) (continued): | | | | | |
| U.S. Department of Justice- | | | | | |
| N.C. Department of Crime Control and Public Safety- | | | | | |
| Family Solutions/Child Development | 16.579 | 060-1-00-P05-D-015 | \$ 69,483 | \$ 5,923 | \$ 5,923 |
| U.S. Department of Labor- | | | | | |
| N.C. Department of Economic and Community Development- | | | | | |
| Job Training Partnership Act | 17.250 | 98-3705-05 | 448,413 | - | 448,413 |
| Job Training Partnership Act | 17.250 | 98-3744-05 | 31,916 | - | 31,916 |
| Job Training Partnership Act | 17.250 | 98-3751-05 | 1,182,260 | - | 1,182,260 |
| Job Training Partnership Act | 17.250 | 99-3519-05 | 168,660 | - | 168,660 |
| Job Training Partnership Act | 17.250 | 99-3705-05 | 348,841 | - | 348,841 |
| Job Training Partnership Act | 17.250 | 99-3724-05 | 14,633 | - | 14,633 |
| Job Training Partnership Act | 17.250 | 99-3734-05 | 5,700 | - | 5,700 |
| Total Job Training Partnership Act | | | <u>2,200,423</u> | - | <u>2,200,423</u> |
| Workforce Investment Act | 17.255 | 98-2050-37 | 603 | - | 603 |
| Workforce Investment Act | 17.255 | 99-2010-37 | 94,689 | 94,689 | 94,689 |
| Workforce Investment Act | 17.255 | 99-2020-37 | 321,562 | 225,995 | 321,562 |
| Workforce Investment Act | 17.255 | 99-2030-37 | 307,733 | 86,478 | 307,733 |
| Workforce Investment Act | 17.255 | 99-2040-37 | 222,908 | 201,210 | 216,795 |
| Workforce Investment Act | 17.255 | 99-2050-37 | 25,192 | 19,074 | 19,074 |
| Workforce Investment Act | 17.255 | 99-3751-37 | 1,730,009 | 655,121 | 655,121 |
| Workforce Investment Act | 17.255 | 00-2010-37 | 127,293 | 95,738 | 95,738 |
| Workforce Investment Act | 17.255 | 00-2020-37 | 368,321 | 75,160 | 75,160 |
| Workforce Investment Act | 17.255 | 00-2030-37 | 403,022 | 391,926 | 391,926 |
| Workforce Investment Act | 17.255 | 00-2040-37 | 374,289 | - | - |
| Workforce Investment Act | 17.255 | 00-2050-37 | 63,937 | - | - |
| Workforce Investment Act | 17.255 | 01-2010-37 | 47,451 | - | - |
| Workforce Investment Act | 17.255 | 01-2040-37 | 427,064 | - | - |
| Total Workforce Investment Act | | | <u>4,514,073</u> | <u>1,845,391</u> | <u>2,178,401</u> |
| Total U.S. Department of Labor | | | <u>6,714,496</u> | <u>1,845,391</u> | <u>4,378,824</u> |
| U.S. Department of Transportation- | | | | | |
| N.C. Department of Transportation- | | | | | |
| Highway Planning and Construction | 20.205 | Section 104f | 3,445,252 | 451,282 | 3,445,252 |
| Metropolitan Planning Program | 20.505 | 9.9062115 | 126,585 | 126,387 | 126,387 |
| Total U.S. Department of Transportation | | | <u>3,571,837</u> | <u>577,669</u> | <u>3,571,639</u> |
| Total Federal Grant Funds Distributed Through the State of North Carolina to the City of Charlotte, North Carolina (Pass Through) | | | <u>14,215,777</u> | <u>2,832,189</u> | <u>10,456,315</u> |
| Total Federal Awards | | | <u>216,665,745</u> | <u>60,341,523</u> | <u>150,424,055</u> |

