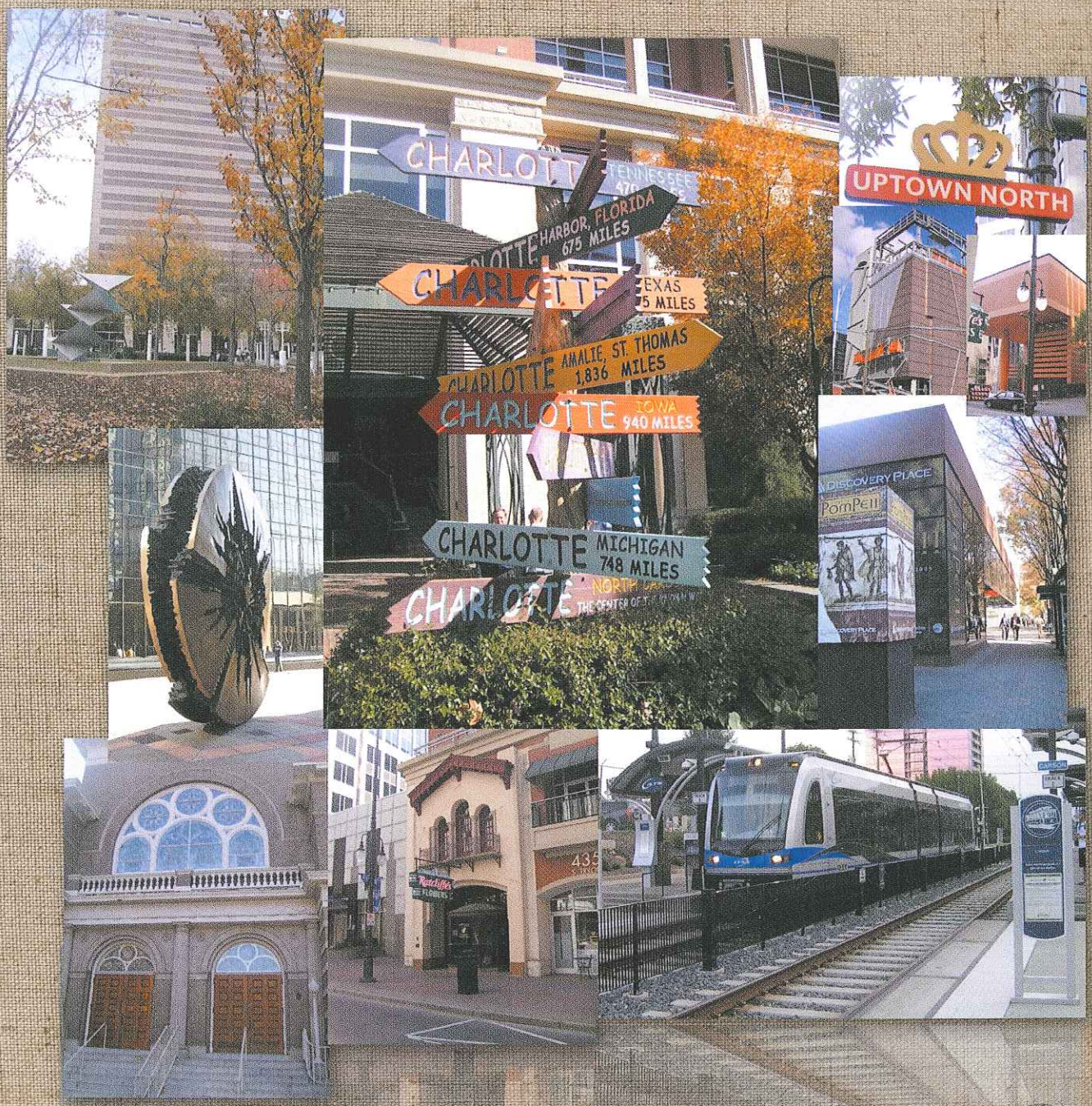
CHARLOTTE



City of Charlotte, North Carolina

Comprehensive Annual Financial Report

For The Fiscal Year Ended June 30, 2009

City of Charlotte, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

Mayor: Pat McCrory

Mayor Pro Tem: Susan Burgess

City Council:

Michael Barnes	*Patsy Kinsey*
Nancy G. Carter	*John Lassiter*
Warren Cooksey	*James Mitchell, Jr.*
Andy Dulin	*Edwin Peacock*
Anthony Foxx	*Warren Turner*

City Manager: W. Curtis Walton, Jr.

Prepared by the City of Charlotte Finance Department
Greg C. Gaskins, Director of Finance
Teresa T. Smith, Financial Reporting Manager

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CHARLOTTE.

October 31, 2009

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

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Charlotte (City) for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

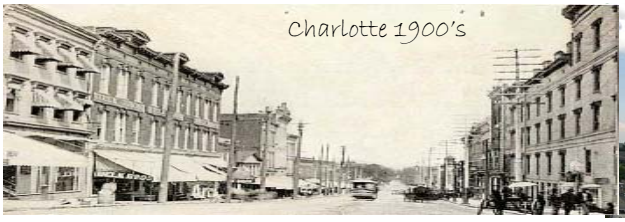
The City's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry, Bekaert & Holland, L.L.P., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government



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

The City, incorporated in 1768, became the county seat in 1774 and has grown from an initial 360 acres to a present area covering 299 square miles of the 527 square miles in Mecklenburg County. The City owes its name to German born Queen Charlotte, wife of England's King George III, and the County's name to her birthplace of Mecklenburg. That is why Charlotte is referred to as the "Queen City." With an estimated population of 716,874, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area (MSA), an area of over 1.7 million people that includes six counties. The vision of the City is to be a model of excellence that puts citizens first and makes this a community of choice for living, working and leisure activities. The mission of the City is to ensure the delivery of quality public services and to promote the safety, health and quality of life of its citizens.

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

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

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

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

Local Economy

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

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

Transportation and Distribution Hub - The City plays a major role in the transportation and distribution of goods throughout the nation. Charlotte/Douglas International Airport is considered the "gateway to the world" and is beginning a major construction program that will add a third runway, additional parking and expanded terminals. The airport served 34,739,020 passengers in 2008, an increase of 4.7 percent over 2007. The Airport ranks 8th nationwide in operations, 14th in passengers and 34th in cargo. Eleven commercial airlines and fourteen regional carriers offer direct or non-stop service to 179 destinations, including 28 international destinations. There are twenty cargo carriers serving the area. With customs services available at the Airport and a foreign trade zone designation, the City is a port of entry and export.

Charlotte's trucking industry is served by two interstate highways that pass through the City limits, Interstate Highways 77 and 85 (I-77 and I-85), running north/south and northeast/southwest, respectively. Convenient access to the nation's interstate highway system makes Charlotte an appealing location for the trucking industry and more than fifty percent of the nation's population is within a 24-hour drive from the city. There are over 327 trucking companies located in Charlotte, including most of the nation's top trucking companies. Interstate 485 (I-485) is the Outer Belt highway serving Mecklenburg County and metropolitan Charlotte. The planned 67-mile loop is presently open or under construction with the exception of a six-mile segment to the northeast. Construction of this section is not scheduled to begin until 2015. However, the unexpected growth that has surrounded the Interstate has led engineers to expand the newer freeway segments with additional lanes and better interchanges in order to handle the increased capacity. Upon completion, the highway will facilitate traffic from I-77 and I-85 with an alternative route to bypass the city. Economic development will continue to boom as much of it passes through suburban areas.

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

Business Environment – Charlotte enjoys a vibrant, balanced economy that encompasses many sectors, as well as companies that range in size from multinational to microbusiness. Charlotte ranks 7th nationally in number of Fortune 500 headquartered companies, and it is home to operations for 326 companies that are listed on the Fortune 500. Approximately 483 foreign-owned firms representing forty nations are located here and represent sixteen of the nineteen major industry classifications. Charlotte was ranked number one by *Site Selection* magazine's list of top U.S. cities for foreign investment. Charlotte is a major manufacturing force. There are approximately 1,373 manufacturing firms here, more than any other City and County in the Carolinas. In addition, Charlotte has the highest per capita sales in the U.S.

Top Five Industries (by number of employees)

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

Growth Outlook - While many cities have seen construction costs rise, significant commercial growth continues throughout Charlotte. Charlotte's construction costs are 20 percent lower than the national average and one of the lowest of the major U.S. Distribution Centers and cities of comparable size. In 2008, more than 12,000 new jobs were created by over 1,300 firms, making a total investment of $2.3 billion. This growth, following a decade that witnessed 7,309 new businesses, over 65,000 new jobs and $12 billion of investment, demonstrates the economic momentum Charlotte has created to overcome the current downturn. As proof of Charlotte's continued positive business climate, almost three million square feet of office space is being developed in uptown through 2011, a 20.6% increase in total square footage.

Construction continues on the $880 million Wells Fargo Cultural Campus, a mixed use site that will combine an office tower, numerous cultural facilities, public spaces and art, retail and future condominium development. The 1.5 million square foot, 48-story LEED Gold certified Duke Energy Center is scheduled to open in late 2009. The Knight Theater began hosting performances on October 10, 2009 and the Harvey B. Gantt Center for African –American Arts & Culture opened on October 24, 2009. The Bechtler Museum of Modern Art and the new Mint Museum will open in 2010.

Construction is underway for the new $540 million One Bank of America Center, a 700,000 square foot, 30-story office tower across from Bank of America's corporate headquarters. The Center also includes a 17-story, 146-room Ritz-Carlton hotel, which had its grand opening on October 1, 2009 and is adjacent to the office tower. The completed complex will include: an enclosed glass atrium and winter garden to accommodate special events, an enhanced glass pedestrian walkway across College Street, and the creation of one of the most environmentally-responsible office towers in the Southeast with plans for LEED Gold certification. The new office tower will be completed in 2010.

The 363,000 square feet, 15-story office building known as 440 South Church is scheduled to open in 2009. This $73 million, LEED certified project is part of a master planned, full city block development designed to integrate within the overall redevelopment of the Third Ward. The development will include restaurants, coffee shops and a hotel.

In order to enhance UNC Charlotte's presence in uptown Charlotte, the University has begun construction of a 150,000 square foot, 12-story academic and office building in the First Ward. UNC Charlotte has purchased the land for the $50 million project and upon completion the University will move all of its Center City operations, which include the Architecture and Business Administration departments, into the new building. The building will accommodate masters programs in the following colleges: Information Technology, Health and Human Services, Engineering, and Arts and Sciences. The project is the first announced component of the new First Ward Urban Village.

Just outside of uptown, redevelopment continues in the Historic South End. Originally a hub for the railroad and textiles, the area fell into decline only to undergo a revival beginning in the 1990s that continues today. Major and successful projects such as Atherton Mill and the Arlington have transformed the South End into a true mixed-use, urban neighborhood with a balance of retail, business and housing. The current catalyst for the South End renaissance is the LYNX Blue Line light rail. The LYNX runs directly through the heart of South End and the district has three walk-up transit stops. This has sparked a wave of pedestrian-friendly development along the line, including 1200 South Boulevard. This $100 million mixed use project will feature 240,000 square feet of office and retail space, along with apartments and a boutique hotel. It is scheduled to be completed in 2012.

Charlotte's LYNX Blue Line South Corridor is the first light rail project in North Carolina. The line is approximately ten miles long and runs along I-77 from I-485 at South Boulevard to Center City Charlotte. The Blue Line provides service to fifteen stations where dozens of bus routes are timed to connect with the light rail. The Blue Line made its first trip in November 2007 and has significantly exceeded expectations for ridership numbers. The weekday average for August 2009 was 14,625 trips. Work also continues on the design and engineering for the LYNX Blue Line Extension, which will connect uptown Charlotte with UNC Charlotte. Despite a recent decline in ridership due to the economy, Charlotte Area Transit System (CATS) was still able to add new services, including Sprinter, a new line directly connecting the airport to uptown using a fleet of hybrid electric busses.

Recreational, Visitor and Cultural Events - The City's eight percent hotel/motel and one percent prepared food and beverage taxes have provided a dedicated resource for the purpose of promoting the City as a destination for convention, business and leisure travel. Despite a reduction in business travel due to the economy, Mecklenburg County received $3.6 billion in domestic – traveler spending in 2008, the highest amount in North Carolina.

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

In May 2005, the North Carolina General Assembly passed legislation providing for funding a NASCAR Hall of Fame. On March 6, 2006, NASCAR awarded the Hall of Fame to the City of Charlotte. An additional two percent county-wide occupancy tax finances the construction, repair, maintenance and financing of the Hall of Fame. The Hall of Fame will represent NASCAR's past, present, and future. The project, expected to attract over 400,000 visitors per year, will

include a 140,000 square foot museum, a new 80,000 square foot ballroom and exhibit area for Charlotte's Convention Center and NASCAR Plaza, a 19-story, 390,000 square foot office tower. The Hall of Fame complex is scheduled for completion by 2010.

The City is home to two major-league sports franchises, the Carolina Panthers of the National Football League (NFL) and the Charlotte Bobcats of the National Basketball Association (NBA). Home for the Carolina Panthers is the Bank of America Stadium, a privately owned, 73,778-seat stadium in uptown Charlotte. The NBA's Charlotte Bobcats play in the uptown Time Warner Cable Arena. The Queen City is also home to the Charlotte Knights, the AAA affiliate of the Chicago White Sox; the Charlotte Checkers of the East Coast Hockey League; and the Charlotte Eagles and Lady Eagles professional soccer teams. Lowe's Motor Speedway at Charlotte, the 1.5 mile super speedway, annually hosts three series of racing, including the Sprint Cup Series NASCAR Sprint All-Star Race, Coca-Cola 600, and the NASCAR Banking 500 only from Bank of America; the Nationwide Series Wendy's 300 and Dollar General 300; and the Craftsman Truck Series North Carolina Education Lottery 200. Lowe's Motor Speedway is the largest sports facility in the Southeast, with 165,000 permanent seats and the capacity for nearly 40,000 more spectators in the infield, and recognized as one of the finest NASCAR facilities in the U.S. Also attracting race fans is the zMax Dragway at Lowe's Motor Speedway. The drag racing facilities' track, pit areas and midway cover 125 acres and seats 30,000. The NHRA Carolinas Nationals is the opening round of the NHRA Full Throttle Drag Racing Series and was held at the dragway. College sports fans can attend the Meineke Car Care Bowl at Bank of America Stadium, which matches an ACC team against a Big East team, and the CIAA Basketball Tournament which is held in the Charlotte Bobcats Arena. Golf lovers can attend one of the top events on the PGA tour, the Quail Hollow Championship. The U.S. National Whitewater Center is located on the Catawba River and is the world's largest artificial whitewater river and U.S. Olympic Training site. The 307-acre facility includes whitewater rafting, kayaking, mountain biking and hiking trails, a climbing center and ropes course, along with a 2,400 square foot conference facility and restaurants.

Charlotte offers diverse facilities for culture, the arts, nature and science. Four new cultural arts facilities opening in 2009 and 2010 at the Wells Fargo Cultural Campus will make Charlotte a major arts center in the South. The Bechtler Museum of Modern Art will feature a 1,200 piece collection, including works from Pablo Picasso, Edgar Degas and Andy Warhol. The Harvey B. Gantt Center for African-American Arts & Culture is a multipurpose event space. The Knight Theater will be the new home for North Carolina Dance, as well as host other performing arts. Finally, the new Mint Museum will have 145,000 square feet to combine its two existing locations and four collections (Craft + Design, Contemporary, American and Romare Bearden) under one roof. Currently, the Mint Museum of Art founded in 1933, the state's

oldest art museum, houses over 20,000 pieces including painting, sculpture and decorative arts. The North Carolina Blumenthal Center for the Performing Arts, containing a 2,100-seat performance hall and a 440-seat theater, showcases the best in opera, symphony, chorus, dance and theater. The Charlotte Nature Museum, founded in 1946, provides programs and exhibits centered around a science theme of "Nature and Man." The "hands-on" science and technology museum, Discovery Place, features a 300-seat Omnimax theater and the largest planetarium dome in the United States. The 40,000 square foot Billy Graham Library on the grounds of the ministry's international headquarters in Charlotte includes a bookstore and a café. Also on the grounds is the Graham Family Home place. The Library has brought in over 325,000 visitors since the opening in 2007.

Education - The County operates Charlotte-Mecklenburg Schools (CMS), a consolidated City-County public school system with current enrollment of 133,664 students. The City has no direct financial responsibility for the school system operations or capital. In June, 2009, Newsweek Magazine released its 1,500 Best High Schools in America list with eleven CMS schools ranked out of more than 27,000 high schools throughout the country, including one in the top 50.

Institutions of Higher Learning (MSA)

Universities	*14*
Four Year Colleges	*5*
Community Colleges	*3*
Professional Schools	*1*
Technical Institutes	*2*
Vocational Schools	*3*

There are numerous opportunities for secondary education in the Charlotte area. UNC Charlotte, a research intensive university, is the fourth largest of the sixteen institutions within the University of North Carolina system and the largest institution in the Charlotte region. The university comprises seven professional colleges and currently offers 18 doctoral programs, 62 master's degree programs and 90 programs leading to bachelor's degrees. There are more than 900 full-time faculty and more than 23,300 students for the 2008 fall enrollment. UNC Charlotte adds approximately 4,500 new alumni each year. In addition, a survey by U.S. News & World Report ranked Davidson College 8th among the best liberal arts colleges in the country. In the southern region, Belmont Abbey College was recognized as a tier 1 school for its undergraduate program, while Queens University was recognized as a tier 1 school for its master's programs. Johnson & Wales University's Charlotte Campus combines career-focused educational programs with a full university experience at its downtown campus. Pfeiffer University at Charlotte has an urban campus and offers adult learners the opportunity to earn both undergraduate and graduate degrees. Wake Forest University continues to have a strong graduate school presence in Charlotte with several top-ranked MBA programs. The Business School's new Dean, former Pepsi CEO Steve Reinemund, has reaffirmed the University's commitment to Charlotte and is pursuing opportunities to expand the program's educational and operational footprints in order to take advantage of the City's diverse and highly educated workforce. Charlotte School of Law is located at the

Western Gateway to Charlotte's Center City and serves as an anchor for future development of west side Charlotte. The school received provisional approval from the American Bar Association in June 2008 and welcomed its first alumni with the graduation of its inaugural class in May 2009.

Health Care - The City and County are served by a number of health care providers. There are nine major hospitals located in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Presbyterian HealthCare. With 26,283 employees, Carolinas Healthcare System is the region's largest employer. Charlotte's largest hospital, Carolinas Medical Center (CMC), is a state-designated Academic Medical Center Teaching Hospital and the area's only Level 1 Trauma Center. The center has a nationally-ranked urology department and is home to the area's only heart, liver, kidney and pancreas transplant programs. The CMC campus also includes the 234-bed Levine Children's Hospital dedicated to the care of children and their families, and is the largest such facility between Washington, D.C. and Atlanta. Presbyterian Healthcare is a not-for-profit healthcare provider under the parent organization of Novant Health. They received the 2008 Ernest A. Codman Award and were recognized as a top five percent hospital in the country for high-quality nursing care.

Long Term Financial Planning

Each year, in the early stages of budget planning, City Council establishes the areas of the community into which it wants to focus resources. These Focus Areas are the basis for budget decisions and operational programs. For fiscal year 2010, those areas are: **Community Safety, Housing and Neighborhood Development, Environment, Transportation and Economic Development**. The City uses the **Corporate Balanced Scorecard** performance measurement system to translate mission and strategy related to the Focus Areas into tangible objectives and measures; communicate strategy to employees; and ensure alignment of resources throughout the organization. City Strategy is documented in the Focus Area Plan and includes sixteen critical Corporate Objectives that guide and direct planning, decision making, and the accomplishment of the vision and mission of the City. For fiscal year 2010, Initiatives within each Focus Area include:

- **Community Safety.** *"Charlotte will be the safest large city in America."* In 1994, the City Council adopted a community safety plan. That plan has been expanded and combined with housing and neighborhood development initiatives and the implementation of community problem-oriented policing. Therefore, the City considers community safety from the perspective of the livability, stability, and economic viability of a neighborhood—not just the lack or presence of criminal activity. Initiatives in community safety include decreasing crime throughout Charlotte-Mecklenburg through enforcement and problem solving strategies; enhancing citizen safety through increased police visibility and engagement of citizens as active partners; developing recruitment strategies that attract a more diverse applicant base; partnering with other criminal justice agencies in enforcement and prevention efforts; and reducing loss of life and property damage from fires through fire code enforcement and rapid response to working fires.

- **Housing and Neighborhood Development.** *"Creating great neighborhoods in which to live, work, and play."* This is the City's comprehensive approach to meeting the economic development and quality of life issues in the neighborhoods and business districts. This includes efforts such as providing adequate code enforcement; developing strategies for affordable housing; and requiring neighborhoods and business districts to take an active role in problem identification and solution development. Initiatives in housing and neighborhood development include improving the safety and appearance of neighborhoods; conducting a pilot program to connect neighborhoods to jobs and services along a business corridor; undertaking a "Comprehensive Review of the City's Housing Policy;" improving the quality of life trends in Neighborhood Statistical areas; graduating neighborhoods from the City's revitalization program; increasing the supply of affordable housing; addressing deteriorating and blighted non-residential structures; and addressing foreclosures in target revitalization areas.

- **Environment.** *"Charlotte will become a national leader in environmental initiatives to preserve our natural resources while balancing growth with sound fiscal policy."* This initiative addresses safeguarding the environment, including protection of air and water quality, land preservation, and energy and resource conservation. As one of the fastest growing communities in the nation, protection of our environment is a priority that includes adopting best practices and leading by example by delivering public services in a manner based on sound environmental practices. Initiatives in environment include supporting environmental sustainability; leading efforts to improve regional air quality; protecting natural ecosystems and habitats; adopting sound environmental practices for City facilities and operations; and collaborating with local and regional partners to enhance environmental quality and sustainability.

- **Transportation.** *"Charlotte will be the premier city in the country for integrating land use and transportation choices."* This initiative addresses the need for adequate infrastructure, streets, sidewalks, transit, public spaces and bike facilities to provide the foundation for private sector land development, a robust local economy and a higher quality of life for citizens. Initiatives in transportation include continuing implementation of the Centers, Corridors, and Wedges Growth Framework; collaborating on land use, transportation and air quality; prioritization, design, construction and maintenance of transportation facilities to promote transportation choices and meet land use objectives; communicating the Transportation Action Plan; and seeking financial resources to implement transportation programs and services.

- **Economic Development.** *"Charlotte will be the most prosperous and livable city for all citizens through quality economic development."* This initiative aims to improve the quality of life for citizens through increased economic opportunity and choices for jobs, housing, shopping and leisure activities. Initiatives in economic development include promoting a healthy business climate by implementing a strong business expansion and retention effort; ensuring that small businesses have opportunities to participate in City procurement; enhancing workforce development; advancing business corridor revitalization; and promoting infill development/redevelopment in the Center City.

Major Initiatives

The City's capital policy and future capital plans are established in a five-year capital investment plan which matches the City's highest priority capital needs with a financing schedule. The 2010-2014 Capital Investment Plan totals $2.86 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities. This is a fifteen percent decrease under the 2009-2013 capital program. There are planned reductions in aviation, transit and roads, but is partially offset by an increase in water and sewer.

- **General Government.** The General Government program totals $496.3 million, including $182.1 million for housing and neighborhoods; $108.4 million for transportation; $56.7 million for facility investments; $38.0 million for economic development; and $5.1 million for environmental services. General government projects are funded through a variety of sources including long-term financing, pay-as-you-go and capital reserves.

- **Water and sewer.** Charlotte-Mecklenburg Utilities' capital investment plan is designed to address increased demand, environmental issues, and State and Federal regulations. This program includes maintenance and expansion of the existing system of water and sewer mains and water and sewer treatment plants. The program totals $1.1 billion and is fully financed from water and sewer fees. Major projects include $302.3 million for wastewater treatment plant expansion; $107.8 million for sanitary sewer line rehabilitation; $60.0 million for water and sewer annexation projects; and $56.1 million for northeast water transmission main.

- **Airport.** This program includes maintenance and expansions to the airfield, terminal, cargo and parking areas. The program totals $770.1 million and is funded from federal grants and revenue bonds serviced through long-term leases with the airlines. Major projects include $250.0 million for terminal lobby expansion; $74.5 million for rental car facility relocation; and $48.0 million for airport entrance road connection.

- **Transit.** The Public Transit Program includes maintenance and expansion of the transportation system including planning and construction of rapid transit. The program totals $285.5 million and is financed through federal and state capital grants and a ½ cent sales tax for transit. Major projects include $161.9 million for future corridor planning and construction; and $53.2 million for bus and special transportation vehicle replacements.

- **Storm Water.** This program funds repairs to private properties with flooding problems and improvements in the public right-of-way drainage system. The program totals $190.6 million and is fully financed through storm water fees. Major projects include $62.9 million for flood control projects in neighborhood water basins; and $58.0 million for storm water repairs.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charlotte for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the twenty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

W. Curtis Walton, Jr.
City Manager

Greg C. Gaskins
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, 2008

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.

President

Executive Director

City of Charlotte
Organizational Chart

Mayor
City Council

City Clerk*
Stephanie Kelly

City Attorney*
Dewitt F. McCarley

City Manager*
Curt Walton

Key Businesses

Aviation
Jerry Orr

Charlotte Area Transit System
John Muth, Interim

Charlotte-Mecklenburg Planning Commission
Debra Campbell

Charlotte-Mecklenburg Police
Rodney Monroe

Charlotte-Mecklenburg Utilities
Doug Bean

Engineering & Property Mgmt.
Jeb Blackwell

Fire
Jon Hannan

Neighborhood and Business Services
Patrick Mumford

Solid Waste Services
Victoria Garland

Transportation
Danny Pleasant

Leadership Team

Deputy City Manager
Ron Kimble
Assistant City Managers—3
Julie Burch
Eric Campbell
Jim Schumacher
Executive Assistants to the City Manager—2
Boyd Cauble
Saskia Thompson
Chief Information Officer
Jeff Stovall

CharMeck 311
Kimberly Laney

Community Relations
Willie Ratchford

Corporate Communications
Kim McMillan

Economic Development
Tom Flynn

Internal Audit
Greg McDowell

Support Businesses

Budget & Evaluation
Ruffin Hall

Business Support Services
Chuck Robinson

Finance
Greg Gaskins

Human Resources
Tim Mayes

* Council Appointed

CHARLOTTE

Financial Section

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors.

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

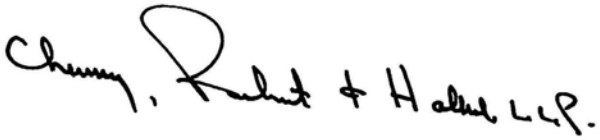
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis as listed in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City. The introductory section, combining and individual fund statements and schedules and the statistical section, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and the accompanying schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them.

