



2002

CITY OF CHARLOTTE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

City of Charlotte, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2002

Mayor: Patrick L. McCrory

Mayor Pro Tem: Patrick De`Angelo Cannon

City Council:

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**INTRODUCTORY
SECTION**



December 10, 2002

**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, 2002, 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, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules as well as 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 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).



Reporting Entity

The CAFR contains all funds 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). The Charlotte Firefighters' Retirement System,

a blended component unit, is presented as a Pension Trust Fund. The Auditorium-Coliseum-Convention Center Authority is reported as a discretely presented component unit. Additional information on these legally separate entities and the reporting entity can be found in the notes to the 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 258 square miles of the 541 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 579,684, 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 its citizens.



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 and is one of the South's leading commercial and industrial areas. There are 6.8 million people living within a 100-mile radius.



Financial Services Center

One of Charlotte's many strengths as a leading business center is the concentration of financial institutions and resources. The City ranks as the nation's second largest financial center in headquartered banking assets (\$940 billion) and is the home of Bank of America Corporation and Wachovia Corporation, two of the nation's four largest bank holding companies. Twenty banks, with over 200 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.



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 14th busiest airport in operations, 21st in passengers, and 36th in cargo. Nine major airlines offer direct or non-stop service to over 160 destinations, including twelve international destinations. There are four commuter airlines and over 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 the 8th largest trucking center. Charlotte is also the center of the country's largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, bring more than 300 trains through Charlotte weekly.



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, seven commercial and three public television stations, twenty-six radio stations, one daily newspaper with an average daily circulation of over 238,000, 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, fabricated metals, printing and publishing, machinery, and chemicals. A number of national and international companies, including approximately 286 of the Fortune 500 companies have facilities here. Nucor, B. F. Goodrich, SPX and National Gypsum are headquartered in Charlotte. Approximately 400 foreign firms representing 33 countries are located here.



Information Technology

In addition to success in finance, transportation, communications and manufacturing, Charlotte is experiencing growth in the information technology sector. The northeast quadrant of the City includes the University of North Carolina at Charlotte (UNCC) and the University Research Park. This business park includes expanding firms engaged in product research, technology research, light assembly, and information processing. This area is one of two leading research and technology oriented areas in the state. Work continues on the Charlotte Institute for Technology Innovations at UNCC. The Institute will be developed on 100 acres of the UNCC campus and will contain multiple research facilities.



Construction Outlook

Significant commercial growth has occurred and is expected to continue throughout the City. Tenants are moving into the \$160 million Hearst Tower, a 45-story office building with an estimated cost of \$160 million including 40,000 square feet of retail space and a 1,400 space parking garage. Bank of America Corporation has recently completed Gateway Village, a corporate campus located west of uptown, including one million square feet of office space, 250 apartments and condominiums, retail space, and a parking deck.

Current uptown construction includes several condominium projects and the Charlotte Convention Center Hotel, a 700-room Westin Hotel scheduled for completion in the first quarter of 2003. In South End a mixed-use 23-story Arlington building is under construction. First Ward, east of uptown, is being transformed from a public housing facility to a mixed income residential neighborhood. In the southern part of the City, Ballantyne, a 2000-acre residential, commercial and recreational development is under construction. When completed, this complex will include 4500 homes, 1,150 hotel rooms, a 525-acre business park, and 500,000 square feet of retail space.



Recreational, Visitor and Cultural Events

The City's six percent hotel/motel and one 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 21,600 hotel and motel rooms. Employment within the travel and tourism industry exceeds 46,000.

The City is home to two major-league sports franchises. Basketball fans have the Charlotte Sting of the Women's National Basketball Association which plays 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, 72,685-seat stadium in uptown Charlotte. The Queen City is also home to the Charlotte Knights, the Triple-A Affiliate of the Chicago White Sox, and the Charlotte Checkers of the East Coast Hockey League. Annually, the City hosts the third 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 Blumenthal 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 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 the school system operations or capital outlay. Institutions of higher learning in the MSA include six universities, seven four-year colleges, three community colleges, and vocational/technical schools. A recent survey ranked Davidson College eleventh among the best liberal arts colleges in the country. Both Queens University and UNCC were recognized among the top regional universities in the South. Johnson & Wales University, a national leader in combining career-focused educational programs with a full university experience, plans to develop a new campus in uptown Charlotte with classes to begin in Fall 2004.

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 2002 City Council reaffirmed the City's five FOCUS areas: Community Safety, Transportation, Economic Development, Restructuring Government, and Communities Within a City (comprehensive development and quality of life issues for older urban neighborhoods and business areas). Within these FOCUS areas, the three main priority issues are Economic Development, Affordable Housing, and Smart Growth. 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 across FOCUS areas through four perspectives: customer service, financial, internal processes, and learning and growth.



Safe Urban Community

The Charlotte-Mecklenburg Police Department's (CMPD) response to the events of September 11 included working with the uptown area on building security and parking as well as coordinating with the Fire Department telephone screening of anthrax-related calls.

The CMPD has continued working with citizens to address crime and disorder problems. Two of the department's problem solving projects, the Hispanic Robbery Initiative and the Baker One Domestic Violence Initiative, were among the five finalists for the Herman Goldstein Problem Solving Award.

During 2002 a new \$1.4 million fire station was opened in the northwest area of the city. Also, in June 2002 a new 108,000 square foot Police and Fire Training Academy was opened. The Academy is a state-of-the-art facility featuring voice and data connections and multisource audiovisual capabilities that will allow both departments to keep pace with the growing public safety needs of Charlotte and the increasing demands for mandatory training to remain compliant with federal and state laws and regulations.

In March 2002 Charlotte Mecklenburg Utilities (CMU) was awarded the inaugural American Water Works Association 2001 Public Communications Achievement Award for an organization serving a population of more than 100,000. This award recognized CMU's Water Smart education program which was created to establish customer awareness and understanding of water conservation. This program was in response to the recent drought in the area.

CMU continues to expand to meet the increasing needs of the community. A \$32 million raw water pipeline that brings adequate water to treatment plants was placed in service during the year. Also completed was the first phase of the Irwin Creek relief sewer which provides additional wastewater collection capacity. Phase II is under construction. In addition, a \$40 million South Water Transmission Main, 15 miles of 36 and 48-inch pipe that will enhance the City's water distribution system, was completed in the summer of 2002.



Roads/Transportation

City staff continues to conduct studies and develop preliminary designs for a regional transit system. The Metropolitan Transit Commission (MTC), a sixteen-member body including representatives from the City, Mecklenburg County and other participating jurisdictions, oversees the development and makes recommendations to elected bodies. Current plans are to build a system of busways and passenger rail over the next two decades.

The most recent rating of City road conditions by the Institute for Transportation Research and Education covered more than 2,143 street miles and resulted in a rating of 90 out of 100. Charlotte streets are among the highest rated in the state for road quality.

Charlotte/Douglas International Airport opened its newest concourse, Concourse E, in February 2002. The 26-gate concourse serves regional aircraft and includes various dining and shopping opportunities. Over 15,000 passengers travel through Concourse E each day.



Revitalizing Corridors/Targeted Areas

City staff has begun work on revising the City/County Business Investment program to improve the local incentive package for significant new and expanded businesses. A policy on city funding for business corridor organizations is in the early development stages and staff has completed the framework for the Urban Street Design Guidelines. Approximately 10 to 15 new businesses opened in 2002 making a total of more than 65 new businesses that have opened along targeted corridors within the last four years.



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-seven services, with a value of \$41.6 million, have faced competition with the private sector. Currently, forty-eight services are being performed by the City and nine are being performed by the private sector. In addition, sixty-seven services, with a value of \$24.7 million, have been outsourced to private businesses. These competitive efforts have created annual recurring savings in City operations. Also, the knowledge acquired during the competition efforts has been applied to other services for additional savings through reengineering and optimization.

The City's property tax rate remained the same with the adoption of the fiscal year 2002-2003 budget. This is the sixteenth consecutive year that the City has either decreased or kept the property tax rate stable.



Housing

Through the efforts of the City and its financial partners, 297 low and moderate income housing units were constructed or rehabilitated in 2002. During the year, 2,100 homes were brought into code compliance in an effort to preserve the existing housing stock. Increasing home ownership is an objective under the main priority issue of Affordable Housing. During 2002, 541 families or individuals received assistance from the City or one of its non-profit partners with purchasing a home. This was an increase of 44 percent over 2001.



Smart Growth

The Charlotte City Council continued the designation of "Smart Growth" as an overarching theme for the FOCUS areas. This initiative seeks 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 has been 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 2003-2007 Capital Investment Plan totals \$2.4 billion and includes priority projects primarily for:

- Road widening and improvements,
- Housing and neighborhood improvements,
- Storm water system improvements,
- Public transit,
- Water and sewer plant and line rehabilitation and expansion, and
- Airport expansion and improvements.



Transportation

The Public Transit Program provides for a comprehensive regional transportation network. A proposed Transit Corridor System Plan has been developed. A variety of types of transit are planned in different areas of the region, including light rail, streetcar, bus rapid transit, enhanced bus, commuter rail and buses. The program is financed through a one-half percent sales tax for transit and federal and state capital grants.

A Vintage Trolley Project will construct two miles of new track, including overhead electric wire, to operate from the South End to uptown passing through the Convention Center. Project construction is ongoing and is expected to be complete by February 2003.



Water Distribution/ Wastewater Treatment

CMU's capital investment plan is designed to address increased demand, environmental issues, and State and Federal regulations. The primary focus areas are water distribution, sewer collection and wastewater treatment. Water distribution projects include a \$36 million southwest water transmission main and an associated \$21 million West Boulevard water transmission main. Sewer collection system initiatives include \$40 million for the Briar Creek relief sewer, \$25 million for collection system rehabilitation and \$22 million for the Reedy/McKee Creek outfalls. Primary wastewater treatment projects are a \$66 million expansion of the McDowell Creek facility and a \$47 million nutrient removal project at the McAlpine Creek facility.



Airport

Charlotte/Douglas International Airport is completing a nine gate expansion to Concourse D which serves international traffic. The concourse will total 13 gates once completed. As part of the Airport Master Plan, the Airport plans to purchase approximately 1500 acres for the construction of a fourth runway west of the current airfield and to increase passenger parking.



Arena

In November 2002 City Council approved a Memorandum of Agreement with the National Basketball Association on the essential business terms relating to the construction and operation of a major sports arena and entertainment facility in Center City Charlotte. The City is in the design and development process for an arena with approximately 18,500 seats for basketball, expandable through temporary seating to approximately 20,000. Construction will begin after all agreements are finalized. The anticipated date for completion of the \$250 million project is 2005.



Restructuring Government

Competition/privatization initiatives will continue. The Five-Year Plan (2003-2007) contains fifty-two services representing \$99 million that will be subject to competitive bids, privatization, optimization or benchmarking.

The City is in the process of developing a Small Business Enterprise (SBE) Program designed to improve the overall environment for small businesses to compete for contracting and procurement opportunities. This initiative will seek to maximize participation for SBE's. A primary feature will be a loan program to provide working capital and long-term equity loans.

Financial Information

The financial statements and notes included in this report present the financial position and operations of governmental activities, business-type activities and fiduciary responsibility of the City. The accompanying Management's Discussion and Analysis provides a narrative overview of the City's financial performance for the fiscal year ended June 30, 2002. 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 and state 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, 2002, 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 basic financial statements and combining and individual fund 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.



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, 2002, the City realized investment earnings (excluding Fiduciary Fund) of \$52.7 million, for an average yield of 3.98 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. For additional information on cash and investments, see the notes to the financial statements.



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.

For additional information on the City's risk management program, see the notes to the financial statements.

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 (Certificate) to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. This was the seventeenth 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. A Certificate is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate Program's 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 a high level of public services at a reasonable tax rate. We appreciate the professional competency and dedication of the Finance Department staff throughout the year, especially during the preparation of this CAFR. Credit is given to the Mayor and City Council for their leadership and support in maintaining the highest standards of professionalism in the fiscal management of the City.

Respectfully submitted,

Pamela A. Syfert
City Manager

Greg C. Gaskins
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, 2001

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.

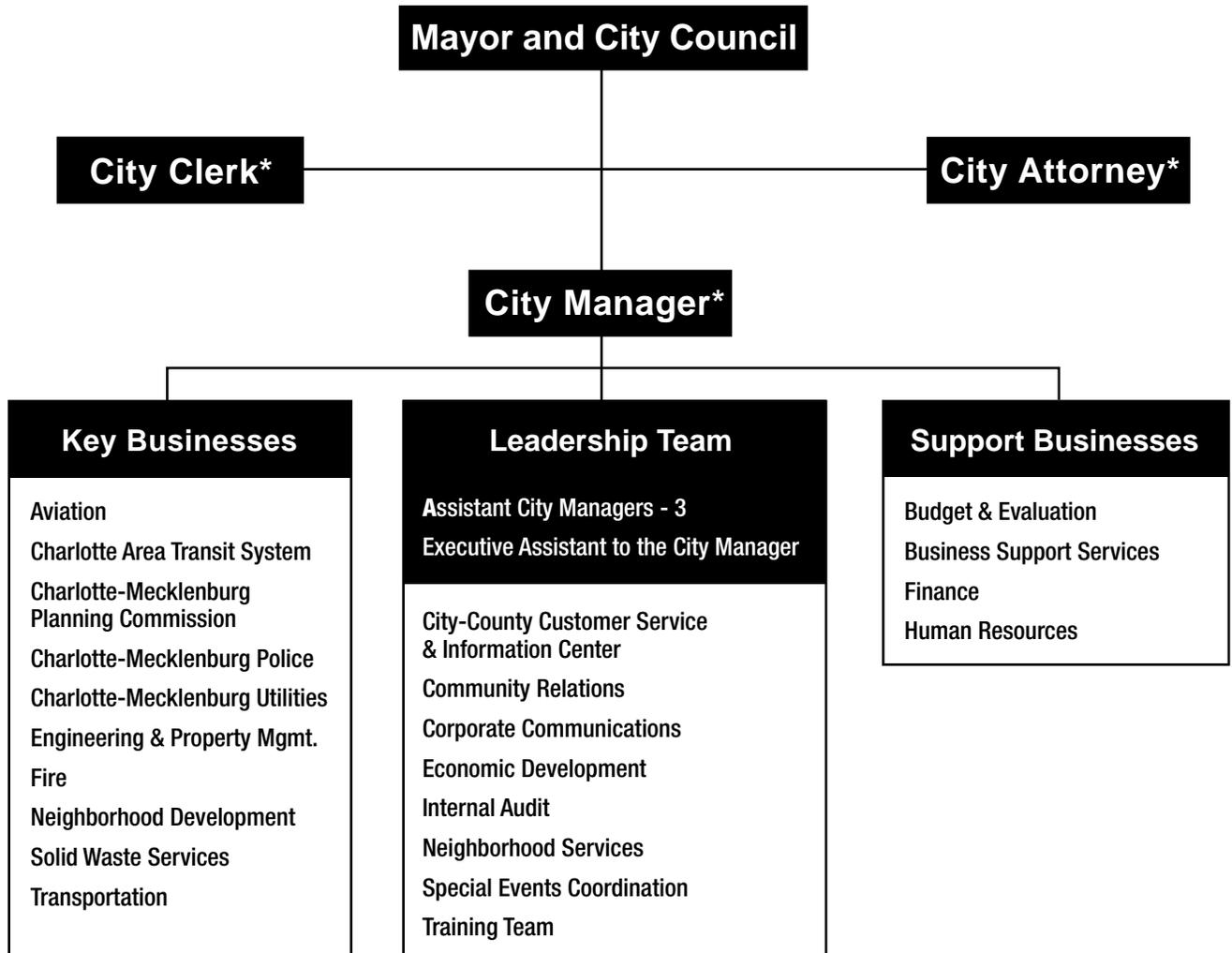


Timothy Druwe
President

Jeffrey L. Esser
Executive Director

Charlotte City Government

Organization Chart



* Council appointed



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**FINANCIAL
SECTION**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements listed in the foregoing table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on the 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 respective financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, in fiscal year 2002, the City adopted Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

Management's Discussion and Analysis listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and Individual Fund Statements and Schedules, 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, listed in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections, as listed in the accompanying Table of Contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to auditing procedures applied in the audit of the City's basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2002, 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 assessing the results of our audit.

Deloitte + Touche LLP

October 4, 2002 (except for Note 4i(8), as to
which the date is November 6, 2002)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2002. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

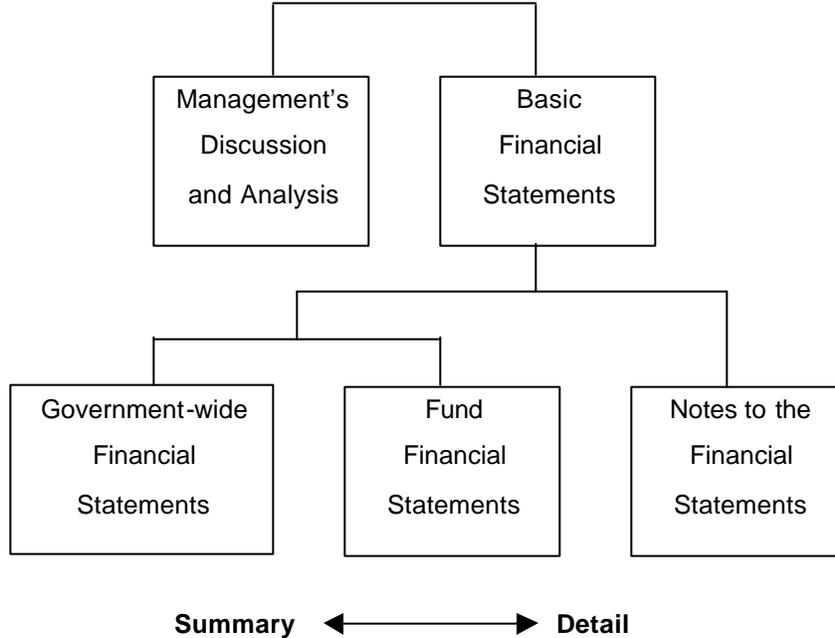
FINANCIAL HIGHLIGHTS

- The overall financial position of the City improved in 2002 as evidenced by an increase in total net assets of \$479.7 million. This increase was from both governmental (\$302.8 million) and business-type (\$176.9 million) activities.
- The City's property tax rate has not increased for fifteen consecutive years.
- The State of North Carolina withheld approximately \$17 million in reimbursements and state-collected taxes to address State budget shortfalls. This impacted revenues primarily in the General and Debt Service Funds.
- As a result of State actions described above, the General Fund had a \$8.2 million deficit for 2002. Unreserved fund balance in the General Fund was \$54.3 million at June 30, which is approximately 15.2 percent of the budget for fiscal year 2003. This did not meet the City Council's goal of 16 percent by the end of fiscal year 2002.
- The City's sound financial condition is evidenced by the continuation of its Aaa rating from Moody's Investors Service and AAA rating from Standard & Poor's Ratings Services and Fitch Ratings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists primarily of three parts: management's discussion and analysis (this section), the basic financial statements, and a section that presents combining and individual fund statements as well as detailed budgetary comparison schedules. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. The following diagram shows how the required components of this annual report are arranged and relate to one another.

Required Components of Annual Financial Report



The first two statements (pages 34-37) are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status. The remaining statements (pages 38-57) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

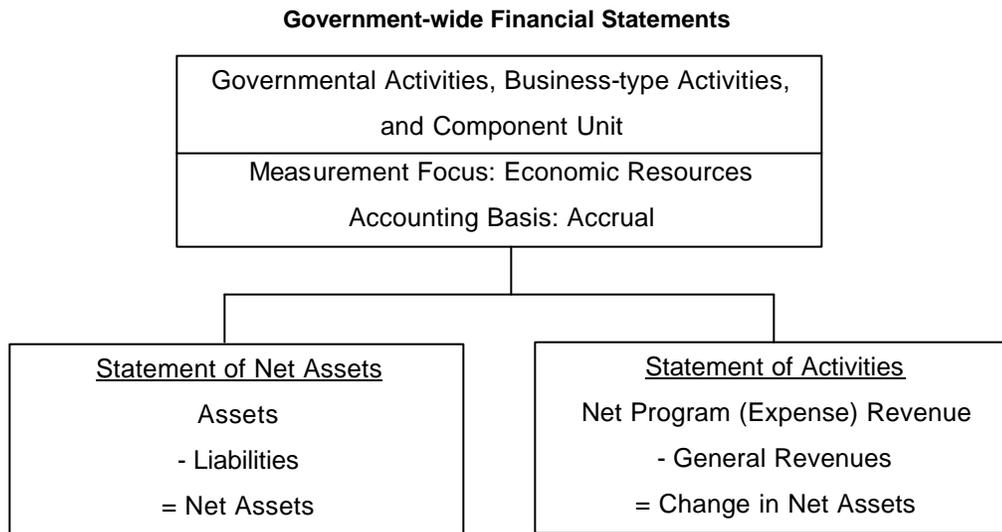
- The *governmental funds statements* tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The *Fiduciary fund statement* reflects the financial relationship with the Firefighters' Retirement System which provides benefits exclusively for certain City employees.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data (pages 58-104). In addition to these required elements, a section is included with combining statements that provide details about nonmajor governmental funds and internal service funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 105-150) also includes detailed budgetary information required by North Carolina General Statutes.