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|---|---------------------------|--------------------|----------------|------------------------------|----------------------------|
| STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA: | | | | | |
| N.C. Administrative Office of the Courts- Dispute Settlement | | N/A | \$ 70,000 | \$ 70,000 | \$ 70,000 |
| N.C. Commission on National and Community Service- Pepsi North Carolina Mentoring Initiative | | N/A | 15,360 | (9,640) | 15,360 |
| N.C. Department of Crime Control and Public Safety- Terrorism Grant | | NCEM-99TC-011 | 45,000 | 45,000 | 45,000 |
| Terrorism Grant | | NCEM-2000TC-024 | 10,000 | 10,000 | 10,000 |
| FY 00 Emergency Management | | EMPG-2000-37119 | 34,268 | 34,268 | 34,268 |
| Total N.C. Department of Crime Control and Public Safety | | | 89,268 | 89,268 | 89,268 |
| N.C. Department of Economic and Community Development- State Worker Training Trust | | 98-3590-37 | 106,929 | 1,699 | 106,929 |
| State Worker Training Trust | | 99-3590-37 | 100,051 | 41,430 | 41,430 |
| State Worker Training Trust | | 00-3590-37 | 69,413 | - | - |
| Total N.C. Department of Economic and Community Development | | | 276,393 | 43,129 | 148,359 |
| N.C. Department of Transportation- State Street Aid-Powell Bill | | N/A | N/A | 19,932,304 | N/A |
| Traffic Agreement | | 4.6100145 | 11,591 | 11,591 | 11,591 |
| Traffic Agreement | | 4.6100119 | 16,581 | 16,581 | 16,581 |
| Capital Purchase | | 9.9051150 | 134,331 | - | 134,331 |
| Capital Purchase | | 9.9051184 | 165,280 | - | 165,280 |
| Capital Purchase | | 9.9051320 | 702,540 | - | 702,540 |
| Capital Purchase | | 9.9051379 | 260,200 | - | 255,070 |
| Capital Purchase | | 9.9051451 | 800,000 | 10,523 | 789,695 |
| Capital Purchase | | 9.9051562 | 186,284 | 35,995 | 186,284 |
| Public Transportation | | 9.9051637 | 124,596 | 15,251 | 113,785 |
| Public Transportation | | 9.9051657 | 670,948 | 70,713 | 627,127 |
| Transit Development | | 9.9051689 | 418,500 | 26,663 | 316,679 |
| Rideshare Program | | 9.9051694 | 47,972 | 47,972 | 47,972 |
| State Maintenance Assistance FY 98/99 | | 9.9051698 | 518,865 | 518,865 | 518,865 |
| FY 00 Tier I Technology | | 9.9051706 | 25,110 | 16,690 | 16,690 |
| Transit Development | | 9.9051819 | 77,954 | 31,379 | 38,426 |
| Transit Development | | 9.9051829 | 2,834,221 | 1,188,325 | 1,188,325 |
| Transit Development | | 9.9051838 | 300,000 | 44,622 | 44,622 |
| Rideshare Program | | 9.9051900 | 52,981 | 52,631 | 52,631 |
| State Maintenance Assistance FY 01 | | 9.9051903 | 5,562,540 | 5,562,540 | 5,562,540 |
| Public Transportation | | 9.9051946 | 250,550 | 32,086 | 32,086 |
| Public Transportation | | 9.9051952 | 1,504,417 | 1,256,601 | 1,256,601 |
| Advanced Technology Program | | 9.9051966 | 377,820 | - | - |

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2001

| | Federal Catalog Number | Grant Award Number | Total Grant | Current Year Expenditures | Cumulative Expenditures |
|---|---------------------------|--------------------|-----------------------|------------------------------|----------------------------|
| STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (continued): | | | | | |
| N.C. Department of Transportation-(continued) | | | | | |
| Public Transportation | | 9.9063015 | \$ 3,556,120 | \$ 10,227 | \$ 3,406,939 |
| Public Transportation | | 9.9063024 | 1,532,093 | 35,795 | 1,532,093 |
| Public Transportation | | 9.9063035 | 218,870 | - | 218,870 |
| Public Transportation | | 9.9063041 | 270,000 | - | - |
| Airport Agreement | | 9.9467000 | 400,000 | - | - |
| Airport Agreement | | 9-9567010 | 400,000 | - | - |
| Airport Agreement | | 9.9467990 | 400,000 | 40,000 | 400,000 |
| Municipal Bridge Agreement | | B-2591 | 1,120,000 | - | - |
| Traffic Agreement | | BRZ-NBIF | 20,024 | - | 8,505 |
| Bicycle Agreement | | E-2932 | 49,529 | 49,529 | 49,529 |
| Traffic Agreement | | PS-2915 | 22,389 | - | - |
| Traffic Agreement | | PS-3171 | 25,000 | - | 5,000 |
| Traffic Agreement | | R-2123 CA | 17,514 | - | 4,700 |
| Traffic Agreement | | U-2507 B | 121,300 | - | 18,143 |
| Traffic Agreement | | U-2510 C | 47,500 | - | 10,000 |
| Traffic Agreement | | U-2512 BC | 19,000 | - | 5,000 |
| Traffic Agreement | | U-2806 (TA) | 45,000 | - | - |
| Traffic Agreement | | US-3666 | 13,682 | 13,682 | 13,682 |
| Traffic Agreement | | US-3730 | 18,311 | 18,311 | 18,311 |
| Traffic Agreement | | US-3731 | 14,518 | 14,518 | 14,518 |
| Transit Development | | Z-1067 C | 315,000 | - | 1,827 |
| Transit Development | | Z-2267 A | 315,000 | - | 2,135 |
| Total N.C. Department of Transportation | | | <u>23,984,131</u> | <u>29,053,394</u> | <u>17,786,973</u> |
| Total State Grant Funds Distributed Directly to the City of Charlotte, North Carolina | | | <u>24,435,152</u> | <u>29,246,151</u> | <u>18,109,960</u> |
| Total State Awards | | | <u>24,435,152</u> | <u>29,246,151</u> | <u>18,109,960</u> |
| Total Federal and State Awards | | | <u>\$ 241,100,897</u> | <u>\$ 89,587,674</u> | <u>\$ 168,534,015</u> |