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



Raleigh, North Carolina
October 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

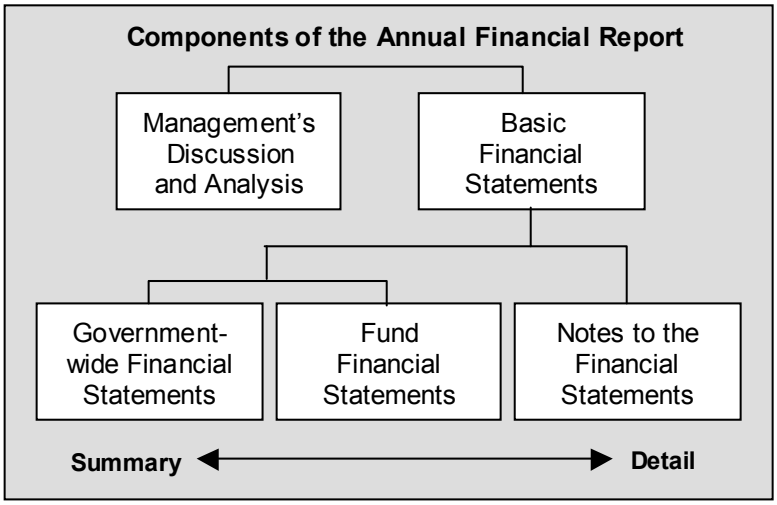
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $8,228.5 (net assets). Of this amount, $1,026.3 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2009 as evidenced by an increase in total net assets of $612.1. This increase was from both governmental ($471.7) and business-type ($140.4) activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $611.1, an increase of $68.3 in comparison with the prior year. The majority of this increase resulted from the issuance of commercial paper and installment purchases that will be used to finance major capital items.
- Unreserved fund balance in the General fund was $105.9 at June 30, 2009. Of this amount, $102.8 is undesignated and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength. This is approximately 20.7 percent of the budget for fiscal year 2010, exceeding the City Council's goal of 16 percent by the end of the fiscal year.
- The City maintained its AAA bond rating from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



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

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

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data (pages 50-114). A section is also included with combining statements that provides details about nonmajor governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 115-166) also includes detailed budgetary information required by North Carolina General Statutes.

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

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

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

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

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

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

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

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

The City has three kinds of funds:

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

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

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise funds are the same as the business-type activities (shown in the government-wide financial statements), but provide more detail and additional information, such as cash flows. Internal service funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements.

- Fiduciary funds - The City is the trustee, or fiduciary, for the Firefighters' Retirement System and the Employee Benefit Trust. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. These funds are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by $8,228.5 at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2009 and 2008 is presented below:

Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Current and other assets	$ 861.8	$ 768.4	$ 1,114.6	$ 1,288.5	$ 1,976.4	$ 2,056.9
Capital assets	5,532.7	4,920.8	4,783.0	4,498.0	10,315.7	9,418.8
Total assets	**6,394.5**	**5,689.2**	**5,897.6**	**5,786.5**	**12,292.1**	**11,475.7**
Current and other liabilities	118.8	106.4	142.9	147.9	261.7	254.3
Noncurrent liabilities	1,278.9	1,057.7	2,523.0	2,547.3	3,801.9	3,605.0
Total liabilities	**1,397.7**	**1,164.1**	**2,665.9**	**2,695.2**	**4,063.6**	**3,859.3**
Net assets:						
Invested in capital assets, net of related debt	4,371.0	3,926.5	2,393.7	2,129.5	6,764.7	6,056.0
Restricted	238.0	183.3	199.5	177.2	437.5	360.5
Unrestricted	387.8	415.3	638.5	784.6	1,026.3	1,199.9
Total net assets	**$ 4,996.8**	**$ 4,525.1**	**$ 3,231.7**	**$ 3,091.3**	**$ 8,228.5**	**$ 7,616.4**

By far the largest portion of the City's net assets (82 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($1,026.3) may be used to support operations and provide for payment of long-term debt.

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

Government-wide net assets increased by $612.1 during the current fiscal year from increases in both governmental and business-type activities. The increases resulted in large part from contributed assets including the addition of streets due to annexation and contributions of infrastructure assets from developers.

Changes in net assets. The following table presents the City's changes in net assets for the fiscal years ended June 30, 2009 and 2008:

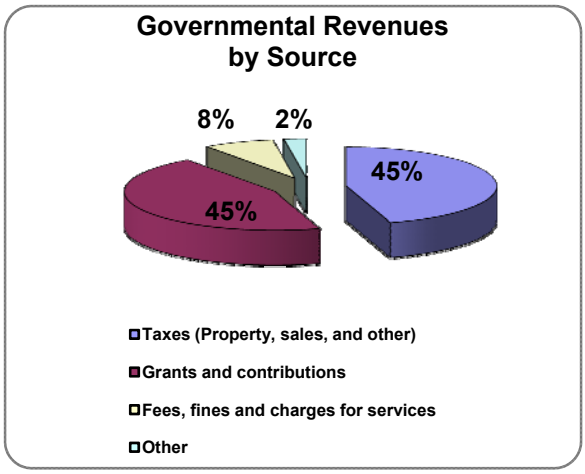
Change in Net Assets	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Fees, fines and charges for services	$ 89.3	$ 85.5	$ 491.7	$ 492.3	$ 581.0	$ 577.8
Operating grants and contributions	63.7	47.2	14.4	19.0	78.1	66.2
Capital grants and contributions	451.0	172.3	119.4	224.7	570.4	397.0
General revenues:						
Property taxes	345.7	331.4	-	-	345.7	331.4
Other taxes	189.7	209.4	61.7	71.1	251.4	280.5
Grants and contributions not restricted to specific programs	16.7	20.4	-	-	16.7	20.4
Other	27.8	37.8	33.2	33.5	61.0	71.3
Total revenues	**1,183.9**	**904.0**	**720.4**	**840.6**	**1,904.3**	**1,744.6**
Program expenses						
Public safety	301.9	286.3	-	-	301.9	286.3
Sanitation	49.8	45.9	-	-	49.8	45.9
General administration	48.8	45.6	-	-	48.8	45.6
Support services	23.7	20.3	-	-	23.7	20.3
Engineering and property management	33.0	56.8	-	-	33.0	56.8
Streets and highw ays	103.3	94.9	-	-	103.3	94.9
Culture and recreation	13.9	9.2	-	-	13.9	9.2
Community planning and development	74.1	65.4	-	-	74.1	65.4
Interest and other charges	45.3	47.5	-	-	45.3	47.5
Water	-	-	103.0	100.0	103.0	100.0
Sew er	-	-	160.7	141.5	160.7	141.5
Storm w ater	-	-	21.7	22.6	21.7	22.6
Airport	-	-	157.4	148.4	157.4	148.4
Public transit	-	-	155.6	146.1	155.6	146.1
Total expenses	**693.8**	**671.9**	**598.4**	**558.6**	**1,292.2**	**1,230.5**
Excess before transfers	490.1	232.1	122.0	282.0	612.1	514.1
Transfers	(18.4)	(18.4)	18.4	18.4	-	-
Increase in net assets	**471.7**	**213.7**	**140.4**	**300.4**	**612.1**	**514.1**
Net assets - beginning	4,525.1	4,311.4	3,091.3	2,790.9	7,616.4	7,102.3
Net assets - ending	$ 4,996.8	$ 4,525.1	$ 3,231.7	$ 3,091.3	$ 8,228.5	$ 7,616.4

Total government-wide revenues of $1,904.3 were derived primarily from grants and contributions (34 percent) and property and other taxes (31 percent). These sources of revenues increased 16 percent from the prior year, primarily due to donation of infrastructure through annexation.

The total expenses of all programs were $1,292.2. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 32 percent and public safety (fire and police) for 23 percent. Transportation expenses increased over the prior year due to payment of a swap termination fee by the Airport and continued expansion of the transit system.

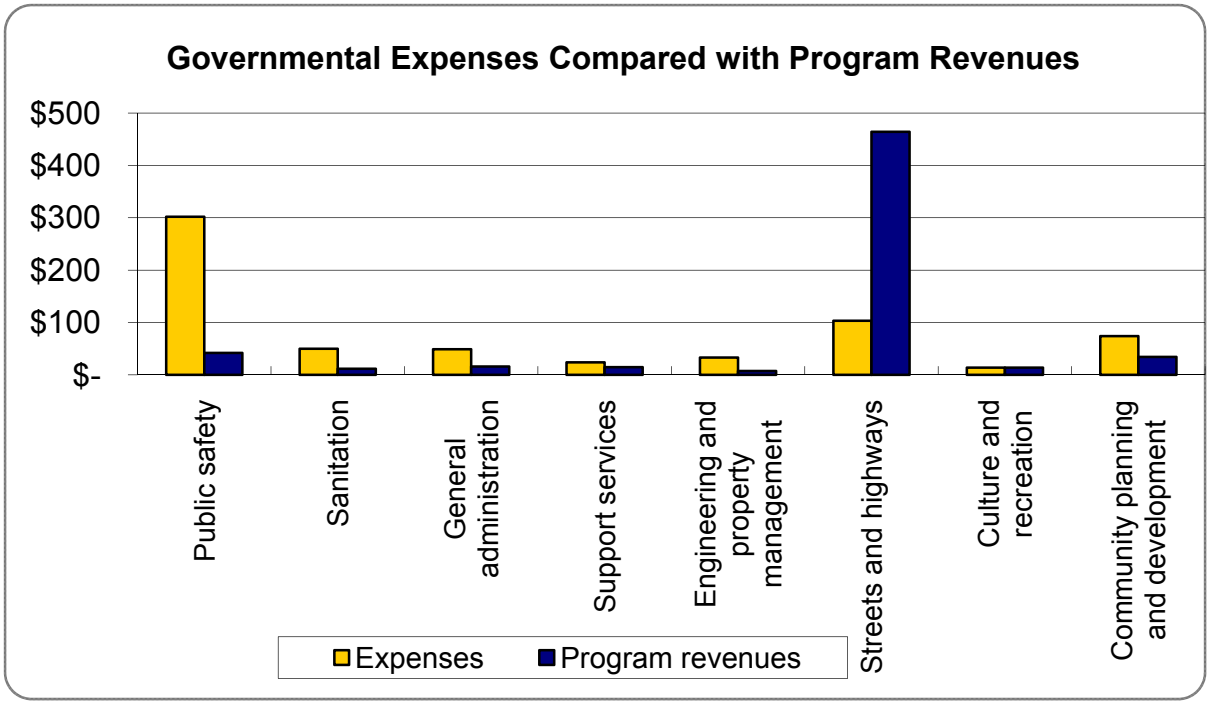
Governmental Activities

As shown in the chart, property, sales and other taxes (45 percent) and grants and contributions (45 percent) were the major sources of revenues for governmental activities.



Governmental expenses increased from $671.9 to $693.8 during this fiscal year, a 3 percent increase due to expected growth. As in prior years, public safety continues to be the largest expense with 44 percent in the current year and 43 percent in the prior year.

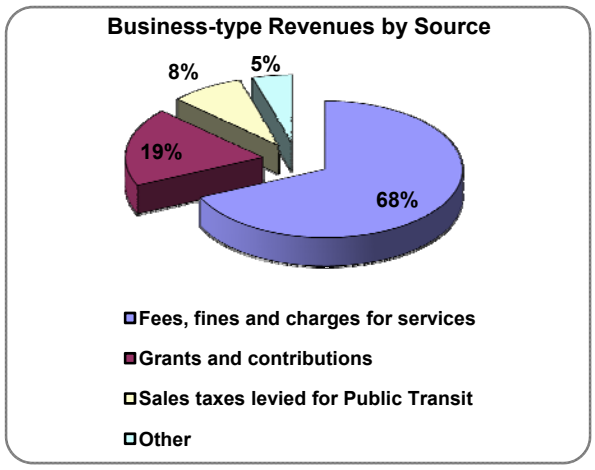
This chart highlights the net cost (total cost less fees generated by the activities and intergovernmental grants) of the City's governmental programs mainly public safety, streets and highways and community planning and development. The net cost shows the financial support provided by taxes and other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



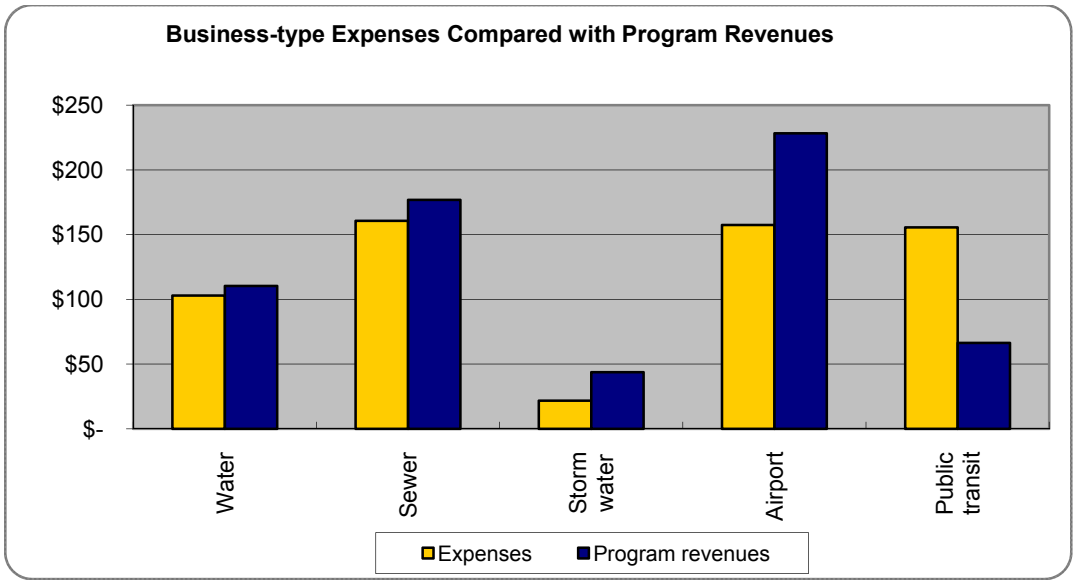
In addition to property and other taxes, the total cost of services of $693.8 was supported by $514.7 provided by other governments and organizations for specific programs and $89.3 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

Revenues for the business-type activities were $720.4, a decrease of 14 percent from the prior year. This decrease is due in part to completion of the light rail line in the prior year which was funded largely by federal grants. In addition, the economic downturn resulted in a decrease in donated infrastructure assets due to slowed construction.



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



One of the largest increases in expenses came from water and sewer where expenses increased $22.2 or 9 percent over the prior year. This increase is due to normal growth and increased preventive maintenance efforts. Airport expenses increased $9.0 or 6 percent over the prior year due in part to a swap termination payment. Transit expenses increased $9.5 or 7 percent over the prior year due in part to a full year of operation of the light rail line which was completed in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2009, the governmental funds reported a combined fund balance of $611.1, an increase of $68.3 or 13 percent from last year. This amount consists of the following:

(a) $186.4 designated for future debt service payments,
(b) $109.3 designated for capital projects,
(c) $142.2 designated for specific programs,
(d) $67.3 reserved primarily for encumbrances, debt service, and State Statutes, and
(e) $105.9 unreserved.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $105.9, while total fund balance reached $137.8. Undesignated fund balance is a sub-classification of unreserved fund balance after consideration for management's designations. At June 30, 2009, designations totaled $3.1. The remaining unreserved fund balance of $102.8 was undesignated and increased $1.6 or 2 percent over the prior year. This flat growth is due to the downturn in the economy resulting in lower sales tax revenues. In response to slow revenue growth, expenditures were reduced to remain in line with anticipated revenues.

Other major governmental funds are the debt service and the capital projects funds. The debt service fund has a total fund balance of $204.4, all of which will be used for either the payment of debt service or is reserved by State Statutes. Debt service fund balance increased $6.4 from the prior year due primarily to transfers from other funds to pay future debt service. The capital projects fund has a total fund balance of $109.3, all of which is designated for future capital projects. Capital project fund balance increased $52.2 from the prior year due to proceeds from commercial paper and installment purchases that will be used to finance major capital items.

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

Unrestricted net assets at the end of the year amounted to $150.5 in the Water and Sewer fund, $49.3 in the Storm Water fund, $276.6 in the Airport fund and $173.3 in the Public Transit fund. The change in net assets for the funds was $35.5, $25.6, $88.8 and ($1.9), respectively. Factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, City Council approved several immaterial budget amendments. The most significant amendments related to start-up costs for provision of services in annexation areas and transfers to the nonmajor special revenue SafeLight and SafeSpeed funds for payment of amounts owed to Charlotte-Mecklenburg Schools.

Revenues were $4.0 below the final budgeted amount. Sales tax revenues were $12.1 less than expected due to the economic downturn and general government revenues were $3.3 less than expected due to decreased subdivision service, county plan review, and zoning petition filing fee revenues resulting from the slow housing market. To offset these decreases, property tax revenues were $4.8 more than expected due to an increase in the property tax base combined with a decrease in the amount of rebate requests from taxpayers and aggressive pursuit of delinquent taxpayers. In addition, utility franchise tax revenues were $3.9 more than expected due to an increase in the electricity rate charged by utilities as well as an abnormally warm summer. Other revenue growth remained relatively flat.

In light of the worsening economy, the city instituted lower budget requirements that reduced expenditures to ensure they were in line with anticipated revenues. For fiscal year 2009, key business units were asked to reduce spending by $6.5 in mid-fiscal year, a City-wide hiring freeze was enacted, and travel and conference expenditures were curtailed. Efforts were made to ensure that citizens did not experience notable reductions in services. Actual expenditures were $15.1 below final budget amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2009, the City had $10,315.7 (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 $896.9, or 10 percent over last year. The following is a summary of capital assets at June 30, 2009 and 2008:

Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	$ 2,894.7	$ 2,628.8	$ 338.1	$ 334.1	$ 3,232.8	$ 2,962.9
Buildings	492.9	500.5	306.5	282.6	799.4	783.1
Improvements other than buildings	-	-	3,059.2	2,967.5	3,059.2	2,967.5
Infrastructure	1,625.3	1,443.9	-	-	1,625.3	1,443.9
Machinery and equipment	44.2	59.2	133.7	130.0	177.9	189.2
Construction in progress	475.6	288.4	945.5	783.8	1,421.1	1,072.2
Totals	$ 5,532.7	$ 4,920.8	$ 4,783.0	$ 4,498.0	$ 10,315.7	$ 9,418.8

This year's major capital asset additions included:

- Streets in annexed areas - $456.0
- Donated water and sewer systems - $52.3
- Wastewater treatment and sewage collection - $61.9
- Runway construction - $74.5

At June 30, 2009, authorized and unexpended capital projects totaled $1,504.0 as follows: governmental ($552.9), water and sewer ($568.7), airport ($220.9), storm water ($90.5), and public transit ($71.0). 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, 2009, the City had $3,719.2 of debt outstanding in bonds, installment purchases, commercial paper notes and other financing agreements. This was an increase of $174.4 or 5 percent over last year. Details by type of debt are presented in the following table:

Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General obligation bonds (backed by the City's taxing authority)	$ 377.2	$ 404.1	$ 313.6	$ 330.8	$ 690.8	$ 734.9
Revenue bonds (backed by specific fee revenues)	-	-	1,919.6	1,640.0	1,919.6	1,640.0
Special obligation bonds	11.0	11.0	-	-	11.0	11.0
Installment purchases	522.4	433.2	203.0	281.9	725.4	715.1
Commercial paper notes	293.8	150.9	55.6	279.2	349.4	430.1
Other financial agreements	15.0	4.9	8.0	8.8	23.0	13.7
Totals	$ 1,219.4	$ 1,004.1	$ 2,499.8	$ 2,540.7	$ 3,719.2	$ 3,544.8

New debt for 2009 resulted from issuing water sewer revenue bonds ($342.7) to repay commercial paper notes and for water sewer infrastructure improvements; issuing commercial paper notes for water and sewer infrastructure improvements ($81.7) and public facilities improvements, including the NASCAR Hall of Fame and cultural arts facilities ($190.6); and issuing installment purchases for equipment and Convention Center expansion ($136.6).

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

The City's total debt of $3,719.2 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (52 percent), which are backed by specific fee revenues, rather than the City's taxing authority.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total assessed value of taxable property. The legal debt margin for the City at June 30, 2009, was $4.1 billion. The City had $540.8 in authorized but unissued debt for streets, housing, neighborhood improvements and redevelopment.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- During fiscal year 2009, 12,745 building permits were issued with a value of over $2.4 billion compared to 19,337 permits for 2008.
- The occupancy rate in the uptown area has decreased to 94 percent for 2009, compared to 98 percent for 2008.
- Retail sales during 2008 were $13.6 billion compared to $14.2 billion for 2007.
- The June 2009 unemployment rate was 10.2 percent compared to 11.2 percent for the state and 9.7 percent for the nation.
- Assessed property valuations are expected to exceed $76.6 billion for 2009 compared to $73.5 billion for 2008 or an increase of 4 percent and is due primarily to growth.

The fiscal 2010 budget, due to the severe economic conditions, is designed primarily around the goal of surviving the economic crisis, with a secondary goal of accomplishing strategic goals. The fiscal 2010 budget maintains the current property tax rate of 45.86 cents per $100 valuation.

The General fund budget increased to $495.5. Property tax revenues including current and prior year collections, interest, and other penalties and rebates are expected to increase 5.1 percent over 2009. Business privilege licenses and utilities franchise tax revenues are expected to increase 6.5 and 11.2 percent respectively. The most significant expenditure increases are $5.0 to fund two fire companies and additional equipment for annexation, $1.7 to fund increased operating costs for Police, and $1.4 to fund annexation garbage collection and disposal and single stream recycling start-up.

The following are highlights for the 2010 budgets for the business-type activities:

- The average residential water and sewer rate will increase 5.2 percent. Operating expenses will decrease 1.8 percent primarily due to freezing positions.
- Storm water revenues are expected to increase 7.6 percent due to an impervious surface fee rate increase of 5 percent.

- Airport revenues and operating expenses are expected to decrease 10.3 percent and 9.8 percent respectively due to a one-time transfer required for a swap termination in the prior year. Otherwise, certain revenues, such as concessions and parking, are expected to increase, while others, such as cargo and ground rent, are expected to decrease.
- Public transit fare revenue and service reimbursements are expected to increase $1.7. This increase is attributable to increased ridership across all services and a rate increase in the prior year. However, sales tax is expected to decrease 17.4 percent. Operating expenditures are expected to decrease $3.9 due largely in part to decreased fuel costs.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CHARLOTTE

Financial Section–
Basic Financial Statements

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30, 2009
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
ASSETS				
Cash and cash equivalents	$ 624,388	$ 839,960	$ 1,464,348	$ 5,517
Receivables, net	22,559	66,494	89,053	2,188
Due from other governmental agencies	42,080	24,073	66,153	338
Due from component unit	4,014	-	4,014	-
Due from primary government	-	-	-	3,415
Internal balances	11,290	(11,290)	-	-
Inventories	875	8,154	9,029	198
Other	-	-	-	1,037
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	6,615	86,139	92,754	-
Investments	47,201	51,114	98,315	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Receivables	18	-	18	-
Notes receivable	87,144	-	87,144	-
Deferred charges	4,726	25,713	30,439	-
Other postemployment benefit assets (Note 5.e.)	44	24,309	24,353	-
Pension assets (Note 5.b.)	7,692	-	7,692	-
Capital assets (Note 4.f.):				
Land	2,894,707	338,066	3,232,773	-
Buildings, improvements, infrastructure, and machinery and equipment, net	2,162,431	3,499,460	5,661,891	-
Construction in progress	475,555	945,465	1,421,020	-
Total assets	6,394,450	5,897,657	12,292,107	12,693
LIABILITIES				
Accounts payable/claims payable	94,215	64,664	158,879	4,336
Deposits and retainage payable	9,123	20,591	29,714	2,753
Accrued interest payable	11,107	24,535	35,642	-
Due to component unit	3,216	199	3,415	-
Due to primary government	-	-	-	4,014
Unearned revenues	997	181	1,178	106
Liabilities payable from restricted assets	194	32,766	32,960	-
Noncurrent liabilities (Note 4.j.):				
Due within one year	291,331	74,898	366,229	-
Due after one year	987,528	2,448,108	3,435,636	1,390
Total liabilities	1,397,711	2,665,942	4,063,653	12,599
NET ASSETS				
Invested in capital assets, net of related debt	4,370,958	2,393,701	6,764,659	-
Restricted for:				
Debt service	15,665	50,016	65,681	-
Capital projects	54,837	-	54,837	-
Perpetual care - Nonexpendable	3,129	-	3,129	-
Firefighters' retirement benefits	7,692	-	7,692	-
Other postemployment benefits	70	-	70	-
Public safety	13,113	-	13,113	-
Streets and highways	21,461	-	21,461	-
Culture and recreation	119,098	-	119,098	131
Community planning and development	2,891	-	2,891	-
Passenger facility charges	-	130,901	130,901	
Airport working capital	-	18,613	18,613	-
Unrestricted	387,825	638,484	1,026,309	(37)
Total net assets	$ 4,996,739	$ 3,231,715	$ 8,228,454	$ 94

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, 2009
(In Thousands)

		Program Revenues		
ACTIVITIES	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental-				
Public safety	$ 301,866	$ 24,692	$ 16,902	$ 222
Sanitation	49,817	11,503	203	-
General administration	48,798	15,930	-	-
Support services	23,719	14,694	25	-
Engineering and property management	33,049	7,320	-	-
Streets and highways	103,289	6,136	20,501	437,631
Culture and recreation	13,914	1,046	275	12,541
Community planning and development	74,104	7,954	25,808	556
Interest and other charges	45,292	-	-	-
Total governmental	693,848	89,275	63,714	450,950
Business-type-				
Water	103,069	90,866	-	19,524
Sewer	160,668	144,033	-	32,803
Storm water	21,652	43,642	-	14
Airport	157,400	190,052	-	38,200
Public transit	155,602	23,132	14,413	28,815
Total business-type	598,391	491,725	14,413	119,356
Total primary government	$ 1,292,239	$ 581,000	$ 78,127	$ 570,306
Component Unit:				
Charlotte Regional Visitors Authority	$ 39,369	$ 20,877	$ -	$ -

General revenues:
- Taxes-
  - Property
  - Sales
  - Sales, levied for Public Transit
  - Utility franchise
  - Occupancy
  - Prepared foods
  - Business privilege
  - Municipal vehicle
- Payment from City of Charlotte
- Grants and contributions not restricted to specific programs
- Investment earnings
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
$ (260,050)	$ -	$ (260,050)	$ -
(38,111)	-	(38,111)	-
(32,868)	-	(32,868)	-
(9,000)	-	(9,000)	-
(25,729)	-	(25,729)	-
360,979	-	360,979	-
(52)	-	(52)	-
(39,786)	-	(39,786)	-
(45,292)	-	(45,292)	-
(89,909)	-	(89,909)	-
-	7,321	7,321	-
-	16,168	16,168	-
-	22,004	22,004	-
-	70,852	70,852	-
-	(89,242)	(89,242)	-
-	27,103	27,103	-
(89,909)	27,103	(62,806)	-
-	-	-	(18,492)
345,755	-	345,755	-
76,314	-	76,314	
-	61,743	61,743	-
35,173	-	35,173	-
27,036	-	27,036	-
19,226	-	19,226	-
16,390	-	16,390	-
15,527	-	15,527	-
-	-	-	18,542
16,756	-	16,756	-
18,778	29,516	48,294	157
8,996	3,685	12,681	320
(18,410)	18,410	-	-
561,541	113,354	674,895	19,019
471,632	140,457	612,089	527
4,525,107	3,091,258	7,616,365	(433)
$ 4,996,739	$ 3,231,715	$ 8,228,454	$ 94