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

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The primary features are reflected in the following diagram:



The *statement of net assets* includes all of the government's assets and liabilities except fiduciary funds. The *statement of activities* accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and how they have changed. Net assets, the difference between assets and liabilities, is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

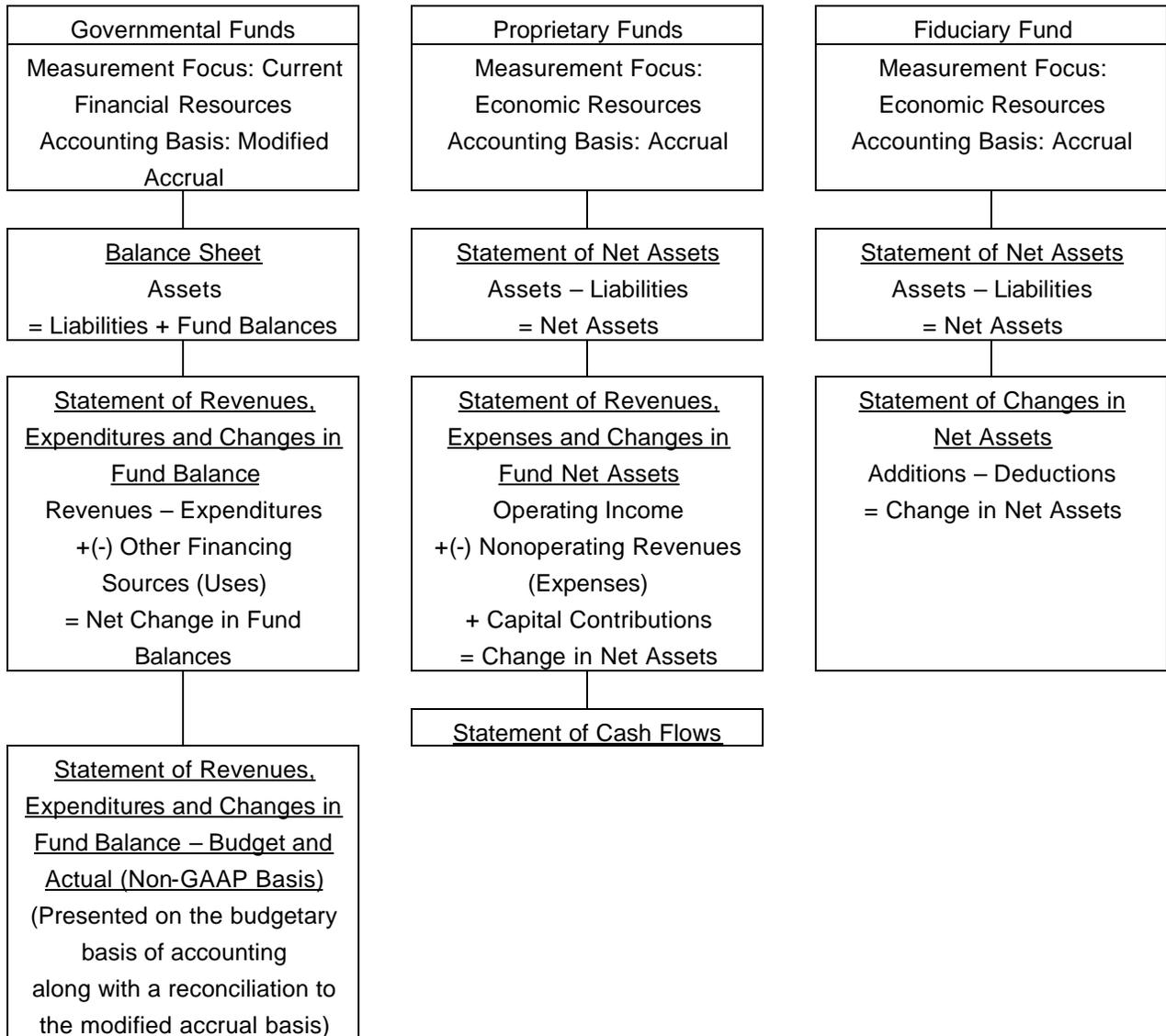
The government-wide financial statements are divided into three categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets and highways. Property taxes, other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, storm water system, airport, and public transit system are included here.
- Component unit - The City's annual report includes one other entity, the Auditorium-Coliseum-Convention Center Authority. Although legally separate, the City appoints the governing board and provides financial support.

Fund Financial Statements

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

Fund Financial Statements



The City has three kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The government-wide financial statements for the fiscal year ended June 30, 2002, are the beginning of a new era in financial reporting for the City. The changes in the financial statement reporting model are in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34. Because of the new reporting model, comparative data for all facets of the report are not available. In future years comparative government-wide data will be presented.

Net Assets. A summary of the City's net assets at June 30, 2002, is presented below:

Net Assets			
(in Millions)			
	Governmental Activities	Business-type Activities	Total Primary Government
Current and other assets	\$ 617.8	\$ 815.9	\$ 1,433.7
Capital assets	<u>3,370.6</u>	<u>2,456.8</u>	<u>5,827.4</u>
Total assets	<u>3,988.4</u>	<u>3,272.7</u>	<u>7,261.1</u>
Current and other liabilities	83.7	75.2	158.9
Noncurrent liabilities	<u>696.8</u>	<u>1,546.2</u>	<u>2,243.0</u>
Total liabilities	<u>780.5</u>	<u>1,621.4</u>	<u>2,401.9</u>
Net assets:			
Invested in capital assets, net of related debt	2,815.1	1,201.7	4,016.8
Restricted	212.4	66.2	278.6
Unrestricted	<u>180.4</u>	<u>383.4</u>	<u>563.8</u>
Total net assets	\$ 3,207.9	\$ 1,651.3	\$ 4,859.2

Net assets of the governmental activities increased \$302.8 million or 10.4 percent to \$3,207.9 million. However, \$3,027.6 million of these net assets either are restricted as to the purposes they can be used for or are invested in capital assets (buildings, roads, bridges, etc.). Unrestricted net assets of \$180.3 million were virtually unchanged from the previous year. The unrestricted net assets are available primarily to support operations and provide for payment of long-term debt.

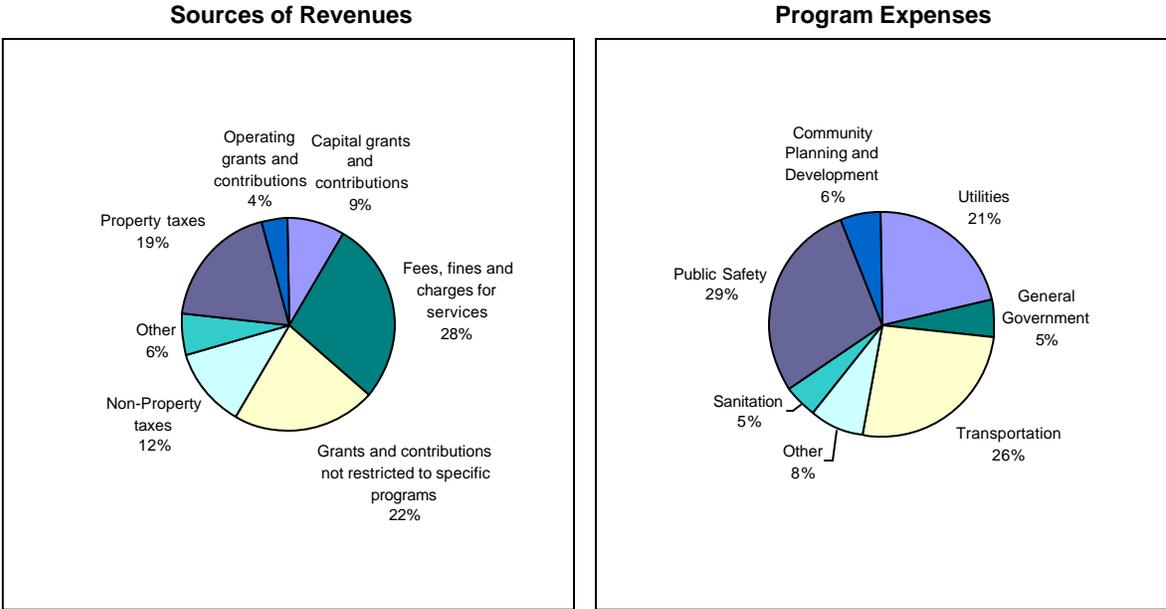
The net assets of the business-type activities increased by \$176.9 million or 12.0 percent to \$1,651.3 million. These net assets will be used to finance the operations and expansion of the water, sewer, storm water, airport and transit operations.

Changes in net assets. The following table presents the City's changes in net assets for the fiscal year ended June 30, 2002:

Changes in Net Assets
(in Millions)

	Governmental Activities	Business-type Activities	Total Primary Government
Revenues			
Program revenues:			
Fees, fines and charges for services	\$ 65.2	\$ 276.6	\$ 341.8
Operating grants and contributions	41.1	8.1	49.2
Capital grants and contributions	2.7	102.3	105.0
General revenues:			
Property taxes	237.1	-	237.1
Other taxes	100.4	51.1	151.5
Grants and contributions not restricted to specific programs	263.0	-	263.0
Other	45.1	31.3	76.4
Total revenues	<u>754.6</u>	<u>469.4</u>	<u>1,224.0</u>
Program expenses			
Public safety	214.5	-	214.5
Sanitation	36.0	-	36.0
General administration	35.1	-	35.1
Support services	6.1	-	6.1
Engineering and property management	20.2	-	20.2
Streets and highways	42.3	-	42.3
Culture and recreation	6.1	-	6.1
Community planning and development	42.9	-	42.9
Interest and other charges	29.9	-	29.9
Water	-	63.9	63.9
Sewer	-	83.2	83.2
Storm water	-	12.8	12.8
Airport	-	87.6	87.6
Public transit	-	63.7	63.7
Total expenses	<u>433.1</u>	<u>311.2</u>	<u>744.3</u>
Excess before transfers	<u>321.5</u>	<u>158.2</u>	<u>479.7</u>
Transfers	<u>(18.7)</u>	<u>18.7</u>	<u>-</u>
Increase in net assets	302.8	176.9	479.7
Net assets – beginning	<u>2,905.1</u>	<u>1,474.4</u>	<u>4,379.5</u>
Net assets – ending	<u>\$ 3,207.9</u>	<u>\$ 1,651.3</u>	<u>\$ 4,859.2</u>

The following graphically depicts the government-wide sources of revenues and program expenses for the year ended June 30, 2002:



Total government-wide revenues of \$1,224.0 million were derived primarily from grants and contributions (35 percent). Property taxes of 19 percent and other taxes of 12 percent mean that 31 cents of every dollar comes from some type of tax. The remaining primary revenue source of fees, fines and charges for services make up 28 percent.

The total expenses of all programs were \$744.3 million. The expenses cover a range of services with the largest being public safety (fire and police) for 29 percent. The two remaining largest programs are transportation (streets and highways, airport and public transit) which constitutes 26 percent and utilities (water, sewer, and storm water) which make up another 21 percent.

Governmental Activities

Revenues for the governmental activities were \$754.6 million, while total expenses were \$433.1 million. Governmental activities increased the City’s net assets by \$302.8 million (after transfers of \$18.7 million), thereby accounting for 63 percent of the total growth in net assets.

The increase is primarily the result of \$250.1 million in annexed streets. In addition, even though the property tax rate remained unchanged, tax revenues increased to \$19.3 million due to annexation and general economic growth and development in the City.

The table below highlights the cost of the City’s three largest governmental programs—public safety, streets and highways, and community planning and development—as well as each program’s net cost (total cost less fees generated by the activities and intergovernmental grants). The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.

Net Cost of Governmental Activities (in Millions)

	Total Cost of Services	Net Cost of Services
Public safety	\$ 214.5	\$ 177.5
Streets and highways	42.3	18.7
Community planning and development	42.9	21.1
Other	<u>133.4</u>	<u>106.8</u>
Total	<u>\$ 433.1</u>	<u>\$ 324.1</u>

The total cost of services of \$433.1 million was supported by \$65.2 million in fees, fines and charges from those who directly benefited from the programs. Another \$43.8 million was provided by other governments and organizations for specific programs. The remaining amount of \$324.1 million was supported by \$337.5 million in taxes and \$308.1 million in revenues not restricted to specific programs, primarily annexed streets. The result was an excess of revenues over expenses (after transfers of \$18.7 million) of \$302.8 million.

Business-type Activities

Revenues for the business-type activities were \$469.4 million, and expenses were \$311.2 million. Business-type activities increased the City's net assets by \$176.9 million (after transfers of \$18.7 million) accounting for 37 percent of the total growth in the net assets. The table below presents the cost and net cost (revenue) for all business-type activities.

Net Cost (Revenue) of Business-type Activities (in Millions)

	Total Cost of Services	Net Cost (Revenue) of Services
Water	\$ 63.9	\$ (28.5)
Sewer	83.2	(39.1)
Storm water	12.8	(13.2)
Airport	87.6	(21.9)
Public transit	63.7	26.9
Total	\$ 311.2	\$ (75.8)

For all business-type activities except Public Transit, user rates and fees are established to provide for operating expenses, debt service costs and adequate working capital. Public transit passenger fares are established to provide reasonably priced public mass transportation and therefore do not cover all operating costs. The fare revenue shortfall is offset by state operating assistance grants, a one-half percent sales tax and contributions from other local governments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At June 30, 2002, the governmental funds reported a combined fund balance of \$440.5 million, an increase of \$4.9 million or 1.1 percent over last year. This amount consists of the following:

- (a) \$141.1 million designated for capital projects,
- (b) \$116.8 million designated for future debt service payments,
- (c) \$60.9 million designated for specific programs,
- (d) \$70.2 million reserved primarily for encumbrances and State Statutes, and
- (e) \$51.5 million unreserved.

General Fund Budgetary Highlights

During the fiscal year, City Council approved several immaterial budget amendments. The only significant amendment was a decrease in revenues of \$10.0 million for the utility franchise tax resulting from the State withholding funds.

Revenues were \$11.7 million below the final budgeted amount. Property tax collections were \$3.9 million greater than expected; however, this increase was offset by \$3.9 million less than expected for sales tax collections due to the general economic slowdown. The most significant impact on revenues was the State withholding the utility franchise tax and other reimbursements and state-collected local revenues.

In response to the revenue shortfall, the City instituted a mid-year cost savings plan. Key Business Units were asked to reduce spending in areas where there would be minimal impact on current service levels or existing employees. The primary reductions were holding positions vacant and delaying certain projects, such as installation of new street lighting. As a result, actual expenditures were \$12.0 million below final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2002, the City had \$5,827.3 million (net of accumulated depreciation) in capital assets consisting primarily of land, buildings, roads, and water and sewer lines. This amount represents a net increase of \$570.6 million, or 10.9 percent over last year. The following is a summary of capital assets at June 30, 2002:

Capital Assets			
(Net of Depreciation)			
(in Millions)			
	Governmental Activities	Business-type Activities	Total Primary Government
Land	\$ 1,741.1	\$ 166.9	\$ 1,908.0
Buildings	357.6	307.8	665.4
Improvements other than buildings	-	1,516.1	1,516.1
Infrastructure	1,023.7	-	1,023.7
Machinery and equipment	53.0	53.4	106.4
Construction in progress	<u>195.1</u>	<u>412.6</u>	<u>607.7</u>
Totals	<u>\$ 3,370.5</u>	<u>\$ 2,456.8</u>	<u>\$ 5,827.3</u>

This year's major capital asset additions included:

- Streets in annexed areas - \$250.1 million
- Street and highway construction - \$47.6 million
- Donated water and sewer systems - \$61.8 million
- Water distribution systems - \$69.6 million
- Wastewater treatment and sewage collection - \$43.0 million
- Airport expansion and improvements - \$60.0 million

At June 30, 2002, authorized capital projects totaled \$825.2 million as follows: governmental (\$234.2), water and sewer (\$388.8), airport (\$87.8), storm water (\$32.1), and public transit (\$82.3). The City has plans to issue additional debt to finance these projects in addition to using resources currently available.

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

Long-term Debt

At June 30, 2002, the City had \$2,225.4 million of debt outstanding in bonds, certificates of participation and other financing agreements. This was an increase of \$200.6 million or 9.9 percent over last year. Details by type of debt are presented in the following table:

	Outstanding Debt (in Millions)		
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total Primary</u> <u>Government</u>
General obligation bonds (backed by the City's taxing authority)	\$ 363.1	\$ 518.5	\$ 881.6
Revenue bonds (backed by specific fee revenues)	-	1,010.5	1,010.5
Certificates of participation	302.6	17.0	319.6
Other financing agreements	-	13.7	13.7
Totals	<u>\$ 665.7</u>	<u>\$ 1,559.7</u>	<u>\$ 2,225.4</u>

New debt for 2002 resulted from issuing (dollars in millions):

- General obligation bonds for street improvements (\$50.0), housing and neighborhood improvements (\$17.0), and land and public improvements (\$6.0).
- Revenue bonds for water and sewer improvements (\$175.5).
- Certificates of participation for transit buses (\$11.8), public safety equipment and facilities (\$23.7), and other equipment (\$15.8).

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

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2002, was \$2.8 billion. The City has \$162.8 million in authorized but unissued debt for street and neighborhood improvements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- During fiscal year 2002, 19,176 building permits were issued with a value of over \$2.4 billion compared to 18,937 permits for 2001.
- The occupancy rate in the uptown area has remained stable at approximately 93 percent for the past two years.
- Retail sales during 2001 were \$16.5 billion compared to \$16.8 billion for 2000.
- The June 2002 unemployment rate was 6.5 percent compared to 6.9 percent for the state and 6.0 percent for the nation.
- Assessed property valuations are expected to exceed \$51.2 billion for 2003 compared to \$50.0 billion for 2002 or an increase of at least 2.4 percent.

Property tax receipts remain strong despite a slowdown in the economy; therefore, property tax revenues are the primary revenue source expected to increase in 2003. The two most significant factors negatively impacting the 2003 budget are the weakened economy and the State withholding reimbursements and state-collected taxes to address State budget shortfalls.

If the State continues to withhold funds, some revenue sources will transfer from the Debt Service Fund to the General Fund in order to maintain current service levels. If this occurs, the Capital Investment Plan may be extended from five to eight years in order to keep the Debt Service Fund at the level established by Council policy. Due to the City's strong financial position, these reductions can be absorbed in the short term; however, reductions beyond 2003 will require either new revenue sources or reductions in operating and/or capital expenditures. With the development of the two-year budget for fiscal years 2004 and 2005, the City will be evaluating and addressing revenue sources as well as options to control costs that are projected to increase significantly in the near future such as employee health costs.

The General Fund initial budget for 2003 increased less than one percent from \$326.8 million to \$356.9 million. The primary projected increase in revenues is \$4.2 million for property taxes or 2.3 percent. The significant new expenditures are \$6.8 million to fund a 3 percent increase in employee compensation and \$5.1 million for employee health costs. The most significant budget reduction delays the start of recruit classes for police officers and firefighters. Other reductions include holding positions vacant and delaying new programs.

The following are highlights for the 2003 budgets for the business-type activities:

- The average residential water and sewer rate will increase 4.8 percent. Operating expenses will increase 6.2 percent primarily for employee pay and benefit adjustments and higher costs associated with expanded facilities and increased usage.
- The storm water impervious area fees will increase 5.5 percent so that current year revenues will be adequate to fund current year expenses. Operating expenses will remain stable.
- Airport fees and charges as well as expenditures are expected to remain relatively constant.

- Public transit fares will remain unchanged. Operating expenditures are estimated to increase 14.4 percent as a result of transit system growth. Even though fare revenues will increase slightly due to increased ridership, the revenue shortfall is provided by state operating assistance and a one-half percent sales tax.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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



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CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2002
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Auditorium-Coliseum-Convention Center Authority
ASSETS				
Cash and cash equivalents	\$ 455,754	\$ 418,273	\$ 874,027	\$ 12,104
Receivables, net	22,539	47,303	69,842	1,877
Due from primary government	-	-	-	643
Due from other governmental agencies	38,810	26,304	65,114	281
Internal balances	(955)	955	-	-
Inventories	715	2,996	3,711	235
Prepaid items	-	-	-	63
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	43,250	112,984	156,234	-
Investments	-	178,254	178,254	-
Permanently restricted-				
Cash and cash equivalents	2,952	-	2,952	-
Receivables	24	-	24	-
Noncurrent accounts receivable	-	15,080	15,080	-
Notes receivable	54,255	-	54,255	-
Deferred charges	446	13,796	14,242	-
Capital assets (Note 4.f.):				
Land	1,741,098	166,876	1,907,974	-
Buildings, improvements, infrastructure, and machinery and equipment, net	1,434,392	1,877,311	3,311,703	-
Construction in progress	195,078	412,577	607,655	-
Total assets	<u>3,988,358</u>	<u>3,272,709</u>	<u>7,261,067</u>	<u>15,203</u>
LIABILITIES				
Accounts payable/claims payable	68,669	19,341	88,010	2,933
Deposits and retainage payable	4,285	6,318	10,603	2,098
Accrued interest payable	6,370	13,728	20,098	-
Due to component unit	643	-	643	-
Unearned revenues	2,337	-	2,337	-
Liabilities payable from restricted assets	1,440	35,809	37,249	-
Noncurrent liabilities (Note 4.i.):				
Due within one year	62,557	42,302	104,859	20
Due after one year	634,205	1,503,886	2,138,091	343
Total liabilities	<u>780,506</u>	<u>1,621,384</u>	<u>2,401,890</u>	<u>5,394</u>
NET ASSETS				
Invested in capital assets, net of related debt	2,815,150	1,201,756	4,016,906	-
Restricted for:				
Debt service	14,194	55,328	69,522	-
Capital projects	127,162	-	127,162	-
Perpetual care - Nonexpendable	2,976	-	2,976	-
Other purposes	68,039	10,832	78,871	725
Unrestricted	180,331	383,409	563,740	9,084
Total net assets	<u>\$ 3,207,852</u>	<u>\$ 1,651,325</u>	<u>\$ 4,859,177</u>	<u>\$ 9,809</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

<u>ACTIVITIES</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental-				
Public safety	\$214,502	\$ 26,611	\$ 8,393	\$ 1,992
Sanitation	35,990	9,318	5	-
General administration	35,065	9,981	-	-
Support services	6,104	3,323	-	-
Engineering and property management	20,187	3,776	-	-
Streets and highways	42,350	4,166	18,758	681
Culture and recreation	6,125	-	177	-
Community planning and development	42,895	8,003	13,822	-
Interest and other charges	29,942	-	-	-
Total governmental	<u>433,160</u>	<u>65,178</u>	<u>41,155</u>	<u>2,673</u>
Business-type-				
Water	63,904	70,406	-	21,952
Sewer	83,243	82,416	-	39,937
Storm water	12,757	23,124	150	2,732
Airport	87,580	91,659	-	17,828
Public transit	63,683	8,972	7,945	19,902
Total business-type	<u>311,167</u>	<u>276,577</u>	<u>8,095</u>	<u>102,351</u>
Total primary government	<u>\$744,327</u>	<u>\$ 341,755</u>	<u>\$ 49,250</u>	<u>\$ 105,024</u>
Component Unit:				
Auditorium-Coliseum-Convention Center Authority	\$ 28,128	\$ 24,477	\$ 2,807	\$ -
General revenues:				
Taxes-				
Property				
Sales				
Sales, levied for Public Transit				
Utility franchise				
Occupancy				
Prepared foods				
Licenses				
Grants and contributions not restricted to specific programs				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Auditorium-Coliseum- Convention Center Authority
\$ (177,506)	\$ -	\$ (177,506)	\$ -
(26,667)	-	(26,667)	-
(25,084)	-	(25,084)	-
(2,781)	-	(2,781)	-
(16,411)	-	(16,411)	-
(18,745)	-	(18,745)	-
(5,948)	-	(5,948)	-
(21,070)	-	(21,070)	-
(29,942)	-	(29,942)	-
<u>(324,154)</u>	<u>-</u>	<u>(324,154)</u>	<u>-</u>
-	28,454	28,454	-
-	39,110	39,110	-
-	13,249	13,249	-
-	21,907	21,907	-
<u>-</u>	<u>(26,864)</u>	<u>(26,864)</u>	<u>-</u>
<u>-</u>	<u>75,856</u>	<u>75,856</u>	<u>-</u>
<u>(324,154)</u>	<u>75,856</u>	<u>(248,298)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(844)</u>
237,125	-	237,125	-
52,486	-	52,486	-
-	51,061	51,061	-
22,009	-	22,009	-
12,972	-	12,972	-
12,932	-	12,932	-
21,331	-	21,331	-
262,969	-	262,969	-
20,852	30,786	51,638	232
2,908	564	3,472	-
<u>(18,701)</u>	<u>18,701</u>	<u>-</u>	<u>-</u>
<u>626,883</u>	<u>101,112</u>	<u>727,995</u>	<u>232</u>
302,729	176,968	479,697	(612)
2,905,123	1,474,357	4,379,480	10,421
<u>\$ 3,207,852</u>	<u>\$ 1,651,325</u>	<u>\$ 4,859,177</u>	<u>\$ 9,809</u>