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$149,734	$197,701	$ 73,910	$ 154,392	$ 575,737
Receivables, net:					
Property taxes	9,017	1,727	364	67	11,175
Accounts	2,788	-	4,720	45	7,553
Other	-	-	-	102	102
Total receivables	11,805	1,727	5,084	214	18,830
Due from other governmental agencies	16,154	2,318	9,498	14,275	42,245
Due from other funds	469	-	-	-	469
Due from component unit	-	4,100	74	-	4,174
Inventories	875	-	-	-	875
Restricted assets:					
Cash and cash equivalents	-	4,981	1,634	-	6,615
Investments	-	198	47,003	-	47,201
Total restricted assets	-	5,179	48,637	-	53,816
Other postemployment benefit assets	70	-	-	-	70
Notes receivable	22	-	38,276	48,846	87,144
Total assets	$179,129	$211,025	$175,479	$ 217,727	$ 783,360
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 26,564	$ 837	$ 15,638	$ 4,205	$ 47,244
Deposits and retainage payable	2,089	-	6,516	518	9,123
Due to other funds	513	-	-	469	982
Due to component unit	-	-	333	2,883	3,216
Deferred revenues	12,201	5,827	43,541	49,960	111,529
Liabilities payable from restricted assets	-	-	194	-	194
Total liabilities	41,367	6,664	66,222	58,035	172,288
Fund balances:					
Reserved for-					
State statute	16,354	2,318	-	-	18,672
Convention Center debt service	-	4,695	-	-	4,695
Special obligation debt service	-	10,970	-	-	10,970
Encumbrances	14,588	-	-	11,690	26,278
Inventories	875	-	-	-	875
Other postemployment benefit assets	70	-	-	-	70
Loans	-	-	-	2,661	2,661
Perpetual care	-	-	-	3,129	3,129
Unreserved, reported in-					
General fund	105,875	-	-	-	105,875
Debt service fund	-	186,378	-	-	186,378
Capital projects fund	-	-	109,257	-	109,257
Special revenue funds	-	-	-	142,212	142,212
Total fund balances	137,762	204,361	109,257	159,692	611,072
Total liabilities and fund balances	$179,129	$211,025	$175,479	$ 217,727	$ 783,360

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, 2009
(In Thousands)

Total fund balances for governmental funds	$	611,072
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,532,678
Pension assets resulting from contributions in excess of the annual required contributions are not financial resources and therefore are not reported in the funds.		7,692
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		117,997
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.		16,548
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)		(1,289,248)
Total net assets of governmental activities	$	4,996,739

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, 2009
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	$275,409	$ 54,400	$ 11,139	$ 3,300	$ 344,248
Other taxes	54,801	12,135	19,830	45,301	132,067
Intergovernmental	65,593	1,649	9,046	59,107	135,395
Licenses, fees and fines	49,077	59	11,870	1,885	62,891
Investment earnings	4,690	6,330	2,048	5,594	18,662
Private contributions	-	2,355	11,817	-	14,172
Administrative charges	25,721	-	-	-	25,721
Charges for current services	7,477	-	-	-	7,477
Miscellaneous	3,606	160	1,140	4,730	9,636
Total revenues	486,374	77,088	66,890	119,917	750,269
EXPENDITURES:					
Current-					
Public safety	273,060	-	-	13,482	286,542
Sanitation	45,736	-	-	-	45,736
General administration	44,376	-	-	1,807	46,183
Support services	20,069	-	-	-	20,069
Engineering and property management	23,793	-	-	-	23,793
Streets and highways	29,114	-	-	23,018	52,132
Culture and recreation	-	-	-	13,478	13,478
Community planning and development	26,357	-	-	28,973	55,330
Debt service-					
Principal	-	74,356	-	-	74,356
Interest and other charges	-	49,710	-	-	49,710
Capital outlay	-	-	280,708	-	280,708
Total expenditures	462,505	124,066	280,708	80,758	948,037
Excess (deficiency) of revenues over (under) expenditures	23,869	(46,978)	(213,818)	39,159	(197,768)
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	842	-	76	35	953
Commercial paper issued	-	-	190,636	-	190,636
Installment purchases issued	-	320	87,171	-	87,491
Refunding debt issued	-	49,102	-	-	49,102
Premium on debt issuance	-	638	2,991	-	3,629
Private loan	-	-	357	-	357
Payment to refunded bond escrow agent	-	(47,731)	-	-	(47,731)
Transfers in	2,305	51,281	12,141	16,474	82,201
Transfers out	(38,187)	(239)	(27,306)	(34,879)	(100,611)
Total other financing sources (uses)	(35,040)	53,371	266,066	(18,370)	266,027
Net change in fund balances	(11,171)	6,393	52,248	20,789	68,259
Fund balances - beginning	148,933	197,968	57,009	138,903	542,813
Fund balances - ending	$137,762	$204,361	$109,257	$ 159,692	$ 611,072

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, 2009
(In Thousands)

Net change in fund balances - total governmental funds	$ 68,259
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.)	186,629
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets. (Note 2.b.)	425,269
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,102
The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets in the government-wide statements. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. (Note 2.b.)	(206,807)
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.)	(707)
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.	(6,113)
Change in net assets of governmental activities	$ 471,632

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF BUDGETARY COMPARISON
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(Budgetary Basis)	(Negative)
Resources (inflows):				
Property tax	$ 270,630	$ 270,630	$ 275,409	$ 4,779
Sales tax	63,888	63,888	51,761	(12,127)
Utilities franchise tax	31,316	31,316	35,173	3,857
Police services	15,986	15,986	16,060	74
Tax reimbursements	3,068	3,068	3,233	165
Solid waste fee	11,953	11,953	11,462	(491)
Business privilege licenses	16,432	13,814	15,777	1,963
Licenses and permits	16,225	16,288	16,845	557
Fines, forfeits and penalties	3,391	3,391	3,017	(374)
Interlocal grants and agreements	8,847	8,983	8,270	(713)
Federal and state shared revenues	3,071	3,389	3,062	(327)
General government	8,817	8,357	5,072	(3,285)
Public safety	3,642	4,102	4,890	788
Cemeteries	512	512	501	(11)
Use of money and property	3,158	5,015	5,400	385
Sale of salvage and land	679	679	842	163
Other	964	912	1,844	932
Occupancy taxes	3,713	3,713	3,040	(673)
Intragovernmental	21,535	24,951	25,558	607
Transfers from other funds	2,541	2,541	2,305	(236)
Resources available for appropriation	490,368	493,488	489,521	$ (3,967)
Fund balance appropriated	22,655	33,541	22,450	
Total amounts available for appropriation	$ 513,023	$ 527,029	$ 511,971	
Charges to appropriations (outflows):				
Police	$ 181,826	$ 183,682	$ 182,642	$ 1,040
Fire	89,498	91,736	91,332	404
Solid waste	46,028	46,994	44,677	2,317
Transportation	26,068	26,018	23,195	2,823
Engineering and property management	23,111	23,111	19,914	3,197
Neighborhood development	8,405	8,495	7,930	565
Planning	5,711	6,187	5,231	956
Mayor and council	1,258	1,258	1,200	58
City attorney	1,790	1,840	1,611	229
City clerk	557	557	525	32
City manager	18,915	19,381	17,905	1,476
Human resources	3,783	3,783	3,445	338
Finance	9,437	9,421	9,078	343
Business support services	19,440	23,120	21,948	1,172
Budget and evaluation	1,480	1,480	1,388	92
Non-departmentals	75,716	79,966	79,950	16
Total charges to appropriations	$ 513,023	$ 527,029	$ 511,971	$ 15,058

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

Sources (inflows) of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	$511,971
Differences - budget to GAAP:	
Contributed fund balance is a budgetary resource available for appropriation but is not a current-year revenue for financial reporting purposes.	(22,450)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(2,305)
Proceeds from the sale of salvage and land are budgetary resources but are regarded as other financing resources, rather than revenue, for financial reporting purposes.	(842)
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$486,374
Uses (outflows) of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	$511,971
Differences - budget to GAAP:	
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(11,279)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(38,187)
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	$462,505

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, 2009
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	$ 162,824	$ 49,985	$ 472,691
Receivables, net-			
Accounts	34,471	5,548	20,397
Other	937	295	2,981
Total receivables	35,408	5,843	23,378
Due from other governmental agencies	1,557	99	3,348
Due from other funds	-	-	-
Inventories	1,425	-	-
Restricted assets-			
Cash and cash equivalents	3,479	2,888	79,765
Investments	22,001	-	29,113
Total restricted assets	25,480	2,888	108,878
Total current assets	226,694	58,815	608,295
Noncurrent assets:			
Deferred charges	9,760	1,022	12,699
Other postemployment benefit assets	13,242	1,484	6,863
Capital assets-			
Land	38,334	-	249,730
Buildings	10,801	-	546,732
Improvements other than buildings:			
Water and sewer systems	3,249,619	-	-
Storm water systems	-	172,419	-
Runways	-	-	221,539
Transit corridors	-	-	-
Other	-	-	64,660
Total improvements other than buildings	3,249,619	172,419	286,199
Machinery and equipment	27,599	198	19,623
Construction in progress	404,302	213,959	214,222
Total capital assets	3,730,655	386,576	1,316,506
Less accumulated depreciation	846,366	31,508	428,539
Total capital assets, net	2,884,289	355,068	887,967
Total noncurrent assets	2,907,291	357,574	907,529
Total assets	3,133,985	416,389	1,515,824

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
$ 154,460	$ 839,960	$ 51,762
938	61,354	-
927	5,140	683
1,865	66,494	683
19,069	24,073	-
-	-	513
6,729	8,154	-
7	86,139	-
-	51,114	-
7	137,253	-
182,130	1,075,934	52,958
2,232	25,713	-
2,720	24,309	-
50,002	338,066	-
84,853	642,386	-
-	3,249,619	-
-	172,419	-
-	221,539	-
328,558	328,558	-
18,940	83,600	-
347,498	4,055,735	-
190,190	237,610	159
112,982	945,465	-
785,525	6,219,262	159
129,858	1,436,271	144
655,667	4,782,991	15
660,619	4,833,013	15
842,749	5,908,947	52,973

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET ASSETS-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2009
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	$ 19,836	$ 1,761	$ 33,133
Claims payable	-	-	-
Deposits and retainage payable	11,075	3,504	5,667
Accrued interest payable	23,335	565	-
Due to component unit	-	-	199
Unearned revenue	-	-	-
Current maturities of long-term liabilities	61,302	4,786	694
Current liabilities payable from restricted assets-			
Accounts payable	653	-	4,951
Deposits and retainage payable	-	-	1,767
Accrued interest payable	-	-	13,824
Revenue bonds payable	-	-	11,571
Total current liabilities payable from restricted assets	653	-	32,113
Total current liabilities	116,201	10,616	71,806
Noncurrent liabilities:			
General obligation bonds payable - net of deferred amount on refunding and unamortized premium	284,859	10,888	-
Revenue bonds payable - net of deferred amount on refunding and unamortized premium	1,161,122	122,880	605,488
Commercial paper notes payable	55,612	-	-
Other financing agreements - net of unamortized premium	23,371	-	-
Refundable water and sewer construction deposits	6,413	-	-
Due to participants	-	-	-
Compensated absences payable	1,298	150	560
Arbitrage payable	449	-	117
Total noncurrent liabilities	1,533,124	133,918	606,165
Total liabilities	1,649,325	144,534	677,971
NET ASSETS			
Invested in capital assets, net of related debt	1,319,167	219,674	379,563
Restricted for:			
Debt service	14,987	2,888	32,141
Passenger facility charges	-	-	130,901
Working capital	-	-	18,613
Unrestricted	150,506	49,293	276,635
Total net assets	$1,484,660	$271,855	$ 837,853
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
$ 9,934	$ 64,664	$ -
-	-	46,997
345	20,591	-
635	24,535	-
-	199	-
181	181	-
8,116	74,898	-
-	5,604	-
-	1,767	-
-	13,824	-
-	11,571	-
-	32,766	-
19,211	217,834	46,997
3	295,750	-
-	1,889,490	-
-	55,612	-
173,113	196,484	-
-	6,413	-
-	-	570
1,776	3,784	148
9	575	-
174,901	2,448,108	718
194,112	2,665,942	47,715
475,297	2,393,701	15
-	50,016	-
-	130,901	-
-	18,613	-
173,340	649,774	5,243
$ 648,637	3,243,005	$ 5,258
	(11,290)	
	$3,231,715	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	$ 223,230	$ 43,642	$ 113,386
Capacity fees	9,300	-	-
Miscellaneous	2,369	-	23,955
Total operating revenues	234,899	43,642	137,341
OPERATING EXPENSES:			
Administration	27,761	1,460	11,466
Operations and maintenance	72,415	10,144	39,479
Claims and insurance premiums	-	-	-
Other	1,407	-	15,373
Depreciation	80,585	3,223	27,689
Total operating expenses	182,168	14,827	94,007
Operating income (loss)	52,731	28,815	43,334
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	46,093
Contract facility charges	-	-	6,618
Investment earnings	6,053	1,686	17,188
Interest expense and other charges	(71,038)	(6,692)	(47,215)
Non-airline terminal revenue distribution	-	-	(15,117)
Miscellaneous	(4,614)	1,739	(298)
Total nonoperating revenues (expenses)	(69,599)	(3,267)	7,269
Income (loss) before contributions and transfers	(16,868)	25,548	50,603
CAPITAL CONTRIBUTIONS	52,327	14	38,200
TRANSFERS IN	-	-	-
Change in net assets	35,459	25,562	88,803
Total net assets - beginning	1,449,201	246,293	749,050
Total net assets - ending	$1,484,660	$ 271,855	$ 837,853

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 Activities - Internal Service Funds
Public Transit	Total	
$ 23,132	$ 403,390	$ 84,121
-	9,300	-
-	26,324	-
23,132	439,014	84,121
9,284	49,971	7,335
98,560	220,598	-
-	-	92,701
-	16,780	-
36,956	148,453	6
144,800	435,802	100,042
(121,668)	3,212	(15,921)
61,743	61,743	-
14,413	14,413	-
-	46,093	-
-	6,618	-
4,589	29,516	2,312
(8,039)	(132,984)	-
-	(15,117)	-
(134)	(3,307)	-
72,572	6,975	2,312
(49,096)	10,187	(13,609)
28,815	119,356	-
18,410	18,410	-
(1,871)	147,953	(13,609)
650,508		18,867
$ 648,637		$ 5,258
	(7,496)	
	$ 140,457	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	$236,690	$ 43,489	$134,373
Receipts from participants	-	-	-
Payments to suppliers	(46,854)	(5,430)	(42,858)
Internal activity - (payments to) receipts from other funds	(33,321)	(1,844)	(7,611)
Receipts from trust	-	-	-
Payments to employees	(34,302)	(5,027)	(13,642)
Payments to airlines for non-airline terminal revenue distribution	-	-	(15,827)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	5,177	924	(11,195)
Net cash provided (used) by operating activities	127,390	32,112	43,240
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	-	-
Property tax	-	6	-
Sales tax	-	-	-
Transfers in	-	-	-
Net cash provided by noncapital financing activities	-	6	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	55,478	-	-
Proceeds from commercial paper	81,708	-	-
Water and sewer construction deposits	708	-	-
Passenger facility charges	-	-	47,114
Contract facility charges	-	-	6,770
Acquisition and construction of capital assets	(150,457)	(23,539)	(154,513)
Principal paid on capital debt	(52,934)	(4,238)	(21,715)
Interest and other charges paid on capital debt	(66,899)	(6,721)	(49,008)
Capital contributions	-	14	56,997
Net cash (used) by capital and related financing activities	(132,396)	(34,484)	(114,355)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(58,321)	-	(43,372)
Proceeds from sale and maturities of investments	50,919	2,888	65,865
Interest received	6,875	2,000	19,437
Net cash provided (used) by investing activities	(527)	4,888	41,930
Net increase (decrease) in cash and cash equivalents	(5,533)	2,522	(29,185)
Cash and cash equivalents - beginning of year	171,836	50,351	581,641
Cash and cash equivalents - end of year	$166,303	$ 52,873	$552,456

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
$ 22,306	$ 436,858	$ -
-	-	31,454
(44,778)	(139,920)	(6,137)
(8,125)	(50,901)	46,946
-	-	17,126
(55,968)	(108,939)	(1,348)
-	(15,827)	-
-	-	(79,952)
-	-	(12,493)
422	(4,672)	-
(86,143)	116,599	(4,404)
19,688	19,688	-
-	6	-
65,005	65,005	-
18,410	18,410	-
103,103	103,109	-
-	55,478	-
-	81,708	-
-	708	-
-	47,114	-
-	6,770	-
(65,937)	(394,446)	-
(78,024)	(156,911)	-
(8,113)	(130,741)	-
34,622	91,633	-
(117,452)	(398,687)	-
-	(101,693)	-
-	119,672	-
6,116	34,428	2,543
6,116	52,407	2,543
(94,376)	(126,572)	(1,861)
248,843	1,052,671	53,623
$ 154,467	$ 926,099	$ 51,762

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(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)	$ 52,731	$ 28,815	$ 43,334
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	80,585	3,223	27,689
Other receipts (payments)	5,177	924	(11,195)
Non-airline terminal revenue distribution	-	-	(15,827)
Change in assets and liabilities:			
(Increase) decrease in receivables	1,798	(153)	(2,965)
(Increase) decrease in due from other governmental agencies	-	-	(6)
(Increase) in due from other funds	-	-	-
(Increase) decrease in inventories	8	-	-
Decrease in prepaid insurance	-	-	-
Decrease in other receivables	8	1	-
(Increase) decrease in other postemployment benefit assets	(13,242)	(135)	99
Increase (decrease) in accounts payable	134	(549)	(7)
Increase in claims payable	-	-	-
Increase in due to participants	-	-	-
Increase (decrease) in deposits and retainage payable	(7)	-	1,786
Increase in due to component unit	-	-	199
Increase (decrease) in compensated absences payable	198	(14)	133
Total adjustments	74,659	3,297	(94)
Net cash provided (used) by operating activities	$127,390	$ 32,112	$ 43,240
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	$ 52,327	$ -	$ -
Proceeds from refunding bonds	305,305	-	105,750
Payment to refunded bond escrow agent	(305,305)	-	(105,750)
Net noncash investing, capital and financing activities	$ 52,327	$ -	$ -

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

Enterprise Funds		Governmental Activities - Internal Service Funds
Public Transit	Total	
$ (121,668)	$ 3,212	$ (15,921)
36,956	148,453	6
422	(4,672)	-
-	(15,827)	-
(827)	(2,147)	923
66	60	-
-	-	(112)
(321)	(313)	-
-	-	4
2	11	-
300	(12,978)	-
(1,118)	(1,540)	-
-	-	10,350
-	-	313
1	1,780	-
-	199	-
44	361	33
35,525	113,387	11,517
$ (86,143)	$ 116,599	$ (4,404)
$ -	$ 52,327	$ -
-	411,055	-
-	(411,055)	-
$ -	$ 52,327	$ -

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ASSETS		
Cash and cash equivalents	$ 4,077	$ 32,709
Receivables:		
Employer contributions	199	-
Member contributions	209	-
Interest and dividends	378	138
Receivables - other	-	505
Total receivables	786	643
Investments:		
Equity securities - stocks	77,586	-
Fixed income securities - bonds	35,258	-
Mutual funds	154,890	-
Total investments	267,734	-
Capital assets, at cost, net of accumulated depreciation of $183	252	-
Total assets	272,849	33,352
LIABILITIES		
Accounts payable	745	21
NET ASSETS		
Held in trust for pension/other postemployment benefits	$ 272,104	$ 33,331

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

CITY OF CHARLOTTE, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
ADDITIONS:		
Contributions-		
Member	$ 7,711	$ 4,350
Employer	7,341	28,098
Other	-	604
Total contributions	15,052	33,052
Investment income (loss)-		
Net depreciation in fair value of investments	(69,654)	-
Interest	1,732	1,058
Dividends	2,584	-
	(65,338)	1,058
Investment expense	1,732	-
Net investment income (loss)	(67,070)	1,058
Total additions (loss)	(52,018)	34,110
DEDUCTIONS:		
Benefits	18,146	16,158
Refunds	138	-
Insurance premiums	-	138
Administration	473	899
Depreciation	17	-
Total deductions	18,774	17,195
Change in net assets	(70,792)	16,915
Net assets - beginning	342,896	16,416
Net assets - ending	$ 272,104	$ 33,331

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

CITY OF CHARLOTTE, NORTH CAROLINA
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JUNE 30, 2009

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

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

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

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

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

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

Charlotte Transit Center, Inc
c/o Lincoln Harris, LLC
200 North College Street, Suite 100
Charlotte, North Carolina 28202

b. Basis of Presentation

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

The City reports the following fund types:

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

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

c. Measurement Focus and Basis of Accounting

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

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

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

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

d. Assets, Liabilities and Net Assets/Fund Balances

(1) Cash and Investments

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

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

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

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

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

(2) Receivables and Payables

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

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

(3) Inventories

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

(4) Capital Assets

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

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

Buildings	20 - 40 years
Infrastructure	40 years
Improvements other than buildings	10 - 60 years
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 $1,633, $77 and $1,094, respectively, for the year ended June 30, 2009.

(5) Compensated Absences

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

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

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

(6) Long-term Liabilities

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

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

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

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

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

(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 externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute.

The governmental fund types classify fund balances as reserved and unreserved.

Reserved. This represents fund balance that is not available for appropriation or is legally segregated for a specific purpose as follows:

Reserved for State statute - fund balance that is not available for appropriation under State law. This is primarily comprised of accounts receivable which have not been offset by deferred revenues.

Reserved for debt service - fund balance that is legally restricted through financing agreements for future payment of debt service requirements.

Reserved for encumbrances - fund balance representing commitments outstanding related to purchase orders and unperformed contracts.

Reserved for inventories - fund balance representing the balance of inventories which is not an available expendable financial resource.

Reserved for other postemployment benefit assets - fund balance representing the prefunding of the actuarial accrued liability for other postemployment benefits.

Reserved for loans - fund balance representing the balance of notes receivable which are not an available expendable financial resource.

Reserved for perpetual care - fund balance available to pay cemetery maintenance costs.

Unreserved.

Designated for subsequent years' expenditures – fund balance appropriated for the budget for the year ending June 30, 2010 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	$ 3,115
Debt Service	186,378
Capital Projects	109,257
Nonmajor	142,212
	$ 440,962

Undesignated – 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 government funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this $1,289,248 difference are as follows:

Bonds and installment purchases payable	$ 910,479
Net of deferred amounts on refunding, premiums and discounts	11,261
Commercial paper notes	293,812
Compensated absences	37,750
Arbitrage	287
Section 108 loan guarantee	12,665
Private Loan	2,322
Law enforcement officers' separation allowance	9,565
Accrued interest payable	11,107
Net adjustment to reduce *fund balance - total governmental funds* to arrive at *net assets - governmental activities*	$ 1,289,248

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 $186,629 difference are as follows:

Capital outlay	$ 270,300
Depreciation expense	(83,671)
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 186,629

Another element of that reconciliation states "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this $425,269 difference are as follows:

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	$ (2,296)
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.	427,565
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 425,269

Another element of that reconciliation states "The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this ($206,807) difference are as follows:

Debt issued or incurred:	
Issuance of installment purchases	$ (136,592)
Issuance of commercial paper notes	(190,636)
Private loan	(357)
Plus premium on debt issuance	(3,629)
Less discount on debt issuance	962
Less issuance cost	1,060
Arbitrage	78
Principal repayments:	
General obligation debt	26,931
Installment purchases	47,425
Commercial paper	47,731
Section 108 loan guarantee	220
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (206,807)

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this ($707) difference are as follows:

Accrued interest	$ 1,492
Amortization on deferred amount on refunding	(918)
Amortization of issuance costs	(320)
Amortization of debt premiums	2,157
Amortization of discounts	(16)
Compensated absences	(2,812)
Advanced leave to employees	74
Law enforcement officers' separation allowance	(1,145)
Change in pension assets	781
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ (707)

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 Capital Projects Fund, the Stimulus Grants, Public Safety Grants, Neighborhood Development, Employment and Training, and Emergency Communications Special Revenue Funds and the Enterprise Funds capital projects.

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budgets shown in the statements are as amended at June 30, 2009.

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

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

b. Deficit in Fund Balance

The Employee Health & Life Fund, an Internal Service Fund, had deficit net assets of ($3,133) at June 30, 2009. This deficit was attributable to increased healthcare costs and will be eliminated through future City and employee contributions.

4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2009, the bank balances and carrying amounts of bank deposits were as follows:

	Bank Balance	Carrying Amount
City - Governmental and Business-type Activities	$59,401	$ 2,037
City - Fiduciary Fund	115	32,726
Component unit - Authority	4,413	4,284

All deposits of the City are made in board-designated official depositories and are secured as required by State statutes. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

All of the City's deposits are either insured or collateralized by using the Pooling Method. Under the Pooling Method, a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits. Of the City's bank balances, $13,415 was covered at the federal depository insurance coverage level (including coverage by the Temporary Liquidity Guarantee Program) and $46,101 was covered by collateral held under the Pooling Method.

Component Unit: The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, $1,616 was covered by federal depository insurance (including coverage by the Certificate of Deposit Account Registry Service Program). The remaining balances were covered by collateral held under the Pooling Method.

b. Investments

State statute 159-30 authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of

the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Pension Trust fund, the Charlotte Firefighters' Retirement System (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.

The investments and maturities at June 30, 2009, were as follows:
City - Governmental and Business-type Activities

		Investment Maturities (in Years)		
	Fair Value	Less than 1	1-3	More than 3
Investment type				
U.S. Agencies	$ 1,148,762	$ 85,651	$ 633,934	$ 429,177
Commercial Paper	40,000	40,000	-	-
Mutual Funds	92,755	N/A	N/A	N/A
NCCMT Cash Portfolio	366,708	N/A	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-	-
Total	$ 1,656,225	$ 133,651	$ 633,934	$ 429,177

* Because the NCCMT Term Portfolio had a weighted average maturity of 0.9 years, it was presented as an investment with a maturity of 6-12 months.

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

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's). As of June 30, 2009, the City's investments in commercial paper carried at least S&P A1, Moody's P1 or Fitch F1 ratings. The City's investments in the NCCMT Cash Portfolio carried a credit rating of AAAm by S&P as of June 30, 2009. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in instruments permitted by State statute 159-30 described above. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AAA by S&P and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or

collateral securities that are in the possession of an outside party. At June 30, 2009, the City had no investments subject to custodial credit risk. The City had no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.

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

The investments and maturities at June 30, 2009 of the Charlotte Firefighters' Retirement System were as follows:

City – Fiduciary Fund

		Investment Maturities (in Years)			
Investment type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	$ 4,912	$ -	$ 3,105	$ 1,054	$ 753
U.S. Agencies	11,122	-	162	-	10,960
Corporate bonds	19,224	-	6,964	5,000	7,260
Common stocks	77,586	N/A	N/A	N/A	N/A
Mutual funds	154,890	N/A	N/A	N/A	N/A
Total	$ 267,734	$ -	$ 10,231	$ 6,054	$ 18,973

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

Credit Risk. The System is authorized to invest in bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2009 are as follows:

Quality Rating	Fair Value	Percentage of Portfolio
AAA	$ 2,580	7.32%
Baa > AA	12,746	36.15%
B > Ba	433	1.23%
Total credit risk debt securities	15,759	44.70%
US Government fixed income securities	16,034	45.47%
Not rated	3,465	9.83%
Total fixed income securities	$ 35,258	100.00%

Concentration of Credit Risk. The System limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to

30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

In accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. CMO rates trade in sympathy with treasury rates. At year-end, the System held $3,085 of these securities.

Component Unit: At June 30, 2009, the Authority had investments of $1,089 in the NCCMT's Cash Portfolio, which carried a credit rating of AAAm by Standard and Poor's.

c. Receivables

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

	Gross Receivable	Allowance	Net Receivable
Governmental			
General	$ 32,929	$ 21,124	$ 11,805
Debt Service	3,693	1,966	1,727
Capital Projects	13,021	7,937	5,084
Nonmajor	3,736	3,522	214
Total Governmental	53,379	34,549	18,830
Proprietary			
Water and Sewer	43,581	8,173	35,408
Storm Water	7,760	1,917	5,843
Airport	23,630	252	23,378
Public Transit	2,113	248	1,865
Internal Service	683	-	683
Total Proprietary	77,767	10,590	67,177
Fiduciary			
Firefighters' Retirement	786	-	786
Employee Benefit	643	-	643
Total	$132,575	$ 45,139	$ 87,436

In February 2002, City Council approved an interest-free loan to the Authority for $5,000 for the renovation of Ovens Auditorium. In May 2007, the Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a $160 per year repayment through fiscal year 2037. At June 30, 2009 the balance of the loan outstanding was $4,014.

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, 2008, were based on the assessed values listed as of January 1, 2008, which is the lien date.

The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City's agent for listing and collecting property taxes levied. The distribution of the City's levy for 2009 (tax rate per $100 valuation) to its funds is shown below:

General	$ 0.3698
Debt Service	0.0737
Capital Projects	0.0151
Total	$ 0.4586

In addition, special taxes are levied on areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2009 for Districts 1, 2, 3, 4 and 5 were $.0174, $.0239, $.0386, $.0668 and $.0300, respectively.

e. Restricted Assets

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

Governmental-	
Debt Service	$ 5,179
Capital Projects	48,637
Total Governmental	53,816
Enterprise-	
Water and Sewer	25,480
Storm Water	2,888
Airport	108,878
Public Transit	7
Total Enterprise	137,253
Total	$ 191,069

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

f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities-				
Capital assets, not being depreciated:				
Land	$2,628,750	$265,957	$ -	$2,894,707
Construction in progress	288,387	263,495	76,327	475,555
Total capital assets, not being depreciated	2,917,137	529,452	76,327	3,370,262
Capital assets, being depreciated:				
Buildings	671,096	10,964	5,214	676,846
Infrastructure	1,971,955	230,881	199	2,202,637
Machinery and equipment	167,893	18,079	25,317	160,655
Total capital assets being depreciated	2,810,944	259,924	30,730	3,040,138
Less accumulated depreciation for:				
Buildings	170,588	16,508	3,163	183,933
Infrastructure	527,998	49,335	-	577,333
Machinery and equipment	108,694	17,834	10,087	116,441
Total accumulated depreciation	807,280	83,677	13,250	877,707
Total capital assets, being depreciated, net	2,003,664	176,247	17,480	2,162,431
Governmental activities capital assets, net	$4,920,801	$705,699	$ 93,807	$5,532,693

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	$ 8,801
Sanitation	3,320
General administration	1,356
Support services	3,326
Engineering and property management	6,862
Streets and highways	50,161
Community planning and development	9,845
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of assets	6
Total depreciation expense - governmental activities	$ 83,677

Capital asset activity for business-type activities for the year ended June 30, 2009 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities-				
Capital assets, not being depreciated:				
Land	$ 334,104	$ 3,962	$ -	$ 338,066
Construction in progress	783,850	380,965	219,350	945,465
Total capital assets, not being depreciated	1,117,954	384,927	219,350	1,283,531
Capital assets, being depreciated:				
Buildings	595,972	46,414	-	642,386
Improvements other than buildings:				
Water and sewer systems	3,139,473	117,139	6,993	3,249,619
Storm water systems	164,515	7,904	-	172,419
Runways	147,004	74,535	-	221,539
Transit corridors	321,797	6,761	-	328,558
Other	83,152	448	-	83,600
Machinery and equipment	220,943	20,806	4,139	237,610
Total capital assets being depreciated	4,672,856	274,007	11,132	4,935,731
Less accumulated depreciation for:				
Buildings	313,385	22,523	-	335,908
Improvements other than buildings:				
Water and sewer systems	746,345	78,197	1,139	823,403
Storm water systems	27,382	3,202	-	30,584
Runways	77,417	5,226	-	82,643
Transit corridors	9,047	18,310	-	27,357
Other	28,256	4,242	-	32,498
Machinery and equipment	90,960	16,753	3,835	103,878
Total accumulated depreciation	1,292,792	148,453	4,974	1,436,271
Total capital assets, being depreciated, net	3,380,064	125,554	6,158	3,499,460
Business-type activities capital assets, net	$ 4,498,018	$ 510,481	$ 225,508	$ 4,782,991

g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables and payables at June 30, 2009, by fund:

Due to/from other funds:	Interfund Receivables	Interfund Payables
General	$ 469	$ 513
Nonmajor governmental	-	469
Employee Health and Life	513	-
Total	$ 982	$ 982

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

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

	Receivable Entity	Payable Entity
Primary Government:		
Debt Service	$ 3,940	$ -
Capital Projects	74	333
Nonmajor governmental	-	2,883
Enterprise - Airport	-	199
Component Unit - Authority	3,415	4,014
Total	$ 7,429	$ 7,429

Interfund transfers:

	Transfers In:					
Transfer out:	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	Total
General	$ -	$ 19,689	$ 11,027	$ 7,471	$ -	$ 38,187
Debt Service	98	-	-	131	10	239
Capital Projects	-	34	-	8,872	18,400	27,306
Nonmajor governmental	2,207	31,558	1,114	-	-	34,879
Total	$ 2,305	$ 51,281	$ 12,141	$ 16,474	$ 18,410	$ 100,611

The transfers consist primarily of the following: (a) $51,281 to Debt Service from General, Capital Projects and nonmajor governmental to cover debt service costs, (b) $18,400 to Enterprise - Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, and (c) $11,027 to Capital Projects from General to fund capital projects.

h. Payables

Payables at June 30, 2009 were as follows:

	Vendors	Salaries	Other	Total
Governmental				
General	$ 15,800	$ 3,200	$ 7,564	$ 26,564
Debt Service	837	-	-	837
Capital Projects	15,366	-	287	15,653
Nonmajor governmental	4,197	8	-	4,205
Total Governmental	36,200	3,208	7,851	47,259
Proprietary				
Water and Sewer	18,566	1,059	864	20,489
Storm Water	1,615	146	-	1,761
Airport	37,646	438	-	38,084
Public Transit	4,884	2,042	3,008	9,934
Internal Service	46,951	46	-	46,997
Total Business-type	109,662	3,731	3,872	117,265
Total	$ 145,862	$ 6,939	$ 11,723	$ 164,524

i. Deferred Revenues

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

	Unavailable	Unearned
Property taxes receivable:		
General	$ 9,051	$ 33
Debt Service	1,727	-
Capital Projects	364	-
Nonmajor governmental	67	-
Notes receivable:		
General	22	-
Capital Projects	38,276	-
Nonmajor governmental	48,846	-
Accounts receivable:		
General	2,847	-
Capital Projects	4,827	-
Nonmajor governmental	83	-
Due from component unit:		
Debt Service	4,100	-
Capital Projects	74	-
Due from other governmental agencies		
General	281	-
Grant advances:		
Nonmajor governmental	964	964
	$ 111,529	$ 997

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2009 follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	$ 404,087	$ -	$ 26,931	$ 377,156	$ 25,106
Less unamortized deferred on refundings	(7,469)	-	(505)	(6,964)	(505)
Plus unamortized premiums	8,882	-	752	8,130	752
Total bonds payable	405,500	-	27,178	378,322	25,353
Special obligation bonds	10,970	-	-	10,970	-
Installment purchases	433,186	136,592	47,425	522,353	36,270
Less unamortized deferred on refundings	(4,733)	-	(413)	(4,320)	(408)
Plus unamortized premiums	13,137	3,629	1,405	15,361	1,576
Less unamortized discounts	-	(962)	(16)	(946)	(32)
Total installment purchases	441,590	139,259	48,401	532,448	37,406
Commercial paper notes payable	150,907	190,636	47,731	293,812	204,264
Compensated absences	35,052	31,884	29,038	37,898	23,634
Arbitrage	365	19	97	287	142
Section 108 loan guarantee	2,885	10,000	220	12,665	532
Private loan	1,982	340	-	2,322	-
Due to participants	82	488	-	570	-
Law enforcement officers' separation allowance	8,420	1,145	-	9,565	-
Total governmental activities	$ 1,057,753	$ 373,771	$ 152,665	$ 1,278,859	$ 291,331

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

A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2009 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type Activities					
Water and Sewer:					
General obligation bonds	$ 316,167	$ -	$ 15,992	$ 300,175	$ 21,913
Less unamortized deferred on refundings	(17,068)	-	(1,594)	(15,474)	(1,594)
Plus unamortized premiums	24,059	-	1,791	22,268	1,791
Revenue bonds	864,670	342,715	24,315	1,183,070	25,390
Less unamortized deferred on refundings	(12,714)	-	(980)	(11,734)	(979)
Plus unamortized premiums	6,134	9,707	741	15,100	903
Total bonds payable	1,181,248	352,422	40,265	1,493,405	47,424
Installment purchases	26,524	10,078	10,939	25,663	10,067
Plus unamortized premiums	721	705	392	1,034	379
Total installment purchases	27,245	10,783	11,331	26,697	10,446
Commercial paper notes payable	279,209	81,708	305,305	55,612	-
Other financing agreements - Municipal systems	8,840	-	865	7,975	855
Refundable construction deposits	7,230	708	823	7,115	702
Compensated absences	2,975	2,927	2,729	3,173	1,875
Arbitrage	371	145	67	449	-
Total Water and Sewer	1,507,118	448,693	361,385	1,594,426	61,302
Storm Water:					
General obligation bonds	14,568	-	1,103	13,465	1,230
Less unamortized deferred on refundings	(2,474)	-	(156)	(2,318)	(156)
Plus unamortized premiums	943	-	64	879	64
Revenue bonds	126,795	-	3,135	123,660	3,275
Plus unamortized premiums	2,697	-	101	2,596	101
Total bonds payable	142,529	-	4,247	138,282	4,514
Compensated absences	436	366	380	422	272
Total Storm Water	142,965	366	4,627	138,704	4,786

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Airport:					
Revenue bonds	648,555	91,765	127,465	612,855	11,290
Less unamortized deferred on refundings	(2,616)	-	(275)	(2,341)	(275)
Plus unamortized premiums	4,172	2,757	384	6,545	556
Total bonds payable	650,111	94,522	127,574	617,059	11,571
Compensated absences	1,121	1,111	978	1,254	694
Arbitrage	497	32	412	117	-
Total Airport	651,729	95,665	128,964	618,430	12,265
Public Transit:					
General obligation bonds	18	-	9	9	6
Installment purchases	255,365	-	78,015	177,350	7,150
Less unamortized deferred on refundings	(338)	-	(29)	(309)	(29)
Plus unamortized premiums	3,461	-	134	3,327	134
Total installment purchases	258,488	-	78,120	180,368	7,255
Compensated absences	2,587	1,294	1,250	2,631	855
Arbitrage	-	9	-	9	-
Total Public Transit	261,093	1,303	79,379	183,017	8,116
Total business-type activities	$ 2,562,905	$ 546,027	$ 574,355	$ 2,534,577	$ 86,469

The government-wide statement of net assets includes $11,571 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of $74,898 is displayed as *noncurrent liabilities, due within one year* on that same statement.

(1) General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. Interest rates on fixed rate general obligation bonds outstanding range from 3.00 to 5.60 percent with final maturity in the year 2030. Interest on the variable rate bonds is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate 2007 general obligation refunding bonds. See note 4.j.7 for additional information concerning swap agreements.

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

Governmental Activities

Year Ended June 30	Principal	Interest
2010	$ 25,106	$ 14,153
2011	20,906	12,860
2012	21,602	12,068
2013	20,604	11,242
2014	19,698	10,469
2015-2019	96,257	41,592
2020-2024	100,193	23,923
2025-2029	69,025	6,885
2030	3,765	94
	$ 377,156	$ 133,286

Business-type Activities

Year Ended	Water and Sewer		Storm Water		Public Transit	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 21,913	$ 14,340	$ 1,230	$ 655	$ 6	$ 1
2011	23,113	13,125	820	592	2	-
2012	24,287	11,954	860	551	1	-
2013	24,961	10,733	914	508	-	-
2014	26,087	9,508	960	463	-	-
2015-2019	132,480	27,857	4,968	1,574	-	-
2020-2024	47,334	3,933	3,713	409	-	-
	$ 300,175	$ 91,450	$ 13,465	$ 4,752	$ 9	$ 1

(2) Special Obligation Bonds

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

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

Governmental Activities		
Year Ended June 30	Principal	Interest
2010	$ -	$ 77
2011	-	77
2012	850	77
2013	900	71
2014	950	65
2015-2019	5,585	215
2020-2021	2,685	28
	$ 10,970	$ 610

(3) Revenue Bonds

The following table summarizes the City's revenue bonds:

Business-type activities Date Sold	Original Issue	Refunded	Original Interest Rates	Final Maturity	Balance June 30, 2009
Water and Sewer -					
October 2000	$ 101,520	March 2005	5.00% - 5.50%	2010	$ 3,380
June 2001	149,000	-	4.25% - 5.50%	2026	124,650
February 2002	61,035	-	3.50% - 5.50%	2016	42,215
March 2002	114,430	-	Variable	2028	114,430
August 2002	108,390	*	Variable	2025	103,860
March 2005	68,790	-	3.00% - 5.00%	2022	65,110
July 2006	100,290	-	4.00% - 5.00%	2037	96,915
July 2006	300,000	-	Variable	2037	289,795
August 2008	342,715	-	3.50% - 5.00%	2039	342,715
Storm Water -					
May 2000	36,355	January 2002	3.00% - 5.50%	2010	1,135
January 2002	29,840	**	3.00% - 5.25%	2025	28,645
October 2004	54,265	-	3.00% - 5.00%	2034	51,015
October 2006	43,675	-	4.00% - 5.00%	2036	42,865
Airport -					
December 1985	108,780	February 2009	2.50% - 5.00%	2017	51,180
May 1987	75,880	June 1997	Variable	2018	42,085
December 1999	102,255	-	4.63% - 6.85%	2030	71,805
December 1999	88,805	November 2008	Variable	2030	24,480
September 2004	150,775	-	2.31% - 5.25%	2035	141,155
September 2004	16,160	November 2008	Variable	2035	16,105
August 2007	99,995	***	4.00% - 5.00%	2037	98,520
August 2007	47,570	-	Variable	2038	46,825
Airport Special Facility-					
June 1987	67,000	March 1998	5.60%	2028	66,300
March 1998	19,700	-	5.60%	2028	19,700
September 2000	34,700	-	7.75%	2028	34,700

* The August 2002 issue for $108,390 includes refunding of $37,890 of August 1999 bonds and $58,990 of October 2000 bonds.

** The January 2002 issue for $29,840 includes refunding of $27,355 of May 2000 bonds.

*** The August 2007 issue for $99,995 includes refunding of $7,950 of December 1999 bonds.

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

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

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

The principal and interest on the Water and Sewer and Storm Water Revenue Bonds are payable from net revenues of the water and sewer and storm water systems, respectively. Pursuant to the general trust indentures, the City has covenanted to charge rates that produce net revenues which (1) including 50 percent of the surplus fund, after providing for a two-month operating reserve, are at least 120 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements and (2) are at least 110 percent of the principal and interest requirements plus 100 percent of non-revenue bond debt service requirements. Based on the 2009 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 107 percent. Based on the 2009 Storm Water Fund budgets, revenue bond debt service coverage was at least 309 percent.

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

The Revenue Bond Orders provide for the establishment of reserves for working capital and debt service. The reserves in the Airport Enterprise Fund at June 30, 2009 are $18,613 for working capital and $32,141 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds, except for the June 2001 and February 2002 issues, were satisfied with the purchase of surety bonds or insurance policies. For the June 2001 and February 2002 Water and Sewer and the Storm Water Revenue bonds, the reserve for debt service in the Water and Sewer and Storm Water Enterprise Funds is $14,987 and $2,888, respectively, at June 30, 2009.

Revenue bond debt service requirements to maturity are as follows:

Business-type Activities

Year Ended	Water and Sewer		Storm Water		Airport	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2010	$ 25,390	$ 39,737	$ 3,275	$ 5,880	$ 11,290	$ 27,879
2011	32,790	32,992	3,420	5,731	18,550	27,436
2012	34,230	31,788	3,550	5,601	19,315	26,680
2013	35,200	30,498	3,690	5,463	20,185	25,782
2014	37,525	29,046	3,845	5,310	21,245	24,834
2015-2019	214,600	124,681	22,200	23,558	99,325	108,506
2020-2024	261,210	95,921	28,025	17,740	69,205	90,335
2025-2029	207,830	65,748	23,650	11,084	227,955	62,202
2030-2034	170,205	41,614	26,640	5,331	82,745	16,357
2035-2039	164,090	14,004	5,365	378	43,040	2,530
	$ 1,183,070	$ 506,029	$ 123,660	$ 86,076	$ 612,855	$ 412,541

(4) Installment Purchases

The following table summarizes the City's installment purchases:

Date Sold	Original Issue	Refunded	Original Interest Rates	Final Maturity	Balance June 30, 2009
Governmental activities:					
Convention Center -					
July 1991	$ 46,949	February 2007	6.80% - 7.10%	2010	$ 1,662
July 1991	120,695	September 2003	5.00% - 5.50%	2020	98,040
July 1991	24,335	February 2007	Variable	2022	19,490
April 2000	27,775	February 2007	5.00% - 5.63%	2011	1,020
October 2000	16,500	May 2005	5.00% - 7.25%	2011	1,030
May 2005	33,665	February 2007	3.00% - 5.00%	2026	19,160
February 2007	22,655	-	5.34% - 5.49%	2012	14,310
June 2009	30,620	-	2.00% - 5.00%	2034	30,620
Tourism -					
May 2003	41,000	-	Variable	2033	19,785
August 2003	136,850	-	4.00% - 5.38%	2033	136,850
August 2003	16,800	-	2.00%	2015	8,080
Public Safety -					
July 1993	14,000	May 2003	2.00% - 4.00%	2013	3,800
March 1995	10,500	November 2001	3.50% - 4.50%	2016	5,065
November 2000	21,765	May 2005	5.00% - 5.75%	2010	700
November 2001	12,865	-	4.13% - 5.25%	2021	4,850
April 2005	15,725	-	Variable	2025	13,380
May 2005	16,805	-	3.00% - 5.00%	2025	16,625
March 2007	2,139	-	4.00% - 5.00%	2012	1,356
June 2009	41,675	-	3.00% - 5.00%	2029	41,675
Hall of Fame -					
June 2009	37,295	-	5.00%	2039	37,295
Equipment -					
2005 - 2009	75,633	-	3.00% - 5.00%	2014	47,560
Business-type activities:					
Water and Sewer Equipment -					
2005 - 2009	49,513	-	3.00% - 5.00%	2014	25,663
Public Transit Equipment and Facilities -					
November 2001	11,840	-	3.50% - 5.25%	2011	2,945
December 2003	58,440	-	2.00% - 5.00%	2033	55,525
January 2004	28,595	-	Variable	2014	15,385
August 2005	74,400	-	3.00% - 5.00%	2035	69,230
June 2008	34,965	*	3.50% - 5.00%	2035	34,265

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

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

The City entered into an installment purchase contract in July 1991 to construct a new convention center. An indenture of trust required the creation and maintenance of a reserve fund in an amount equal to the lesser of (a) 10 percent of the proceeds of the contract, (b) the maximum annual installment payments or (c) 125 percent of the average annual installment payments. The reserve in the Debt Service Fund at June 30, 2009 was $4,695. The April and October 2000 installment purchase financings were for additions and modifications. For these two contracts a surety bond was purchased in lieu of funding a debt service requirement.

These installment purchase contracts are non-general obligation financings. In accordance with State statutes, no deficiency judgment may be rendered against the City for amounts owed and the taxing power of the City may not be pledged directly or indirectly to collateralize amounts due pursuant to these contracts. Net revenues from room occupancy and prepared food and beverage taxes are dedicated for debt service payments for these financings. These revenues are not pledged by the City, directly or indirectly, as collateral, and no lien or claim can be made against such revenues.

In September 2005, the City issued an interest rate swaption agreement in connection with $128,245 of the Series 2003G tourism installment purchase contracts issued in August 2003. The agreement provides the City with upfront savings of $5,866 through an advance refunding of callable maturities whereby the City pays a fixed rate of 5.10 percent and the City simultaneously receives an amount based on the BMA Municipal Swap Index. The effective date of the swap is June 1, 2013. Debt service costs during the term of the swap are projected to approximate the costs of the existing fixed rate debt.

As of June 30, 2009, the City was exposed to credit risk on the swap in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's Investors Service (Moody's) and AA by Standard & Poor's (S&P). To mitigate credit risk, if the counterparty's credit rating falls below Aa3 by Moody's and A+ by S&P, the swap will be collateralized at fair value with cash and/or U.S. Government securities. Collateral will be posted with the City or its agent. The City will be required to collateralize the swap in like manner if its general obligation debt rating ceases to be at least A3 by Moody's and A- by S&P.

The swap will expose the City to basis risk since the variable payment to be received from the counterparty will be determined on a basis different from that used to calculate the bond floating rate for the associated bonds.

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

Installment purchases debt service requirements to maturity are as follows:

Governmental Activities

Year Ended June 30	Principal	Interest
2010	$ 36,270	$ 26,654
2011	34,243	21,189
2012	33,917	19,682
2013	25,832	18,246
2014	25,921	17,099
2015-2019	108,135	69,210
2020-2024	102,995	44,415
2025-2029	69,295	26,612
2030-2034	48,450	12,952
2035-2039	37,295	6,095
	$ 522,353	$ 262,154

Business-type Activities

Year Ended	Water and Sewer		Public Transit	
June 30	Principal	Interest	Principal	Interest
2010	$ 10,067	$ 1,183	$ 7,150	$ 7,740
2011	6,702	750	7,430	7,548
2012	4,547	440	6,120	7,355
2013	2,123	213	6,350	7,217
2014	2,224	111	6,570	7,089
2015-2019	-	-	24,100	32,732
2020-2024	-	-	30,245	26,582
2025-2029	-	-	38,215	18,605
2030-2034	-	-	44,445	8,070
2035	-	-	6,725	328
	$ 25,663	$ 2,697	$ 177,350	$ 123,266

(5) Commercial Paper

The City has available a general obligation commercial paper bond anticipation notes program to finance street improvements, neighborhood improvements, public improvements and housing projects. The City has authorized the issuance of notes up to the amount of $150,000 outstanding at any time. The notes are general obligations of the City, and the City has pledged its faith and credit to the payment of principal of and interest on the notes. In addition, the City has entered into a Standby Note Purchase Agreement which will expire in February 2010. The notes will mature no later than 270 days after the date of issuance or January 13, 2012.

The City had general obligation commercial paper notes payable of $119,937 outstanding at June 30, 2009. The notes were repaid with $122,315 general obligation bonds issued in October 2009. The bonds have interest rates ranging from 3.00 to 5.00 percent.

Debt service requirements for general obligation bonds issued in October 2009 are as follows:

Governmental Activities Year Ended June 30	Principal	Interest
2010	$ 280	$ 3,439
2011	280	5,831
2012	795	5,822
2013	7,120	5,799
2014	7,115	5,443
2015-2019	35,575	21,946
2020-2024	35,575	13,384
2025-2029	35,575	5,193
	$ 122,315	$ 66,857

The City has available a NASCAR Hall of Fame taxable commercial paper certificates of participation (CP certificates) program to finance the construction, equipping and furnishing of the NASCAR Hall of Fame and ballroom, parking facility and renovation of the City's convention center to allow for light rail. The City has authorized the issuance of CP certificates up to the amount of $140,000 outstanding at any time. The payment of principal and interest on the CP certificates is secured by an irrevocable, direct-pay letter of credit. Neither the CP certificates nor the interest with respect thereto constitutes a general obligation or other indebtedness of the City and no deficiency judgment may be rendered against the City for breach of any obligation to make payments nor is the taxing power of the City pledged directly or indirectly to secure any monies due the owners of the CP certificates. In order to provide additional liquidity support for the CP certificates, the City has entered into a Standby Purchase Agreement which will expire February 2010. The CP certificates will mature no later than 270 days after the date of issuance or December 1, 2032.

The City had CP certificates payable of $89,548 outstanding at June 30, 2009. The certificates were repaid with $100,000 variable rate NASCAR Hall of Fame Certificates of Participation issued in July 2009. The variable rate certificates of participation were swapped to a fixed rate of 4.73 percent.

Debt service requirements for certificates of participation issued in July 2009 are as follows:

Governmental Activities		
Year Ended	NASCAR	
June 30	Principal	Interest
2010	$ -	$ 4,016
2011	2,025	4,791
2012	2,125	4,706
2013	2,255	4,592
2014	2,380	4,484
2015-2019	14,015	20,591
2020-2024	18,370	16,846
2025-2029	24,095	11,913
2030-2034	31,585	5,460
2035	3,150	151
	$ 100,000	$ 77,550

The City has available a commercial paper certificates of participation (CP certificates) program to finance the City's Cultural Arts Facilities project. The City has authorized the issuance of CP certificates up to the amount of $160,000 outstanding at any time. The payment of principal and interest on the CP certificates is secured by an irrevocable, direct-pay letter of credit. Neither the CP certificates nor the interest with respect thereto constitutes a general obligation or other indebtedness of the City and no deficiency judgment may be rendered against the City for breach of any obligation to make payments nor is the taxing power of the City pledged directly or indirectly to secure any monies due the owners of the CP certificates. The City has secured the payment of principal and interest through a Letter of Credit Reimbursement and Security Agreement which will expire in January 2010. The CP certificates will mature no later than 270 days after the date of issuance or December 1, 2031.

The City had CP certificates payable of $84,327 outstanding at June 30, 2009. The certificates were repaid with $139,135 Cultural Arts Facilities Certificates of Participation issued in September 2009. The certificates of participation have interest rates ranging from 4.00 to 5.00 percent.

Debt service requirements for certificates of participation issued in September 2009 are as follows:

Governmental Activities		
Year Ended	Cultural Arts	
June 30	Principal	Interest
2010	$ -	$ 4,420
2011	-	6,603
2012	2,570	6,603
2013	2,690	6,481
2014	2,800	6,373
2015-2019	15,760	30,093
2020-2024	19,515	26,340
2025-2029	24,820	21,034
2030-2034	31,185	14,669
2035-2039	39,795	6,055
	$ 139,135	$ 128,671

The City has available a Water and Sewer commercial paper revenue bond anticipation notes program to finance the cost of water and sewer system improvements. The City has authorized the issuance of notes up to the amount of $400,000 outstanding at any time. The notes are payable from net revenues of the water and sewer systems. The notes do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the notes. In addition, the City has entered into a Standby Note Purchase Agreement for $110,000 which will expire in April 2012 and is currently the maximum amount of notes the City can issue. The City expects to increase the amount of liquidity support provided under the Liquidity Facility. The notes will be replaced by water and sewer revenue bonds. The notes will mature no later than 270 days after the date of issuance or August 1, 2034.

The City had water and sewer commercial paper revenue bond anticipation notes payable of $55,612 outstanding at June 30, 2009. Interest rates are based upon market conditions.

Commercial paper debt service requirements to maturity are as follows:

Business-type Activities		
Year Ended	Water and Sewer	
June 30	Principal	Interest
2010	$ -	$ 250
2011	-	250
2012	55,612	209
	$ 55,612	$ 709

(6) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

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

Governmental Activities Year Ended June 30	Principal	Interest
2010	$ 532	$ 261
2011	558	244
2012	583	226
2013	610	206
2014	643	185
2015-2019	3,378	595
2020-2024	2,887	202
2025-2029	3,474	72
	$ 12,665	$ 1,991

(b) Private Loan

The City has entered into a private loan agreement for up to $21.5 million dollars to finance pre-opening expenses for the NASCAR Hall of Fame project, construction of additional parking and construction of the facility. The interest rate is 4.00 percent and will be due in June 2014. As of June 30, 2009, $2,322 had been advanced under this agreement.
Debt service requirements to maturity are as follows:

Governmental Activities Year Ended June 30	Principal	Interest
2010	$ -	$ 93
2011	-	93
2012	-	93
2013	-	93
2014	2,322	92
	$ 2,322	$ 464

(c) Municipal Systems

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

Business-type Activities Year Ended June 30	Principal	Interest
2010	$ 855	$ 351
2011	845	316
2012	835	281
2013	830	245
2014	835	210
2015-2019	3,525	520
2020	250	13
	$ 7,975	$ 1,936

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

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government “arbitrage profits” earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2009, a noncurrent liability for $449, $117 and $9 is included in the Water and Sewer, Airport and Public Transit Enterprise Funds, respectively. A liability for $287 is included in the Capital Projects Fund for estimated arbitrage profits payable.