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2002
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 99,763	\$ 117,087	\$ 123,435	\$ 69,844	\$ 410,129
Receivables, net:					
Property taxes	6,645	1,121	225	21	8,012
Accounts	3,209	-	5,719	578	9,506
Other	-	17	-	511	528
Total receivables	9,854	1,138	5,944	1,110	18,046
Due from other governmental agencies	21,162	2,747	4,933	9,968	38,810
Due from other funds	-	2,300	-	987	3,287
Inventories	715	-	-	-	715
Restricted assets:					
Cash and cash equivalents	-	14,237	29,013	-	43,250
Notes receivable	110	-	18,137	36,008	54,255
Total assets	<u>\$131,604</u>	<u>\$137,509</u>	<u>\$181,462</u>	<u>\$ 117,917</u>	<u>\$ 568,492</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 19,651	\$ 314	\$ 10,505	\$ 12,770	\$ 43,240
Deposits and retainage payable	1,472	-	2,034	779	4,285
Due to other funds	1,068	-	2,300	-	3,368
Due to component unit	-	-	-	643	643
Deferred revenues	17,043	1,138	24,081	32,710	74,972
Liabilities payable from restricted assets	-	-	1,440	-	1,440
Total liabilities	<u>39,234</u>	<u>1,452</u>	<u>40,360</u>	<u>46,902</u>	<u>127,948</u>
Fund balances:					
Reserved for-					
State statute	14,316	5,047	-	-	19,363
Convention Center debt service	-	14,194	-	-	14,194
Encumbrances	23,064	-	-	7,195	30,259
Inventories	715	-	-	-	715
Loans	-	-	-	2,737	2,737
Perpetual care	-	-	-	2,976	2,976
Unreserved, reported in-					
General fund	54,275	-	-	-	54,275
Debt service fund	-	116,816	-	-	116,816
Capital projects fund	-	-	141,102	-	141,102
Special revenue funds	-	-	-	58,107	58,107
Total fund balances	<u>92,370</u>	<u>136,057</u>	<u>141,102</u>	<u>71,015</u>	<u>440,544</u>
Total liabilities and fund balances	<u>\$131,604</u>	<u>\$137,509</u>	<u>\$181,462</u>	<u>\$ 117,917</u>	<u>\$ 568,492</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
JUNE 30, 2002
(In Thousands)

Total fund balances for governmental funds	\$ 440,544
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,370,457
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	75,913
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	21,366
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	<u>(700,428)</u>
Total net assets of governmental activities	<u>\$ 3,207,852</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 189,270	\$ 31,548	\$ 11,098	\$ 1,307	\$ 233,223
Other taxes	37,306	12,612	9,572	20,543	80,033
Intergovernmental	43,404	3,029	471	39,541	86,445
Licenses, fees and fines	32,540	41	9,941	5,307	47,829
Investment earnings	4,925	5,442	6,138	3,627	20,132
Administrative charges	13,832	-	-	-	13,832
Charges for current services	3,802	-	-	-	3,802
Facility fees	-	-	-	230	230
Miscellaneous	4,127	584	545	4,246	9,502
Total revenues	<u>329,206</u>	<u>53,256</u>	<u>37,765</u>	<u>74,801</u>	<u>495,028</u>
EXPENDITURES:					
Current-					
Public safety	187,048	-	-	16,383	203,431
Sanitation	32,385	-	-	-	32,385
General administration	28,740	-	-	5,023	33,763
Support services	15,548	-	-	-	15,548
Engineering and property management	19,318	-	-	-	19,318
Streets and highways	22,230	-	-	19,258	41,488
Culture and recreation	-	-	-	2,807	2,807
Community planning and development	12,390	-	-	21,125	33,515
Debt service-					
Principal	-	50,500	-	-	50,500
Interest and other charges	-	32,157	-	-	32,157
Capital outlay	-	-	133,542	-	133,542
Total expenditures	<u>317,659</u>	<u>82,657</u>	<u>133,542</u>	<u>64,596</u>	<u>598,454</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,547</u>	<u>(29,401)</u>	<u>(95,777)</u>	<u>10,205</u>	<u>(103,426)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	1,035	8,435	6,152	-	15,622
Proceeds from bonds	-	-	73,000	-	73,000
Proceeds from certificates of participation	-	358	36,961	-	37,319
Proceeds from refundings	-	30,738	-	-	30,738
Payments to refunded bond escrow agent	-	(30,738)	-	-	(30,738)
Transfers in	2,985	37,450	6,573	8,609	55,617
Transfers out	(23,810)	(293)	(25,288)	(23,827)	(73,218)
Total other financing sources (uses)	<u>(19,790)</u>	<u>45,950</u>	<u>97,398</u>	<u>(15,218)</u>	<u>108,340</u>
Net change in fund balances	<u>(8,243)</u>	<u>16,549</u>	<u>1,621</u>	<u>(5,013)</u>	<u>4,914</u>
Fund balances - beginning	<u>100,613</u>	<u>119,508</u>	<u>139,481</u>	<u>76,028</u>	<u>435,630</u>
Fund balances - ending	<u>\$ 92,370</u>	<u>\$ 136,057</u>	<u>\$ 141,102</u>	<u>\$ 71,015</u>	<u>\$ 440,544</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

Net change in fund balances - total governmental funds \$ 4,914

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2.b.) 119,126

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets. (Note 2.b.) 226,301

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 12,337

The issuance of long-term debt (e.g., bonds and certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.) (57,992)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2.b.) (2,645)

Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities. 688

Change in net assets of governmental activities \$302,729

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



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CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes-				
Property:				
Current year	\$ 182,909	\$ 182,909	\$ 186,551	\$ 3,642
Prior years	3,136	3,136	3,648	512
Interest and penalties	1,352	1,352	1,658	306
Less rebates	(2,031)	(2,031)	(2,587)	(556)
Total property	<u>185,366</u>	<u>185,366</u>	<u>189,270</u>	<u>3,904</u>
Other:				
Sales	37,327	37,327	33,435	(3,892)
Occupancy	2,985	2,738	2,228	(510)
Rental car	1,500	1,500	1,643	143
Total other	<u>41,812</u>	<u>41,565</u>	<u>37,306</u>	<u>(4,259)</u>
Total taxes	<u>227,178</u>	<u>226,931</u>	<u>226,576</u>	<u>(355)</u>
Intergovernmental-				
State of North Carolina:				
Utility franchise tax	26,700	16,700	15,251	(1,449)
Inventory tax reimbursement	6,459	6,459	2,491	(3,968)
Intangible tax reimbursement	4,900	4,900	4,530	(370)
Beer and wine	2,400	2,400	-	(2,400)
Other	2,260	2,153	1,526	(627)
Total State of North Carolina	<u>42,719</u>	<u>32,612</u>	<u>23,798</u>	<u>(8,814)</u>
Federal Government- Grant income	<u>177</u>	<u>678</u>	<u>505</u>	<u>(173)</u>
Mecklenburg County:				
ABC Board contribution	2,192	2,192	1,431	(761)
Law enforcement services	11,673	11,673	12,847	1,174
Other	1,851	2,290	2,087	(203)
Total Mecklenburg County	<u>15,716</u>	<u>16,155</u>	<u>16,365</u>	<u>210</u>
Charlotte-Mecklenburg Board of Education	<u>1,257</u>	<u>1,257</u>	<u>1,332</u>	<u>75</u>
Local municipalities- Service fees	<u>1,396</u>	<u>1,396</u>	<u>1,404</u>	<u>8</u>
Total intergovernmental	<u>61,265</u>	<u>52,098</u>	<u>43,404</u>	<u>(8,694)</u>
Licenses, fees and fines-				
Business privilege licenses	7,800	7,800	8,686	886
Motor vehicle licenses	1,987	1,987	1,967	(20)
Solid waste fees	8,912	8,912	9,027	115
Cable TV franchise	5,300	5,300	5,638	338
Burglar alarm fines	1,300	1,300	844	(456)
Parking fees	2,880	2,880	2,915	35
Other	3,021	3,031	3,463	432
Total licenses, fees and fines	<u>31,200</u>	<u>31,210</u>	<u>32,540</u>	<u>1,330</u>
Investment earnings	<u>5,100</u>	<u>4,392</u>	<u>4,925</u>	<u>533</u>

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CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES (continued):				
Administrative charges-				
Equipment services	\$ 14	\$ 2,371	\$ 2,357	\$ (14)
Cost allocation	14,094	14,094	11,475	(2,619)
Total administrative charges	<u>14,108</u>	<u>16,465</u>	<u>13,832</u>	<u>(2,633)</u>
Charges for current services-				
Private street cuts	2,000	2,000	1,920	(80)
Other	<u>3,732</u>	<u>3,755</u>	<u>1,882</u>	<u>(1,873)</u>
Total charges for current services	<u>5,732</u>	<u>5,755</u>	<u>3,802</u>	<u>(1,953)</u>
Miscellaneous	<u>1,966</u>	<u>4,066</u>	<u>4,127</u>	<u>61</u>
Total revenues	<u>346,549</u>	<u>340,917</u>	<u>329,206</u>	<u>(11,711)</u>
EXPENDITURES:				
Current-				
Public safety	<u>187,448</u>	<u>188,068</u>	<u>187,820</u>	<u>248</u>
Sanitation	<u>32,596</u>	<u>32,204</u>	<u>31,059</u>	<u>1,145</u>
General administration:				
Finance	7,774	7,774	7,095	679
Human resources	2,286	2,286	2,140	146
City manager	3,871	3,878	3,698	180
Corporate communications	1,790	1,800	1,667	133
City attorney	1,360	1,360	1,350	10
Budget and evaluation	1,166	1,181	1,055	126
City council	1,078	1,092	1,092	-
Retiree health and life insurance	4,250	5,976	5,976	-
Elections office	1,562	1,562	1,548	14
Annexation	-	1,409	1,409	-
Other	<u>1,738</u>	<u>2,761</u>	<u>2,086</u>	<u>675</u>
Total general administration	<u>26,875</u>	<u>31,079</u>	<u>29,116</u>	<u>1,963</u>
Support services	<u>15,433</u>	<u>18,425</u>	<u>15,718</u>	<u>2,707</u>
Engineering and property management	<u>23,888</u>	<u>21,874</u>	<u>19,300</u>	<u>2,574</u>
Streets and highways:				
Transportation	20,574	20,248	18,016	2,232
Street lighting	<u>7,731</u>	<u>6,086</u>	<u>6,086</u>	<u>-</u>
Total streets and highways	<u>28,305</u>	<u>26,334</u>	<u>24,102</u>	<u>2,232</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES (continued):				
Current (continued)-				
Community planning and development:				
Community relations	\$ 1,059	\$ 1,349	\$ 941	\$ 408
City-County Planning Commission	4,166	4,169	3,772	397
United Arts Council	2,942	2,942	2,942	-
Convention Visitor's Bureau	3,020	2,314	2,249	65
Other	1,084	2,270	2,042	228
Total community planning and development	12,271	13,044	11,946	1,098
Total expenditures	326,816	331,028	319,061	11,967
Excess of revenues over expenditures	19,733	9,889	10,145	256
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	1,195	1,195	1,035	(160)
Transfers in-				
Debt service	35	35	35	-
Capital projects	1,476	1,783	1,783	-
Special revenue- Convention Center tax	-	1,050	1,050	-
Permanent- Perpetual care	140	140	117	(23)
Total transfers in	1,651	3,008	2,985	(23)
Transfers out-				
Debt service	16,600	15,868	15,868	-
Special revenue:				
Public safety grants	944	3,569	3,471	98
Neighborhood development	4,038	3,571	3,535	36
Employment and training	997	990	936	54
Total transfers out	22,579	23,998	23,810	188
Total other financing sources (uses)	(19,733)	(19,795)	(19,790)	5
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ (9,906)	(9,645)	\$ 261
RECONCILIATION TO GAAP BASIS:				
Current year encumbrances			11,273	
Prior year encumbrances			(9,871)	
Net change in fund balance			(8,243)	
Fund balance - beginning			100,613	
Fund balance - ending			\$ 92,370	

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2002
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 91,497	\$ 28,846	\$178,374
Receivables, net-			
Accounts	27,754	4,576	10,157
Other	1,599	353	1,789
Total receivables	29,353	4,929	11,946
Due from other governmental agencies	1,863	234	7,103
Due from other funds	-	-	-
Inventories	2,086	-	-
Total current assets	124,799	34,009	197,423
Noncurrent assets:			
Restricted assets-			
Cash and cash equivalents	25,737	2,963	74,967
Investments	146,881	-	31,373
Total restricted assets	172,618	2,963	106,340
Accounts receivable	-	-	15,080
Deferred charges	5,638	362	7,686
Capital assets-			
Land	23,602	-	139,499
Buildings	10,668	-	485,572
Improvements other than buildings:			
Water and sewer systems	1,744,916	-	-
Storm water systems	-	85,598	-
Runways	-	-	133,281
Other	-	-	28,515
Total improvements other than buildings	1,744,916	85,598	161,796
Machinery and equipment	16,188	334	9,534
Construction in progress	275,032	79,226	38,181
Total capital assets	2,070,406	165,158	834,582
Less accumulated depreciation	413,691	14,789	257,879
Total capital assets, net	1,656,715	150,369	576,703
Total noncurrent assets	1,834,971	153,694	705,809
Total assets	1,959,770	187,703	903,232

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 119,556	\$ 418,273	\$ 48,577
213	42,700	-
<u>862</u>	<u>4,603</u>	<u>1,685</u>
1,075	47,303	1,685
17,104	26,304	-
-	-	81
<u>910</u>	<u>2,996</u>	<u>-</u>
<u>138,645</u>	<u>494,876</u>	<u>50,343</u>
9,317	112,984	-
<u>-</u>	<u>178,254</u>	<u>-</u>
9,317	291,238	-
-	15,080	-
110	13,796	-
3,775	166,876	-
8,330	504,570	-
-	1,744,916	-
-	85,598	-
-	133,281	-
<u>3,848</u>	<u>32,363</u>	<u>-</u>
3,848	1,996,158	-
70,716	96,772	228
<u>20,138</u>	<u>412,577</u>	<u>-</u>
106,807	3,176,953	228
<u>33,830</u>	<u>720,189</u>	<u>117</u>
<u>72,977</u>	<u>2,456,764</u>	<u>111</u>
<u>82,404</u>	<u>2,776,878</u>	<u>111</u>
<u>221,049</u>	<u>3,271,754</u>	<u>50,454</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2002
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,839	\$ 1,794	\$ 11,627
Claims payable	-	-	-
Deposits and retainage payable	2,704	2,351	1,186
Accrued interest payable	12,896	585	183
Current maturities of long-term liabilities	<u>35,177</u>	<u>1,892</u>	<u>3,802</u>
Total current liabilities	<u>52,616</u>	<u>6,622</u>	<u>16,798</u>
Current liabilities payable from restricted assets:			
Accounts payable	8,645	-	1,405
Deposits and retainage payable	6,374	-	2,719
Accrued interest payable	-	-	7,936
Revenue bonds payable	<u>-</u>	<u>-</u>	<u>8,730</u>
Total current liabilities payable from restricted assets	<u>15,019</u>	<u>-</u>	<u>20,790</u>
Noncurrent liabilities:			
General obligation bonds payable - net of deferred amount on refunding of \$12,677	447,757	20,414	6,171
Revenue bonds payable - net of deferred amount on refunding of \$5,962	529,570	33,852	426,143
Other financing agreements	16,878	-	-
Refundable water and sewer construction deposits	7,501	-	-
Due to participants	-	-	-
Compensated absences payable	918	152	405
Arbitrage payable	<u>13</u>	<u>-</u>	<u>2,246</u>
Total noncurrent liabilities	<u>1,002,637</u>	<u>54,418</u>	<u>434,965</u>
Total liabilities	<u>1,070,272</u>	<u>61,040</u>	<u>472,553</u>
NET ASSETS			
Invested in capital assets, net of related debt	795,484	97,355	238,740
Restricted for:			
Debt service	14,604	2,894	37,830
Working capital	-	-	10,832
Unrestricted	<u>79,410</u>	<u>26,414</u>	<u>143,277</u>
Total net assets	<u>\$ 889,498</u>	<u>\$126,663</u>	<u>\$430,679</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			
Net assets of business-type activities			

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

Enterprise Funds		Governmental Activities -	
Public Transit	Total	Internal Service Funds	
\$ 4,081	\$ 19,341	\$ -	
-	-	25,429	
77	6,318	-	
64	13,728	-	
<u>1,431</u>	<u>42,302</u>	<u>-</u>	
<u>5,653</u>	<u>81,689</u>	<u>25,429</u>	
-	10,050	-	
-	9,093	-	
-	7,936	-	
<u>-</u>	<u>8,730</u>	<u>-</u>	
-	35,809	-	
667	475,009	-	
-	989,565	-	
10,245	27,123	-	
-	7,501	-	
-	-	2,640	
954	2,429	64	
<u>-</u>	<u>2,259</u>	<u>-</u>	
<u>11,866</u>	<u>1,503,886</u>	<u>2,704</u>	
<u>17,519</u>	<u>1,621,384</u>	<u>28,133</u>	
70,177	1,201,756	111	
-	55,328	-	
-	10,832	-	
<u>133,353</u>	<u>382,454</u>	<u>22,210</u>	
<u>\$ 203,530</u>	<u>1,650,370</u>	<u>\$ 22,321</u>	
	<u>955</u>		
	<u>\$ 1,651,325</u>		

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 141,822	\$ 23,124	\$ 88,664
Capacity fees	9,067	-	-
Miscellaneous	1,933	-	2,995
Total operating revenues	<u>152,822</u>	<u>23,124</u>	<u>91,659</u>
OPERATING EXPENSES:			
Administration	13,728	778	8,558
Operations and maintenance	53,270	9,143	22,871
Claims and insurance premiums	-	-	-
Other	714	-	4,308
Depreciation	42,276	1,261	22,441
Total operating expenses	<u>109,988</u>	<u>11,182</u>	<u>58,178</u>
Operating income (loss)	<u>42,834</u>	<u>11,942</u>	<u>33,481</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	150	-
Investment earnings	11,449	1,914	11,661
Interest expense and other charges	(37,721)	(1,585)	(20,750)
Non-airline terminal revenue distribution	-	-	(6,498)
Miscellaneous	562	2	(2,319)
Total nonoperating revenues (expenses)	<u>(25,710)</u>	<u>481</u>	<u>(17,906)</u>
Income before contributions and transfers	17,124	12,423	15,575
CAPITAL CONTRIBUTIONS	61,889	2,732	17,828
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
Change in net assets	79,013	15,155	33,403
Total net assets - beginning	<u>810,485</u>	<u>111,508</u>	<u>397,276</u>
Total net assets - ending	<u>\$ 889,498</u>	<u>\$ 126,663</u>	<u>\$ 430,679</u>

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

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ 8,972	\$ 262,582	\$ 48,971
-	9,067	-
-	4,928	-
<u>8,972</u>	<u>276,577</u>	<u>48,971</u>
10,125	33,189	5,581
42,649	127,933	-
-	-	42,389
1,426	6,448	-
<u>6,702</u>	<u>72,680</u>	<u>26</u>
<u>60,902</u>	<u>240,250</u>	<u>47,996</u>
<u>(51,930)</u>	<u>36,327</u>	<u>975</u>
51,061	51,061	-
7,945	8,095	-
5,762	30,786	1,809
(479)	(60,535)	-
-	(6,498)	-
<u>(2,520)</u>	<u>(4,275)</u>	<u>-</u>
<u>61,769</u>	<u>18,634</u>	<u>1,809</u>
9,839	54,961	2,784
19,902	102,351	-
18,701	18,701	-
-	-	(1,100)
48,442	176,013	1,684
<u>155,088</u>		<u>20,637</u>
<u>\$ 203,530</u>		<u>\$ 22,321</u>
	955	
	<u>\$ 176,968</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$151,547	\$ 23,724	\$ 85,447
Receipts from participants	-	-	-
Payments to suppliers	(32,251)	(7,019)	(20,054)
Internal activity - (payments to) receipts from other funds	(11,255)	(808)	(5,008)
Payments to employees	(25,839)	(2,512)	(9,352)
Payments to airlines for non-airline terminal revenue distribution	-	-	(7,802)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	1,004	(394)	(642)
Net cash provided (used) by operating activities	<u>83,206</u>	<u>12,991</u>	<u>42,589</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	150	-
Property tax	-	36	-
Sales tax	-	-	-
Transfers in (out)	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>186</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	177,641	-	-
Water and sewer construction deposits	863	-	-
Acquisition and construction of capital assets	(128,870)	(18,230)	(71,817)
Principal paid on capital debt	(31,114)	(1,974)	(18,840)
Interest paid on capital debt	(47,285)	(2,854)	(28,398)
Capital contributions	-	-	11,386
Net cash provided (used) by capital and related financing activities	<u>(28,765)</u>	<u>(23,058)</u>	<u>(107,669)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(146,881)	-	(221,950)
Proceeds from sale and maturities of investments	105,694	-	252,583
Interest received	10,710	1,931	12,793
Net cash provided (used) by investing activities	<u>(30,477)</u>	<u>1,931</u>	<u>43,426</u>
Net increase (decrease) in cash and cash equivalents	23,964	(7,950)	(21,654)
Cash and cash equivalents - beginning of year	93,270	39,759	274,995
Cash and cash equivalents - end of year	<u>\$117,234</u>	<u>\$ 31,809</u>	<u>\$253,341</u>