(7) Interest Rate Swaps

(a) General Obligation

To hedge exposure to rising interest rates the City entered into a forward-starting floating-to-fixed interest rate swap agreement related to $100,000 of Series 2007 variable rate general obligation bonds. The agreement was entered into in August 2005 and was effective on February 1, 2007. The purpose of the swap was to effectively change the variable rate bonds to fixed rate bonds.

Under the swap agreement the City pays the counterparty a fixed payment of 4.015 percent. Comparative interest rates, as determined by the Bond GO Index published in the Daily Bond Buyer, for fixed rate general obligation bonds at the dates of sale were 4.32 percent. The City receives a variable payment based on the USD-BMA-Municipal Swap Index. The bond floating rate, determined by the remarketing agent, is the minimum rate, based upon market conditions, necessary to sell the bonds in the secondary market.

The Series 2007 bonds and related swap agreement mature on June 1, 2027. The notional amounts of the swaps equal the principal amounts of the associated bonds and decrease simultaneously with the reduction in the principal amount of the associated bonds. As of June 30, 2009 the notional amount was $90,000.

At June 30, 2009 the swap had a fair value of ($6,386). Fair value was estimated by the counterparty using mark-to-market valuations.

As of June 30, the City was not exposed to credit risk on the swap because it had a negative fair value. The swap counterparty was rated A2 by Moody's Investors Service (Moody's) and A by Standard & Poor's (S&P). To mitigate the credit risk, if the counterparty's credit rating falls below Baa3 by Moody's and BBB- by S&P, the swap will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. The City will be required to collateralize the swap in a like manner if its general obligation debt rating ceases to be at least A3 by Moody's and A- by S&P.

The swap exposes the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30 the rate received by the City was 0.36 percent, whereas the bond floating rate paid by the City was 0.32 percent.

Either the City or the counterparty may terminate the swap if the other party fails to perform. In addition, the swaps may be terminated if (a) collateral is not delivered as required by the agreement within 15 days of a reduction in credit ratings as described above or (b) either party's credit rating falls below Baa3 by Moody's of BBB- by S&P. Termination could result in the City being required to make a termination payment.

As rates change, variable rate bond interest payments and net swap payments will vary. Assuming the interest rate as of June 30 remains the same until the bonds mature, debt service requirements of the variable rate bonds and net swap payments would be as follows:

Year Ended	Variable Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swap, Net	Total
2010	$ 5,000	$ 562	$ 3,277	$ 8,839
2011	5,000	272	3,094	8,366
2012	5,000	256	2,912	8,168
2013	5,000	240	2,729	7,969
2014	5,000	224	2,546	7,770
2015-2019	25,000	880	9,985	35,865
2020-2024	25,000	480	5,412	30,892
2025-2027	15,000	96	1,052	16,148
Total	$ 90,000	$ 3,010	$ 31,007	$ 124,017

(b) Water and Sewer

As a means to achieve an economic benefit, when compared to the issuance of fixed rate bonds, the City entered into three interest rate swap agreements related to variable rate water and sewer system revenue bonds. The first agreement was in connection with $114,430 of Series 2002B bonds issued in March 2002, the second was in connection with $108,390 of Series 2002C refunding bonds issued in August 2002, and the third was in connection with $300,000 of Series 2006B refunding revenue bonds issued in July 2006. The swap agreements for the series 2002B and 2002C bonds were entered into at the time the bonds were issued. The swap agreement for the Series 2006B bonds was entered into in August 2005 and was effective August 2006. The purpose of the swaps was to effectively change the variable rate bonds to fixed rate bonds.

Under the swaps the City pays the counterparty a fixed payment of 4.03 percent for Series 2002B, 3.79 percent for Series 2002C and 4.04 percent for Series 2006B. Comparative interest rates, as determined by the Revenue Bond index published in the Daily Bond Buyer, for fixed rate revenue bonds at the dates of sale were 5.50 percent for Series 2002B, 5.36 percent for Series 2002C and 5.19 percent for Series 2006B. For Series 2002B, the City receives a variable payment of 67 percent of the London InterBank Offered Rate (LIBOR), an international interest rate index that is the most commonly used for variable rate pricing. For Series 2002C, the City receives a variable payment of the lesser of the bond floating rate or 67 percent of LIBOR not to exceed 12.00 percent. For series 2006B, the City receives a variable rate payment based on the USD-BMA Municipal Swap Index. The bond floating rate, determined by the remarketing agent, is the minimum rate, based upon market conditions, necessary to sell the bonds in the secondary market.

The Series 2002B, 2002C and 2006B bonds and related swap agreements mature on July 1, 2027, June 1, 2025 and July 1, 2036, respectively. The notional amounts of the swaps equal the principal amounts of the associated bonds and decrease simultaneously with the reduction in the principal

amount of the associated bonds. As of June 30, 2009 the notional amounts were $114,430, $103,860 and $289,795 for Series 2002B, Series 2002C and Series 2006B, respectively.

At June 30, 2009 the swaps had fair values of ($17,601), ($12,646) and ($24,209) for Series 2002B, 2002C and 2006B, respectively. Fair values were estimated by the counterparty using mark-to market valuations.

As of June 30 the City was not exposed to credit risk on the 2002B, 2002C, or 2006B swaps because they had negative fair values. The swap counterparty was rated A2 by Moody's and A by S&P for Series 2002B and 2002C and Aa2 by Moody's and AA by S&P for Series 2006B. To mitigate the potential for credit risk, if the counterparty's credit rating falls below Aa3 by Moody's and AA- by S&P, the swaps will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. The City will be required to collateralize the swap in a like manner if its general obligation debt rating ceases to be at least A3 by Moody's and A- by S&P.

The swaps expose the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30 the rate received by the City for the 2002B and 2002C agreements was 67 percent of LIBOR or 0.21 percent, whereas the bond floating rates paid by the City were 0.27 percent for Series 2002B and 0.32 percent for Series 2002C. As of June 30 the rate received by the City for the 2006B agreement was 0.53 percent, whereas the bond floating rate paid by the City was 0.27 percent.

Either the City or the counterparty may terminate the swap if the other party fails to perform. In addition, the swaps may be terminated if (a) collateral is not delivered as required by the agreement within 15 days of a reduction in credit ratings as described above or (b) either party's credit rating falls below Baa3 by Moody's or BBB- by S&P. Termination could result in the City being required to make a termination payment.

As rates change, variable rate bond interest payments and net swap payments will vary. Assuming interest rates as of June 30 remain the same until the bonds mature, debt service requirements of the variable rate bonds and net swap payments would be as follows:

Year Ended	Variable Rate Bonds		Interest Rate	
June 30	Principal	Interest	Swaps, Net	Total
2010	$ 6,080	$ 7,144	$ 18,057	$ 31,281
2011	6,345	1,399	17,835	25,579
2012	6,610	1,381	17,603	25,594
2013	6,905	1,363	17,362	25,630
2014	7,210	1,343	17,109	25,662
2015-2019	98,295	6,120	77,733	182,148
2020-2024	147,550	4,247	53,877	205,674
2025-2029	108,460	2,244	28,192	138,896
2030-2034	70,455	1,169	13,960	85,584
2035-2037	50,175	207	1,811	52,193
Total	$ 508,085	$ 26,617	$ 263,539	$ 798,241

(c) Airport

The City's two Airport interest rate swap agreements in connection with the Series 1993A and 1997A bonds were terminated in October 2008. The agreements were made with AIG Financial Products Corporation ("AIG"), and the variable rate bonds were insured by MBIA. In the spring of 2008, a credit rating downgrade on MBIA set in motion a chain of events which triggered provisions in the AIG swap agreements that caused actual interest cost for the City to exceed 14 percent. Ultimately, the City decided to terminate the AIG swaps by paying a termination payment to AIG in the amount of $16,850, including $15,433 for the termination payment and $1,417 for accrued interest due.

(8) Refundings

In August 2008, the City issued $342,715 fixed rate Water Sewer Revenue Bonds (after payment of $2,422 in underwriting fees, insurance and other issue costs) to refund $305,305 of Water and Sewer commercial paper revenue bond anticipation notes and to finance additional improvements to the water and sewer system. The fixed rate bonds have interest rates ranging from 3.50 to 5.00 percent with a final maturity in 2039. See note 4.j.5 for additional information on the Water and Sewer commercial paper revenue bond anticipation notes program.

In November 2008, the City issued $40,585 variable rate Airport Revenue Bonds to refund $28,805 and $14,845 of outstanding variable rate Airport Revenue Bonds Series 1999D and 2004D, respectively. The net proceeds of $40,216 (after payment of $369 in underwriting fees, insurance and other issuance costs) and $6,439 and $125 in debt service reserve funds of the 1999D and 2004D bonds, respectively, were used to purchase U.S. government securities and fund the debt service reserve fund for the 2008 bonds. The City completed the refunding to reduce its total debt

service payments over a period of 26 years by $38,329 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $27,500.

In February 2009, the City issued $51,180 fixed rate Airport Revenue Bonds with interest rates ranging from 2.50 to 5.00 percent to refund $62,100 of outstanding variable rate Airport Revenue Bonds Series 1993A. The net proceeds of $52,995 (after payment of $941 in underwriting fees, insurance and other issuance costs) and $14,502 in debt service reserve funds of the 1993A bonds were used to purchase U.S. government securities and fund the debt service reserve fund for the 2009 bonds. The City completed the refunding to reduce its total debt service payments over a period of eight years by $38,877 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $35,620.

In June 2009, the City issued $37,295 fixed rate Hall of Fame installment purchase contracts (after payment of $404 underwriting fees, insurance and other issue costs) to refund $35,925 of outstanding commercial paper certificates of participation. The fixed rate installment purchase contracts have an interest rate of 5.00 percent with a final maturity in 2039. See note 4.j.5 for additional information on the Hall of Fame commercial paper certificates of participation program.

(9) Other Debt Information

In prior years, the City defeased various general obligation bonds, revenue bonds and installment purchases by placing the proceeds of the new debt in an irrevocable trust to provide for all future debt service payments on the old debt. Accordingly, the trust account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2009, $116,820 of general government, $78,625 of water and sewer, $27,355 of storm water, and $7,950 of airport debt outstanding are considered defeased.

As of June 30, 2009, the City has authorized but unissued bonds of $540,800 consisting of $409,900 for street improvements, $50,000 for housing, $72,000 for neighborhood improvements and $8,900 for redevelopment.

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, 2009, the City's legal debt limit was $5,941,629. The outstanding debt subject to this limit was $1,835,116, leaving a net legal debt margin of $4,106,513.

(10)Early Extinguishment

On August 1, 2008, the City early extinguished $71,095 of variable rate Transit Certificates of Participation.

On August 1, 2008, the City early extinguished $21,215 variable rate Government Facilities Certificates of Participation.

On September 18, 2009, the City early extinguished $6,025 of variable rate Airport Revenue Bonds.

(11)Subsequent Events

In July 2009, the City issued $100,000 of variable rate Hall of Fame installment purchase contracts. The proceeds will be used to discharge $99,413 of outstanding commercial paper certificates of participation, series 2007C. The installment purchase contracts were swapped to a fixed rate of 4.73 with a final maturity in 2035. See note 4.j.5 for additional information concerning the commercial paper program.

In August 2009, the City issued $93,765 of fixed rate Water and Sewer System Refunding Revenue Bonds. The proceeds will be used to partially refund, in advance of their maturity, $100,000 of Water Sewer System Revenue Bonds Series 2006B. The interest rates range from 3.00 to 5.25 percent with a final maturity in 2036.

In September 2009, the City issued $139,135 of variable rate Cultural Arts installment purchase contracts. The proceeds will be used to discharge $98,016 of outstanding commercial paper certificates of participation, series 2007A and finance the completion of the Cultural Arts Facilities. The interest rates range from 4.00 to 5.00 percent with a final maturity in 2039. See note 4.j.5 for additional information concerning the commercial paper program.

In October 2009, the City issued $20,000 of fixed rate taxable General Obligation Housing Bonds Series 2009A and $122,315 of fixed rate General Obligation Refunding Bonds Series 2009B. The proceeds will be used to finance housing projects and discharge $134,451 of outstanding general obligation commercial paper notes payable. The interest rates range from 1.50 to 3.00 percent with a final maturity of 2012 for the Series 2009A bonds and from 3.00 to 5.00 percent with a final maturity in 2029 for the Series 2009B bonds. See note 4.j.5 for additional information concerning the commercial paper program.

5. PENSION PLANS AND OTHER BENEFITS

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

Component Unit: The Authority participates in the North Carolina LGERS which is described in Note 5.a. The Authority's contribution to the LGERS for the year ended June 30, 2009 was $502, which was 4.80 percent of annual covered payroll.

a. LGERS

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

Funding Policy: Plan members are required to contribute 6.0 percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80 percent and 4.86 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, 2009, 2008, and 2007, were $13.9 million, $13.0 million, and $12.0 million, respectively. The contributions made by the City equaled the required contributions for each year.

b. Charlotte Firefighters' Retirement System

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

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

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

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

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	$	6,703
Interest on net pension obligation		(536)
Adjustment to annual required contribution		393
Annual pension cost		6,560
Contributions made		(7,341)
Increase in net pension obligation		(781)
Net pension obligation, beginning of year		(6,911)
Net pension obligation, end of year	$	(7,692)

Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	$ 6,703	98.08%	$ (6,818)
2008	6,825	101.40	(6,911)
2009	6,560	111.91	(7,692)

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]
7/1/2007	$ 336,423	$ 334,816	$ (1,607)	100.48%	$ 52,463	(3.06%)
7/1/2008	358,536	361,375	2,839	99.21	55,219	5.14
7/1/2009	360,003	376,027	16,024	95.74	56,890	28.17

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

Actuarial valuation date	7/1/09
Actuarial cost method	Entry age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.75 to 7.75%
Includes inflation at	3.75%
Cost of living adjustments	None

Concentrations: The System had individual fixed income or equity investments at June 30, 2009 managed by the following organizations that represented five percent or more of the System's net assets:

State Street Global Advisors	18%
Barrow, Hanley, Mewhinney & Strauss	13
Morgan Stanley	13
Winslow Capital Management	10
Aronson + Johnson + Oritz	9
Robeco Boston Partners	5
BlackRock Realty	5
DE Shaw	5
Cadence Capital Management	5
Columbia Capital Management	5
Barring Asset Management	5
Investment Counselors of Maryland	5

c. LEO Separation

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

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2008, the LEO Separation's membership consisted of:

Retirees receiving benefits	176
Active plan members	1,716
Total	1,892

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

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

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

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

Annual required contribution	$ 4,079
Interest on net pension obligation	611
Adjustment to annual required contribution	(515)
Annual pension cost	4,175
Contributions made	(3,030)
Increase in net pension obligation	1,145
Net pension obligation, beginning of year	8,420
Net pension obligation, end of year	$ 9,565

Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	$ 3,366	80.42%	$ 7,814
2008	3,624	83.28	8,420
2009	4,175	72.57	9,565

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/2003	$ -	$ 30,487	$30,487	-	$75,246	40.52%
12/31/2004	-	33,010	33,010	-	79,325	41.61
12/31/2005	-	30,823	30,823	-	83,671	36.84
12/31/2006	-	34,026	34,026	-	87,917	38.70
12/31/2007	-	39,453	39,453	-	93,043	42.40
12/31/2008	-	42,984	42,984	-	100,289	42.86

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2004	$ 3,022	74.52%
2005	3,242	70.39
2006	3,548	68.97
2007	3,268	82.83
2008	3,538	85.30
2009	4,079	74.28

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

Actuarial valuation date	12/31/08
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5 to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	None

d. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy: Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to 5.0 percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The City is currently making contributions for 1,703 law enforcement officers. Contributions for the year

ended June 30, 2009 were $8,097, which consisted of $5,147 from the City and $2,950 from the law enforcement officers.

e. Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (LGERS), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the LGERS, or who die within 180 days after retirement of termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50 or be less than $25. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number eligible participants. For the fiscal year ended June 30, 2009, the City made contributions of $140 to the State for death benefits. The City's contributions for employees engaged in law enforcement represented .14 percent of covered payroll.

f. Other Postemployment Benefits

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

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

Retirees and beneficiaries receiving benefits	1,916
Active plan members	5,930
	7,846

Basis of Accounting: The City's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Contribution Information: Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. For retired employees, the City Council set the employer contribution rate based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or fund excess) of the plan over a period not to exceed thirty years. For fiscal year 2009, the City contributed $28,098 to the plan, including $13,700 for current premiums and an additional $14,398 to prefund benefits, which exceeded the required contribution. Administrative costs of the plan are financed through contributions and investment earnings. Plan members receiving benefits contributed $4,350 through their required contribution.

The required contribution rates per plan members were as follows:

Years of service	Range of rates
20 or more – Retiree only	$66 to $192
20 or more – Retiree and spouse and/or dependents	$197 to $780
15 to 20 – Retiree only	$66 to $192
15 to 20 – Retiree and spouse and/or dependents	$284 to $1,285
10 to 15 – Retiree only	$220 to $639
10 to 15 – Retiree and spouse and/or dependents	$438 to $1,733
Less than 10	Not eligible

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

Annual required contribution	$ 14,405
Interest on net OPEB obligation	(446)
Adjustment to annual required contribution	1,117
Annual OPEB cost (expense)	15,076
Contributions made	(28,098)
Decrease in net OPEB obligation	(13,022)
Net OPEB obligation, beginning of year	(11,331)
Net OPEB obligation, end of year	$(24,353)

Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	$ 17,041	166.49%	$ (11,331)
2009	15,076	186.38	(24,353)

Funded Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation date, the plan was 16 percent funded. The actuarial accrued liability for benefits was $207,301. The actuarial value of assets was $33,006, resulting in an unfunded actuarial accrued liability (UAAL) of $174,295. The covered payroll (annual payroll of active employees covered by the plan) was $332,162 and the ratio of the UAAL to the covered payroll was 54.10 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - 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)
01/01/07	$ -	$ 229,764	$ 229,764	0.00%	$ 275,955	83.26%
07/01/09	33,006	207,301	174,295	15.92	322,162	54.10

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2008	$ 28,372	166.49%
2009	28,098	195.06%

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

Additional information follows:

Actuarial valuation date	07/01/09
Actuarial cost method	Projected Unit Credit
Asset valuation method	Market Value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%
Annual healthcare cost trend rate	8.50 to 5.00% (year of ultimate trend rate 2015)
Includes inflation at	4.50%
Amortization method	Level percentage of projected payroll, closed
Remaining amortization period	28 years

g. Deferred Compensation Plan

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

6. OTHER INFORMATION

a. Airport Leasing Arrangements with Tenants

A major portion of the Airport's assets are leased under operating agreements with airlines and other tenants. The total cost and accumulated depreciation of the assets at June 30, 2009 follows:

Land	$ 249,730
Buildings	546,732
Runways	221,539
Improvements other than buildings	64,660
Machinery and equipment	19,623
Total	1,102,284
Less accumulated depreciation	428,539
Total	$ 673,745

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2009:

2010	$ 39,214
2011	39,333
2012	39,454
2013	39,575
2014	39,698
2015-2019	92,284
2020-2024	37,526
2025-2028	148,313
Total minumum future rental income	$ 475,397

Of the $475,397 minimum future rental income on noncancelable operating leases, $332,565 relates to agreements with US Airways, Inc. See Note 6.g. for additional information related to US Airways, Inc.

Contingent rentals that may be received under certain leases based on the tenant's revenues, fuel flow or usage are not included above. Contingent rentals of approximately $18,986 were received during the year ended June 30, 2009.

b. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of $3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on

FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of $794,708. Collections during fiscal year 2009 were $46,093 and aggregate collections from inception through June 30, 2009 were $200,257.

c. Insurance

(1) Employee Health and Life

The City provides health and life benefits to employees and retirees. Private companies administer these benefits pursuant to administrative services agreements. The City maintains insurance coverage with private carriers for life claims, vision claims, and excess coverage for health claims in excess of $275 per year per person. The City has an Employee Health and Life Insurance Fund (EHLIF), an internal service fund, to account for and finance its health and life insurance program.

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

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

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2009	$ 6,754	$ 64,692	$ (64,261)	$ 7,185
2008	5,482	58,130	(56,858)	6,754

At June 30, 2009, the EHLIF held $3,375 in cash and equivalents for payments of these claims.

(2) Risk Management

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

The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents and City buses; excess workers' compensation; excess vehicle and general liability; police professional liability; police helicopter liability and property damage; airport liability, City bus liability, railroad protective liability, passenger railway liability for the

light rail train operations and property insurance on the light real vehicles. Insurance coverage includes vehicle and general liability claims in excess of $2,000 but less than $22,000 per occurrence, workers' compensation claims in excess of $750, property damage claims in excess of $100 and flood insurance $100,000 in all flood zones, except $5,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for $100. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

Pursuant to administrative agreements, the City provides risk management services to Mecklenburg County and the Charlotte-Mecklenburg Board of Education. There is no transfer or pooling of risks 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, 2009, $570 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 $39,812 reported in the RMF at June 30, 2009, is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Claims liabilities are based on the estimated ultimate cost of settling the claims, which includes incremental claim adjustment expenditures/expenses (i.e., outside legal assistance) and estimated recoveries on unsettled claims as required by GASB Statement No. 30. The changes in the fund's liabilities follow:

	Beginning Of Year	Claims and Changes in Estimates	Claims Payments	End of Year
2009	$ 29,893	$ 25,610	$ (15,691)	$ 39,812
2008	24,466	19,187	(13,760)	29,893

At June 30, 2009, the RMF held $48,387 in cash and cash equivalents for payments of these claims.

d. Commitments and Contingencies

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

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

The City is currently evaluating a number of environmental issues including two former landfill sites. Until site assessments and further studies are completed, the cleanup costs can only be estimated. During the current fiscal year a provision for cleanup costs of $460 has been provided within the financial statements. In the opinion of City management, costs ultimately incurred are not expected to have a material effect on the City's financial position after giving effect to the provision for clean up costs.

The City manages a Brownfield Assessment Grant Program which assists property and business owners and infill developers in overcoming barriers that contamination presents for the redevelopment of underutilized brownfield sites in distressed business districts and neighborhoods. The Program provides fifty percent matching funds, up to $20 per site, to property owners for site assessment, design of remediation activities, and legal expenses for redevelopment sites suspected of contamination. When the City enters into the agreements, it legally obligates itself to participate in the cleanup activities of the remediation effort. The amount of the liability is derived from the grant agreements and assumes no unexpected change orders.

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

Authorized capital projects at June 30, 2009, are comprised of the following by fund:

	Project Authorization	Expended	Unexpended
Governmental-			
Capital Projects	$ 1,839,098	$ 1,286,165	$ 552,933
Enterprise-			
Water and Sewer	2,018,363	1,449,691	568,672
Storm Water	311,315	220,803	90,512
Airport	862,279	641,412	220,867
Public Transit	785,794	714,797	70,997
Total Enterprise	3,977,751	3,026,703	951,048
Total	$ 5,816,849	$ 4,312,868	$ 1,503,981

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

The City has construction and other contractual commitments at June 30, 2009, as follows by fund:

Governmental-	
Capital Projects	$ 141,904
Nonmajor governmental	14,914
Total Governmental	156,818
Enterprise-	
Water and Sewer	128,821
Storm Water	30,585
Airport	64,382
Public Transit	31,650
Total Enterprise	255,438
Total	$ 412,256

The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2009, as shown below:

Year	Amount
2010	$ 2,872
2011	2,212
2012	1,518
2013	1,144
2014	654
2015-2019	1,288
	$ 9,688

Related lease expense was approximately $2,866 in 2009.

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, 2009, the City's estimated obligation for future costs under these agreements was approximately $2,521.

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, 2009, are as follows:

Loan Program	Purpose	Amount Authorized	Amount Outstanding
Third/Fourth Ward	Residential	$44,000	$ -
Five Points	Residential	1,850	7
Uptown	Residential	21,000	-

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

e. NASCAR Hall of Fame

On March 8, 2006, the City of Charlotte, Charlotte Regional Visitors Authority (Authority), and NASCAR Inc. entered into an agreement to "establish a museum and hall of fame facility to be known as the NASCAR Hall of Fame" to commemorate competitive stock car and stock truck racing and its founders, participants, fans and industry contributors. The facility will be wholly owned by the City of Charlotte and operated by the Authority.

The $189.0 million project is funded through a number of sources: $134.5 million installment purchases to be repaid from the new two percent Occupancy Tax, $36.5 million from private bank loans to be repaid from State donated land sales and private donations (no recourse to the City) and $18.0 million from installment purchases to be repaid by the Convention Center Tax Special Revenue Fund. In addition, the Convention Center Tax Special Revenue Fund is financing a $6.0 million pedestrian bridge and a $6.3 million modification to accommodate light rail. A 2,500 seat convention center ballroom will be built on site and connected to the main convention center. Construction period funding will be achieved by selling taxable commercial paper certificates of participation. As of June 30, 2009, $30.6 million of tax exempt Convention Center Certificates of Participation and $37.3 million of tax exempt NASCAR Hall of Fame Certificates of Participation were issued to fund the project. The remaining taxable and tax exempt permanent debt will be issued when the project is completed.

NASCAR Inc. is participating with a developer for the construction of an office tower and parking deck on the site of the Hall of Fame to house local NASCAR operations. They also have an option to purchase at the market rate, a parcel adjacent to the property.

f. Arena

During 2003 the City entered into several agreements related to the construction of a new arena and the awarding of a National Basketball Association (NBA) expansion team to Charlotte. The agreements are with various parties including the National Basketball, RLJ Basketball, LLC, RLJ Arena Operations, LLC and the Charlotte Regional Visitors Authority (Authority). The Arena opened in October 2005.

The City funded the cost of the arena project, including land, through (1) the issuance of installment financing obligations that will be supported solely by revenues derived from the hotel/motel tax levied as authorized by North Carolina State law and the three percent rental car tax; (2) funds provided by corporate underwriters; (3) funds from the sales of assets; and (4) other funding sources currently available to the City and the Authority. The corporate underwriters provided $100.0 million consisting of $50.0 by various corporations for the purchase of City assets and an additional $50.0 million of which $10.0 million is a corporate community contribution, $16.8 million is to be repaid by the City, and $23.2 million is to be repaid by the Team. As of June 30, 2009, $55.6 million of City assets had been purchased by various corporations. The City issued a $16.8 million installment purchase contract which provides for repayment of the corporate underwriters during 2005 through 2015. In addition, the City issued $177.9 million of installment purchase contracts to acquire land and fund construction costs.

The City will be the sole owner of the arena and the arena site. During the twenty-five year term of the agreement with the Team, the City and the Team shall each make an annual contribution to a capital reserve fund of $250 beginning in 2007 and increasing five percent per year to a maximum of $500 per year. Capital expenses in excess of the amount in the capital reserve fund will be the responsibility of the City. The Team will be obligated to play all home games in the arena. If the Team violates this agreement, the City will be entitled to liquidated damages in varying amounts depending upon the number of years remaining under the agreement.