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ 8,828	\$269,546	\$ -
-	-	11,053
(24,215)	(83,539)	(4,407)
(3,761)	(20,832)	40,144
(26,298)	(64,001)	(853)
-	(7,802)	-
-	-	(39,279)
-	-	(5,494)
1,043	1,011	-
<u>(44,403)</u>	<u>94,383</u>	<u>1,164</u>
7,897	8,047	-
-	36	-
51,843	51,843	-
<u>18,701</u>	<u>18,701</u>	<u>(1,100)</u>
<u>78,441</u>	<u>78,627</u>	<u>(1,100)</u>
11,840	189,481	-
-	863	-
(27,957)	(246,874)	-
(775)	(52,703)	-
(443)	(78,980)	-
<u>22,606</u>	<u>33,992</u>	<u>-</u>
<u>5,271</u>	<u>(154,221)</u>	<u>-</u>
-	(368,831)	-
-	358,277	-
<u>5,581</u>	<u>31,015</u>	<u>2,249</u>
<u>5,581</u>	<u>20,461</u>	<u>2,249</u>
44,890	39,250	2,313
<u>83,983</u>	<u>492,007</u>	<u>46,264</u>
<u>\$ 128,873</u>	<u>\$531,257</u>	<u>\$ 48,577</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 42,834	\$ 11,942	\$ 33,481
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	42,276	1,261	22,441
Other receipts (payments)	1,004	(394)	(642)
Non-airline terminal revenue distribution	-	-	(7,802)
Change in assets and liabilities:			
(Increase) decrease in receivables	(1,153)	600	(5,657)
(Increase) in due from other governmental agencies	(1)	(142)	(16)
Decrease in due from other funds	-	-	-
(Increase) in inventories	(202)	-	-
Increase (decrease) in accounts payable	(1,563)	(311)	818
Increase in claims payable	-	-	-
(Decrease) in due to participants	-	-	-
(Decrease) in deposits and retainage payable	(122)	-	(90)
Increase in compensated absences payable	133	35	56
Total adjustments	<u>40,372</u>	<u>1,049</u>	<u>9,108</u>
Net cash provided (used) by operating activities	<u>\$ 83,206</u>	<u>\$ 12,991</u>	<u>\$ 42,589</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	\$ 61,889	\$ 2,732	\$ -
Proceeds from refunding bonds	-	30,207	-
Payment to refunded bond escrow agent	-	(30,207)	-
Net noncash investing, capital and financing activities	<u>\$ 61,889</u>	<u>\$ 2,732</u>	<u>\$ -</u>

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ (51,930)	\$ 36,327	\$ 975
6,702	72,680	26
1,043	1,011	-
-	(7,802)	-
(144)	(6,354)	(343)
-	(159)	-
-	-	1
(19)	(221)	-
(251)	(1,307)	-
-	-	2,382
-	-	(1,878)
-	(212)	-
196	420	1
<u>7,527</u>	<u>58,056</u>	<u>189</u>
<u>\$ (44,403)</u>	<u>\$ 94,383</u>	<u>\$ 1,164</u>
\$ -	\$ 64,621	\$ -
-	30,207	-
-	(30,207)	-
<u>\$ -</u>	<u>\$ 64,621</u>	<u>\$ -</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
PENSION TRUST FUND - FIREFIGHTERS' RETIREMENT
JUNE 30, 2002
(In Thousands)

<u>ASSETS</u>	
Cash and cash equivalents	\$ 5,880
Receivables:	
Employer contributions	61
Member contributions	57
Interest and dividends	<u>409</u>
Total receivables	<u>527</u>
Investments:	
Equity securities - stocks	88,898
Fixed income securities - bonds	27,609
Mutual funds	<u>101,244</u>
Total investments	217,751
Capital assets, at cost, net of accumulated depreciation of \$68	<u>374</u>
Total assets	224,532
<u>LIABILITIES</u>	
Accounts payable	<u>520</u>
<u>NET ASSETS</u>	
Held in trust for pension benefits	<u>\$224,012</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION TRUST FUND - FIREFIGHTERS' RETIREMENT
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

ADDITIONS:

Contributions-	
Member	\$ 5,114
Employer	<u>5,062</u>
Total contributions	<u>10,176</u>
Investment loss-	
Net depreciation in fair value of investments	(13,659)
Interest	1,661
Dividends	<u>1,428</u>
	(10,570)
Investment expense	<u>(1,255)</u>
Net investment loss	<u>(11,825)</u>
Total additions (loss)	<u>(1,649)</u>

DEDUCTIONS:

Benefits	13,605
Refunds	275
Administration	352
Depreciation	<u>12</u>
Total deductions	<u>14,244</u>
Change in net assets	(15,893)
Net assets - beginning	<u>239,905</u>
Net assets - ending	<u>\$224,012</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
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JUNE 30, 2002

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JUNE 30, 2002

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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2002
(Dollar Amounts In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2002
(Dollar Amounts In Thousands)

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 3350
Charlotte, North Carolina 28202

b. Basis of Presentation

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and related standards. These new standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

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

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

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

Fund Financial Statements: The fund financial statements provide information about the City's funds, including a fiduciary fund and blended component unit. Separate statements for each fund category – *governmental*, *proprietary*, and *fiduciary* – are presented. The emphasis of fund financial

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2002
(Dollar Amounts In Thousands)

statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The City reports the following major governmental funds:

- General fund.* This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- Debt service.* This fund accounts for the resources accumulated and payments made for principal and interest on long-term debt of governmental activities.
- Capital projects.* This fund accounts for financial resources, primarily proceeds from bonds and financing agreements and property taxes, used for the acquisition, construction and improvement of capital equipment and facilities.

The City reports the following major enterprise funds:

- Water and sewer.* This fund accounts for the activities of Charlotte-Mecklenburg Utilities, provider of water and sewer services.
- Storm water.* This fund accounts for the activities of Storm Water Services, administrator of storm water programs and policies.
- Airport.* This fund accounts for the activities of the Charlotte/Douglas International Airport.
- Public transit.* This fund accounts for the activities of the Charlotte Area Transit System, provider of public mass transportation.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2002
(Dollar Amounts In Thousands)

The City reports the following fund types:

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

Pension trust fund. This fund accounts for resources accumulated for the provision of benefit payments to the Charlotte Firefighters' Retirement System members and their beneficiaries.

c. Measurement Focus and Basis of Accounting

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

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

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

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

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program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, then followed by general revenues.

d. Assets, Liabilities, and Net Assets/Fund Balances

(1) Cash and Investments

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

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

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

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

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

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(2) Receivables and Payables

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

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

(3) Inventories

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

(4) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. General infrastructure assets acquired prior to July 1, 2002 include annexed streets that were acquired or received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add value to the asset or materially extend assets' lives are not capitalized.

Capital assets are assets with an initial, individual cost of more than \$5,000. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Buildings	20 – 40 years
Infrastructure	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 capital assets was capitalized during the construction period in the Water and Sewer, Storm Water and Airport Enterprise Funds in the amounts of \$12,731, \$1,289 and \$3,896, respectively, for the year ended June 30, 2002.

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(5) Compensated Absences

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

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

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

(6) Long-Term Liabilities

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

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

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.

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

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

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(7) Net Assets/Fund Balances

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

The governmental and fiduciary fund types classify fund balances as follows:

Reserved

Reserved for State statute – This represents fund balance, in addition to amounts reserved for encumbrances and inventories, which is not available for 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 perpetual care – 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 debt service – This represents fund balance that is legally restricted through bond indentures for future payment of debt service requirements.

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Unreserved

Designated for subsequent years' expenditures – This represents fund balance appropriated for the budget for the year ending June 30, 2003 and other tentative managerial and/or City Council plans for future use of financial resources. Unreserved fund balance is designated at June 30 in the following amounts:

General	\$ 2,816
Debt Service	116,816
Capital Projects	141,102
Nonmajor	<u>58,107</u>
	\$318,841

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

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$700,428 difference are as follows:

Bonds and certificates of participation payable	\$665,732
Less deferred amount on refunding	(1,381)
Compensated absences	26,433
Law enforcement officers' separation allowance	3,274
Accrued interest payable	<u>6,370</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$700,428</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$119,126 difference are as follows:

Capital outlays	\$ 148,768
Depreciation expense	<u>(29,642)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 119,126</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.” The details of this \$226,301 difference are as follows:

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	\$ (24,497)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>250,798</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$226,301</u>

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Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds and certificates of participation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(57,992) difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (73,000)
Issuance of certificates of participation	(37,319)
Issuance of refunding bonds	(30,738)
Less deferred amount on refunding	1,381
Less issuance cost	446
Principal repayments:	
General obligation debt	23,974
Certificates of participation	26,526
Payment to escrow agent for refunding	30,738
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (57,992)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(2,645) difference are as follows:

Accrued interest	\$ 388
Compensated absences	(2,322)
Law enforcement officers' separation allowance	<u>(711)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$(2,645)</u>

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

a. Budgetary Information

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

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The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budget shown in the statements are as amended at June 30, 2002. All funds completed the year within their legally authorized appropriation levels.

Annual budgets are adopted on the modified accrual basis except that they include encumbrances for the current year and exclude expenditures resulting from prior years' expenses. Current year's appropriations are charged for encumbrances when commitments for the expenditures of monies are issued. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Prior year's encumbrances constitute budgetary authority against which expenditures are charged. At the end of the fiscal year, unencumbered appropriations for all annual budgets lapse into the unappropriated equity of the respective funds.

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

b. Deficit in Net Assets

The Employee Health and Life Fund, an Internal Service Fund, had deficit net assets of \$1,466 at June 30, 2002. This deficit was attributable to an increase in health insurance claims and will be eliminated through future City and employee contributions.

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2002, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City – Governmental and Business-type Activities	\$32,680	\$19,925
Component unit – Authority	3,233	3,132
City – Fiduciary Fund	158	5,880

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

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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.

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 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, \$558 was covered by federal depository insurance and \$32,280 was covered by collateral held under the Pooling Method.

Component Unit - The Authority must comply with the collateralization requirements required by State statute as previously described for the City. Of the bank balances, \$200 was covered by Federal depository insurance. The remaining balances were covered by collateral held under the Pooling Method.

b. Investments

State statutes authorize the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the 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.

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In accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. CMO rates, trading in sympathy with treasury rates, declined during the year. At year-end, the System held \$310 of these securities.

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.

The investments at June 30, 2002, were as follows:

City - Governmental and Business-type Activities

	Carrying Amount/ <u>Fair Value</u>
Category 1:	
U.S. Government Securities	\$ 627,426
Commercial Paper	<u>91,920</u>
Total Category 1	<u>719,346</u>
Investments not subject to categorization:	
Mutual Funds	156,335
N.C. Capital Management Trust	<u>315,861</u>
Total Investments not subject to categorization	<u>472,196</u>
Total investments	<u>\$ 1,191,542</u>

Component Unit - Authority

	Carrying Amount/ Fair Value
Investments not subject to categorization:	
N.C. Capital Management Trust	<u>\$ 8,972</u>

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City - Fiduciary Fund

	Carrying Amount/ <u>Fair Value</u>
Category 1:	
U.S. Government Securities	\$ 6,116
Corporate Bonds	21,493
Common Stocks	<u>88,898</u>
Total Category 1	116,507
Investments not subject to categorization:	
Mutual Funds	<u>101,244</u>
Total investments	<u>\$ 217,751</u>

c. Receivables

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

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
<u>Governmental</u>			
General	\$ 21,154	\$ 11,300	\$ 9,854
Debt Service	2,312	1,174	1,138
Capital Projects	6,830	886	5,944
Nonmajor	2,648	1,538	1,110
Total Governmental	<u>32,944</u>	<u>14,898</u>	<u>18,046</u>
<u>Proprietary</u>			
Water and Sewer	33,067	3,714	29,353
Storm Water	5,408	479	4,929
Airport	27,581	555	27,026
Public Transit	1,075	-	1,075
Internal Service	<u>1,685</u>	<u>-</u>	<u>1,685</u>
Total Proprietary	<u>68,816</u>	<u>4,748</u>	<u>64,068</u>
<u>Fiduciary</u>	527	-	527
Total	<u>\$ 102,287</u>	<u>\$ 19,646</u>	<u>\$ 82,641</u>

d. Property Taxes

Pursuant to State statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. The taxes levied effective July 1, 2001, were based on the assessed values listed as of January 1, 2001, which is the lien date.

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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 2002 and 2001 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3805
Debt service	0.0640
Capital projects	<u>0.0225</u>
Total	<u>\$ 0.4670</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 2002 for Districts 1, 2, 3 and 4 were \$.0193, \$.0140, \$.0289 and \$.0900, respectively.

e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 14,237
Capital Projects	<u>29,013</u>
Total Governmental	<u>43,250</u>
<u>Enterprise-</u>	
Water and Sewer	172,618
Storm Water	2,963
Airport	106,340
Public Transit	<u>9,317</u>
Total Enterprise	291,238
Total	<u>\$ 334,488</u>

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

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f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2002, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities-</u>				
Capital assets, not being depreciated:				
Land	\$ 1,536,913	\$ 204,185	\$ -	\$ 1,741,098
Construction in progress	295,712	119,243	219,877	195,078
Total capital assets, not being depreciated	1,832,625	323,428	219,877	1,936,176
Capital assets, being depreciated:				
Buildings	418,220	57,850	-	476,070
Infrastructure	1,120,762	206,683	20,148	1,307,297
Machinery and equipment	<u>104,695</u>	<u>29,090</u>	<u>12,658</u>	<u>121,127</u>
Total capital assets being depreciated	<u>1,643,677</u>	<u>293,623</u>	<u>32,806</u>	<u>1,904,494</u>
Less accumulated depreciation for:				
Buildings	107,414	11,032	-	118,446
Infrastructure	281,294	4,789	2,493	283,590
Machinery and equipment	<u>62,427</u>	<u>13,847</u>	<u>8,208</u>	<u>68,066</u>
Total accumulated depreciation	<u>451,135</u>	<u>29,668</u>	<u>10,701</u>	<u>470,102</u>
Total capital assets, being depreciated, net	<u>1,192,542</u>	<u>263,955</u>	<u>22,105</u>	<u>1,434,392</u>
Governmental activities capital assets, net	\$ 3,025,167	\$ 587,383	\$ 241,982	\$ 3,370,568

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 8,884
Sanitation	4,377
General administration	1,392
Support services	921
Engineering and property management	1,053
Streets and highways	4,429
Community planning and development	8,586
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of the assets	26
Total depreciation expense - governmental activities	<u>\$ 29,668</u>

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Capital asset activity for business-type activities for the year ended June 30, 2002, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities-				
Capital assets, not being depreciated:				
Land	\$ 158,098	\$ 9,375	\$ 597	\$ 166,876
Construction in progress	<u>421,059</u>	<u>222,460</u>	<u>230,942</u>	<u>412,577</u>
Total capital assets, not being depreciated	579,157	231,835	231,539	579,453
Capital assets, being depreciated:				
Buildings	403,863	100,707	-	504,570
Improvements other than buildings:				
Water and sewer systems	1,575,763	169,153	-	1,744,916
Storm water systems	77,425	8,173	-	85,598
Runways	132,245	1,036	-	133,281
Other	26,845	5,518	-	32,363
Machinery and equipment	<u>85,148</u>	<u>13,089</u>	<u>1,465</u>	<u>96,772</u>
Total capital assets being depreciated	<u>2,301,289</u>	<u>297,676</u>	<u>1,465</u>	<u>2,597,500</u>
Less accumulated depreciation for:				
Buildings	178,707	18,070	-	196,777
Improvements other than buildings:				
Water and sewer systems	360,583	40,350	-	400,933
Storm water systems	12,779	1,296	-	14,075
Runways	49,891	3,824	-	53,715
Other	10,295	1,074	-	11,369
Machinery and equipment	<u>36,595</u>	<u>8,066</u>	<u>1,341</u>	<u>43,320</u>
Total accumulated depreciation	<u>648,850</u>	<u>72,680</u>	<u>1,341</u>	<u>720,189</u>
Total capital assets, being depreciated, net	<u>1,652,439</u>	<u>224,996</u>	<u>124</u>	<u>1,877,311</u>
Business-type activities capital assets, net	<u>\$ 2,231,596</u>	<u>\$ 456,831</u>	<u>\$ 231,663</u>	<u>\$ 2,456,764</u>

g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables and payables at June 30, 2002, by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ -	\$ 1,068
Nonmajor governmental	987	-
Debt Service	2,300	-
Capital Projects	-	2,300
Internal Service-		
Employee Health and Life	<u>81</u>	<u>-</u>
Total	<u>\$ 3,368</u>	<u>\$ 3,368</u>

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The balance of \$2,300 due to Debt Service from Capital Projects resulted from an advance to fund a project in anticipation of a land sale. The remaining balances are for reimbursable expenditures and will be paid within 30 days.

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

	<u>Receivable Entity</u>	<u>Payable Entity</u>
Primary Government - Nonmajor governmental	\$ -	\$ 643
Component Unit - Authority	<u>643</u>	<u>-</u>

Interfund transfers:

Transfer out:	<u>Transfer In:</u>					<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>	<u>Enterprise - Public Transit</u>	
General	\$ -	\$ 15,868	\$ -	\$ 7,942	\$ -	\$ 23,810
Debt Service	35	-	-	-	258	293
Capital Projects	1,783	4,449	-	613	18,443	25,288
Nonmajor governmental	1,167	17,133	5,473	54	-	23,827
Internal Service - Risk Management	<u>-</u>	<u>-</u>	<u>1,100</u>	<u>-</u>	<u>-</u>	<u>1,100</u>
Total transfers out	\$ 2,985	\$ 37,450	\$ 6,573	\$ 8,609	\$ 18,701	\$ 74,318

The transfers consist primarily of the following: (a) \$37,450 to Debt Service from General, Capital Projects and nonmajor governmental to cover debt service costs, (b) \$18,443 to Enterprise – Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, and (c) \$7,942 to nonmajor governmental from General for reimbursable expenditures and local match requirements for grants.

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h. Deferred Revenues

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

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes receivable:		
General	\$ 6,875	\$ 230
Debt service	1,121	-
Capital projects	225	-
Nonmajor governmental	21	-
Notes receivable:		
General	110	-
Capital projects	18,137	-
Nonmajor governmental	29,997	-
Accounts receivable:		
General	3,194	-
Debt service	17	-
Capital projects	5,719	-
Nonmajor governmental	585	-
Due from other governmental agencies:		
General	6,864	-
Grant advances:		
Nonmajor governmental	<u>2,107</u>	<u>2,107</u>
	<u>\$ 74,972</u>	<u>\$ 2,337</u>

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i. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2002, follows by type:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$ 313,986	\$ 73,095	\$ 23,974	\$ 363,107	\$ 24,823
Less unamortized amount deferred for refundings	-	(246)	(41)	(205)	(82)
Total bonds payable	<u>313,986</u>	<u>72,849</u>	<u>23,933</u>	<u>362,902</u>	<u>24,741</u>
Certificates of participation	291,092	38,059	26,526	302,625	20,754
Less unamortized amount deferred for refundings	-	(1,297)	(121)	(1,176)	(243)
Total certificates of participation	291,092	36,762	26,405	301,449	20,511
Compensated absences	24,175	21,459	19,137	26,497	15,425
Due to participants	4,201	-	1,561	2,640	-
Law enforcement officers' separation allowance	<u>2,563</u>	<u>711</u>	<u>-</u>	<u>3,274</u>	<u>1,880</u>
Total governmental activities	\$ 636,017	\$ 131,781	\$ 71,036	\$ 696,762	\$ 62,557
<u>Business-type activities</u>					
General obligation bonds					
Water and Sewer	\$ 511,677	\$ -	\$ 25,231	\$ 486,446	\$ 26,066
Storm Water	22,227	-	884	21,343	929
Airport	13,455	-	3,650	9,805	3,580
Public Transit	1,089	-	205	884	217
Revenue bonds					
Water and Sewer	362,275	175,465	2,830	534,910	5,340
Storm Water	35,670	2,485	1,090	37,065	890
Airport	<u>453,702</u>	<u>-</u>	<u>15,190</u>	<u>438,512</u>	<u>8,730</u>
Total bonds payable	1,400,095	177,950	49,080	1,528,965	45,752
Less unamortized amount deferred for refundings	<u>(20,117)</u>	<u>(2,485)</u>	<u>(1,955)</u>	<u>(20,647)</u>	<u>(2,008)</u>
Total bonds payable	1,379,978	175,465	47,125	1,508,318	43,744
Certificates of participation					
Water and Sewer	5,047	2,176	1,509	5,714	1,736
Public Transit	-	11,840	570	11,270	1,025
Other financing agreements - Municipal systems					
Water and Sewer	14,555	-	830	13,725	825
Refundable construction deposits					
Water and Sewer	7,959	863	796	8,026	525
Compensated absences					
Water and Sewer	2,120	1,998	1,865	2,253	1,335
Storm Water	229	174	139	264	112
Airport	810	687	631	866	461
Public Transit	947	524	328	1,143	189
Arbitrage					
Water and Sewer	1,277	38	349	966	953
Storm Water	105	3	39	69	69
Airport	<u>1,964</u>	<u>371</u>	<u>31</u>	<u>2,304</u>	<u>58</u>
Total business-type activities	\$ 1,414,991	\$ 194,139	\$ 54,212	\$ 1,554,918	\$ 51,032

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

The government-wide statement of net assets includes \$8,730 of the long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$42,302 is displayed as *noncurrent liabilities, due within one year* on that same statement.

(1) General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. Interest rates on general obligation bonds outstanding range from 4.00 to 6.80 percent with final maturity in the year 2028.

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

<u>Governmental Activities</u>								
Year Ended								
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>						
2003	\$ 24,823	\$ 16,667						
2004	27,747	16,747						
2005	28,453	15,457						
2006	21,541	14,271						
2007	21,614	13,212						
2008-2012	86,813	51,151						
2013-2017	58,843	32,702						
2018-2022	49,868	18,705						
2023-2027	38,410	5,837						
2028	<u>4,995</u>	<u>125</u>						
	<u>\$ 363,107</u>	<u>\$ 184,874</u>						
<u>Business-type Activities</u>								
Year Ended	Water and Sewer		Storm Water		Airport		Public Transit	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 26,066	\$ 24,841	\$ 929	\$ 1,047	\$ 3,580	\$ 485	\$ 217	\$ 33
2004	26,665	23,556	975	1,003	3,500	310	232	26
2005	27,276	22,204	1,023	956	2,725	137	239	16
2006	26,465	20,857	1,073	906	-	-	75	9
2007	26,728	19,527	1,125	855	-	-	64	5
2008-2012	123,365	78,156	5,334	3,434	-	-	57	4
2013-2017	130,629	46,481	4,604	2,271	-	-	-	-
2018-2022	90,186	13,764	5,196	1,057	-	-	-	-
2023-2024	<u>9,066</u>	<u>558</u>	<u>1,084</u>	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 486,446</u>	<u>\$ 249,944</u>	<u>\$ 21,343</u>	<u>\$ 11,583</u>	<u>\$ 9,805</u>	<u>\$ 932</u>	<u>\$ 884</u>	<u>\$ 93</u>

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(2) Revenue Bonds

The following table summarizes the City's revenue bonds:

<u>Business-type activities</u>					
<u>Date Sold</u>	<u>Original Issue</u>	<u>Refunded</u>	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance June 30, 2002</u>
Airport					
December 1985	\$ 108,780	June 1993	6.34%	2017	\$ 90,200
May 1987	75,880	June 1997	5.90%	2018	62,150
December 1999	102,255	-	4.63% - 6.85%	2030	97,480
December 1999	88,805	-	Variable	2030	67,370
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	39,885
August 1999	70,745	-	4.20% - 6.00%	2024	69,040
October 2000	101,520	-	5.00% - 5.75%	2025	101,520
June 2001	149,000	-	4.25% - 5.50%	2026	149,000
February 2002	61,035	-	3.50% - 5.50%	2016	61,035
February 2002	114,430	-	4.03%	2028	114,430
Storm Water-					
May 2000	36,355	January 2002	5.00% - 5.50%	2025	34,580
January 2002	2,485	-	3.00% - 5.25%	2025	2,485

Interest on the variable-rate Airport Revenue Bonds is established weekly by a Remarketing Agent based on comparable tax-exempt obligations.

The City entered into interest rate swap agreements for the variable rate 1993 Airport Refunding Revenue Bonds, the 1997 Airport Refunding Revenue Bonds and \$114,430 of the 2000 Water and Sewer Revenue Bonds. Based on the swap agreements, the City owes interest calculated at a fixed rate of 6.34 percent, 5.90 percent and 4.03 percent, respectively, 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

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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 2002 Water and Sewer Fund and Storm Water Fund budgets, the coverage factors are 1.08 and 1.95, 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 Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default 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 June 30, 2002 are \$10,832 for working capital and \$37,830 for debt service. 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 and 2002 Water and Sewer and Storm Water Revenue bonds, the reserve for debt service in the Water and Sewer and Storm Water Enterprise Funds is \$14,604 and \$2,894, respectively, at June 30, 2002.

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Revenue bond debt service requirements to maturity are as follows:

<u>Business-type Activities</u>						
Year Ended	<u>Water and Sewer</u>		<u>Storm Water</u>		<u>Airport</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 5,340	\$ 24,423	\$ 890	\$ 1,869	\$ 8,730	\$ 23,136
2004	9,230	25,817	930	1,823	9,518	23,046
2005	9,660	25,386	980	1,775	10,177	22,463
2006	14,545	24,839	1,035	1,724	8,732	21,927
2007	15,205	24,174	1,090	1,669	9,105	20,884
2008-2012	87,590	109,280	6,365	7,430	56,980	95,089
2013-2017	112,735	84,265	7,990	5,798	92,935	74,020
2018-2022	145,755	52,025	10,280	3,500	42,270	55,761
2023-2027	122,995	16,077	7,505	763	46,010	48,190
2028-2030	11,855	239	-	-	154,055	6,997
	<u>\$534,910</u>	<u>\$386,525</u>	<u>\$ 37,065</u>	<u>\$ 26,351</u>	<u>\$ 438,512</u>	<u>\$ 391,513</u>

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(3) 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, 2002</u>
Governmental activities:					
Convention Center-					
July 1991	\$ 157,179	August 1993	4.25% - 7.10%	2022	\$ 152,469
July 1991	10,465	November 2001	3.50% - 4.50%	2004	10,465
April 2000	27,775	-	5.00% - 5.63%	2026	26,895
October 2000	16,500	-	5.00% - 7.25%	2026	16,200
Public Safety-					
July 1993	14,000	-	2.50% - 5.38%	2013	9,280
March 1995	10,500	November 2001	3.50% - 5.35%	2016	8,195
November 2000	21,765	-	5.00% - 5.75%	2025	20,910
November 2001	12,865	-	3.50% - 5.25%	2021	12,355
November 2001	10,800	-	Variable	2021	10,800
November 2001	735	-	3.50% - 4.50%	2016	735
Equipment-					
1998 - 2002	54,807	-	3.10% - 5.50%	2006	34,321
Business-type activities:					
Public Transit Buses-					
November 2001	11,840	-	4.50% - 5.25%	2011	11,270
Water and Sewer Equipment-					
1998 - 2002	8,508	-	3.10% - 5.50%	2006	5,714

Interest on the variable-rate Public Safety certificates of participation is established weekly by a Remarketing Agent based on comparable tax-exempt obligations.

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, 2002 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 requirement.

These installment purchase contracts are non-general obligation financings. In accordance with State statutes, no deficiency judgment may be rendered against the City for amounts owed and the taxing power of the City may not be pledged directly or indirectly to collateralize amounts due the owners of the certificates. Net revenues from room occupancy and prepared food and beverage

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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 Public Transit 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.

Certificates of participation debt service requirements to maturity are as follows:

Year Ended <u>June 30</u>	Governmental Activities		Business-type Activities			
	<u>Principal</u>	<u>Interest</u>	<u>Water and Sewer</u>		<u>Public Transit</u>	
			<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 20,754	\$ 14,180	\$ 1,736	\$ 262	\$ 1,025	\$ 559
2004	19,356	13,292	1,589	185	1,075	512
2005	15,307	15,948	1,509	114	1,125	461
2006	12,565	15,477	880	40	1,185	402
2007	7,278	15,139	-	-	1,240	343
2008-2012	48,000	64,291	-	-	5,620	720
2013-2017	68,270	37,063	-	-	-	-
2018-2022	95,270	18,285	-	-	-	-
2023-2026	15,825	1,812	-	-	-	-
	<u>\$ 302,625</u>	<u>\$ 195,487</u>	<u>\$ 5,714</u>	<u>\$ 601</u>	<u>\$ 11,270</u>	<u>\$ 2,997</u>

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(4) 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. Debt service requirements to maturity are as follows:

<u>Business-type Activities</u>		
<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2003	\$ 825	\$ 735
2004	825	691
2005	825	647
2006	825	603
2007	825	559
2008-2012	4,125	2,130
2013-2017	4,130	1,018
2018-2020	1,345	120
	<u>\$ 13,725</u>	<u>\$ 6,503</u>

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 borrowings. At June 30, 2002, a noncurrent liability for \$13 and \$2,246 is included in the Water and Sewer and Airport Enterprise Funds, respectively. A current liability for \$953, \$69 and \$58 is included in the Water and Sewer, Storm Water and Airport Enterprise Funds, respectively, for the portion due within one year. A current liability for \$407 is included in the Capital Projects Fund for estimated arbitrage profits payable.

(5) Refundings

During the year ended June 30, 2002, the City advance refunded certain outstanding long-term obligations primarily to take advantage of lower interest rates. The net proceeds for each refunding were deposited in an irrevocable trust with an escrow agent to provide for future debt service

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payments on the refunded debt. As a result, the refunded debt is considered to be defeased and the liability for the refunded debt is not reflected in the City's financial statements. The deferred amount for each refunding is recognized as a reduction of the new debt and will be amortized over the life of the new debt or old debt, whichever is shorter. Information pertaining to each refunding is presented below.

In November 2001, the City issued \$7,680 in public safety refunding certificates of participation. The proceeds plus an additional \$212 were used to refund \$6,945. The interest cost on the new debt is 4.14 percent whereas the interest cost on the old debt was 6.10 percent. Total debt service payments decreased \$408 over the next 15 years. The refunding resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$313. The issuance provided net proceeds of \$7,595 after \$85 in issuance costs. The difference between the reacquisition price of \$7,892 and the carrying value of the old debt resulted in a deferred amount on refunding of \$947.

In November 2001, the City issued \$10,470 in Convention Center refunding certificates of participation. The proceeds plus an additional \$345 were used to refund \$10,465. The interest cost on the new debt is 4.16 percent whereas the interest cost on the old debt was 6.62 percent. Total debt service payments decreased \$358 over the next 3 years. The refunding resulted in an economic gain of \$340. The issuance provided net proceeds of \$10,381 after \$89 in issuance costs. The difference between the reacquisition price of \$10,815 and the carrying value of the old debt resulted in a deferred amount on refunding of \$350.

In January 2002, the City issued \$29,840 in storm water refunding revenue bonds. The proceeds were used to refund \$27,355. The interest cost on the new debt is 5.00 percent whereas the interest cost on the old debt was 5.94 percent. Total debt service payments decreased \$1,228 over the next 24 years. The refunding resulted in an economic gain of \$744. The issuance provided net proceeds of \$29,451 after \$389 in issuance costs. The difference between the reacquisition price of \$29,840 and the carrying value of the old debt resulted in a deferred amount on refunding of \$2,485.

In April 2002, the City issued \$12,035 in general obligation refunding bonds. The proceeds plus an additional \$326 were used to refund \$11,940. The interest cost on the new debt is 3.33 percent whereas the interest cost on the old debt was 5.47 percent. Total debt service payments decreased \$551 over the next 3 years. The refunding resulted in an economic gain of \$406. The issuance provided net proceeds of \$11,853 after \$182 in issuance costs. The difference between the reacquisition price of \$12,186 and the carrying value of the old debt resulted in a deferred amount on refunding of \$246.

(6) Other Debt Information

In prior years, the City defeased various general obligation bonds and 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

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debt are not included in the City's financial statements. At June 30, 2002, \$56,215 of general government, \$211,815 of water and sewer and \$29,460 of storm water debt outstanding are considered defeased.

As of June 30, 2002, the City has authorized but unissued bonds of \$162,800 consisting of \$129,800 for street improvements and \$33,000 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, 2002, the City's legal debt limit was \$3,997. The outstanding debt subject to this limit was \$1,161, leaving a net legal debt margin of \$2,836.

(7) Early Extinguishment and Defeasance of Debt

The City early extinguished \$7,100 of Airport Revenue Bonds in September 2001. In October 2001, \$7,645 of Stadium Parking Facility certificates of participation were defeased and the City placed in escrow funds sufficient to pay debt service requirements.

(8) Subsequent Events

In July 2002, the City issued \$38,605 of General Obligation Refunding Bonds. The interest rate is 3.00% with final maturity in 2007. The proceeds will be used to refund previously issued general obligation bonds.

In August 2002, the City issued \$108,390 of variable rate Water and Sewer Refunding Revenue Bonds with final maturity in 2025. The proceeds will be used to refund previously issued Water and Sewer Revenue Bonds.

The City early extinguished \$15,100 of Airport Revenue Bonds in November 2002.

In a November 2002 bond referendum, voters approved additional general obligation bonds of \$80,000 for streets and \$20,000 for housing.

5. PENSION PLANS AND OTHER BENEFITS

Primary Government

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2002
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a. LGERS

Description

The City of Charlotte contributes to the statewide LGERS, a cost-sharing multiple-employer defined benefit pension plan. All employees of the City, except 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.

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, 2002, 2001, and 2000, were \$9.5 million, \$8.5 million and \$7.9 million, respectively. The contributions made by the City equaled the required contributions for each year.

b. Charlotte Firefighters' Retirement System

Description

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

Basis of Accounting

The financial statements of the System are presented on the accrual basis of accounting. Plan member and City contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Interest and dividend income are reported as earned. The net appreciation (depreciation) in the fair

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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value of investments includes realized gains and losses on investments that were both bought and sold during the year.

Method Used to Value Investments

The investments of the System are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Contributions

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 5,062
Interest on net pension obligation	(530)
Adjustment to annual required contribution	<u>492</u>
Annual pension cost	5,024
Contributions made	<u>(5,062)</u>
Decrease in net pension obligation	(38)
Net pension obligation, beginning of year	<u>(6,845)</u>
Net pension obligation, end of year	<u>\$ (6,883)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Trend Information			
Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30			
2000	\$ (15)	N/A	\$ (7,848)
2001	5,540	81.90%	(6,845)
2002	5,024	100.76	(6,883)

Schedule of Funding Progress						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/00	\$ 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
7/1/02	254,013	265,712	11,699	95.60	39,849	29.36

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

Actuarial valuation date	7/1/02
Actuarial cost method	Entry age
Amortization method	Level dollar open
Remaining amortization period	33 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.75 to 7.75%
Includes inflation at	3.75%
Cost of living adjustments	None

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

The System had individual fixed income or equity investments at June 30, 2002 with the following organizations that represented more than five percent of the System's net assets:

Morgan Stanley Dean Witter	15%
Evergreen Investment Management Co, LLC	14
State Street Global Advisors	14
Banc of America Capital Management	13
Alliance Capital Management	10
Boston Partners	8
Cadence Capital Management	7
Baring Asset Management	6

c. LEO Separation

Description

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

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2001, the LEO Separation's membership consisted of:

Retirees receiving benefits	148
Active plan members	<u>1,534</u>
Total	<u>1,682</u>

Basis of Accounting

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2002
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Method Used to Value Investments

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

Contributions

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	\$ 2,541
Interest on net pension obligation	186
Adjustment to annual required contribution	<u>(135)</u>
Annual pension cost	2,592
Contributions made	<u>(1,880)</u>
Increase in net pension obligation	712
Net pension obligation, beginning of year	<u>2,563</u>
Net pension obligation, end of year	<u>\$ 3,275</u>

Trend Information			
Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30 2000	\$ 1,974	77.30%	\$ 2,399
2001	1,912	91.42	2,563
2002	2,592	72.53	3,275

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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<u>Schedule of Funding Progress</u>						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/96	\$ -	\$ 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
12/31/01	-	26,569	26,569	-	69,672	38.13

<u>Schedule of Employer Contributions</u>		
Year Ended June 30	Annual Required Contribution	Percentage Contributed
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
2002	2,541	73.99

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

Actuarial valuation date	12/31/01
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	29 years
Asset valuation method	Not applicable
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	5.90 to 9.80%
Includes inflation at	3.75%
Cost of living adjustments	None

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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d. Supplemental Retirement Income Plan for Law Enforcement Officers

Description

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

Funding Policy

Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for 1,509 law enforcement officers. Contributions for the year ended June 30, 2002 were \$5,346, which consisted of \$3,367 from the City and \$1,979 from the law enforcement officers.

Component Unit

The Authority participates in the North Carolina LGERS which is described in Note 5.a. The Authority's contribution to the LGERS for the year ended June 30, 2002 was \$292, which was 4.80 percent of annual covered payroll.

e. Post-employment Benefits

In addition to the pension benefits described in Note 5.a. – 5.d., the City Council has authorized the City to provide health benefits to retirees. Currently, 1,650 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 6.b.1. During 2002, expenditures for post-retirement health care were approximately \$8,266.

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the LGERS, or who die within 180 days after retirement or termination of service and have at least one year of

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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, 2002, the City made contributions of \$98 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.

f. Deferred Compensation Plan

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

6. OTHER INFORMATION

a. Airport Leasing Arrangements with Tenants

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants. The total cost and accumulated depreciation of the assets at June 30, 2002 follows:

Land	\$ 139,499
Buildings	485,572
Runways	133,281
Improvements other than buildings	28,515
Machinery and equipment	<u>9,534</u>
Total	796,401
Less accumulated depreciation	<u>257,879</u>
Total	<u>\$ 538,522</u>

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The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2002:

2003	\$ 56,984
2004	56,456
2005	56,270
2006	56,508
2007	55,442
2008-2012	230,722
2013-2017	179,656
2018-2022	58,382
2023-2027	58,382
2028	<u>6,337</u>
Total minimum future rental income	<u>\$ 815,139</u>

Of the \$815,139 minimum future rental income on noncancelable operating leases, \$491,428 relates to agreements with US Airways, Inc. See Note 7 for additional information related to US Airways, Inc.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Rental income, consisting of all rental and concession revenues except parking, was \$74,101 for the year ended June 30, 2002. Of this amount, approximately \$8,116 was contingent rentals.

b. Insurance

(1) Employee Health and Life

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

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.

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

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2002	\$ 5,750	\$ 36,072	\$ (34,563)	\$ 7,259
2001	4,486	26,883	(25,619)	5,750

At June 30, 2002, the EHLIF held \$5,662 in cash and cash equivalents for payments of these claims.

(2) Risk Management

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

The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for 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.

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, 2002, \$2,640 was held as deposits for these entities. This amount is reflected as a long-term liability, Due to Participants, in the RMF.

The claims liability of \$18,170 reported in the RMF at June 30, 2002, 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

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adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30.

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2002	\$ 17,297	\$ 5,589	\$ (4,716)	\$ 18,170
2001	24,477	1,319	(8,499)	17,297

At June 30, 2002, the RMF held \$42,915 in cash and cash equivalents for payments of these claims.

c. 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 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.

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Authorized capital projects at June 30, 2002, are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
<u>Governmental-</u>			
Capital Projects	\$ 926,702	\$ 692,472	\$ 234,230
<u>Enterprise-</u>			
Water and Sewer	1,193,074	804,300	388,774
Storm Water	143,891	111,834	32,057
Airport	443,564	355,767	87,797
Public Transit	<u>160,897</u>	<u>78,527</u>	<u>82,370</u>
Total Enterprise	<u>1,941,426</u>	<u>1,350,428</u>	<u>590,998</u>
Total	<u>\$ 2,868,128</u>	<u>\$ 2,042,900</u>	<u>\$ 825,228</u>

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

The City has construction and other contractual commitments at June 30, 2002, as follows by fund:

<u>Governmental-</u>	
Capital Projects	\$ 75,136
Nonmajor governmental	904
<u>Enterprise-</u>	
Water and Sewer	90,487
Storm Water	12,179
Airport	17,455
Public Transit	<u>37,890</u>
Total Enterprise	<u>158,011</u>
Total	<u>\$ 234,051</u>

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2002, as shown below:

Year	Amount
2003	\$ 754
2004	752
2005	749
2006	422
2007	394
2008-2012	964
2013-2017	<u>125</u>
	<u>\$ 4,160</u>

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Related lease expense was approximately \$467 in 2002.

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, 2002, the City's estimated obligation for future costs under these agreements was approximately \$2,311.

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, 2002, are as follows:

Loan Program	Purpose	Amount Authorized	Amount Outstanding
Third/Fourth Ward	Residential	\$44,000	\$ -
Five Points	Residential	1,850	437
Uptown	Residential	21,000	94

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.

7. SUBSEQUENT EVENT

Airport

US Airway's, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2002, US Airways provided 41% of the Airport's operating revenues.

On August 11, 2002, US Airways and its sister affiliates filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court in the Eastern District of Virginia. Since the filing, there has been no interruption in air service at the Airport by US Airways or any of its affiliates.

US Airways conducts its passenger air carrier operations at the Airport pursuant to several agreements, the most significant of which is the City of Charlotte's 1985 Airport Agreement and

CITY OF CHARLOTTE, NORTH CAROLINA
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Lease (Airport Agreement), which has also been executed by American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines (collectively, the Signatory Airlines). Pursuant to the Airport Agreement, the Signatory Airlines lease certain premises in the passenger terminal building (terminal) and are obligated to pay landing fees and terminal rentals which, in the aggregate, are sufficient to enable the City to pay the annual operating expenses of the airfield and terminal, and the annual debt service on General Obligation Bonds (G.O. Bonds) and General Airport Revenue Bonds (GARBS) issued by the City to fund airfield and terminal improvements.

As of June 30, 2002, the City had \$9,805 of G.O. Bonds and \$317,200 of GARBS outstanding; the proceeds of which were used for airfield and terminal improvements. The G.O. Bonds are general obligations of the City but are payable from Signatory Airlines fees and charges (Airport Fees and Charges) under the Airport Agreement. The GARBS are not general obligations of the City and are payable solely from Airport revenues generated by the airfield and terminal (Airport Revenues). Should US Airways reject the Airport Agreement, the remaining five signatory airlines would be legally required to cover the debt service payments. The City also has \$1,857 in reserve to pay principal of and interest on the G. O. Bonds, and \$30,154 in reserve to pay principal of and interest on GARBS.

In addition to the G. O. Bonds and the GARBS, the City has also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways. As of June 30, 2002, there was \$121,312 of these Special Facility Revenue Bonds outstanding. The principal and interest payable on the Special Facility Revenue Bonds are not a general obligation of the City, and are not payable from Airport Revenues, but are payable solely from debt service rentals payable by US Airways pursuant to leases executed by US Airways with the City for the Special Facilities. If US Airways does not pay the debt service, the City is not obligated to pay the bondholders. Rather, the City's obligation is to use its best efforts to relet the premises to another tenant, who will pay the debt service.

At June 30, 2002, the Airport had a noncurrent receivable from US Airways of \$15,080. This represents the amortized portion of \$120,700 of Special Facility Revenue Bonds outstanding and reflected as long-term liabilities. The receivable will be due from US Airways and payable to the bondholders in the amount of \$86,000 in July 2027 and \$34,700 in February 2028.

Under Chapter 11, US Airways must elect to either accept or reject the Airport Agreement, the Special Facility Leases and its other agreements with the City. If US Airways accepts its various agreements with the City, it will be required to pay pre-petition receivable amounts. The pre-petition amount due to the City from US Airways and its affiliates under the various agreements is \$4,900. US Airways filed a motion in September 2002 for an extension of time to assume or reject the leases until the earlier of the date of confirmation of a plan of reorganization or March 31, 2003.

However, the City has filed a motion to set off certain pre-petition obligations owed by the City to US Airways against certain pre-petition obligations owed by US Airways to the City. Pursuant to the Airport Agreement, each signatory airline is entitled to receive a pro rata share of non-terminal

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revenues each year and an amount determined by a reconciliation of rates and charges for the same year. US Airways' share of these monies exceeds the pre-petition amounts it owes the City. A hearing on this motion is scheduled for December 12, 2002. The City believes it will succeed on the motion as US Airways has tentatively consented to this set off. As a result, no provision for bad debt was made at June 30, 2002 for receivables from US Airways.

US Airways continues to make full use of the Airport facilities; therefore, pursuant to the agreements described above, it is obligated to make all payments that come due after the petition date of August 11, 2002, until the leases are assumed or rejected. Although the economic impact of this filing cannot be determined at this time, the City does not expect a significant change in Airport operations.



**COMBINING AND
INDIVIDUAL
FUND STATEMENTS
AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Municipal Services District Fund – This 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.

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

Neighborhood Development Fund – This 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 – This 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.

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

Stadium Parking Deck Fund – This fund accounts for rental revenues and parking fees that are specifically for debt service and operations and maintenance.

Emergency Communications Fund – This fund accounts for fees charged to wired and wireless telephone subscribers to fund the operation and enhancement of the 911 system.