The Team will operate the Arena for twenty-five years and have one five year extension option. The Team will be entitled to all revenues including operations, naming rights, advertising and broadcasting. The Team will be responsible for operating expenses including maintenance and operating losses. The Authority will also provide certain “back of house” operations including maintenance and event preparation and will be compensated by the Team for these services. The Authority will also provide food and beverage services at that arena and pay the Team a percentage of the gross revenues.

g. US Airways

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2009, US Airways and its affiliates provided 23.45 percent of the Airport's operating revenues.

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

As of June 30, 2009, the City had $492,155 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield and terminal. The City has $32,141 in reserve to pay principal and interest on GARBS.

In addition to the GARBS, the City has also issued Special Facility Revenue Bonds to finance the construction of crew training, airfield maintenance and other Airport facilities (Special Facilities) that are leased to US Airways by the City. As rental for the Special Facilities, US Airways is obligated to pay directly to the City a Ground Rental and an Airport Service Fee Rental. In addition, US Airways is obligated to pay directly to a Trustee for the benefit of bondholders a facility rental (Special Facilities Debt Service Rental) in an amount equal to the annual installments of principal and interest on the Special Facility Revenue Bonds. The Special Facilities Debt Service Rental is not a general obligation of the City. If US Airways fails to pay the Special Facilities Debt Service Rentals, the City is obligated to use reasonable efforts to re-let the Special Facilities to another tenant and apply the debt service rentals from such re-letting to the payment of the principal and interest on the Special Facility Revenue Bonds. The City is not obligated to make any payments relating to the Special Facilities or the Special Facility Revenue Bonds except for such debt service rentals as it receives from the tenant of the Special Facilities. As of June 30, 2009, there was $120,700 of Special Facility Revenue Bonds outstanding. The Special Facility Revenue Bonds provide for the semi-annual payment of interest with a lump-sum payment of principal on the maturity date of the bonds. The Special Facility Revenue Bonds mature on July 1, 2027 and February 1, 2028.

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Financial Section–
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 are used for debt service, maintenance and operation of convention center facilities and to promote tourism.

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

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

Cultural Facilities Fund – This fund accounts for vehicle rental tax revenues to be used for cultural facilities.

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

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

Neighborhood Development Fund – This fund accounts for neighborhood development activities, 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. The Workforce Investment Act funds this program.

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

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

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

SafeLight Fund – This fund, which closed during the year, accounted for citation revenue used for the administration and operation of the SafeLight program and school-related traffic safety projects.

SafeSpeed Fund – This fund, which closed during the year, accounted for citation revenue used for the administration and operation of the SafeSpeed program including public education and speed studies.

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.

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CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009
(In Thousands)

	Convention Center Tax	Tourism	Hall of Fame Tax	Cultural Facilities	Municipal Services District	Public Safety Grants
ASSETS						
Cash and cash equivalents	$ 54,799	$ 24,171	$ 22,917	$ 15,924	$ 201	$ -
Receivables, net:						
Property taxes	-	-	-	-	67	-
Accounts	-	45	-	-	-	-
Other	-	46	-	-	26	-
Total receivables	-	91	-	-	93	-
Due from other governmental agencies	2,699	829	604	-	-	6,600
Notes receivable	-	-	-	-	-	-
Total assets	$ 57,498	$ 25,091	$ 23,521	$ 15,924	$ 294	$ 6,600
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	$ -	$ -	$ -	$ -	$ 84	$ 265
Deposits and retainage payable	-	8	-	-	-	-
Due to other funds	-	-	-	-	-	13
Due to component unit	2,883	-	-	-	-	-
Deferred revenues	-	45	-	-	93	941
Total liabilities	2,883	53	-	-	177	1,219
Fund balances:						
Reserved for-						
Encumbrances	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Perpetual care	-	-	-	-	-	-
Unreserved	54,615	25,038	23,521	15,924	117	5,381
Total fund balances	54,615	25,038	23,521	15,924	117	5,381
Total liabilities and fund balances	$ 57,498	$ 25,091	$ 23,521	$ 15,924	$ 294	$ 6,600

Special Revenue Funds						Permanent Fund	Total
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Communications	Total	Perpetual Care	Nonmajor Governmental Funds
$ 2,324	$ -	$ -	$ 23,293	$ 7,652	$ 151,281	$ 3,111	$ 154,392
-	-	-	-	-	67	-	67
-	-	-	-	-	45	-	45
-	-	-	12	-	84	18	102
-	-	-	12	-	196	18	214
1,242	1,325	402	159	415	14,275	-	14,275
48,846	-	-	-	-	48,846	-	48,846
$ 52,412	$ 1,325	$ 402	$ 23,464	$ 8,067	$ 214,598	$ 3,129	$ 217,727
$ 259	$ 869	$ 402	$ 1,991	$ 335	$ 4,205	$ -	$ 4,205
510	-	-	-	-	518	-	518
-	456	-	-	-	469	-	469
-	-	-	-	-	2,883	-	2,883
48,869	-	-	12	-	49,960	-	49,960
49,638	1,325	402	2,003	335	58,035	-	58,035
-	-	-	11,690	-	11,690	-	11,690
2,661	-	-	-	-	2,661	-	2,661
-	-	-	-	-	-	3,129	3,129
113	-	-	9,771	7,732	142,212	-	142,212
2,774	-	-	21,461	7,732	156,563	3,129	159,692
$ 52,412	$ 1,325	$ 402	$ 23,464	$ 8,067	$ 214,598	$ 3,129	$ 217,727

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Convention Center Tax	Tourism	Hall of Fame Tax	Cultural Facilities	Municipal Services District	Public Safety Grants
REVENUES:						
Property taxes	$ -	$ -	$ -	$ -	$ 3,300	$ -
Other taxes	30,449	7,537	7,315	-	-	-
Intergovernmental	-	-	-	-	-	8,981
Licenses, fees and fines	-	332	-	-	-	-
Investment earnings	1,852	1,023	719	449	(4)	120
Miscellaneous	-	1,290	-	-	-	2,120
Total revenues	32,301	10,182	8,034	449	3,296	11,221
EXPENDITURES:						
Current-						
Public safety	-	-	-	-	-	10,690
General administration	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	-
Culture and recreation	13,383	95	-	-	-	-
Community planning and development	-	-	-	-	3,313	-
Total expenditures	13,383	95	-	-	3,313	10,690
Excess (deficiency) of revenues over (under) expenditures	18,918	10,087	8,034	449	(17)	531
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in-						
General	-	-	-	655	-	-
Debt service	-	-	-	131	-	-
Capital projects	2,275	-	-	5,956	-	-
Total transfers in	2,275	-	-	6,742	-	-
Transfers out-						
General	(2,122)	-	-	-	-	-
Debt service	(19,268)	(7,817)	(2,683)	(1,002)	-	-
Capital projects	-	(1,114)	-	-	-	-
Total transfers out	(21,390)	(8,931)	(2,683)	(1,002)	-	-
Total other financing sources (uses)	(19,115)	(8,931)	(2,683)	5,740	-	-
Net change in fund balances	(197)	1,156	5,351	6,189	(17)	531
Fund balances - beginning	54,812	23,882	18,170	9,735	134	4,850
Fund balances - ending	$ 54,615	$ 25,038	$ 23,521	$ 15,924	$ 117	$ 5,381

Special Revenue Funds								Permanent Fund	Total
Neighborhood Development	Employment and Training	Stimulus Grants	State Street Aid	Emergency Communications	SafeLight	SafeSpeed	Total	Perpetual Care	Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,300	$ -	$ 3,300
-	-	-	-	-	-	-	45,301	-	45,301
20,803	4,192	402	18,929	5,800	-	-	59,107	-	59,107
-	-	-	1,553	-	-	-	1,885	-	1,885
78	-	-	988	198	74	-	5,497	97	5,594
1,219	-	-	93	-	8	-	4,730	-	4,730
22,100	4,192	402	21,563	5,998	82	-	119,820	97	119,917
-	-	-	-	2,792	-	-	13,482	-	13,482
1,421	386	-	-	-	-	-	1,807	-	1,807
-	-	-	23,018	-	-	-	23,018	-	23,018
-	-	-	-	-	-	-	13,478	-	13,478
21,452	3,806	402	-	-	-	-	28,973	-	28,973
22,873	4,192	402	23,018	2,792	-	-	80,758	-	80,758
(773)	-	-	(1,455)	3,206	82	-	39,062	97	39,159
35	-	-	-	-	-	-	35	-	35
-	-	-	4,261	-	517	2,038	7,471	-	7,471
-	-	-	-	-	-	-	131	-	131
641	-	-	-	-	-	-	8,872	-	8,872
641	-	-	4,261	-	517	2,038	16,474	-	16,474
-	-	-	-	-	-	-	(2,122)	(85)	(2,207)
-	-	-	(788)	-	-	-	(31,558)	-	(31,558)
-	-	-	-	-	-	-	(1,114)	-	(1,114)
-	-	-	(788)	-	-	-	(34,794)	(85)	(34,879)
676	-	-	3,473	-	517	2,038	(18,285)	(85)	(18,370)
(97)	-	-	2,018	3,206	599	2,038	20,777	12	20,789
2,871	-	-	19,443	4,526	(599)	(2,038)	135,786	3,117	138,903
$ 2,774	$ -	$ -	$ 21,461	$ 7,732	$ -	$ -	$ 156,563	$ 3,129	$ 159,692

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, 2009
(In Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
REVENUES:						
Property taxes	$ -	$ -	$ -	$ -	$ -	$ -
Other taxes	34,452	30,449	(4,003)	8,743	7,537	(1,206)
Intergovernmental	-	-	-	-	-	-
Licenses, fees and fines	-	-	-	579	332	(247)
Investment earnings	1,350	1,852	502	900	1,023	123
Miscellaneous	-	-	-	1,290	1,290	-
Total revenues	35,802	32,301	(3,501)	11,512	10,182	(1,330)
EXPENDITURES:						
Current-						
General administration	4,375	-	4,375	-	-	-
Streets and highways	-	-	-	-	-	-
Culture and recreation	13,802	13,383	419	150	95	55
Community planning and development	-	-	-	-	-	-
Total expenditures	18,177	13,383	4,794	150	95	55
Excess (deficiency) of revenues over (under) expenditures	17,625	18,918	1,293	11,362	10,087	(1,275)
OTHER FINANCING SOURCES (USES):						
Transfers in	2,275	2,275	-	-	-	-
Transfers out	(23,481)	(21,390)	2,091	(8,931)	(8,931)	-
Revenues and other sources over (under) expenditures and other uses	$ (3,581)	(197)	$ 3,384	$ 2,431	1,156	$ (1,275)
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		-			-	
Net change in fund balances		(197)			1,156	
Fund balances - beginning (annually budgeted funds)		54,812			23,882	
Fund balances - ending (annually budgeted funds)		$ 54,615			$ 25,038	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Cultural Facilities			Municipal Services District		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,229	$ 3,300	$ 71
8,990	7,315	(1,675)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
375	719	344	342	449	107	-	(4)	(4)
-	-	-	-	-	-	-	-	-
9,365	8,034	(1,331)	342	449	107	3,229	3,296	67
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	3,313	3,313	-
-	-	-	-	-	-	3,313	3,313	-
9,365	8,034	(1,331)	342	449	107	(84)	(17)	67
-	-	-	7,258	6,742	(516)	-	-	-
(5,250)	(2,683)	2,567	(5,424)	(1,002)	4,422	-	-	-
$ 4,115	5,351	$ 1,236	$ 2,176	6,189	$ 4,013	$ (84)	(17)	$ 67
	-			-			-	
	5,351			6,189			(17)	
	18,170			9,735			134	
	$ 23,521			$ 15,924			$ 117	

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, 2009
(In Thousands)

	State Street Aid		
	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Property taxes	$ -	$ -	$ -
Other taxes	-	-	-
Intergovernmental	19,376	18,929	(447)
Licenses, fees and fines	600	1,553	953
Investment earnings	480	988	508
Miscellaneous	-	93	93
Total revenues	20,456	21,563	1,107
EXPENDITURES:			
Current-			
General administration	-	-	-
Streets and highways	35,043	34,706	337
Culture and recreation	-	-	-
Community planning and development	-	-	-
Total expenditures	35,043	34,706	337
Excess (deficiency) of revenues over (under) expenditures	(14,587)	(13,143)	1,444
OTHER FINANCING SOURCES (USES):			
Transfers in	4,261	4,261	-
Transfers out	(1,041)	(788)	253
Revenues and other sources over (under) expenditures and other uses	$ (11,367)	(9,670)	$ 1,697
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		11,688	
Net change in fund balances		2,018	
Fund balances - beginning (annually budgeted funds)		19,443	
Fund balances - ending (annually budgeted funds)		$ 21,461	
Project funds:			
Fund balances - beginning			
Net change in fund balances			
Fund balances - ending			
Fund balances - ending			

SafeLight			SafeSpeed			Total		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
$ -	$ -	$ -	$ -	$ -	$ -	$ 3,229	$ 3,300	$ 71
-	-	-	-	-	-	52,185	45,301	(6,884)
-	-	-	-	-	-	19,376	18,929	(447)
-	-	-	-	-	-	1,179	1,885	706
-	74	74	-	-	-	3,447	5,101	1,654
-	8	8	-	-	-	1,290	1,391	101
-	82	82	-	-	-	80,706	75,907	(4,799)
-	-	-	-	-	-	4,375	-	4,375
-	-	-	-	-	-	35,043	34,706	337
-	-	-	-	-	-	13,952	13,478	474
-	-	-	-	-	-	3,313	3,313	-
-	-	-	-	-	-	56,683	51,497	5,186
-	82	82	-	-	-	24,023	24,410	387
517	517	-	2,038	2,038	-	16,349	15,833	(516)
-	-	-	-	-	-	(44,127)	(34,794)	9,333
$ 517	599	$ 82	$ 2,038	2,038	$ -	$ (3,755)	5,449	$ 9,204
	-			-			11,688	
	599			2,038			17,137	
	(599)			(2,038)			123,539	
	$ -			$ -			140,676	
							12,247	
							3,640	
							15,887	
							$ 156,563	

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Federal:					
Assistance to Firefighters	$ 865	$ 278	$ 465	$ 743	$ 122
Federal Gang of One	1,163	244	-	244	919
Bulletproof Vest Partnership	6	-	5	5	1
Public Safety Partnership and Community Policing	4,175	292	8	300	3,875
Forensic DNA Backlog Reduction	644	296	37	333	311
Federal pass through:					
State Medical Assistance	370	76	275	351	19
Western Branch Spring Exercise	145	-	135	135	10
Homeland Security	10,423	2,376	6,347	8,723	1,700
Airborne Rescue	141	19	118	137	4
Urban Areas Security Initiative	19,808	3,857	10,166	14,023	5,785
Metropolitan Medical Response System	579	2	-	2	577
Helicopter - Aquatic Rescue Team	110	7	-	7	103
Urban Search and Rescue	645	123	-	123	522
Regional Response Team	457	99	-	99	358
Buffer Zone Protection Plan	366	-	-	-	366
Forensic Medicine	93	4	89	93	-
GangNet - Replication	491	252	206	458	33
Community at Risk Children	60	-	53	53	7
Gang of One Programs	429	104	277	381	48
Coverdell Forensic Science Improvement	106	23	41	64	42
Light Tower	16	15	-	15	1
Collision and Fatality Measures	62	-	55	55	7
Emergency Management Plan	244	73	44	117	127
Law Enforcement Initiatives	1,097	69	1,028	1,097	-
Justice Assistance	2,024	316	847	1,163	861
Solving Cold Cases with DNA	197	33	-	33	164
State:					
Gang of One	125	96	-	96	29
State Medical Assistance	60	30	28	58	2
Asset forfeiture	3,642	1,405	1,296	2,701	941
Other public safety programs	2,468	601	1,338	1,939	529
Total public safety grants	$ 51,011	$ 10,690	$ 22,858	$ 33,548	$ 17,463

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Federal:					
Community Development Block Grants	$ 13,960	$ 7,036	$ 5,155	$ 12,191	$ 1,769
Emergency Shelter	412	206	206	412	-
HOME Investment Partnerships Program	9,992	2,717	3,216	5,933	4,059
Housing Opportunities For Persons With AIDS	1,894	462	502	964	930
Double Oaks Section 108 Loan	10,000	10,000	-	10,000	-
National Stabilization Program	5,432	20	-	20	5,412
Lead-Based Paint Hazards	3,000	1,543	895	2,438	562
Federal pass through:					
Housing Rehabilitation Program	400	125	-	125	275
Weed and Seed	318	159	87	246	72
State:					
Housing Urgent Repair Program	75	39	13	52	23
Local:					
Property Acquisitions for Housing	924	330	2	332	592
Wingate Community	973	87	842	929	44
Other	2,719	149	818	967	1,752
Total neighborhood development	$ 50,099	$ 22,873	$ 11,736	$ 34,609	$ 15,490

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Workforce Investment Act	$ 9,824	$ 4,192	$ 4,351	$ 8,543	$ 1,281

CITY OF CHARLOTTE, NORTH CAROLINA
STIMULUS GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Years	Total	Unexpended Authorizations
Workforce Investment Act	$ 4,466	$ 402	$ -	$ 402	$ 4,064

CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY COMMUNICATIONS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures			
	Authorizations	Current Year	Prior Year	Total	Unexpended Authorizations
Police communications	$ 7,767	$ 2,356	$ 2,591	$ 4,947	$ 2,820
Fire communications	5,687	436	1,468	1,904	3,783
Total emergency communications	$ 13,454	$ 2,792	$ 4,059	$ 6,851	$ 6,603

DEBT SERVICE FUND

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

CAPITAL PROJECTS FUND

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

CITY OF CHARLOTTE, NORTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Property Tax	$ 53,071	$ 54,400	$ 1,329
Sales Tax	13,374	12,135	(1,239)
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	555	617	62
Debt service contributions	708	1,032	324
Total intergovernmental	1,263	1,649	386
Licenses, fees and fines	49	59	10
Investment earnings	2,750	6,330	3,580
Private contributions	2,377	2,355	(22)
Miscellaneous	-	160	160
Total revenues	72,884	77,088	4,204
EXPENDITURES:			
Bonds-			
Principal retirement	27,585	26,931	654
Interest	24,010	18,203	5,807
Installment purchases-			
Principal retirement	47,425	47,425	-
Interest	35,439	28,035	7,404
Fiscal agents fees	1,414	1,413	1
Cost of bond sale	2,024	2,024	-
Other	35	35	-
Total expenditures	137,932	124,066	13,866
Revenues (under) expenditures	(65,048)	(46,978)	18,070

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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Installment purchases issued	$ 970	$ 320	$ (650)
Refunding debt issued	141,464	49,102	(92,362)
Premium on debt issuance	-	638	638
Payment to refunded bond escrow agent	(141,464)	(47,731)	93,733
Transfers in-			
General	19,689	19,689	-
Capital projects	34	34	-
Special revenue:			
Convention Center tax	21,123	19,268	(1,855)
Tourism	7,817	7,817	-
Hall of Fame	5,250	2,683	(2,567)
Cultural facilities	5,424	1,002	(4,422)
State street aid	1,041	788	(253)
Total transfers in	60,378	51,281	(9,097)
Transfers out-			
General	98	98	-
Public Transit	10	10	-
Special revenue - Tourism	131	131	-
Total transfers out	239	239	-
Total other financing sources (uses)	61,109	53,371	(7,738)
Net change in fund balance	$ (3,939)	6,393	$ 10,332
Fund balance - beginning		197,968	
Fund balance - ending		$ 204,361	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

		Expenditures		
	Authorizations	Current Year	Prior Years	Total
Economic development	$ 241,118	$ 16,916	$ 149,089	$ 166,005
Streets and highways	549,337	58,020	243,797	301,817
Culture and recreation	641,776	152,736	344,482	497,218
General government	170,286	18,615	108,504	127,119
Public safety	76,290	25,641	34,177	59,818
Public housing	160,291	8,780	125,408	134,188
Total capital projects	$ 1,839,098	$ 280,708	$ 1,005,457	$ 1,286,165

Unexpended Authorizations	Encumbrances June 30, 2009	Unencumbered Authorizations June 30, 2009
$ 75,113	$ 10,568	$ 64,545
247,520	27,063	220,457
144,558	78,437	66,121
43,167	5,919	37,248
16,472	7,667	8,805
26,103	4,464	21,639
$ 552,933	$ 134,118	$ 418,815

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ENTERPRISE FUNDS

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

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

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

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

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

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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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Water sales	$ 97,246	$ 85,814	$ (11,432)
Sewer services fees	132,126	137,416	5,290
Capacity fees	16,300	9,300	(7,000)
Other	1,931	4,337	2,406
Investment earnings	3,359	3,234	(125)
Total revenues	250,962	240,101	(10,861)
EXPENDITURES:			
Water supply and treatment	13,328	12,107	1,221
Sewer system and treatment	32,523	29,401	3,122
Administration and engineering	22,385	21,855	530
Field operations	28,740	28,739	1
Nondepartmental charges	7,643	7,643	-
Total expenditures	104,619	99,745	4,874
Revenues over expenditures	146,343	140,356	(5,987)
TRANSFERS OUT:			
Water and Sewer Debt Service	130,279	121,554	8,725
Water and Sewer Capital Projects	17,100	17,100	-
Total transfers out	147,379	138,654	8,725
Revenues over (under) expenditures and transfers	$ (1,036)	$ 1,702	$ 2,738

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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Investment earnings	$ 771	$ 1,064	$ 293
Premium on debt issuance	11,307	9,790	(1,517)
Proceeds from commercial paper issued	-	288	288
Refunding bonds issued	355,708	298,020	(57,688)
Total revenues	367,786	309,162	(58,624)
EXPENDITURES:			
Bonds-			
Principal retirement	49,833	40,307	9,526
Interest	69,448	68,002	1,446
Other financing agreements-			
Principal retirement	11,804	11,804	-
Interest	8,374	2,561	5,813
Payment to refunded bond escrow agent	352,993	305,305	47,688
Bond issue expense	3,931	2,553	1,378
Other	1,863	1,862	1
Total expenditures	498,246	432,394	65,852
Revenues (under) expenditures	(130,460)	(123,232)	7,228
TRANSFERS IN:			
Water and Sewer Operating	130,279	121,554	(8,725)
Water and Sewer Capital Projects	1,812	1,812	-
Total transfers in	132,091	123,366	(8,725)
Revenues and transfers over expenditures	$ 1,631	$ 134	$ (1,497)

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, 2009
(In Thousands)

Revenues and transfers over expenditures and transfers:	
Operating Fund	$ 1,702
Debt Service Fund	134
Investment earnings in the Capital Projects Fund	1,755
Current year encumbrances	1,406
Bond proceeds	7,285
Commercial paper issued	(288)
Debt principal retirement	52,934
Depreciation	(80,585)
Capital outlay	(3,271)
Capital contributions	52,327
Deferred charges	2,502
Amortization of deferred charges	(3,119)
Premium on debt issuance	(9,790)
Amortization of premium	2,924
Capitalized interest	1,633
Other	(7,378)
Net transfers to (from) Capital Projects Fund:	
Operating Fund	17,100
Debt Service Fund	(1,812)
Change in net assets	$ 35,459

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, 2009
(In Thousands)

		Expenditures		
	Authorizations	Current Year	Prior Years	Total
Water projects	$ 736,503	$ 67,750	$ 480,053	$ 547,803
Sewer projects	1,281,860	81,794	820,094	901,888
Total water and sewer capital projects	$ 2,018,363	$ 149,544	$ 1,300,147	$ 1,449,691

Unexpended Authorizations	Encumbrances June 30, 2009	Unencumbered Authorizations June 30, 2009
$ 188,700	$ 25,946	$ 162,754
379,972	73,704	306,268
$ 568,672	$ 99,650	$ 469,022

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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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Storm water fees	$ 44,152	$ 43,618	$ (534)
Other	-	64	64
Investment earnings	700	649	(51)
Total revenues	44,852	44,331	(521)
EXPENDITURES:			
Storm water systems	13,155	10,972	2,183
Administration	1,474	1,460	14
Total expenditures	14,629	12,432	2,197
Revenues over expenditures	30,223	31,899	1,676
TRANSFERS OUT:			
Storm Water Capital Projects	23,000	23,000	-
Storm Water Debt Service	11,010	10,903	107
Total transfers out	34,010	33,903	107
Revenues (under) expenditures and transfers	$ (3,787)	$ (2,004)	$ 1,783

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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Investment earnings	$ -	$ 17	$ 17
Refunding bonds issued	1,652	-	(1,652)
Revenue bonds issued	10	-	(10)
Total revenues	1,662	17	(1,645)
EXPENDITURES:			
Bonds-			
Principal retirement	4,238	4,238	-
Interest	6,743	6,716	27
Payment to refunded bond escrow agent	1,652	-	1,652
Other	39	15	24
Total expenditures	12,672	10,969	1,703
Revenues (under) expenditures	(11,010)	(10,952)	58
TRANSFERS IN:			
Storm Water Operating	11,010	10,903	(107)
Revenues and transfers (under) expenditures	$ -	$ (49)	$ (49)

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, 2009
(In Thousands)

Revenues and transfers (under) expenditures and transfers:	
Operating Fund	$ (2,004)
Debt Service Fund	(49)
Capital Projects Fund:	
Charges for services	24
Investment earnings	1,020
Current year encumbrances	828
Debt principal retirement	4,238
Depreciation	(3,223)
Capital contributions	14
Amortization of deferred charges	(203)
Amortization of premium	165
Capitalized interest	77
Other	1,675
Net transfers to Capital Projects Fund:	
Operating Fund	23,000
Change in net assets	$ 25,562

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, 2009
(In Thousands)

		Expenditures		
	Authorizations	Current Year	Prior Years	Total
Flood control	$ 126,810	$ 9,257	$ 86,810	$ 96,067
Storm drain repair	63,380	4,718	46,415	51,133
Channel and other projects	121,125	8,300	65,303	73,603
Total storm water capital projects	$ 311,315	$ 22,275	$ 198,528	$ 220,803

Unexpended Authorizations	Encumbrances June 30, 2009	Unencumbered Authorizations June 30, 2009
$ 30,743	$ 13,350	$ 17,393
12,247	5,628	6,619
47,522	10,739	36,783
$ 90,512	$ 29,717	$ 60,795

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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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Terminal area	$ 28,750	$ 27,594	$ (1,156)
Airfield	10,500	9,607	(893)
Concessions	31,000	35,556	4,556
Parking	34,500	33,112	(1,388)
Passenger facility charges	27,180	46,093	18,913
Contract facility charges	-	6,618	6,618
Other	55,190	23,988	(31,202)
Investment earnings	1,250	12,520	11,270
Total revenues	188,370	195,088	6,718
EXPENDITURES:			
Operating	89,819	71,842	17,977
Nonoperating	35,433	30,550	4,883
Total expenditures	125,252	102,392	22,860
Revenues over expenditures	63,118	92,696	29,578
TRANSFERS IN:			
Airport Debt Service	2,212	1,763	(449)
Airport Capital Projects	130	130	-
Total transfers in	2,342	1,893	(449)
TRANSFERS OUT:			
Airport Debt Service	59,252	38,484	20,768
Airport Capital Projects	1,661	1,661	-
Total transfers out	60,913	40,145	20,768
Revenues and transfers over expenditures and transfers	$ 4,547	$ 54,444	$ 49,897

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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Maintenance facility	$ 7,530	$ 7,517	$ (13)
Premium on debt issuance	2,757	2,757	-
Revenue bonds issued	650	-	(650)
Proceeds from refunding	91,765	91,765	-
Investment earnings	4,969	277	(4,692)
Total revenues	107,671	102,316	(5,355)
EXPENDITURES:			
Bonds-			
Principal retirement	21,715	21,715	-
Interest	42,091	31,632	10,459
Payment to refunded bond escrow agent	105,750	105,750	-
Bond issue expense	1,478	1,478	-
Other	1,454	611	843
Total expenditures	172,488	161,186	11,302
Revenues (under) expenditures	(64,817)	(58,870)	5,947
TRANSFERS IN:			
Airport Operating	59,252	38,484	(20,768)
Airport Capital Projects	6,025	6,025	-
Total transfers in	65,277	44,509	(20,768)
TRANSFERS OUT:			
Airport Operating	2,212	1,763	449
Revenues and transfers (under) expenditures and transfers	$ (1,752)	$ (16,124)	$ (14,372)

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, 2009
(In Thousands)

Revenues and transfers over (under) expenditures and transfers:	
Operating Fund	$ 54,444
Debt Service Fund	(16,124)
Investment earnings in the Capital Projects Fund	4,391
Current year encumbrances	3,981
Debt principal retirement	21,715
Depreciation	(27,689)
Capital outlay	1,543
Capital contributions	38,200
Deferred charges	1,478
Amortization of deferred charges	(1,017)
Premium on debt issuance	(2,757)
Amortization of premium	384
Capitalized interest	1,094
Other	13,654
Net transfers to (from) Capital Projects Fund:	
Operating Fund	1,531
Debt Service Fund	(6,025)
Change in net assets	$ 88,803

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, 2009
(In Thousands)

		Expenditures		
	Authorizations	Current Year	Prior Years	Total
Capital improvements	$ 443,832	$ 26,245	$ 315,200	$ 341,445
Airport expansion	400,034	125,569	165,469	291,038
Terminal construction	3,216	354	855	1,209
Airline maintenance facility	12,697	3,762	3,958	7,720
Capital equipment	2,500	-	-	-
Total airport capital projects	$ 862,279	$ 155,930	$ 485,482	$ 641,412

Unexpended Authorizations	Encumbrances June 30, 2009	Unencumbered Authorizations June 30, 2009
$ 102,387	$ 3,060	$ 99,327
108,996	52,602	56,394
2,007	376	1,631
4,977	18	4,959
2,500	-	2,500
$ 220,867	$ 56,056	$ 164,811

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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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Passenger fares	$ 21,335	$ 21,434	$ 99
Other operating	1,455	1,698	243
Sales tax	75,927	61,743	(14,184)
Intergovernmental	13,898	13,439	(459)
Other	900	422	(478)
Investment earnings	3,000	2,397	(603)
Total revenues	116,515	101,133	(15,382)
EXPENDITURES:			
Transit operations	92,811	81,060	11,751
Transit vehicle maintenance	13,562	12,537	1,025
Administration	11,202	9,715	1,487
Total expenditures	117,575	103,312	14,263
Revenues (under) expenditures	(1,060)	(2,179)	(1,119)
TRANSFERS IN:			
Capital Projects	18,400	18,400	-
Public Transit Capital Projects	1,666	1,666	-
Total transfers in	20,066	20,066	-
TRANSFERS OUT:			
Public Transit Capital Projects	19,535	19,535	-
Public Transit Debt Service	14,686	14,686	-
Total transfers out	34,221	34,221	-
Revenues and transfers (under) expenditures and transfers	$ (15,215)	$ (16,334)	$ (1,119)

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, 2009
(In Thousands)

	Budget	Actual	Variance-Positive (Negative)
REVENUES:			
Grant contributions	$ 8,695	$ 974	$ (7,721)
Investment earnings	-	(70)	(70)
Total revenues	8,695	904	(7,791)
EXPENDITURES:			
Bonds-			
Principal retirement	9	9	-
Interest	1	1	-
Installment purchases-			
Principal retirement	78,015	78,015	-
Interest	9,615	7,843	1,772
Other	245	179	66
Total expenditures	87,885	86,047	1,838
Revenues (under) expenditures	(79,190)	(85,143)	(5,953)
TRANSFERS IN:			
Public Transit Operating	14,686	14,686	-
Public Transit Capital Projects	70,447	70,447	-
Debt service	10	10	-
Total transfers in	85,143	85,143	-
Revenues and transfers over expenditures	$ 5,953	$ -	$ (5,953)

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, 2009
(In Thousands)

Revenues and transfers (under) expenditures and transfers:	
Operating Fund	$(16,334)
Investment earnings in the Capital Projects Fund	2,262
Current year encumbrances	1,862
Debt principal retirement	78,024
Depreciation	(36,956)
Capital contributions	28,815
Amortization of deferred charges	(150)
Amortization of premium	134
Other	(6,950)
Net transfers to (from) Capital Projects Fund:	
Operating Fund	17,869
Debt Service Fund	(70,447)
Change in net assets	$ (1,871)

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, 2009
(In Thousands)

		Expenditures		
	Authorizations	Current Year	Prior Years	Total
Buses and vehicles	$ 146,142	$ 27,144	$ 95,651	$ 122,795
Planning and consulting	111,539	21,671	74,877	96,548
Facilities	155,281	10,977	125,057	136,034
Technology	7,838	1,232	5,192	6,424
Passenger amenities	2,430	606	1,256	1,862
Services expansion	362,564	3,730	347,404	351,134
Total public transit capital projects	$ 785,794	$ 65,360	$ 649,437	$ 714,797

Unexpended Authorizations	Encumbrances June 30, 2009	Unencumbered Authorizations June 30, 2009
$ 23,347	$ 15,398	$ 7,949
14,991	10,343	4,648
19,247	1,374	17,873
1,414	663	751
568	260	308
11,430	1,538	9,892
$ 70,997	$ 29,576	$ 41,421

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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, claim and loss control services for the City as well as services provided, on a cost-reimbursement basis to other governmental units and agencies in Mecklenburg County.

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

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2009
(In Thousands)

	Risk Management	Employee Health and Life	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 48,387	$ 3,375	$ 51,762
Receivables - other	519	164	683
Due from other funds	-	513	513
Total current assets	48,906	4,052	52,958
Capital assets:			
Machinery and equipment	159	-	159
Less accumulated depreciation	144	-	144
Total capital assets, net	15	-	15
Total assets	48,921	4,052	52,973
LIABILITIES			
Current liabilities:			
Claims payable	39,812	7,185	46,997
Noncurrent liabilities:			
Due to participants	570	-	570
Compensated absences payable	148	-	148
Total noncurrent liabilities	718	-	718
Total liabilities	40,530	7,185	47,715
NET ASSETS			
Invested in capital assets	15	-	15
Unrestricted	8,376	(3,133)	5,243
Total net assets (deficit)	$ 8,391	$ (3,133)	$ 5,258

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, 2009
(In Thousands)

	Risk Management	Employee Health and Life	Total
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	$ 2,730	$ 4,702	$ 7,432
Claims:			
Employer	6,375	28,520	34,895
Employee	-	15,306	15,306
Other	-	29	29
Total claims	6,375	43,855	50,230
Premiums	6,004	3,329	9,333
Reimbursement from trust	-	17,126	17,126
Total operating revenues	15,109	69,012	84,121
OPERATING EXPENSES:			
Administration	2,633	4,702	7,335
Claims	18,642	64,882	83,524
Insurance premiums	5,848	3,329	9,177
Depreciation	6	-	6
Total operating expenses	27,129	72,913	100,042
Operating (loss)	(12,020)	(3,901)	(15,921)
NONOPERATING REVENUES:			
Investment earnings	1,381	931	2,312
Change in net assets	(10,639)	(2,970)	(13,609)
Total net assets - beginning	19,030	(163)	18,867
Total net assets - ending	$ 8,391	$ (3,133)	$ 5,258

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	$ 12,791	$ 18,663	$ 31,454
Payments to suppliers	(1,246)	(4,891)	(6,137)
Internal activity - receipts from other funds	13,836	33,110	46,946
Receipts from trust	-	17,126	17,126
Payments to employees	(1,348)	-	(1,348)
Payments for claims	(15,691)	(64,261)	(79,952)
Payments for premiums	(9,164)	(3,329)	(12,493)
Net cash (used) by operating activities	(822)	(3,582)	(4,404)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,728	815	2,543
Net increase (decrease) in cash and cash equivalents	906	(2,767)	(1,861)
Cash and cash equivalents - beginning of year	47,481	6,142	53,623
Cash and cash equivalents - end of year	$ 48,387	$ 3,375	$ 51,762
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:			
Operating (loss)	$ (12,020)	$ (3,901)	$ (15,921)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities-			
Depreciation	6	-	6
Change in assets and liabilities:			
Decrease in receivables	923	-	923
(Increase) in due from other funds	-	(112)	(112)
Decrease in prepaid insurance	4	-	4
Increase in claims payable	9,919	431	10,350
Increase in due to participants	313	-	313
Increase in compensated absences payable	33	-	33
Total adjustments	11,198	319	11,517
Net cash (used) by operating activities	$ (822)	$ (3,582)	$ (4,404)

CHARLOTTE

Statistical Section

STATISTICAL SECTION

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

Page

Financial Trends – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 169

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

Debt Capacity – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. 182

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. 189

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. 191

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

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CITY OF CHARLOTTE, NORTH CAROLINA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS [1]
(In Thousands)
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	$ 2,815,150	$ 2,972,120	$ 3,190,678	$ 3,522,102	$ 3,619,269	$ 3,808,344	$ 3,926,510	$ 4,370,958
Restricted	212,371	236,683	296,074	183,105	165,156	166,634	183,323	237,956
Unrestricted	180,331	140,602	142,130	231,271	297,484	336,467	415,274	387,825
Total governmental activities net assets	3,207,852	3,349,405	3,628,882	3,936,478	4,081,909	4,311,445	4,525,107	4,996,739
Business-type activities								
Invested in capital assets, net of related debt [2]	1,205,332	1,386,154	1,564,727	1,593,752	1,783,920	2,049,966	2,129,484	2,393,701
Restricted	66,160	67,003	67,720	78,544	104,035	143,941	177,226	199,530
Unrestricted [3]	383,409	389,577	292,740	436,061	490,364	596,944	784,548	638,484
Total business-type activities net assets	1,654,901	1,842,734	1,925,187	2,108,357	2,378,319	2,790,851	3,091,258	3,231,715
Primary government								
Invested in capital assets, net of related debt	4,020,482	4,358,274	4,755,405	5,115,854	5,403,189	5,858,310	6,055,994	6,764,659
Restricted	278,531	303,686	363,794	261,649	269,191	310,575	360,549	437,486
Unrestricted	563,740	530,179	434,870	667,332	787,848	933,411	1,199,822	1,026,309
Total primary government net assets	$ 4,862,753	$ 5,192,139	$ 5,554,069	$ 6,044,835	$ 6,460,228	$ 7,102,296	$ 7,616,365	$ 8,228,454

[1] In 2002, the City of Charlotte began reporting accrual information when it implemented GASB Statement 34.
[2] In 2003, a wastewater treatment plant and major water mains were placed in service. In 2004, construction began on light rail projects.
[3] In 2004, unrestricted net assets declined due to an allowance for uncollectible receivables related to US Airways, Inc.

CITY OF CHARLOTTE, NORTH CAROLINA
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS [1]
(In Thousands)
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
Public safety	$ 214,502	$ 227,189	$ 224,870	$ 241,985	$ 258,375	$ 275,078	$ 286,271	$ 301,866
Sanitation	35,990	39,833	39,567	38,997	39,726	43,137	45,848	49,817
General administration	35,065	35,653	38,530	37,510	37,688	42,613	45,641	48,798
Support services	6,104	17,737	19,441	19,184	18,907	18,814	20,326	23,719
Engineering and property management	20,187	18,830	23,154	22,711	26,828	30,595	56,844	33,049
Streets and highways	42,350	73,742	77,422	81,157	86,217	91,636	94,888	103,289
Culture and recreation	6,125	4,019	4,263	7,670	8,336	8,208	9,146	13,914
Community planning and development	42,895	66,122	57,637	56,460	63,773	66,428	65,355	74,104
Interest and other charges	29,942	33,958	44,745	42,240	42,168	46,452	47,531	45,292
Total governmental activities expenses	433,160	517,083	529,629	547,914	582,018	622,961	671,850	693,848
Business-type activities:								
Water	63,904	72,840	87,894	84,017	88,914	87,729	100,020	103,069
Sewer	83,243	95,293	94,013	95,160	114,341	140,468	141,511	160,668
Storm water	12,757	12,507	16,039	18,955	19,569	22,242	22,613	21,652
Airport	86,065	85,712	90,912	107,033	128,746	134,015	148,369	157,400
Public transit	63,683	72,082	80,320	92,285	110,828	121,522	146,155	155,602
Total business-type activities expenses	309,652	338,434	369,178	397,450	462,398	505,976	558,668	598,391
Total primary government expenses	$ 742,812	$ 855,517	$ 898,807	$ 945,364	$ 1,044,416	$ 1,128,937	$ 1,230,518	$ 1,292,239
Program Revenues								
Governmental activities:								
Fees, fines, and charges for services:								
Public safety	$ 26,611	$ 26,800	$ 25,969	$ 23,931	$ 26,480	$ 23,689	$ 24,197	$ 24,692
Sanitation	9,318	9,474	9,503	9,897	10,680	10,865	11,277	11,503
General administration	9,981	13,432	14,786	11,589	10,856	11,694	12,805	15,930
Community planning and development	8,003	10,383	8,989	12,968	8,309	6,089	10,383	7,954
Other activities	11,265	17,046	14,899	20,158	22,983	25,120	26,844	29,196
Operating grants and contributions	41,155	44,627	40,243	41,803	49,747	46,231	47,158	63,714
Capital grants and contributions [2]	252,793	162,917	290,961	286,685	138,597	190,815	172,262	450,950
Total governmental activities program revenues	359,126	284,679	405,350	407,031	267,652	314,503	304,926	603,939
Business-type activities:								
Fees, fines, and charges for services:								
Water	70,406	68,625	75,133	76,359	100,497	98,444	94,320	90,866
Sewer	82,416	82,539	88,610	98,298	118,737	127,870	137,617	144,033
Storm water	23,124	25,634	27,643	31,097	34,625	38,286	40,837	43,642
Airport [3]	91,659	81,144	72,982	120,372	161,302	185,079	201,259	190,052
Public transit	8,972	10,043	11,068	11,751	13,747	14,907	18,220	23,132
Operating grants and contributions	8,095	9,531	12,749	12,996	12,985	12,880	19,019	14,413
Capital grants and contributions [4]	102,351	162,575	84,798	144,960	173,189	297,368	224,739	119,356
Total business-type activities program revenues	387,023	440,091	372,983	495,833	615,082	774,834	736,011	625,494
Total primary government program revenues	$ 746,149	$ 724,770	$ 778,333	$ 902,864	$ 882,734	$ 1,089,337	$ 1,040,937	$ 1,229,433

Net (Expense)/Revenue								
Governmental activities	$ (74,034)	$ (232,404)	$ (124,279)	$ (140,883)	$ (314,366)	$ (308,458)	$ (366,924)	$ (89,909)
Business-type activities	77,371	101,657	3,805	98,383	152,684	268,858	177,343	27,103
Total primary governmental net expense	$ 3,337	$ (130,747)	$ (120,474)	$ (42,500)	$ (161,682)	$ (39,600)	$ (189,581)	$ (62,806)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes-								
Property	$ 237,125	$ 240,926	$ 263,607	$ 265,316	$ 280,844	$ 313,274	$ 331,431	$ 345,755
Sales [5]	52,486	53,854	63,285	70,523	75,018	78,770	87,890	76,314
Utility franchise	22,009	21,114	27,721	28,543	29,079	31,151	33,818	35,173
Occupancy [6]	12,972	13,611	14,499	15,622	19,686	29,361	32,611	27,036
Prepared foods	12,932	13,286	14,476	15,595	17,491	19,087	20,172	19,226
Business privilege	9,229	11,412	9,465	9,503	15,501	15,894	20,703	16,390
Municipal vehicle	12,102	12,910	6,928	14,423	14,072	13,848	14,184	15,527
Grants and contributions not restricted to specific programs	12,849	6,432	6,750	11,674	12,896	17,400	20,362	16,756
Investment earnings	20,852	11,791	6,879	11,955	15,105	26,594	26,418	18,778
Miscellaneous	2,908	6,916	8,801	10,531	8,683	10,980	11,434	8,996
Special items [7]	-	-	-	13,444	(10,098)	-	-	-
Transfers	(18,701)	(18,295)	(18,655)	(18,650)	(18,480)	(18,365)	(18,437)	(18,410)
Total governmental activities	376,763	373,957	403,756	448,479	459,797	537,994	580,586	561,541
Business-type activities:								
Sales taxes levied for Public transit	51,061	50,093	53,877	59,024	65,594	70,410	71,107	61,743
Investment earnings	30,786	17,710	6,657	16,716	31,710	50,207	51,241	29,516
Miscellaneous	564	78	(541)	(9,603)	1,494	4,692	(17,721)	3,685
Transfers	18,701	18,295	18,655	18,650	18,480	18,365	18,437	18,410
Total business-type activities	101,112	86,176	78,648	84,787	117,278	143,674	123,064	113,354
Total primary government	$ 477,875	$ 460,133	$ 482,404	$ 533,266	$ 577,075	$ 681,668	$ 703,650	$ 674,895
Change in Net Assets								
Governmental activities	$ 302,729	$ 141,553	$ 279,477	$ 307,596	$ 145,431	$ 229,536	$ 213,662	$ 471,632
Business-type activities	178,483	187,833	82,453	183,170	269,962	412,532	300,407	140,457
Total primary government	$ 481,212	$ 329,386	$ 361,930	$ 490,766	$ 415,393	$ 642,068	$ 514,069	$ 612,089

Notes:

[1] In 2002, the City of Charlotte began reporting accrual information when it implemented GASB Statement 34.

[2] In 2003 and in 2006, fewer street miles were added.

[3] In 2004, a $23 million allowance for long-term receivables was recorded due to US Airways bankruptcy. In 2005, the Airport began collecting Passenger Facility Charges.

[4] In 2004, $105 million in water and sewer assets and $19 million in storm water assets were added due to annexation.

[5] In 2004, an additional 1/2 cent sales tax was collected.

[6] In 2007, an additional 2 percent occupancy tax was collected to be used for Nascar Hall of Fame.

[7] In 2005, the City sold a civic center. In 2006, the City sold the Charlotte Coliseum.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	$ 42,181	$ 37,899	$ 38,095	$ 40,162	$ 39,839	$ 40,327	$ 44,958	$ 43,915	$ 34,806	$ 31,887
Unreserved [1]	45,526	62,714	54,275	56,943	61,613	68,789	87,878	102,736	114,127	105,875
Total general fund	$ 87,707	$100,613	$ 92,370	$ 97,105	$101,452	$109,116	$132,836	$146,651	$148,933	$137,762
All Other Governmental Funds										
Reserved	$ 30,437	$ 32,906	$ 32,149	$ 40,245	$ 39,827	$ 31,555	$ 21,443	$ 19,236	$ 46,787	$ 35,463
Unreserved, reported in:										
Debt service funds	100,698	100,422	116,816	99,308	99,353	95,188	113,844	137,007	166,958	186,378
Capital projects funds [2]	184,258	139,481	141,102	149,385	194,327	78,341	56,642	45,374	57,009	109,257
Special revenue funds	42,723	62,208	58,107	63,486	67,127	78,443	95,443	114,513	123,126	142,212
Total all other governmental funds	$358,116	$335,017	$348,174	$352,424	$400,634	$283,527	$287,372	$316,130	$393,880	$473,310

[1] In 2002, shared funds were withheld by the State of North Carolina.
[2] In 2004, the City received $50 million in private contributions to fund the uptown Arena. In 2005, the City constructed a new uptown Arena.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES:										
Property taxes [1]	$206,537	$217,838	$233,223	$237,162	$261,499	$262,867	$285,746	$313,435	$333,032	$344,248
Other taxes [2]	84,876	85,983	80,033	82,371	93,890	108,067	119,504	139,128	154,840	132,067
Intergovernmental	96,608	94,627	86,445	94,965	91,383	104,228	106,128	101,790	113,940	135,395
Licenses, fees and fines	29,472	42,194	47,829	50,919	49,943	48,196	58,923	58,960	67,805	62,891
Investment earnings	20,404	32,821	20,132	11,451	6,247	10,625	12,720	23,159	25,030	18,662
Private contributions [3]	-	-	-	-	35,096	3,917	5,686	5,596	4,545	14,172
Administrative charges	11,606	14,059	13,832	17,646	18,602	19,909	20,175	21,685	22,420	25,721
Charges for current services	3,273	3,931	3,802	4,275	5,232	6,365	7,421	7,588	8,259	7,477
Facility fees [4]	1,367	1,498	230	-	-	-	-	-	-	-
Miscellaneous	7,012	9,367	9,502	7,714	10,366	11,262	13,167	13,235	10,698	9,636
Total revenues	461,155	502,318	495,028	506,503	572,258	575,436	629,470	684,576	740,569	750,269
EXPENDITURES:										
Public safety	182,975	188,884	203,431	211,635	217,265	230,386	248,382	265,133	274,361	286,542
Sanitation	29,924	35,207	32,385	35,780	36,517	36,742	37,764	41,439	43,776	45,736
General administration	27,091	29,945	33,763	33,343	38,493	36,253	36,001	41,402	43,213	46,183
Support services	23,810	15,667	15,548	15,346	17,799	16,650	17,336	16,971	19,011	20,069
Engineering and property management	18,803	19,241	19,318	19,721	21,098	20,185	22,345	23,684	26,233	23,793
Streets and highways	30,651	31,887	41,488	40,470	42,883	43,524	44,701	47,564	48,297	52,132
Culture and recreation [5]	-	-	2,807	8,439	6,318	6,649	8,258	8,352	9,551	13,478
Community planning and development	34,572	29,423	33,515	33,981	36,409	37,747	42,771	44,207	41,281	55,330
Debt service-										
Principal [6]	36,431	60,118	50,500	45,577	48,463	47,552	46,205	44,049	55,079	74,356
Interest and other charges	27,636	33,811	32,157	31,671	36,367	43,476	43,171	48,366	47,629	49,710
Capital outlay	70,656	93,942	133,542	164,396	160,747	203,074	145,252	135,814	170,154	280,708
Total expenditures	482,549	538,125	598,454	640,359	662,359	722,238	692,186	716,981	778,585	948,037
Excess (deficiency) of revenues over (under) expenditures	(21,394)	(35,807)	(103,426)	(133,856)	(90,101)	(146,802)	(62,716)	(32,405)	(38,016)	(197,768)

OTHER FINANCING SOURCES (USES):										
Sales of capital assets [7]	1,662	945	15,622	9,824	9,031	23,610	25,361	3,968	14,081	953
Bonds issued	69,775	-	73,000	100,000	-	-	-	-	-	-
Commercial paper issued	-	-	-	-	-	-	60,900	68,196	121,348	190,636
Installment purchases issued	41,490	47,955	37,319	50,545	164,576	33,137	14,662	18,694	-	87,491
Refunding debt issued	-	-	30,738	39,357	147,587	159,272	-	122,655	11,674	49,102
Premium on debt issuance	-	-	-	1,648	8,734	11,027	6,338	694	1,027	3,629
Private loan	-	-	-	-	-	-	-	1,143	987	357
Payment to refunded bond escrow agent	-	-	(30,738)	(40,238)	(168,340)	(171,037)	-	(122,007)	(12,632)	(47,731)
Transfers in	86,287	67,847	55,617	109,476	38,675	43,784	59,322	64,365	137,353	82,201
Transfers out	(92,391)	(86,506)	(73,218)	(127,771)	(57,605)	(62,434)	(76,302)	(82,730)	(155,790)	(100,611)
Transfers to component unit [5]	(1,117)	(4,627)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	105,706	25,614	108,340	142,841	142,658	37,359	90,281	74,978	118,048	266,027
Net change in fund balances	$ 84,312	$ (10,193)	$ 4,914	$ 8,985	$ 52,557	$ (109,443)	$ 27,565	$ 42,573	$ 80,032	$ 68,259
Debt service as a percentage of noncapital expenditures	15.6%	21.4%	18.4%	14.7%	15.8%	16.5%	15.4%	15.6%	16.0%	18.3%

[1] In 2004, property taxes increased as a result of annexation.
[2] In 2007, an additional 2 percent occupancy tax was collected to be used for Nascar Hall of Fame.
[3] In 2004, private contributions were received to fund construction of a new uptown arena.
[4] In 2002, the NFL Stadium parking deck was sold.
[5] Beginning in 2002, as a result of implementing GASB Statement 34, transfers to component unit are shown as culture and recreation expense.
[6] In 2001, the City early extinguished $17,515 of general obligation debt.
[7] In 2005, the City sold a Civic Center. In 2006, the City sold the Charlotte Coliseum. In 2008, the City sold land adjacent to Time Warner Cable Arena.

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

	Assessed Value						
	Real Property		Personal Property				
Fiscal Year	Residential Property	Commercial Property	Motor Vehicles	Other	Less: Tax-Exempt Property [1]	Total Taxable Assessed Value	Direct Tax Rate
2000	$21,217,257	$14,321,628	$ 4,151,550	$ 4,675,111	$ 41,492	$ 44,324,054	$ 0.4670
2001	22,331,944	14,980,264	4,520,190	4,813,075	39,923	46,605,550	0.4670
2002	24,073,583	16,253,598	4,575,127	5,286,942	39,929	50,149,321	0.4670
2003	24,689,938	16,491,203	4,653,404	5,234,389	92,310	50,976,624	0.4670
2004	30,562,534	12,964,970	4,672,776	5,437,659	127,844	53,510,095	0.4200
2005	32,193,222	19,949,428	4,694,427	5,446,359	139,424	62,144,012	0.4200
2006	34,291,699	20,956,252	4,992,208	5,503,912	155,476	65,588,595	0.4200
2007	35,342,264	21,807,395	5,490,370	5,702,971	138,138	68,204,862	0.4586
2008	36,900,394	24,204,284	5,542,576	6,123,051	140,608	72,629,697	0.4586
2009	38,328,716	23,791,182	5,519,009	6,781,909	150,448	74,270,368	0.4586

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

[1] In 2003, General Statute 105-277.1 increased the exemption for qualified North Carolina residents.

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

	City Direct Rates					Overlapping Rates					
						Municipal Service Districts					
Fiscal Year	General	Debt Service	Capital Projects	Storm Water [1]	Total Direct [2]	District 1	District 2	District 3	District 4 [3]	District 5 [4]	Mecklenburg County
2000	$.3805	$.0618	$.0225	$.0022	$.4670	$.0193	$.0140	$.0289	$ -	$ -	$.7300
2001	.3805	.0640	.0225	-	.4670	.0193	.0140	.0289	.0900	-	.7300
2002	.3805	.0640	.0225	-	.4670	.0193	.0140	.0289	.0900	-	.8397
2003	.3805	.0640	.0225	-	.4670	.0193	.0140	.0289	.0900	-	.8397
2004	.3480	.0540	.0180	-	.4200	.0174	.0124	.0271	.0668	.0300	.7364
2005	.3550	.0470	.0180	-	.4200	.0174	.0124	.0271	.0668	.0300	.7567
2006	.3570	.0470	.0160	-	.4200	.0174	.0124	.0271	.0668	.0300	.8368
2007	.3698	.0737	.0151	-	.4586	.0174	.0124	.0271	.0668	.0300	.8189
2008	.3698	.0737	.0151	-	.4586	.0174	.0124	.0271	.0668	.0300	.8387
2009	.3698	.0737	.0151	-	.4586	.0174	.0239	.0386	.0668	.0300	.8387

[1] 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.
[2] In 2004, tax rates decreased reflecting the revaluation of real property.
[3] Municipal Service District 4 was established in 2001.
[4] Municipal Service District 5 was established in 2004.