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

Permanent Fund

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2002
(In Thousands)

				Special
	Convention Center Tax	Municipal Services District	Public Safety Grants	Neighborhood Development
ASSETS				
Cash and cash equivalents	\$ 40,291	\$ 270	\$ 3,013	\$ 2,679
Receivables, net:				
Property taxes	-	21	-	-
Accounts	-	-	-	-
Other	-	84	-	-
Total receivables	-	105	-	-
Due from other governmental agencies	1,829	7	2,207	5,153
Due from other funds	-	-	-	987
Notes receivable	-	-	-	36,008
Total assets	<u>\$ 42,120</u>	<u>\$ 382</u>	<u>\$ 5,220</u>	<u>\$ 44,827</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 242	\$ 8,888
Deposits and retainage payable	-	-	-	673
Due to component unit	643	-	-	-
Deferred revenues	-	28	2,105	29,999
Total liabilities	<u>643</u>	<u>28</u>	<u>2,347</u>	<u>39,560</u>
Fund balances:				
Reserved for -				
Encumbrances	4	-	-	-
Loans	-	-	-	2,737
Perpetual care	-	-	-	-
Unreserved	41,473	354	2,873	2,530
Total fund balances	<u>41,477</u>	<u>354</u>	<u>2,873</u>	<u>5,267</u>
Total liabilities and fund balances	<u>\$ 42,120</u>	<u>\$ 382</u>	<u>\$ 5,220</u>	<u>\$ 44,827</u>

Revenue Funds					Permanent Fund	Total Nonmajor Governmental Funds
Employment and Training	State Street Aid	Emergency Communications	SafeLight	Total	Perpetual Care	
\$ 233	\$ 18,429	\$ 638	\$ 1,339	\$ 66,892	\$ 2,952	\$ 69,844
-	-	-	-	21	-	21
-	-	-	578	578	-	578
-	-	387	16	487	24	511
-	-	387	594	1,086	24	1,110
628	144	-	-	9,968	-	9,968
-	-	-	-	987	-	987
-	-	-	-	36,008	-	36,008
<u>\$ 861</u>	<u>\$ 18,573</u>	<u>\$ 1,025</u>	<u>\$ 1,933</u>	<u>\$114,941</u>	<u>\$ 2,976</u>	<u>\$ 117,917</u>
\$ 829	\$ 2,324	\$ 21	\$ 466	\$ 12,770	\$ -	\$ 12,770
-	106	-	-	779	-	779
-	-	-	-	643	-	643
-	-	-	578	32,710	-	32,710
<u>829</u>	<u>2,430</u>	<u>21</u>	<u>1,044</u>	<u>46,902</u>	<u>-</u>	<u>46,902</u>
-	6,302	-	889	7,195	-	7,195
-	-	-	-	2,737	-	2,737
-	-	-	-	-	2,976	2,976
32	9,841	1,004	-	58,107	-	58,107
32	16,143	1,004	889	68,039	2,976	71,015
<u>\$ 861</u>	<u>\$ 18,573</u>	<u>\$ 1,025</u>	<u>\$ 1,933</u>	<u>\$114,941</u>	<u>\$ 2,976</u>	<u>\$ 117,917</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

				Special
	Convention Center Tax	Municipal Services District	Public Safety Grants	Neighborhood Development
REVENUES:				
Property taxes	\$ -	\$ 1,307	\$ -	\$ -
Other taxes	20,543	-	-	-
Intergovernmental	-	7	8,412	11,169
Licenses, fees and fines	-	-	-	-
Investment earnings	2,318	4	90	-
Facility fees	-	-	-	-
Miscellaneous	-	-	-	4,027
Total revenues	<u>22,861</u>	<u>1,318</u>	<u>8,502</u>	<u>15,196</u>
EXPENDITURES:				
Current-				
Public safety	-	-	11,956	-
General administration	2,300	56	-	2,230
Streets and highways	-	-	-	-
Culture and recreation	2,807	-	-	-
Community planning and development	-	1,436	-	16,404
Total expenditures	<u>5,107</u>	<u>1,492</u>	<u>11,956</u>	<u>18,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,754</u>	<u>(174)</u>	<u>(3,454)</u>	<u>(3,438)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in-				
General	-	-	3,471	3,535
Special revenue	-	-	-	-
Capital projects	-	-	-	613
Total transfers in	<u>-</u>	<u>-</u>	<u>3,471</u>	<u>4,148</u>
Transfers out-				
General	(1,050)	-	-	-
Special revenue	-	-	-	(54)
Debt service	(15,851)	-	(194)	-
Capital projects	(4,400)	-	-	(410)
Total transfers out	<u>(21,301)</u>	<u>-</u>	<u>(194)</u>	<u>(464)</u>
Total other financing sources (uses)	<u>(21,301)</u>	<u>-</u>	<u>3,277</u>	<u>3,684</u>
Net change in fund balances	<u>(3,547)</u>	<u>(174)</u>	<u>(177)</u>	<u>246</u>
Fund balances - beginning	45,024	528	3,050	5,021
Fund balances - ending	<u>\$ 41,477</u>	<u>\$ 354</u>	<u>\$ 2,873</u>	<u>\$ 5,267</u>

Revenue Funds						Permanent Fund	Total Nonmajor Governmental Funds
Employment and Training	State Street Aid	Stadium Parking Deck	Emergency Communications	SafeLight	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,307	\$ -	\$ 1,307
-	-	-	-	-	20,543	-	20,543
2,433	17,520	-	-	-	39,541	-	39,541
-	-	-	3,816	1,491	5,307	-	5,307
-	993	34	22	49	3,510	117	3,627
-	-	230	-	-	230	-	230
-	219	-	-	-	4,246	-	4,246
<u>2,433</u>	<u>18,732</u>	<u>264</u>	<u>3,838</u>	<u>1,540</u>	<u>74,684</u>	<u>117</u>	<u>74,801</u>
-	-	-	2,834	1,593	16,383	-	16,383
437	-	-	-	-	5,023	-	5,023
-	19,258	-	-	-	19,258	-	19,258
-	-	-	-	-	2,807	-	2,807
<u>3,107</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>21,125</u>	<u>-</u>	<u>21,125</u>
<u>3,544</u>	<u>19,258</u>	<u>178</u>	<u>2,834</u>	<u>1,593</u>	<u>64,596</u>	<u>-</u>	<u>64,596</u>
<u>(1,111)</u>	<u>(526)</u>	<u>86</u>	<u>1,004</u>	<u>(53)</u>	<u>10,088</u>	<u>117</u>	<u>10,205</u>
936	-	-	-	-	7,942	-	7,942
54	-	-	-	-	54	-	54
-	-	-	-	-	613	-	613
<u>990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,609</u>	<u>-</u>	<u>8,609</u>
-	-	-	-	-	(1,050)	(117)	(1,167)
-	-	-	-	-	(54)	-	(54)
-	-	(1,088)	-	-	(17,133)	-	(17,133)
-	(236)	-	-	(427)	(5,473)	-	(5,473)
-	(236)	(1,088)	-	(427)	(23,710)	(117)	(23,827)
<u>990</u>	<u>(236)</u>	<u>(1,088)</u>	<u>-</u>	<u>(427)</u>	<u>(15,101)</u>	<u>(117)</u>	<u>(15,218)</u>
(121)	(762)	(1,002)	1,004	(480)	(5,013)	-	(5,013)
153	16,905	1,002	-	1,369	73,052	2,976	76,028
<u>\$ 32</u>	<u>\$ 16,143</u>	<u>\$ -</u>	<u>\$ 1,004</u>	<u>\$ 889</u>	<u>\$ 68,039</u>	<u>\$ 2,976</u>	<u>\$ 71,015</u>

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Convention Center Tax		
	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	20,838	20,543	(295)
Intergovernmental	-	-	-
Licenses, fees and fines	-	-	-
Investment earnings	1,400	2,318	918
Facility fees	-	-	-
Miscellaneous	-	-	-
Total revenues	22,238	22,861	623
EXPENDITURES:			
Current-			
Public safety	-	-	-
General administration	2,365	2,304	61
Streets and highways	-	-	-
Culture and recreation	2,835	2,807	28
Community planning and development	-	-	-
Total expenditures	5,200	5,111	89
Excess (deficiency) of revenues over (under) expenditures	17,038	17,750	712
OTHER FINANCING USES:			
Transfers out	(21,779)	(21,301)	478
Revenues over (under) expenditures and other uses	\$ (4,741)	(3,551)	\$ 1,190
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		4	
Prior year encumbrances		-	
Net change in fund balances		(3,547)	
Fund balances - beginning (annually budgeted funds)		45,024	
Fund balances - ending (annually budgeted funds)		\$ 41,477	
Project funds:			
Fund balances - beginning			
Net change in fund balances			
Fund balances - ending			
Fund balances - ending			

Municipal Services District			State Street Aid		
Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
\$ 1,529	\$ 1,307	\$ (222)	\$ -	\$ -	\$ -
-	-	-	-	-	-
12	7	(5)	18,115	17,520	(595)
-	-	-	-	-	-
-	4	4	1,100	993	(107)
-	-	-	-	-	-
-	-	-	-	219	219
<u>1,541</u>	<u>1,318</u>	<u>(223)</u>	<u>19,215</u>	<u>18,732</u>	<u>(483)</u>
-	-	-	-	-	-
56	56	-	-	-	-
-	-	-	20,846	19,774	1,072
-	-	-	-	-	-
<u>1,436</u>	<u>1,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,492</u>	<u>1,492</u>	<u>-</u>	<u>20,846</u>	<u>19,774</u>	<u>1,072</u>
<u>49</u>	<u>(174)</u>	<u>(223)</u>	<u>(1,631)</u>	<u>(1,042)</u>	<u>589</u>
-	-	-	(1,804)	(236)	1,568
<u>\$ 49</u>	<u>(174)</u>	<u>\$ (223)</u>	<u>\$ (3,435)</u>	<u>(1,278)</u>	<u>\$ 2,157</u>
-	-	-	-	5,996	-
-	-	-	-	(5,480)	-
-	(174)	-	-	(762)	-
-	528	-	-	16,905	-
<u>\$ 354</u>				<u>\$ 16,143</u>	

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Stadium Parking Deck		
	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Intergovernmental	-	-	-
Licenses, fees and fines	-	-	-
Investment earnings	50	34	(16)
Facility fees	1,325	230	(1,095)
Miscellaneous	21	-	(21)
Total revenues	1,396	264	(1,132)
EXPENDITURES:			
Current-			
Public safety	-	-	-
General administration	-	-	-
Streets and highways	-	-	-
Culture and recreation	-	-	-
Community planning and development	178	178	-
Total expenditures	178	178	-
Excess (deficiency) of revenues over (under) expenditures	1,218	86	(1,132)
OTHER FINANCING USES:			
Transfers out	(1,088)	(1,088)	-
Revenues over (under) expenditures and other uses	\$ 130	(1,002)	\$ (1,132)
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		-	
Prior year encumbrances		-	
Net change in fund balances		(1,002)	
Fund balances - beginning (annually budgeted funds)		1,002	
Fund balances - ending (annually budgeted funds)		\$ -	
Project funds:			
Fund balances - beginning			
Net change in fund balances			
Fund balances - ending			
Fund balances - ending			

SafeLight			Total		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ 1,529	\$ 1,307	\$ (222)
-	-	-	20,838	20,543	(295)
-	-	-	18,127	17,527	(600)
2,367	1,491	(876)	2,367	1,491	(876)
28	49	21	2,578	3,398	820
-	-	-	1,325	230	(1,095)
-	-	-	21	219	198
<u>2,395</u>	<u>1,540</u>	<u>(855)</u>	<u>46,785</u>	<u>44,715</u>	<u>(2,070)</u>
2,556	1,979	577	2,556	1,979	577
-	-	-	2,421	2,360	61
-	-	-	20,846	19,774	1,072
-	-	-	2,835	2,807	28
-	-	-	1,614	1,614	-
<u>2,556</u>	<u>1,979</u>	<u>577</u>	<u>30,272</u>	<u>28,534</u>	<u>1,738</u>
<u>(161)</u>	<u>(439)</u>	<u>(278)</u>	<u>16,513</u>	<u>16,181</u>	<u>(332)</u>
<u>(700)</u>	<u>(427)</u>	<u>273</u>	<u>(25,371)</u>	<u>(23,052)</u>	<u>2,319</u>
<u>\$ (861)</u>	<u>(866)</u>	<u>\$ (5)</u>	<u>\$ (8,858)</u>	<u>(6,871)</u>	<u>\$ 1,987</u>
	889			6,889	
	<u>(503)</u>			<u>(5,983)</u>	
	(480)			(5,965)	
	1,369			64,828	
	<u>\$ 889</u>			<u>58,863</u>	
				8,224	
				<u>952</u>	
				9,176	
				<u>\$ 68,039</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Local Law Enforcement Block Grants	\$ 9,124	\$ 1,839	\$ 4,962	\$ 6,801	\$ 2,323
C.O.P.S. M.O.R.E.	12,531	2,565	5,905	8,470	4,061
C.O.P.S. Regional Community Policing	2,139	202	1,912	2,114	25
C.O.P.S. Advancing Community Policing	154	2	126	128	26
C.O.P.S. Universal Hiring Award	15,047	5,797	8,612	14,409	638
C.O.P.S. Community Policing Domestic Violence	550	144	115	259	291
C.O.P.S. Effects of Bullying and Intimidation	170	11	155	166	4
C.O.P.S. Police Integrity Training Initiative	400	72	15	87	313
C.O.P.S. Training and Technical Initiative	151	9	-	9	142
Police-Researcher Partnership	286	32	243	275	11
National Incident Based Reporting System	337	68	265	333	4
Community Gun Violence Prosecution	600	99	-	99	501
Bulletproof Vest Partnership	23	8	-	8	15
Family Solutions/Child Development	116	108	8	116	-
Social Worker and Police Partnership	135	56	-	56	79
Urban Search and Rescue Team	150	1	-	1	149
Hazardous Materials Emergency					
Regional Response Team	52	13	-	13	39
Asset forfeiture	4,338	744	2,223	2,967	1,371
Other public safety programs	230	186	-	186	44
Total public safety grants	\$ 46,533	\$ 11,956	\$ 24,541	\$ 36,497	\$ 10,036

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Brownfields	\$ 716	\$ 48	\$ 107	\$ 155	\$ 561
Community Development Block Grants	14,924	7,298	5,325	12,623	2,301
HOME Grants	9,652	4,634	4,360	8,994	658
Lead-Based Paint Hazards	7,922	801	4,189	4,990	2,932
Emergency Shelter	669	167	501	668	1
Economic Development Initiative - West Boulevard Shopping Center	2,560	-	-	-	2,560
Economic Development Initiative - Wilkinson Boulevard	1,714	496	1,218	1,714	-
Weed and Seed	756	113	586	699	57
Urban Enterprise Community	2,141	459	1,183	1,642	499
Housing Opportunities For Persons With AIDS	1,662	878	784	1,662	-
Family Support Project	40	40	-	40	-
Mecklenburg Mill	303	-	213	213	90
Hope Haven	494	-	-	-	494
Neighborhood services	1,709	1,709	-	1,709	-
Housing services	790	785	-	785	5
Employment and business services	341	336	-	336	5
Other community planning and development	875	870	-	870	5
Total neighborhood development	<u>\$ 47,268</u>	<u>\$ 18,634</u>	<u>\$ 18,466</u>	<u>\$ 37,100</u>	<u>\$ 10,168</u>

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Workforce Investment Act	\$ 6,090	\$ 2,328	\$ 1,846	\$ 4,174	\$ 1,916
State Worker Training Trust	171	105	43	148	23
Other employment and training programs	1,143	1,111	-	1,111	32
Total employment and training	<u>\$ 7,404</u>	<u>\$ 3,544</u>	<u>\$ 1,889</u>	<u>\$ 5,433</u>	<u>\$ 1,971</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
 EMERGENCY COMMUNICATIONS FUND
 SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
 FOR THE YEAR ENDED JUNE 30, 2002
 (In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Unexpended Authorizations</u>	
		<u>Current Year</u>	<u>Prior Years</u>		<u>Total</u>
Police communications	\$ 2,813	\$ 2,144	\$ -	\$ 2,144	\$ 669
Fire communications	3,860	490	-	490	3,370
Support services	200	200	-	200	-
Total emergency communications	<u>\$ 6,873</u>	<u>\$ 2,834</u>	<u>\$ -</u>	<u>\$ 2,834</u>	<u>\$ 4,039</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, 2002
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Taxes-			
Property:			
Current year	\$ 30,021	\$ 31,358	\$ 1,337
Prior years	140	616	476
Less rebates	<u>(300)</u>	<u>(426)</u>	<u>(126)</u>
Total property	<u>29,861</u>	<u>31,548</u>	<u>1,687</u>
Other:			
Sales	9,714	9,479	(235)
Occupancy	<u>4,801</u>	<u>3,133</u>	<u>(1,668)</u>
Total other	<u>14,515</u>	<u>12,612</u>	<u>(1,903)</u>
Total taxes	<u>44,376</u>	<u>44,160</u>	<u>(216)</u>
Intergovernmental-			
State of North Carolina:			
Inventory tax reimbursement	1,050	540	(510)
Intangible tax reimbursement	<u>814</u>	<u>763</u>	<u>(51)</u>
Total State of North Carolina	<u>1,864</u>	<u>1,303</u>	<u>(561)</u>
Mecklenburg County:			
ABC Board contribution	465	446	(19)
Debt service contributions	<u>1,285</u>	<u>1,280</u>	<u>(5)</u>
Total Mecklenburg County	<u>1,750</u>	<u>1,726</u>	<u>(24)</u>
Total intergovernmental	<u>3,614</u>	<u>3,029</u>	<u>(585)</u>
Licenses, fees and fines	41	41	-
Investment earnings	4,790	5,442	652
Rents	<u>203</u>	<u>584</u>	<u>381</u>
Total revenues	<u>53,024</u>	<u>53,256</u>	<u>232</u>
EXPENDITURES:			
Bonds-			
Principal retirement	23,974	23,974	-
Interest	15,900	15,872	28
Certificates of participation and other financing agreements-			
Principal retirement	26,526	26,526	-
Interest	14,375	14,221	154
Advance refunding escrow	471	471	-
Fiscal agents fees	938	936	2
Cost of bond sale	<u>657</u>	<u>657</u>	<u>-</u>
Total expenditures	<u>82,841</u>	<u>82,657</u>	<u>184</u>
Revenues (under) expenditures	<u>(29,817)</u>	<u>(29,401)</u>	<u>416</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, 2002
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	\$ 8,200	\$ 8,435	\$ 235
Proceeds from certificates of participation	750	358	(392)
Proceeds from refundings	30,738	30,738	-
Payment to refunded bond escrow agent	(30,738)	(30,738)	-
Transfers in-			
Capital projects	4,449	4,449	-
General	15,868	15,868	-
Special revenue:			
Convention Center tax	16,329	15,851	(478)
Public safety grants	291	194	(97)
Stadium parking deck	1,088	1,088	-
Total transfers in	<u>38,025</u>	<u>37,450</u>	<u>(575)</u>
Transfers out-			
General	35	35	-
Public transit	258	258	-
Total transfers out	<u>293</u>	<u>293</u>	<u>-</u>
Total other financing sources (uses)	<u>46,682</u>	<u>45,950</u>	<u>(732)</u>
Net change in fund balance	<u>\$ 16,865</u>	16,549	<u>\$ (316)</u>
Fund balance - beginning		119,508	
Fund balance - ending		<u>\$ 136,057</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Economic development	\$ 316,802	\$ 33,434	\$ 245,153	\$ 278,587
Streets and highways	332,030	47,642	139,364	187,006
Culture and recreation	3,289	211	2,473	2,684
General government	95,989	21,516	58,300	79,816
Public safety	105,867	23,691	59,280	82,971
Public housing	72,725	7,048	54,360	61,408
Total capital projects	<u>\$ 926,702</u>	<u>\$ 133,542</u>	<u>\$ 558,930</u>	<u>\$ 692,472</u>

Unexpended Authorizations	Encumbrances June 30, 2002	Unencumbered Authorizations June 30, 2002
\$ 38,215	\$ 12,290	\$ 25,925
145,024	43,992	101,032
605	2	603
16,173	4,621	11,552
22,896	8,268	14,628
11,317	732	10,585
<u>\$ 234,230</u>	<u>\$ 69,905</u>	<u>\$ 164,325</u>



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**CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Water sales	\$ 63,174	\$ 66,504	\$ 3,330
Sewer services fees	74,661	75,318	657
Other	11,776	12,860	1,084
Investment earnings	<u>2,067</u>	<u>3,060</u>	<u>993</u>
Total revenues	<u>151,678</u>	<u>157,742</u>	<u>6,064</u>
EXPENDITURES:			
Water supply and treatment	25,022	24,632	390
Sewer system and treatment	30,108	29,411	697
Administration and engineering	13,189	11,391	1,798
Nondepartmental charges	<u>2,855</u>	<u>2,695</u>	<u>160</u>
Total expenditures	<u>71,174</u>	<u>68,129</u>	<u>3,045</u>
Revenues over expenditures	<u>80,504</u>	<u>89,613</u>	<u>9,109</u>
TRANSFERS IN:			
Water and Sewer Capital Projects	<u>1,161</u>	<u>1,161</u>	<u>-</u>
TRANSFERS OUT:			
Water and Sewer Debt Service	73,957	73,957	-
Water and Sewer Capital Projects	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Total transfers out	<u>84,457</u>	<u>84,457</u>	<u>-</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (2,792)</u>	<u>\$ 6,317</u>	<u>\$ 9,109</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, 2002
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ 119	\$ 4,585	\$ 4,466
Proceeds from revenue bonds	4,116	465	(3,651)
Proceeds from certificates of participation	-	20	20
Other	-	78	78
Total revenues	<u>4,235</u>	<u>5,148</u>	<u>913</u>
EXPENDITURES:			
Bonds-			
Principal retirement	28,061	28,061	-
Interest	46,221	46,221	-
Other financing agreements-			
Principal retirement	2,339	2,339	-
Interest	1,064	1,064	-
Bond issue expense	2,623	1,004	1,619
Other	30	30	-
Total expenditures	<u>80,338</u>	<u>78,719</u>	<u>1,619</u>
Revenues (under) expenditures	<u>(76,103)</u>	<u>(73,571)</u>	<u>2,532</u>
TRANSFERS IN:			
Water and Sewer Operating	73,957	73,957	-
Water and Sewer Capital Projects	2,663	2,663	-
Total transfers in	<u>76,620</u>	<u>76,620</u>	<u>-</u>
Revenues and transfers over (under) expenditures	<u>\$ 517</u>	<u>\$ 3,049</u>	<u>\$ 2,532</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

Revenues and transfers over expenditures and transfers:	
Operating Fund	\$ 6,317
Debt Service Fund	3,049
Accrued interest on long-term debt	(1,563)
Investment earnings in the	
Capital Projects Fund	3,804
Current year encumbrances	2,519
Prior year encumbrances	(1,707)
Bond proceeds	(465)
Certificate of participation proceeds	(20)
Debt principal retirement	31,114
Depreciation	(42,276)
Capital outlay	602
Capital contributions	61,889
Deferred charges	972
Amortization of deferred charges	(1,909)
Capitalized interest	12,731
Other	(1,673)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	9,339
Debt Service Fund	(2,663)
Compensated absences	(133)
Bad debt expense	(914)
Change in net assets	<u>\$ 79,013</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, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Water projects	\$ 488,053	\$ 69,627	\$ 290,387	\$ 360,014
Sewer projects	<u>705,021</u>	<u>43,009</u>	<u>401,277</u>	<u>444,286</u>
Total water and sewer capital projects	<u>\$ 1,193,074</u>	<u>\$ 112,636</u>	<u>\$ 691,664</u>	<u>\$ 804,300</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2002</u>	<u>Unencumbered Authorizations June 30, 2002</u>
\$ 128,039	\$ 26,640	\$ 101,399
<u>260,735</u>	<u>59,061</u>	<u>201,674</u>
<u>\$ 388,774</u>	<u>\$ 85,701</u>	<u>\$ 303,073</u>



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CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Storm water fees	\$ 22,875	\$ 23,124	\$ 249
Intergovernmental	-	150	150
Other	-	142	142
Investment earnings	445	863	418
Total revenues	<u>23,320</u>	<u>24,279</u>	<u>959</u>
EXPENDITURES:			
Storm water systems	13,464	10,029	3,435
Administration	743	743	-
Total expenditures	<u>14,207</u>	<u>10,772</u>	<u>3,435</u>
Revenues over expenditures	<u>9,113</u>	<u>13,507</u>	<u>4,394</u>
TRANSFERS OUT:			
Storm Water Capital Projects	7,605	7,605	-
Storm Water Debt Service	3,854	3,854	-
Total transfers out	<u>11,459</u>	<u>11,459</u>	<u>-</u>
Revenues over (under) expenditures and transfers	<u>\$ (2,346)</u>	<u>\$ 2,048</u>	<u>\$ 4,394</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, 2002
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
REVENUES:			
Investment earnings	\$ 1,078	\$ 170	\$ (908)
Proceeds from refunding bonds	<u>30,207</u>	<u>30,207</u>	<u>-</u>
Total revenues	<u>31,285</u>	<u>30,377</u>	<u>(908)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	1,974	1,974	-
Interest	2,908	2,908	-
Payment to refunded bond escrow agent	30,207	30,207	-
Other	<u>9</u>	<u>9</u>	<u>-</u>
Total expenditures	<u>35,098</u>	<u>35,098</u>	<u>-</u>
Revenues over (under) expenditures	<u>(3,813)</u>	<u>(4,721)</u>	<u>(908)</u>
TRANSFERS IN:			
Storm Water Operating	3,854	3,854	-
Storm Water Capital Projects	<u>862</u>	<u>862</u>	<u>-</u>
Total transfers in	<u>4,716</u>	<u>4,716</u>	<u>-</u>
Revenues and transfers over (under) expenditures	<u>\$ 903</u>	<u>\$ (5)</u>	<u>\$ (908)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

Revenues and transfers over	
(under) expenditures and transfers:	
Operating Fund	\$ 2,048
Debt Service Fund	(5)
Accrued interest on long-term debt	34
Investment earnings in the	
Capital Projects Fund	881
Current year encumbrances	1,134
Prior year encumbrances	(192)
Debt principal retirement	1,974
Depreciation	(1,261)
Capital outlay	12
Capital contributions	2,732
Amortization of deferred charges	(70)
Capitalized interest	1,289
Other	(61)
Net transfers to (from) Capital	
Projects Fund:	
Operating Fund	7,605
Debt Service Fund	(862)
Compensated absences	(35)
Bad debt expense	(68)
Change in net assets	<u>\$ 15,155</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, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Flood control	\$ 58,050	\$ 8,503	\$ 37,974	\$ 46,477
Storm drain repair	56,861	5,794	43,952	49,746
Channel and other projects	<u>28,980</u>	<u>3,775</u>	<u>11,836</u>	<u>15,611</u>
Total storm water capital projects	<u>\$ 143,891</u>	<u>\$ 18,072</u>	<u>\$ 93,762</u>	<u>\$ 111,834</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2002</u>	<u>Unencumbered Authorizations June 30, 2002</u>
\$ 11,573	\$ 7,329	\$ 4,244
7,115	2,997	4,118
<u>13,369</u>	<u>1,553</u>	<u>11,816</u>
<u>\$ 32,057</u>	<u>\$ 11,879</u>	<u>\$ 20,178</u>



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CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Terminal area	\$ 25,438	\$ 27,147	\$ 1,709
Airfield	16,570	14,109	(2,461)
Concessions	18,529	21,814	3,285
Parking	17,831	14,563	(3,268)
Other	2,711	2,995	284
Investment earnings	<u>2,415</u>	<u>5,371</u>	<u>2,956</u>
Total revenues	<u>83,494</u>	<u>85,999</u>	<u>2,505</u>
EXPENDITURES:			
Operating	47,476	35,529	11,947
Nonoperating	<u>7,833</u>	<u>7,802</u>	<u>31</u>
Total expenditures	<u>55,309</u>	<u>43,331</u>	<u>11,978</u>
Revenues over expenditures	<u>28,185</u>	<u>42,668</u>	<u>14,483</u>
TRANSFERS IN:			
Airport Debt Service	2,573	2,303	(270)
Airport Capital Projects	<u>8,398</u>	<u>8,398</u>	<u>-</u>
Total transfers in	<u>10,971</u>	<u>10,701</u>	<u>(270)</u>
TRANSFERS OUT:			
Airport Debt Service	33,889	28,343	5,546
Airport Capital Projects	<u>780</u>	<u>780</u>	<u>-</u>
Total transfers out	<u>34,669</u>	<u>29,123</u>	<u>5,546</u>
Revenues and transfers over expenditures and transfers	<u>\$ 4,487</u>	<u>\$ 24,246</u>	<u>\$ 19,759</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, 2002
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Maintenance facility	\$ 9,905	\$ 11,031	\$ 1,126
Investment earnings	4,848	1,860	(2,988)
Proceeds from revenue bonds	<u>46,986</u>	<u>-</u>	<u>(46,986)</u>
Total revenues	<u>61,739</u>	<u>12,891</u>	<u>(48,848)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	19,240	18,840	400
Interest	28,257	24,748	3,509
Bond issue expense	4,207	-	4,207
Other	<u>815</u>	<u>746</u>	<u>69</u>
Total expenditures	<u>52,519</u>	<u>44,334</u>	<u>8,185</u>
Revenues over (under) expenditures	<u>9,220</u>	<u>(31,443)</u>	<u>(40,663)</u>
TRANSFERS IN:			
Airport Operating	33,889	28,343	(5,546)
Airport Capital Projects	<u>7,100</u>	<u>7,100</u>	<u>-</u>
Total transfers in	<u>40,989</u>	<u>35,443</u>	<u>(5,546)</u>
TRANSFERS OUT:			
Airport Operating	<u>2,573</u>	<u>2,303</u>	<u>270</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ 47,636</u>	<u>\$ 1,697</u>	<u>\$ (45,939)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

Revenues and transfers over expenditures and transfers:	
Operating Fund	\$ 24,246
Debt Service Fund	1,697
Accrued interest on long-term debt	399
Investment earnings in the	
Capital Projects Fund	4,430
Current year encumbrances	870
Prior year encumbrances	(2,091)
Debt principal retirement	18,840
Depreciation	(22,441)
Capital outlay	1,624
Capital contributions	17,828
Amortization of deferred charges	(684)
Capitalized interest	3,896
Other	(1,186)
Net transfers from Capital	
Projects Fund:	
Operating Fund	(7,618)
Debt Service Fund	(7,100)
Compensated absences	(56)
Bad debt expense	(555)
Non-airline terminal revenue distribution	1,304
Change in net assets	<u>\$ 33,403</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, 2002
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Capital improvements	\$ 315,497	\$ 57,480	\$ 185,792	\$ 243,272
Airport expansion	42,849	387	38,193	38,580
Terminal construction	41,740	1,429	39,241	40,670
Airline maintenance facility	<u>43,478</u>	<u>1,947</u>	<u>31,298</u>	<u>33,245</u>
Total airport capital projects	<u>\$ 443,564</u>	<u>\$ 61,243</u>	<u>\$ 294,524</u>	<u>\$ 355,767</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2002</u>	<u>Unencumbered Authorizations June 30, 2002</u>
\$ 72,225	\$ 12,006	\$ 60,219
4,269	10	4,259
1,070	44	1,026
<u>10,233</u>	<u>20</u>	<u>10,213</u>
<u>\$ 87,797</u>	<u>\$ 12,080</u>	<u>\$ 75,717</u>



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**CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Passenger fares	\$ 10,638	\$ 8,972	\$ (1,666)
Sales tax	58,787	51,061	(7,726)
Intergovernmental	8,130	7,945	(185)
Other	-	1,128	1,128
Investment earnings	<u>3,944</u>	<u>2,984</u>	<u>(960)</u>
Total revenues	<u>81,499</u>	<u>72,090</u>	<u>(9,409)</u>
EXPENDITURES:			
Transit operations	34,026	31,436	2,590
Transit vehicle maintenance	8,206	8,189	17
Bus transit planning	2,067	1,926	141
Marketing and communications	1,551	1,549	2
Specialized transportation	5,598	4,687	911
Purchased transportation	2,086	1,696	390
Social Services transportation	2,227	1,856	371
Uptown transit center	1,278	1,272	6
Development	<u>2,519</u>	<u>497</u>	<u>2,022</u>
Total expenditures	<u>59,558</u>	<u>53,108</u>	<u>6,450</u>
Revenues over (under) expenditures	<u>21,941</u>	<u>18,982</u>	<u>(2,959)</u>
TRANSFERS IN:			
Capital Projects	18,443	18,443	-
Public Transit Capital Projects	<u>15,928</u>	<u>15,928</u>	<u>-</u>
Total transfers in	<u>34,371</u>	<u>34,371</u>	<u>-</u>
TRANSFERS OUT:			
Public Transit Capital Projects	53,703	32,312	21,391
Public Transit Debt Service	<u>933</u>	<u>882</u>	<u>51</u>
Total transfers out	<u>54,636</u>	<u>33,194</u>	<u>21,442</u>
Revenues and transfers over expenditures and transfers	<u>\$ 1,676</u>	<u>\$ 20,159</u>	<u>\$ 18,483</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$ 36	\$ 36
Proceeds from certificates of participation	<u>150</u>	<u>127</u>	<u>(23)</u>
Total revenues	<u>150</u>	<u>163</u>	<u>13</u>
EXPENDITURES:			
Bonds-			
Principal retirement	205	205	-
Interest	52	52	-
Certificates of participation-			
Principal retirement	570	570	-
Interest	363	363	-
Bond issue expense	<u>113</u>	<u>113</u>	<u>-</u>
Total expenditures	<u>1,303</u>	<u>1,303</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,153)</u>	<u>(1,140)</u>	<u>13</u>
TRANSFERS IN:			
Public Transit Operating	933	882	(51)
Debt Service	<u>258</u>	<u>258</u>	<u>-</u>
Total transfers in	<u>1,191</u>	<u>1,140</u>	<u>(51)</u>
Revenues and transfers over (under) expenditures	<u>\$ 38</u>	<u>\$ -</u>	<u>\$ (38)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

Revenues and transfers over expenditures and transfers:	
Operating Fund	\$ 20,159
Accrued interest on long-term debt	(64)
Investment earnings in the Capital Projects Fund	2,742
Current year encumbrances	1,137
Prior year encumbrances	(2,132)
Certificate of participation proceeds	(127)
Debt principal retirement	775
Depreciation	(6,702)
Capital outlay	14
Capital contributions	19,902
Deferred charges	113
Amortization of deferred charges	(3)
Other	(3,560)
Net transfers to Capital Projects Fund:	
Operating Fund	16,384
Compensated absences	(196)
Change in net assets	<u>\$ 48,442</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, 2002
(In Thousands)**

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Buses and vehicles	\$ 73,281	\$ 11,567	\$ 37,085	\$ 48,652
Planning	67,358	12,230	10,955	23,185
Facilities	11,064	1,514	1,925	3,439
Technology	6,840	501	1,491	1,992
Passenger amenities	<u>2,354</u>	<u>1,184</u>	<u>75</u>	<u>1,259</u>
Total public transit capital projects	<u>\$ 160,897</u>	<u>\$ 26,996</u>	<u>\$ 51,531</u>	<u>\$ 78,527</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2002</u>	<u>Unencumbered Authorizations June 30, 2002</u>
\$ 24,629	\$ 16,513	\$ 8,116
44,173	12,594	31,579
7,625	1,481	6,144
4,848	3,265	1,583
<u>1,095</u>	<u>268</u>	<u>827</u>
<u>\$ 82,370</u>	<u>\$ 34,121</u>	<u>\$ 48,249</u>



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INTERNAL SERVICE FUNDS

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

Risk Management Fund – 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 employees for health and life benefits.

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2002
(In Thousands)

	Risk Management	Employee Health and Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 42,915	\$ 5,662	\$ 48,577
Receivables - Other	1,635	50	1,685
Due from other funds	-	81	81
Total current assets	<u>44,550</u>	<u>5,793</u>	<u>50,343</u>
Capital assets:			
Machinery and equipment	228	-	228
Less accumulated depreciation	<u>117</u>	<u>-</u>	<u>117</u>
Total capital assets, net	<u>111</u>	<u>-</u>	<u>111</u>
Total assets	<u>44,661</u>	<u>5,793</u>	<u>50,454</u>
LIABILITIES			
Current liabilities:			
Claims payable	18,170	7,259	25,429
Noncurrent liabilities:			
Due to participants	2,640	-	2,640
Compensated absences payable	<u>64</u>	<u>-</u>	<u>64</u>
Total noncurrent liabilities	<u>2,704</u>	<u>-</u>	<u>2,704</u>
Total liabilities	<u>20,874</u>	<u>7,259</u>	<u>28,133</u>
NET ASSETS			
Invested in capital assets	111	-	111
Unrestricted	<u>23,676</u>	<u>(1,466)</u>	<u>22,210</u>
Total net assets	<u>\$ 23,787</u>	<u>\$ (1,466)</u>	<u>\$ 22,321</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)

	Risk Management	Employee Health and Life	Total
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	\$ 1,553	\$ 4,009	\$ 5,562
Claims:			
Employer	5,180	27,464	32,644
Employee	-	6,678	6,678
Other	-	295	295
Total claims	<u>5,180</u>	<u>34,437</u>	<u>39,617</u>
Premiums	<u>2,656</u>	<u>1,136</u>	<u>3,792</u>
Total operating revenues	<u>9,389</u>	<u>39,582</u>	<u>48,971</u>
OPERATING EXPENSES:			
Administration	1,572	4,009	5,581
Claims	2,690	35,690	38,380
Insurance premiums	2,873	1,136	4,009
Depreciation	<u>26</u>	<u>-</u>	<u>26</u>
Total operating expenses	<u>7,161</u>	<u>40,835</u>	<u>47,996</u>
Operating income (loss)	<u>2,228</u>	<u>(1,253)</u>	<u>975</u>
NONOPERATING REVENUES:			
Investment earnings	<u>1,619</u>	<u>190</u>	<u>1,809</u>
Income (loss) before transfers	3,847	(1,063)	2,784
TRANSFERS OUT	<u>(1,100)</u>	<u>-</u>	<u>(1,100)</u>
Change in net assets	<u>2,747</u>	<u>(1,063)</u>	<u>1,684</u>
Total net assets - beginning	<u>21,040</u>	<u>(403)</u>	<u>20,637</u>
Total net assets - ending	<u>\$ 23,787</u>	<u>\$ (1,466)</u>	<u>\$ 22,321</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2002
(In Thousands)**

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	\$ 2,960	\$ 8,093	\$ 11,053
Payments to suppliers	(727)	(3,680)	(4,407)
Internal activity - receipts from other funds	8,671	31,473	40,144
Payments to employees	(853)	-	(853)
Payments for claims	(4,716)	(34,563)	(39,279)
Payments for premiums	(4,411)	(1,083)	(5,494)
Net cash provided by operating activities	<u>924</u>	<u>240</u>	<u>1,164</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	<u>(1,100)</u>	<u>-</u>	<u>(1,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>2,035</u>	<u>214</u>	<u>2,249</u>
Net increase in cash and cash equivalents	1,859	454	2,313
Cash and cash equivalents - beginning of year	<u>41,056</u>	<u>5,208</u>	<u>46,264</u>
Cash and cash equivalents - end of year	<u>\$ 42,915</u>	<u>\$ 5,662</u>	<u>\$ 48,577</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 2,228	\$ (1,253)	\$ 975
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-			
Depreciation	26	-	26
Change in assets and liabilities:			
(Increase) in receivables	(327)	(16)	(343)
Decrease in due from other funds	1	-	1
Increase in claims payable	873	1,509	2,382
(Decrease) in due to participants	(1,878)	-	(1,878)
Increase in compensated absences payable	<u>1</u>	<u>-</u>	<u>1</u>
Total adjustments	<u>(1,304)</u>	<u>1,493</u>	<u>189</u>
Net cash provided by operating activities	<u>\$ 924</u>	<u>\$ 240</u>	<u>\$ 1,164</u>





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CITY OF CHARLOTTE, NORTH CAROLINA
GOVERNMENT-WIDE EXPENSES BY FUNCTION
(In Thousands)

<u>Fiscal Year</u>	<u>Public Safety</u>	<u>Sanitation</u>	<u>General Administration</u>	<u>Support Services</u>	<u>Engineering and Property Management</u>	<u>Streets and Highways</u>	<u>Culture and Recreation</u>
2002	\$ 214,502	\$ 35,990	\$ 35,065	\$ 6,104	\$ 20,187	\$ 42,350	\$ 6,125

<u>Community Planning and Development</u>	<u>Interest and Other Charges</u>	<u>Water</u>	<u>Sewer</u>	<u>Storm Water</u>	<u>Airport</u>	<u>Public Transit</u>	<u>Total</u>
\$ 42,895	\$ 29,942	\$ 63,904	\$ 83,243	\$ 12,757	\$ 87,580	\$ 63,683	\$ 744,327

CITY OF CHARLOTTE, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES
(In Thousands)

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES			
	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Licenses	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings
2002	\$ 341,755	\$ 49,250	\$ 105,024	\$ 388,585	\$ 21,331	\$ 262,969	\$ 51,638

<u>Miscellaneous</u>	<u>Total</u>
\$ 3,472	\$ 1,224,024

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

Fiscal Year	Public Safety	(2) Sanitation	General Administration	(3) Support Services	Engineering and Property Management	(4) Streets and Highways	Culture and Recreation
1993	\$ 99,233	\$ 20,403	\$ 25,844	\$ 6,415	\$ 14,050	\$ 19,899	\$ -
1994	111,575	19,232	22,020	4,224	14,216	20,753	-
1995	122,258	17,529	21,563	4,103	14,220	22,426	-
1996	131,633	17,587	22,802	4,216	13,597	21,252	-
1997	139,379	24,201	24,585	4,712	13,230	23,515	-
1998	154,738	27,952	23,741	7,571	14,321	24,651	-
1999	160,490	26,986	27,859	13,828	15,539	27,996	-
2000	182,975	29,924	27,091	23,810	18,803	30,651	-
2001	188,884	35,207	29,945	15,667	19,241	31,887	-
2002	203,431	32,385	33,763	15,548	19,318	41,488	2,807

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

(2) In 1997 the City began collecting and remitting to the County a refuse disposal fee which was previously collected by the County.

(3) In 1999 and 2000 the City upgraded its technology infrastructure and software applications for Year 2000 compliance.

(4) In 2002 street lighting costs transferred from Public Safety to Streets and Highways.

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

Community Planning and Development	(5) Debt Service	Total
\$ 18,459	\$ 49,983	\$ 254,286
19,589	51,699	263,308
20,582	54,336	277,017
21,500	56,400	288,987
23,960	60,514	314,096
26,182	60,696	339,852
26,761	69,213	368,672
34,572	64,067	411,893
29,423	93,929	444,183
33,515	82,657	464,912

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, Fees and Fines	Investment Earnings	Administrative Charges	Charges for Current Services
1993	\$ 151,668	\$ 70,246	\$ 10,744	\$ 6,277	\$ 7,475	\$ 1,247
1994	155,135	82,954	11,723	7,505	7,777	1,653
1995	159,632	85,252	12,569	7,034	8,390	1,996
1996	168,016	100,332	12,574	9,827	8,590	1,833
1997	213,828	76,786	21,853	9,791	9,035	2,401
1998	238,751	85,486	24,814	11,569	9,014	2,874
1999	258,856	86,226	25,183	10,580	10,714	2,825
2000	272,147	95,832	26,779	14,009	11,606	3,273
2001	283,702	92,774	32,081	21,200	14,059	3,931
2002	292,586	85,974	37,888	13,994	13,832	3,802

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

(2) 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 began 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.

Facility Fees	Miscellaneous	Total
\$ 383	\$ 6,265	\$ 254,305
483	7,761	274,991
569	6,769	282,211
1,034	4,576	306,782
1,503	5,934	341,131
1,630	7,856	381,994
1,512	6,703	402,599
1,367	6,681	431,694
1,498	7,783	457,028
230	8,957	457,263

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) Rental Car	Total
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
2002	222,125	42,914	-	12,972	12,932	1,643	292,586

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

(2) In 1997 the City began 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
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
2002	237,546	230,863	97.19	235,664	99.21

(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, 2001, for the fiscal year 2002, were based on the assessed values listed as of January 1, 2001.

(2) In 1997 the City began 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, 2002
(In Thousands)**

	City-Wide			Total Levy	
	Property Valuation Adjusted	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$49,967,972	\$0.467	\$237,546	\$ 215,624	\$ 21,922
Current year's taxes collected			230,863	212,085	18,778
Current levy collection percentage			97.19%	98.36%	85.66%

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		
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
2002	37,998,494	12,009,407	39,929	49,967,972

(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) Mecklenburg County	(4) Total
	(2) General	Debt Service	Capital Projects	(3) Storm Water	Total		
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
2002	.3805	.0640	.0225	-	.4670	.8397	1.3067

(1) Per \$100 assessed value.

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

(3) 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.

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

CITY OF CHARLOTTE, NORTH CAROLINA
PRINCIPAL TAXPAYERS
JUNE 30, 2002
(Dollar Amounts In Thousands)

Taxpayer	Type of Business	2002 Assessed Valuation	Percentage of Total Assessed Valuation
Duke Energy/Crescent	Utility	\$ 763,495	1.53%
Bank of America	Financial services	685,164	1.37
US Airways Group, Incorporated	Air carrier services	620,080	1.24
BellSouth	Utility	387,918	0.78
Wachovia Corporation	Financial services	363,756	0.73
Childress Klein	Real estate management	355,376	0.71
Piedmont Natural Gas	Utility	225,474	0.45
Carolina Stadium Corporation	Professional football	176,620	0.35
Continental General Tire	Manufacturing	139,985	0.28
IBM	Manufacturing	<u>90,742</u>	<u>0.18</u>
		<u>\$ 3,808,610</u>	<u>7.62%</u>

CITY OF CHARLOTTE, NORTH CAROLINA
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2002
(In Thousands)

Assessed property value (100% assessment ratio).....		<u>\$ 49,967,972</u>
Gross limitation- 8 percent of assessed property value.....		\$ 3,997,438
Total outstanding general obligation bonded debt.....	\$ 881,585	
Amounts due under certificates of participation primarily for Convention Center, capital improvements and equipment.....	319,609	
Bonds authorized but unissued.....	<u>162,800</u>	
	1,363,994	
Less- Water general obligation bonds.....	<u>202,636</u>	
Outstanding debt, net.....		<u>1,161,358</u>
Net legal debt margin.....		<u>\$ 2,836,080</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
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
2002	579,684	49,967,972	881,585	518,478	363,107	0.73	626.39

* 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)

Fiscal Year	(2) Principal	Interest	Total Debt Service	(3) Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures (2)
1993	\$ 15,856	\$ 15,512	\$ 31,368	\$ 254,286	12.34%
1994	18,312	13,387	31,699	263,308	12.04
1995	16,535	15,268	31,803	277,017	11.48
1996	17,021	15,702	32,723	288,987	11.32
1997	19,636	15,562	35,198	314,096	11.21
1998	21,182	14,611	35,793	339,852	10.53
1999	24,320	14,996	39,316	368,672	10.66
2000	24,974	15,433	40,407	411,893	9.81
2001	45,086	18,075	63,161	444,183	14.22
2002	23,974	15,872	39,846	464,912	8.57

(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.

CITY OF CHARLOTTE, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2002
(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	\$ 363,107	100%	\$ 363,107
Overlapping:			
Mecklenburg County	<u>1,311,265</u>	74	<u>970,336</u>
Total	<u>\$ 1,674,372</u>		<u>\$ 1,333,443</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
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
2002	83,824	31,723	-	52,101	23,276	2.2

- (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
2002	164,271	67,712	96,559	78,719	1.2

- (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
2002	25,038	9,921	15,117	4,891	3.1

- (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	(2) Average Household Income	(2) Median Age	(3) School Enrollment	(2) Unemployment Rate
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	34.7	103,086	3.8
2002	579,684	56,754	*	106,192	6.5

* 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	
	Commercial	Residential	Exemptions	Total	Number Of Units	Value (in millions)
1993	\$ 11,825,844	\$ 13,804,719	\$ 33,155	\$ 25,597,408	3,617	\$ 403.3
1994	12,113,514	14,959,398	31,363	27,041,549	3,783	530.6
1995	13,620,683	15,169,749	37,760	28,752,672	4,976	703.2
1996	13,948,627	15,624,476	34,839	29,538,264	4,276	739.6
1997	15,239,950	16,200,081	32,288	31,407,743	4,559	726.8
1998	16,771,530	18,318,983	41,258	35,049,255	4,733	900.8
1999	18,995,052	23,039,751	41,989	41,992,814	5,119	1,034.9
2000	20,089,202	24,276,292	41,031	44,324,463	5,157	1,219.7
2001	21,119,975	25,372,520	39,922	46,452,573	4,588	1,648.7
2002	22,938,010	27,069,891	39,929	49,967,972	4,396	825.6

* 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.

<u>(2)</u>		<u>(3)</u>	
<u>Residential Construction</u>		<u>Bank</u>	
<u>Number</u>	<u>Value</u>	<u>Deposits</u>	
<u>Of Units</u>	<u>(in millions)</u>	<u>(in billions)</u>	
5,019	\$ 537.8	\$ 10.3	
7,538	715.4	10.4	
9,415	950.9	10.4	
9,148	963.8	13.1	
10,245	1,010.3	12.5	
12,047	1,237.5	23.8	
13,786	1,257.6	27.4	
14,249	1,601.3	36.4	
14,349	1,607.4	58.4	
14,780	1,598.3	*	

CITY OF CHARLOTTE, NORTH CAROLINA
MISCELLANEOUS STATISTICS
JUNE 30, 2002

Date of incorporation	1768
Form of government	Council/Manager
Number of employees	5,806
Area in square miles	258
City of Charlotte facilities and services:	
Miles of streets	2,143
Number of street lights	59,807
Fire protection-	
Number of stations	35
Number of fire personnel	964
Number of calls answered	71,449
Number of inspections conducted	23,388
Police protection-	
Number of stations	11
Number of police personnel and officers	1,952
Number of patrol units	993
Number of law violations:	
Physical arrests	26,618
Accidents investigated	33,474
Citations issued	93,626
Sewage system-	
Miles of sanitary sewer lines	3,145
Number of treatment plants	5
Number of service connections	176,139
Average daily treatment in millions of gallons	72
Maximum daily capacity of treatment plants in millions of gallons	113
Water system-	
Miles of water mains	3,230
Number of treatment plants	3
Number of service connections	197,891
Number of fire hydrants	9,015
Average daily consumption in millions of gallons	110
Maximum daily capacity of treatment plants in millions of gallons	239
Airport-	
Number of feet of runways	26,345
Number of airline arrivals and departures per day	1,060
Passengers boarding	11,481,107
Transportation-	
Scheduled bus miles operated	8,587,646
Passengers	14,694,878
Facilities and services not included in the reporting entity:	
Education-	
Charlotte-Mecklenburg public schools (1):	
Number of elementary schools	86
Number of secondary schools	42
Number of colleges and universities (2)	13
Hospitals (2)-	
Number of hospitals	6
Number of patient beds	2,334

(1) Source- Charlotte-Mecklenburg Schools.

(2) Source- Charlotte Chamber of Commerce.



**SINGLE
AUDIT**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED UPON 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 basic financial statements of the City of Charlotte, North Carolina (the "City") as of and for the year ended June 30, 2002, and have issued our report thereon dated October 4, 2002. 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 basic 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 an immaterial instance of noncompliance that has been reported to management of the City in a separate letter dated October 4, 2002.

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 basic 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 operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the City's management in a separate letter dated October 4, 2002.

This report is intended solely for the information and use of the City Council, management, 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

October 4, 2002

**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 the 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, 2002. 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, 2002.

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, 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

October 4, 2002

**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 the 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, 2002. 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, 2002.

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 City Council, management, 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

October 4, 2002

CITY OF CHARLOTTE, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2002

I. SUMMARY OF AUDITORS' RESULTS

- A. An unqualified opinion was issued on the basic financial statements of the City of Charlotte, North Carolina (the "City").
- B. Our audit of the basic financial statements disclosed no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses or reportable conditions.
- C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.
- D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no material weaknesses or 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, 2002 were:

Program Name	CFDA#
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital and Operating Assistance	20.507

- J. Major State programs for the City for the fiscal year ended June 30, 2002 were:

Program Name
State Street Aid - Powell Bill
Maintenance Agreement
State Maintenance Assistance - FY-02
Transit Development
Public Transportation
Public Transportation Capital
Airport Agreement

K. The threshold for determining Type-A programs, as the term is defined in OMB Circular A-133, for the City is \$1,614,169.

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

II. FINDINGS RELATED TO THE AUDIT OF THE BASIC FINANCIAL STATEMENTS OF THE CITY

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

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 YEAR ENDED JUNE 30, 2002

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, 2002

	<u>Federal Catalog Number</u>
FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA:	
U.S. Environmental Protection Agency-	
Sustainability Demonstration Project	66.034
Brownfields	66.811
Brownfields	66.811
Total Brownfields	
Total U.S. Environmental Protection Agency	
U.S. Department of Housing and Urban Development-	
Community Development	14.218
Total Community Development	
Emergency Shelter	14.231
Emergency Shelter	14.231
Total Emergency Shelter	
EDI - Special Project Grant	14.246
EDI - Special Project Grant	14.246
EDI - Special Project Grant	14.246
EDI - Special Project Grant	14.246
Total EDI - Special Project Grant	
Fair Housing Assistance	14.401
Lead-Based Paint Hazards	14.900
Lead-Based Paint Hazards	14.900
Total Lead-Based Paint Hazards	
Total U.S. Department of Housing and Urban Development	
U.S. Department of Justice-	
Domestic Preparedness Equipment Support Program	16.007
Police-Researcher Partnership	16.560
Police-Researcher Partnership	16.560
Total Police-Researcher Partnership	
Local Law Enforcement Block Grant	16.592
Local Law Enforcement Block Grant	16.592
Local Law Enforcement Block Grant	16.592
Total Local Law Enforcement Block Grant	
Weed and Seed	16.595
Weed and Seed	16.595
Total Weed and Seed	
Bulletproof Vest Partnership	16.607
Community Gun Violence Prosecution	16.609

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
X-82864301-0	\$ 100,000	\$ 39,809	\$ 39,809
BL-984867-99-0	500,000	-	-
BP-984022-96-0	300,000	48,105	238,546
	800,000	48,105	238,546
	900,000	87,914	278,355
B-98-MC-37-0003-A	2,560,000	-	-
B-00-MC-37-0003	4,713,000	4,028,849	4,713,000
B-01-MC-37-0003	4,914,000	931,723	931,723
M00-MC370201	2,081,000	805,293	2,081,000
M01-DC370212	2,451,000	2,401,375	2,401,375
	16,719,000	8,167,240	10,127,098
S-00-MC-37-0002	161,000	1,412	161,000
S-01-MC-37-0002	166,000	165,588	165,588
	327,000	167,000	326,588
B-98-SP-NC-0082	2,500,000	177,276	2,244,769
B-99-SP-NC-0176	1,250,000	31,501	1,250,000
B-01-SP-NC-0345	249,450	249,450	249,450
B-01-SP-NC-0346	214,527	214,527	214,527
	4,213,977	672,754	3,958,746
FF204K014008	87,712	87,712	87,712
NCLAG0075-97	4,986,800	733,097	4,986,800
NCLHB0185-01	3,000,000	67,790	67,790
	7,986,800	800,887	5,054,590
	29,334,489	9,895,593	19,554,734
2000-TE-CX-0075	299,493	500	299,473
97-IJ-CX-0016	93,681	-	93,681
97-IJ-CX-K004	234,980	32,279	224,236
	328,661	32,279	317,917
1999-LB-VX-8243	1,769,773	334,821	1,706,352
2000-LB-BX-1705	1,594,384	1,122,843	1,122,843
2001-LB-BX-2077	1,671,987	116,728	116,728
	5,036,144	1,574,392	2,945,923
98-WS-QX-0152	229,574	(9,390)	229,574
2001-WS-QX-0076	175,000	117,451	117,451
	404,574	108,061	347,025
N/A	23,239	8,297	8,297
2001-GP-CX-0004	480,000	78,814	78,814

continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Federal Catalog Number</u>
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
C.O.P.S. M.O.R.E.	16.710
C.O.P.S. M.O.R.E.	16.710
C.O.P.S. M.O.R.E.	16.710
C.O.P.S. Regional Community Policing	16.710
C.O.P.S. Advancing Community Policing	16.710
C.O.P.S. Universal Hiring Award	16.710
C.O.P.S. Community Policing Domestic Violence	16.710
C.O.P.S. Community Policing Domestic Violence	16.710
C.O.P.S. Effects of Bullying and Intimidation	16.710
C.O.P.S. Police Integrity Training Initiative	16.710
C.O.P.S. Training and Technical Assistance	16.710
Total Public Safety Partnership and Community Policing	
National Incident Based Reporting System	16.733
Total U.S. Department of Justice	
U.S. Department of Transportation-	
Airport Improvement Program	20.106
Total Airport Improvement Program	
Federal Transit Cluster:	
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Federal Transit Administration Capital Improvement	20.500
Total Federal Transit Administration Capital Improvement	

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
97-CK-WX-0100	\$ 970,000	\$ 18,081	\$ 970,000
95-CL-WX-0008	4,242,333	-	4,186,135
97-CL-WX-0057	4,120,920	1,741,780	4,091,593
98-CL-WX-0167	4,033,902	182,238	1,073,933
97-CK-WX-0043	1,970,000	183,395	1,945,044
97-OC-WX-0060	153,588	1,665	127,775
97-UL-WX-0027	13,800,000	3,963,322	11,282,567
98-DV-WX-K031	100,000	-	96,510
99-DV-WX-K016	450,000	144,285	162,452
98-SB-WX-0093	169,660	11,453	164,971
01-HS-WX-K024	400,000	72,126	87,526
2001-HS-WX-K048	151,193	8,888	8,888
	<u>30,561,596</u>	<u>6,327,233</u>	<u>24,197,394</u>
99-BJ-CX-K007	<u>336,950</u>	<u>68,100</u>	<u>333,200</u>
	<u>37,470,657</u>	<u>8,197,676</u>	<u>28,528,043</u>
3-37-0012-08	3,679,500	-	3,644,649
3-37-0012-10	1,740,155	-	1,702,739
3-37-0012-19	2,550,000	-	2,459,185
3-37-0012-20	7,764,439	-	7,656,872
3-37-0012-32	4,781,250	1,657,831	4,781,250
3-37-0012-34	962,831	727,107	946,279
3-37-0012-35	7,436,877	849,432	7,436,877
3-37-0012-36	5,049,062	651,360	1,514,388
3-37-0012-37	7,513,549	141,271	7,513,549
3-37-0012-38	5,045,175	3,467,744	4,919,531
3-37-0012-39	5,000,000	1,014,387	1,514,387
3-37-0012-40	5,000,000	25,000	25,000
3-37-0012-41	7,961,220	400,000	7,500,000
3-37-0012-42	6,268,675	6,088,481	6,268,675
3-37-0012-43	3,575,265	750,868	750,868
3-37-0012-45	1,254,990	1,254,990	1,254,990
	<u>75,582,988</u>	<u>17,028,471</u>	<u>59,889,239</u>
NC-03-0023	13,200,000	-	7,330,007
NC-03-0027	120,993	-	120,993
NC-03-0038	910,281	-	910,281
NC-03-0045	2,004,400	858,309	1,379,534
NC-03-0048	8,277,000	2,963,558	3,608,617
NC-03-0051	4,208,838	4,114,441	4,114,441
NC-26-0002	483,115	-	483,115
	<u>29,204,627</u>	<u>7,936,308</u>	<u>17,946,988</u>

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2002

	<u>Federal Catalog Number</u>
FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (continued):	
U.S. Department of Transportation-(continued)	
Federal Transit Cluster (continued):	
Federal Transit Administration Capital and Operating Assistance	20.507
Federal Transit Administration Capital and Operating Assistance	20.507
Federal Transit Administration Capital and Operating Assistance	20.507
Federal Transit Administration Capital and Operating Assistance	20.507
Federal Transit Administration Capital and Operating Assistance	20.507
Federal Transit Administration Capital and Operating Assistance	20.507
Total Federal Transit Administration Capital and Operating Assistance	
Federal Transit Administration Planning and Research	20.514
Total Federal Transit Cluster	
Total U.S. Department of Transportation	
Total Federal Grant Funds Distributed Directly to the City of Charlotte, North Carolina	
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-	
Winter Storm 2000 Reimbursement	83.552
U.S. Department of Housing and Urban Development-	
N.C. Department of Health and Human Services-	
Housing Opportunities For Persons With AIDS	14.241
Housing Opportunities For Persons With AIDS	14.241
Total Housing Opportunities For Persons With AIDS	
N.C. Division of Social Services-	
Urban Enterprise Community	93.585
Total U.S. Department of Housing and Urban Development	
U.S. Department of Justice-	
N.C. Department of Crime Control and Public Safety-	
Family Solutions/Child Development	16.579
Family Support Project	16.595
Family Support Project	16.595
Family Support Project	16.595
Total Family Support Project	
Social Worker and Police Partnership	16.710
Total U.S. Department of Justice	

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
NC-90-0192	\$ 2,040,559	\$ -	\$ 2,040,559
NC-90-0209	6,317,564	-	6,317,564
NC-90-0233	5,367,584	269,978	5,286,987
NC-90-0264	12,825,997	1,114,284	11,711,201
NC-90-0277	7,236,726	3,409,574	6,956,284
NC-90-0293	<u>7,579,873</u>	<u>1,219,682</u>	<u>1,219,682</u>
	<u>41,368,303</u>	<u>6,013,518</u>	<u>33,532,277</u>
NC-26-7005	<u>50,000</u>	<u>13,179</u>	<u>41,077</u>
	<u>70,622,930</u>	<u>13,963,005</u>	<u>51,520,342</u>
	<u>146,205,918</u>	<u>30,991,476</u>	<u>111,409,581</u>
	<u>213,911,064</u>	<u>49,172,659</u>	<u>159,770,713</u>
FEMA-1312-DR-NC	<u>219,952</u>	<u>219,952</u>	<u>219,952</u>
NC19H00-F001	428,000	401,271	428,000
NC19H01-F001	<u>477,000</u>	<u>477,000</u>	<u>477,000</u>
	<u>905,000</u>	<u>878,271</u>	<u>905,000</u>
CAN: 5-G995521	<u>2,947,368</u>	<u>459,230</u>	<u>2,449,005</u>
	<u>3,852,368</u>	<u>1,337,501</u>	<u>3,354,005</u>
060-1-00-P05-D-015	<u>86,806</u>	<u>80,883</u>	<u>86,806</u>
060-1-98-004-D-282	88,719	3,598	88,719
060-1-99-001-T-928	39,923	39,923	39,923
060-1-99-004-D-477	<u>87,581</u>	<u>1,156</u>	<u>87,581</u>
	<u>216,223</u>	<u>44,677</u>	<u>216,223</u>
060-1-01-018-D-296	<u>101,540</u>	<u>41,872</u>	<u>41,872</u>
	<u>404,569</u>	<u>167,432</u>	<u>344,901</u>

continued on next page

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
99-2040-37	\$ 211,795	\$ -	\$ 211,795
99-2050-37	19,074	-	19,074
99-3751-37	1,730,009	506,862	1,161,983
00-2010-37	127,293	31,555	127,293
00-2020-37	368,321	293,161	368,321
00-2030-37	403,022	11,096	403,022
00-2040-37	374,289	374,289	374,289
00-2050-37	108,996	101,843	101,843
01-2010-37	163,988	122,428	122,428
01-2020-37	390,044	286,756	286,756
01-2030-37	647,062	581,374	581,374
01-2040-37	438,797	10,447	10,447
01-2050-37	78,375	7,868	7,868
02-2010-37	61,590	-	-
02-2040-37	554,307	-	-
02-2050-37	37,346	-	-
	<u>5,714,308</u>	<u>2,327,679</u>	<u>3,776,493</u>
Section 104f	<u>3,848,470</u>	<u>403,218</u>	<u>3,848,470</u>
9.9062115	126,387	-	126,387
9.9062133	<u>177,183</u>	<u>177,183</u>	<u>177,183</u>
	<u>303,570</u>	<u>177,183</u>	<u>303,570</u>
	<u>4,152,040</u>	<u>580,401</u>	<u>4,152,040</u>
	<u>14,343,237</u>	<u>4,632,965</u>	<u>11,847,391</u>
	<u>228,254,301</u>	<u>53,805,624</u>	<u>171,618,104</u>
N/A	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
EMPG-2001-37119	33,099	33,099	33,099
NCEM-2001TC-19	22,081	22,081	22,081
NCEM-2001TC-22	29,000	29,000	29,000
RRT 7 2001	52,000	13,000	13,000
N/A	<u>100,000</u>	<u>1,052</u>	<u>1,052</u>
	<u>236,180</u>	<u>98,232</u>	<u>98,232</u>

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2002

Federal
Catalog Number

STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE
CITY OF CHARLOTTE, NORTH CAROLINA (continued):

N.C. Department of Economic and Community Development-
State Worker Training Trust
State Worker Training Trust
Total N.C. Department of Economic and Community Development
N.C. Department of Transportation-
State Street Aid-Powell Bill
Maintenance Agreement
Traffic Agreement
Traffic Agreement
Traffic Agreement
Storm Water Agreement
Municipal Agreement
Traffic Agreement
Traffic Agreement
Municipal Agreement
Traffic Agreement
Storm Water Agreement
Municipal Agreement
State Maintenance Assistance FY97/98
Capital Purchase
Capital Purchase
Public Transportation
Public Transportation
Transit Development
FY2000 Tier I Technology
Transit Development
Transit Development
Transit Development
Rideshare Program
Public Transportation
Public Transportation
Advanced Technology Program
Public Transportation
Transit Development
Public Transportation Capital
Rideshare Program
Public Transportation Capital
State Maintenance Assistance FY02
Public Transportation
Public Transportation
Airport Agreement
Airport Agreement

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
99-3590-37	\$ 100,051	\$ 58,619	\$ 100,049
00-3590-37	69,413	46,858	46,858
	<u>169,464</u>	<u>105,477</u>	<u>146,907</u>
N/A	N/A	19,489,410	N/A
2.102132	497,500	497,500	497,500
4.6100132	55,000	-	-
4.6100152	17,877	17,877	17,877
4.6100165	20,034	20,034	20,034
6.677099	75,000	75,000	75,000
7.6770339	70,000	-	-
8.0130010	300,000	-	-
8.0130011	1,215,000	-	-
8.1671001	46,600	-	-
8.7367041	58,000	-	-
9.8100374	75,000	75,000	75,000
9.8109824	100,000	-	-
9.9051123	25,000	25,000	25,000
9.9051379	255,070	-	255,070
9.9051451	789,695	-	789,695
9.9051637	113,785	-	113,785
9.9051657	670,948	33,747	660,874
9.9051689	418,500	12,141	328,820
9.9051706	25,110	-	16,690
9.9051819	85,740	39,602	78,028
9.9051829	2,834,221	1,645,896	2,834,221
9.9051838	300,000	76,157	120,779
9.9051900	52,631	-	52,631
9.9051946	250,550	133,334	165,420
9.9051952	1,504,417	118,360	1,374,961
9.9051966	377,820	58,685	58,685
9.9051995	879,590	844,536	844,536
9.9051996	4,100,000	921,737	921,737
9.9051997	1,558,500	1,558,500	1,558,500
9.9052055	75,526	69,683	69,683
9.9052122	526,105	514,305	514,305
9.9052131	7,292,654	7,292,654	7,292,654
9.9063015	3,556,120	-	3,406,939
9.9063041	270,000	48,363	48,363
9.9467000	400,000	400,000	400,000
9.9567010	400,000	400,000	400,000

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2002

Federal
Catalog Number

STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE
CITY OF CHARLOTTE, NORTH CAROLINA (continued):

N.C. Department of Transportation-(continued)

Municipal Bridge Agreement

Traffic Agreement

Municipal Agreement

Traffic Agreement

Traffic Agreement

Traffic Agreement

Municipal Agreement

Traffic Agreement

Transit Development

Transit Development

Total N.C. Department of Transportation

Total State Grant Funds Distributed Directly
to the City of Charlotte, North Carolina

Total State Awards

Total Federal and State Awards

<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
B-2591	\$ 1,120,000	\$ -	\$ -
BRZ-NBIF	20,024	-	8,505
BRZ-NBIS (10)	200,000	-	-
PS-2915	22,389	22,389	22,389
PS-3171	25,000	-	5,000
R-2123 CA	17,514	-	4,700
U-2100	1,500,000	-	-
U-2506	14,718	14,718	14,718
U-2507 B	121,300	-	18,143
U-2510 BB	325,000	-	-
U-2510 C	47,500	-	10,000
U-2512 BC	19,000	-	5,000
U-2806 (TA)	45,000	-	-
U-3342	50,000	-	-
US-3729	15,929	15,929	15,929
US-3800	44,500	-	-
US-3802	12,757	12,757	12,757
Z-1067 C	315,000	-	1,827
Z-2267 A	15,000	-	2,135
	<u>33,222,624</u>	<u>34,433,314</u>	<u>23,137,890</u>
	<u>33,698,268</u>	<u>34,707,023</u>	<u>23,453,029</u>
	<u>33,698,268</u>	<u>34,707,023</u>	<u>23,453,029</u>
	<u>\$ 261,952,569</u>	<u>\$ 88,512,647</u>	<u>\$ 195,071,133</u>



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