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

	2009			2000		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bank of America	$ 899,332	1	1.21%	$ 710,064	2	1.60%
Wells Fargo/Wachovia Corporation	737,096	2	0.99	499,217	3	1.13
Duke Energy Corporation	727,089	3	0.98	786,618	1	1.77
AT&T/BellSouth, Incorporated	374,793	4	0.50	398,021	4	0.90
US Airways Group, Incorporated	312,341	5	0.42	381,553	5	0.86
Time Warner Entertainment	286,624	6	0.39	-		-
Piedmont Natural Gas	238,136	7	0.32	215,399	7	0.49
Southpark Mall	213,132	8	0.29	-		-
TIAA-CREF, LLC	189,378	9	0.25	-		-
Panthers Stadium, LLC	187,971	10	0.25	155,345	9	0.35
CK Southern/Childress Klein	-		-	217,364	6	0.49
IBM	-		-	188,339	8	0.43
Continental General Tire	-		-	129,925	10	0.29
Total	$ 4,165,892		5.60%	$ 3,681,845		8.31%

Source: Mecklenburg County.

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

Fiscal Year [1]	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 208,300	$ 202,672	97.30%	$ 4,511	$ 207,183	99.46%
2001	220,359	214,352	97.27	4,797	219,149	99.45
2002	237,546	230,863	97.19	5,447	236,310	99.48
2003	240,851	234,603	97.41	6,248	240,851	100.00
2004	264,853	257,890	97.37	5,645	263,535	99.50
2005	267,305	261,384	97.78	5,921	267,305	100.00
2006	289,079	281,975	97.54	5,095	287,070	99.31
2007	316,477	308,550	97.50	5,608	314,158	99.27
2008	340,293	332,150	97.61	4,195	336,345	98.84
2009	344,391	336,270	97.64	-	336,270	97.64

Source: Mecklenburg County.

[1] Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2008, for the fiscal year 2009, were based on the assessed values listed as of January 1, 2008.

CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009
(In Thousands)

	City-Wide			Total Levy [1]	
	Property Valuation Adjusted	Rate	Total Levy [1]	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$69,837,811	$ 0.459	$ 322,569	$ 316,836	$ 5,733
Registered motor vehicles at prior year's rate	4,072,462	$ 0.459	18,676	-	18,676
Total	73,910,273		341,245	316,836	24,409
Discoveries:					
Prior year taxes	481,541	Various	2,136	2,136	-
Total property valuation	$74,391,814				
Net levy			$ 343,381	$ 318,972	$ 24,409
Current year's taxes collected			$ 341,081	$ 316,835	$ 24,246
Current levy collection percentage			99.33%	99.33%	93.04%

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

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

	General Bonded Debt			Other Governmental Activities Debt				
Fiscal Year	General Obligation Bonds [1]	Percentage of Actual Taxable Value of Property [2]	Per Capita [3]	Revenue Bonds	Special Obligation Bonds	Installment Purchases	Commercial Paper Notes	Private Loan
2000	$ 359,072	0.81%	$ 681	$ 175	$ -	$ 257,994	$ -	$ -
2001	313,986	0.67	569	-	-	291,092	-	-
2002	363,107	0.72	626	-	-	302,625	-	-
2003	437,816	0.86	737	-	-	332,591	-	-
2004	409,384	0.77	666	-	-	463,586	-	-
2005	380,236	0.61	601	-	10,970	468,399	-	-
2006	356,543	0.54	550	-	10,970	460,549	60,900	-
2007	432,729	0.63	651	-	10,970	460,118	29,559	729
2008	404,087	0.56	581	-	10,970	433,186	150,907	1,982
2009	377,156	0.51	526	-	10,970	522,353	293,812	2,322

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

[1] In 2001, the City early extinguished $17,515 of governmental and $16,750 of business-type general obligation debt
[2] See Schedule of Assessed Value and Actual Value of Taxable Property for value data.
[3] See Schedule of Demographic and Economic Statistics for population and personal income data.

Business-Type Activities							
General Obligation Bonds [1]	Revenue Bonds	Installment Purchases	Commercial Paper Notes	Other Financing Agreements	Total Primary Government	Percentage of Personal Income [3]	Per Capita [3]
$ 596,413	$ 589,037	$ 4,505	$ -	$ 15,395	$ 1,822,591	12.73%	$ 3,457
548,448	851,647	5,047	-	14,555	2,024,775	12.58	3,670
518,478	1,010,487	16,984	-	13,725	2,225,406	13.14	3,839
487,519	990,702	19,572	-	12,900	2,281,100	13.17	3,839
456,341	970,535	116,942	-	12,425	2,429,213	13.63	3,954
421,314	1,162,467	125,009	-	11,515	2,579,910	13.68	4,077
393,522	1,128,460	321,924	370,990	10,610	3,114,468	15.84	4,805
365,587	1,538,595	300,347	142,605	9,715	3,290,954	16.00	4,954
330,753	1,640,020	281,889	279,209	8,840	3,541,843	16.89	5,089
313,649	1,919,585	203,013	55,612	7,975	3,706,447	N/A	5,170

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2009
(Dollar Amounts in Thousands)

Jurisdiction	Net General Obligation Bonded Debt Outstanding [1]	Percentage Applicable to City	Amount Applicable to City
Direct:			
City of Charlotte	$ 377,156	100%	$ 377,156
Overlapping:			
Mecklenburg County	1,617,470	76	1,229,277
Total	$ 1,994,626		$ 1,606,433

[1] Excludes general obligation bonds being paid from enterprise funds.

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

Fiscal Year	Debt Limit	Net Debt Outstanding [1]	Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
2000	$ 3,545,957	$ 1,087,178	$ 2,458,779	30.66%
2001	3,716,206	1,139,872	2,576,334	30.67
2002	3,997,438	1,161,358	2,836,080	29.05
2003	4,074,469	1,249,904	2,824,565	30.68
2004	4,949,232	1,430,944	3,518,288	28.91
2005	5,002,695	1,523,955	3,478,740	30.46
2006	5,247,088	1,673,417	3,573,671	31.89
2007	5,456,389	1,731,566	3,724,823	31.73
2008	5,810,376	1,635,621	4,174,755	28.15
2009	5,941,629	1,835,116	4,106,513	30.89

[1] Excludes debt not applicable to the limit.

Legal Debt Margin Calculation for Fiscal Year 2009:		
Assessed value		$ 74,270,368
Debt limit (8% of assessed value)		$ 5,941,629
Total outstanding general obligation bonded debt	$ 690,805	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	725,366	
Bonds authorized but unissued	540,800	
	1,956,971	
Less- Water general obligation bonds	121,855	
Outstanding debt, net		1,835,116
Legal debt margin		$ 4,106,513

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

Fiscal Year	Allowable Revenues [1]	Current Expenses [1]	Net Revenues Available for Debt Service	Debt Service Requirement	Revenue Bond Coverage
2000	$ 166,439	$ 64,899	$ 101,540	$ 6,184	16.4
2001	175,356	65,181	110,175	10,783	10.2
2002	186,187	67,712	118,475	22,970	5.2
2003	176,274	78,259	98,015	30,896	3.2
2004	183,722	87,071	96,651	34,847	2.8
2005	200,368	82,575	117,793	34,492	3.4
2006	257,075	90,693	166,382	43,478	3.8
2007	276,399	93,119	183,280	51,141	3.6
2008	279,870	102,522	177,348	67,871	2.6
2009	284,083	101,583	182,500	78,258	2.3

[1] Allowable revenues and current expenses as defined by the Revenue Bond Order.

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

Fiscal Year	Allowable Revenues [1]	Current Expenses [1]	Net Revenues Available for Debt Service	Debt Service Requirement	Revenue Bond Coverage
2000	$ 22,001	$ 9,350	$ 12,651	$ 1,973	6.4
2001	24,660	8,710	15,950	4,862	3.3
2002	27,278	9,921	17,357	4,882	3.6
2003	27,435	9,245	18,190	4,736	3.8
2004	32,120	11,287	20,833	4,721	4.4
2005	36,400	12,750	23,650	6,198	3.8
2006	41,946	12,198	29,748	7,187	4.1
2007	48,490	13,021	35,469	9,476	3.7
2008	51,606	12,699	38,907	10,247	3.8
2009	53,542	11,604	41,938	10,954	3.8

[1] Allowable revenues and current expenses as defined by the Revenue Bond Order.

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

Fiscal Year	Gross Revenues [1]	Application of Revenues [1]	Net Revenues Available for Debt Service	Debt Service Requirement [2]	Revenue Bond Coverage [3]
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
2003	72,909	33,344	39,565	24,571	1.6
2004	86,743	35,506	51,237	23,013	2.2
2005	94,456	40,580	53,876	23,235	2.3
2006	104,196	43,761	60,435	18,203	3.3
2007	117,180	45,432	71,748	18,285	3.9
2008	129,034	52,849	76,185	21,049	3.6
2009	123,920	52,835	71,085	18,273	3.9

[1] Gross revenues and application of revenues as defined by the Revenue Bond Order.
[2] Net of capitalized interest.
[3] Revenue bond coverage as defined by the Revenue Bond Order.

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

Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Unemployment Rate
2000	527,291	$ 14,318,120	$ 21,783	34.5	2.7%
2001	551,645	16,089,679	22,684	34.7	3.8
2002	579,684	16,942,549	23,250	33.6	6.5
2003	594,176	17,317,300	23,201	33.4	6.4
2004	614,330	17,827,370	23,322	33.4	5.6
2005	632,760	18,860,073	24,251	34.7	5.1
2006	648,139	19,655,613	24,623	34.5	4.4
2007	664,342	20,570,513	24,853	35.1	4.5
2008	695,995	20,970,350	24,281	35.1	5.6
2009	716,874	N/A	N/A	N/A	10.2

Source: Data provided by Charlotte Chamber of Commerce. Personal income and median age data are for the County.
N/A: Information not available.

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

	2009			2000		
Employer	Employees	Rank	Percentage to Total City Employment	Employees	Rank	Percentage to Total City Employment
Carolinas Healthcare System	26,283	1	6.49%	9,330	4	2.41%
Wells Fargo/Wachovia Corporation	20,000	2	4.94	16,378	1	4.24
Charlotte-Mecklenburg Schools	19,485	3	4.81	12,789	2	3.31
Bank of America	13,960	4	3.45	11,843	3	3.06
Wal-Mart Stores, Incorporated	13,192	5	3.26	-	-	-
Presbyterian Regional Healthcare Corporation	9,000	6	2.22	5,500	8	1.42
Delhaize America Inc/Food Lion LLC	8,658	7	2.14	-	-	-
Duke Energy Corporation	7,757	8	1.91	7,169	5	1.85
State of North Carolina	7,479	9	1.85	5,777	7	1.49
US Airways Group, Incorporated	5,955	10	1.47	7,000	6	1.81
City of Charlotte	-		-	5,101	9	1.32
U.S. Government	-		-	4,662	10	1.21
Total	131,769		32.54%	85,549		22.12%

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

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

	Full-time Equivalent Employees as of June 30									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program										
Public safety	2,854.50	2,873.50	2,958.50	2,953.50	3,002.50	3,058.50	3,094.50	3,179.50	3,191.50	3,223.50
Sanitation	249.00	230.00	283.00	264.00	255.00	247.00	239.00	276.00	290.00	289.00
General administration	220.00	222.00	233.00	240.00	245.00	272.00	295.50	297.50	349.00	350.25
Support services	167.00	167.00	182.00	182.00	183.50	186.50	187.50	191.50	197.50	235.00
Engineering and property management	258.00	261.00	290.00	296.00	298.00	299.00	301.00	306.00	314.00	330.00
Streets and highways	402.25	399.25	448.25	433.25	456.25	447.25	437.25	437.25	428.50	429.50
Community planning and development	159.00	167.00	176.00	204.00	210.00	212.00	225.00	227.00	226.00	226.00
Water and Sewer	729.50	763.50	779.50	779.50	784.50	802.50	802.50	818.50	813.50	812.50
Storm water	57.00	57.00	67.00	68.00	77.00	84.00	92.00	85.00	80.00	86.00
Airport	226.00	226.00	241.00	248.00	248.00	268.00	268.00	268.00	268.00	268.00
Public transit [1]	96.25	134.25	159.25	173.25	225.25	242.25	289.75	380.75	392.75	392.75
Risk management	20.00	20.00	23.00	23.00	23.00	25.00	25.00	25.00	26.00	27.00
Total	5,438.50	5,520.50	5,840.50	5,864.50	6,008.00	6,144.00	6,257.00	6,492.00	6,576.75	6,669.50

Source: Actual position allocations per Budget and Evaluation Department, except 2009 which is budgeted position allocations.

[1] Expansion of the public transit program began in 2000.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program										
Public safety										
Police physical arrests	26,396	26,042	26,618	26,853	27,226	26,163	28,015	27,005	28,875	29,703
911 call volume	N/A	N/A	N/A	968,055	1,030,578	1,066,176	1,081,065	1,093,542	1,069,433	1,008,457
Fire calls answered	67,784	69,174	71,449	73,190	75,624	78,656	84,348	88,024	90,743	91,309
Sanitation										
Refuse collected (in tons) [1]	254,160	242,110	252,529	247,938	257,972	278,598	281,215	338,745	331,806	311,820
Recyclables collected (in tons)	26,067	26,650	26,975	33,096	32,926	33,126	33,036	33,242	34,725	33,213
Support services										
Fleet maintained	2,566	2,760	2,861	2,833	2,845	2,968	3,091	3,137	3,251	3,367
Streets and highways										
Miles resurfaced	459	326	382	334	304	283	195	194	306	319
Potholes repaired	458	524	697	453	387	376	378	375	288	576
Community planning and development										
Housing inspections conducted	1,541	2,400	2,234	2,045	2,818	2,970	2,993	3,689	3,565	3,749
Affordable housing production [2]	1,272	824	825	1,005	1,051	1,319	1,187	1,640	1,204	1,093
Water										
Number of service connections	187,592	192,000	197,891	204,110	226,004	223,559	232,545	237,930	241,637	242,631
Average daily consumption (in millions of gallons)	102	102	110	101	105	100	111	114	106	99
Sewer										
Number of service connections	168,604	171,300	176,139	181,700	191,148	196,906	205,569	219,268	222,887	223,855
Average daily treatment (in millions of gallons)	76	76	72	87	81	84	80	86	78	81
Storm water										
Requests for services completed	2,434	1,300	1,072	668	1,500	1,863	1,842	1,627	1,885	2,021
Airport										
Number of airline arrivals and departures per day	986	1,102	1,060	1,016	1,048	1,142	1,204	1,228	1,350	1,289
Passengers boarding (in thousands)	10,869	11,999	11,481	11,310	12,166	13,539	14,246	15,712	17,023	17,305
Public transit										
Scheduled bus/rail miles operated (in thousands) [3]	5,933	6,639	8,588	10,215	10,116	14,541	15,769	15,365	16,304	17,280
Passengers (in thousands) [3]	13,400	14,025	14,695	15,528	16,356	17,705	19,157	19,758	23,101	26,034

N/A - information not available
[1] Beginning in 2000, refuse collected includes multi-family garbage and recycling.
[2] In 2000, affordable housing includes a new financing of 500 units.
[3] Light rail service began operations in 2008.

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Function/Program										
Public safety										
Police stations	11	11	11	12	12	12	12	13	13	13
Patrol units	850	919	993	993	997	984	990	1,072	1,087	1,169
Fire stations	32	36	35	35	36	36	37	38	38	39
Sanitation										
Collection trucks	174	169	177	176	165	170	171	182	194	198
Streets and highways										
Miles of street	1,973	1,990	2,143	2,147	2,104	2,181	2,197	2,244	2,280	2,368
Number of street lights	54,922	58,357	59,807	62,470	60,565	60,737	63,258	64,644	66,204	67,345
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,023	3,140	3,230	3,294	3,370	3,450	3,528	3,850	3,929	4,025
Fire hydrants [1]	8,850	9,062	9,015	9,141	18,000	20,000	20,000	20,000	22,000	12,425
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	2,956	3,062	3,145	3,210	3,297	3,369	3,433	3,865	3,942	4,028
Airport										
Feet of runway	26,345	26,345	26,345	26,345	26,345	26,345	26,345	26,345	26,345	26,345
Public transit										
Motor buses	222	240	260	309	313	321	326	324	342	342
Light rail vehicles	-	-	-	-	-	4	4	9	16	16

[1] Beginning 2009, data represents only assets owned and maintained by the city.
N/A - information not available

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CHARLOTTE

Single Audit

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City"), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 31, 2009. 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. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

Compliance and Other Matters

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

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

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

Cherry, Bekaert & Holland L.L.P.

Raleigh, North Carolina
October 31, 2009

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

Compliance

We have audited the 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, 2009. 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, 2009.

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, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

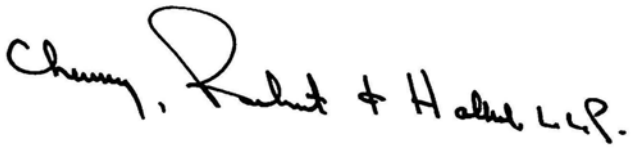
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control.

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

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

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



Raleigh, North Carolina
October 31, 2009

CHERRY BEKAERT & HOLLAND
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

Compliance

We have audited the compliance of the City of Charlotte, North Carolina (the "City"), with the types of compliance requirements described in 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, 2009. The City's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act and which are described in the accompanying schedule of findings and questioned costs as item 09-01.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the City's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the City's internal control.

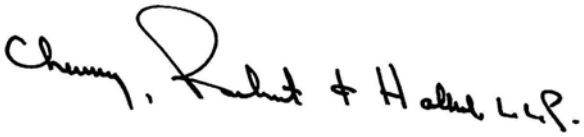
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the City's internal control.

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

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

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

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



Raleigh, North Carolina
October 31, 2009

I. SUMMARY OF AUDITORS' RESULTS

A. An unqualified opinion was issued on the basic financial statements of the City of Charlotte, North Carolina (the "City").

B. Our audit of the basic financial statements disclosed no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses or significant deficiencies.

C. Our audit of the basic financial statements disclosed no instances of noncompliance with laws, regulations and the provisions of contracts and grant agreements that are material to the basic financial statements.

D. Our audit of compliance with the types of compliance requirements applicable to the City's major programs disclosed no material weaknesses or significant deficiencies in the internal controls over major programs.

E. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major federal programs.

F. An unqualified opinion was issued on the City's compliance with the types of compliance requirements applicable to its major State programs.

G. Our audit disclosed no instances of noncompliance related to the federal programs of the City.

H. Our audit disclosed one instance of noncompliance related to the State programs of the City.

I. Major federal programs for the City for the year ended June 30, 2009 were:

Program Name	CFDA#
U.S. Department of Transportation	
Airport Improvement Program	20.106
U.S. Department of Housing and Urban Development	
Loan Guarantee Section 108: Double Oaks Redevelopment	14.218
U.S. Department of Homeland Security	
Homeland Security Cluster	
State Homeland Security	97.004
Urban Areas Security Initiative	97.008
Homeland Security	97.067

J. Major State programs for the City for the fiscal year ended June 30, 2009 were:

Program Name

North Carolina State Department of Transportation
State Street Aid – Powell Bill
Airport Agreement – 36244.17.4.1
Airport Agreement – 36244.17.5.1
Airport Agreement – 36244.17.9.1
Municipal Agreement – U-209B/U-2509
Municipal Agreement – 37857

K. The threshold for determining Type-A programs, as the term is defined in OMB Circular A-133, for the City is $2,427,281.

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

N.C. Department of Transportation
Program Name: Powell Bill
DOT-4

Finding 09-01

NON MATERIAL NONCOMPLIANCE

ALLOWABLE COSTS/COST PRINCIPLES

Criteria: N.C.G.S. 136-41.3 provides that the funds allocated to cities and towns under the provisions of the Powell Bill "shall be expended by said cities and towns only for the purpose of maintaining, repairing, constructing, reconstructing or widening of any street or public thoroughfare including bridges, drainage, curb and gutter, and other necessary appurtenances within the corporate limits of the municipality or for meeting the municipality's proportionate share of assessments levied for such purposes, or for the planning, construction and maintenance of bikeways located within the rights-of-way of public streets and highways, or for the planning, construction, and maintenance of sidewalks along public streets and highways."

Condition: During testing it was noted that an expense charged to the Powell Bill was for an unallowable activity. The expense was related to construction training, which would fall under indirect costs that are not allowed under this program.

Questioned Costs: $13,848.

Context: Out of $23,806,074 of expenses charged to Powell Bill, we examined support for 60 invoices totaling $4,604,432, or 19% of expenditures, and noted $13,848 were for ineligible activities.

Effects: Powell Bill funds were spent on ineligible costs and eligible costs may go unreported for reimbursement.

Cause: The City incorrectly charged this expense to the Powell Bill.

Recommendation: The City should ensure that expenditures are properly reviewed prior to recording the expense in the general ledger and subsequently charged to Powell Bill funding.

Views of responsible officials and planned corrective actions: The City agrees with this finding. The City will implement procedures to ensure that only allowable expenses will be charged to the Powell Bill.

SUMMARY OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2009

There were no prior year findings.

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA:	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
U.S. Department of Defense-					
National Guard Bureau-					
Military Construction Cooperative Agreement	12.400	W91242-08-2-2104	$ 420,000	$ -	$ -
U.S. Department of Homeland Security-					
Assistance to Firefighters	97.044	EMW-2006-FG-09305	864,800	277,950	742,888
U.S. Department of Housing and Urban Development-					
Community Development Block Grant	14.218	B-06-MC-37-0003	4,774,387	1,346,054	4,774,387
Community Development Block Grant	14.218	B-07-MC-37-0003	4,788,128	4,788,128	4,788,128
Community Development Block Grant	14.218	B-08-MC-37-0003	4,647,591	500,914	500,914
Neighborhood Stabilization Program	14.218	B-08-MN-37-0001	5,431,777	20,240	20,240
Total Community Development Block Grant			19,641,883	6,655,336	10,083,669
Emergency Shelter	14.231	S-08-MC-37-0002	206,304	206,304	206,304
HOME Investment Partnerships Program	14.239	M06DC370212	2,631,915	426,715	2,631,915
HOME Investment Partnerships Program	14.239	M07DC370212	2,620,529	1,186,959	1,186,959
HOME Investment Partnerships Program	14.239	M08DC370212	2,590,402	-	-
Total HOME Investment Partnerships Program			7,842,846	1,613,674	3,818,874
Housing Opportunities For Persons With AIDS	14.241	NC19H06-F001	597,000	95,625	597,000
Housing Opportunities For Persons With AIDS	14.241	NC19H07-F001	626,000	366,695	366,695
Housing Opportunities For Persons With AIDS	14.241	NC19H08-F001	671,000	-	-
Total Housing Opportunities For Persons With AIDS			1,894,000	462,320	963,695
Loan Grarantee Section 108 : Double Oaks Redevelopment	14.248	B-07-MC-37-0003	10,000,000	10,000,000	10,000,000
Greenway Business Center	14.251	B-08-SP-NC-0087	147,000	-	-
Fair Housing Assistance	14.401	FF205K074008	117,867	1,967	117,867
Fair Housing Assistance	14.401	FF205K084008	114,860	114,860	114,860
Total Fair Housing Assistance			232,727	116,827	232,727
Lead-Based Paint Hazards	14.900	NCLHB0335-06	2,999,944	1,543,191	2,437,888
Total U.S. Department of Housing and Urban Development			42,964,704	20,597,652	27,743,157
U.S. Department of Justice-					
Gang of One	16.541	2008-JL-FX-0488	1,162,653	244,417	244,417

U.S. Department of Justice (Continued)-					
Bulletproof Vest Partnership	16.607	N/A	$ 5,928	$ 10	$ 5,391
Public Safety Partnership and Community Policing:					
2007 C.O.P.S. Technology	16.710	2007CKWX0044	2,884,170	90,026	90,026
Secure Our Schools	16.710	2007CKWX0158	4,038	-	3,985
Child Sexual Predator Program	16.710	2008CSWX0014	321,350	172,350	172,350
Total Public Safety Partnership and Community Policing			3,209,558	262,376	266,361
Forensic DNA Backlog Reduction Program	16.741	2007-DN-BX-K093	281,369	178,337	215,245
Forensic DNA Backlog Reduction Program	16.741	2008-DN-BX-K116	362,548	117,403	117,403
Total Forensic DNA Backlog Reduction Program			643,917	295,740	332,648
Total U.S. Department of Justice			5,022,056	802,543	848,817
U.S. Department of Transportation-					
Airport Improvement Program	20.106	3-37-0012-19	2,459,185	-	2,459,185
Airport Improvement Program	20.106	3-37-0012-20	7,656,872	-	7,656,872
Airport Improvement Program	20.106	3-37-0012-39	5,000,000	-	1,891,682
Airport Improvement Program	20.106	3-37-0012-42	176,642	-	176,642
Airport Improvement Program	20.106	3-37-0012-47	3,367,096	-	3,367,096
Airport Improvement Program	20.106	3-37-0012-49	15,179,267	5,058,446	14,864,969
Airport Improvement Program	20.106	3-37-0012-51	15,359,406	4,131,923	15,349,251
Airport Improvement Program	20.106	3-37-0012-52	15,089,210	4,081,365	15,089,209
Airport Improvement Program	20.106	3-37-0012-53	3,269,339	1,858,217	3,269,339
Airport Improvement Program	20.106	3-37-0012-54	9,506,664	33,956	8,315,784
Airport Improvement Program	20.106	3-37-0012-56-2007	11,132,191	5,995,389	11,132,191
Airport Improvement Program	20.106	3-37-0012-57-2008	22,369,458	2,404,198	22,369,458
Airport Improvement Program	20.106	3-37-0012-58-2009	14,340,842	11,314,035	11,314,035
Total Airport Improvement Program			124,906,172	34,877,529	117,255,713
Federal Transit Cluster:					
Federal Transit Capital Investment	20.500	NC-03-0048	192,940,000	109,591	190,225,222
Federal Transit Capital Investment	20.500	NC-03-0056	880,000	-	843,146
Federal Transit Capital Investment	20.500	NC-03-0077-00	17,839	17,839	17,839
Federal Transit Capital Investment	20.500	NC-03-0082-00	1,960,000	1,960,000	1,960,000
Federal Transit Capital Investment	20.500	NC-04-0006-00	6,579,365	1,309,144	3,263,140
Federal Transit Capital Investment	20.500	NC-04-0014-00	434,720	-	-
Federal Transit Capital Investment	20.500	NC-04-0020-00	5,000,000	49,772	49,772
Federal Transit Capital Investment	20.500	NC-04-0021-00	380,000	42,485	42,485
Federal Transit Capital Investment	20.500	NC-05-0041-00	237,049	-	-
Total Federal Transit Capital Investment			208,428,973	3,488,831	196,401,604

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (Continued):	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Federal Transit Cluster (Continued):					
Federal Transit Capital and Operating Assistance	20.507	NC-90-X293	$ 7,579,873	$ 22,979	$ 7,514,579
Federal Transit Capital and Operating Assistance	20.507	NC-90-X331	10,217,090	226,349	10,130,897
Federal Transit Capital and Operating Assistance	20.507	NC-90-X334	4,980,000	81,516	4,746,850
Federal Transit Capital and Operating Assistance	20.507	NC-90-X347	9,699,712	18,910	9,699,712
Federal Transit Capital and Operating Assistance	20.507	NC-90-X358	12,220,066	729	12,220,064
Federal Transit Capital and Operating Assistance	20.507	NC-90-X377-00	11,734,252	1,663,354	11,734,252
Federal Transit Capital and Operating Assistance	20.507	NC-90-X403-00	2,147,545	36,780	741,312
Federal Transit Capital and Operating Assistance	20.507	NC-90-X408-00	13,294,550	422,254	12,867,533
Federal Transit Capital and Operating Assistance	20.507	NC-90-X431-00	14,881,144	6,282,106	11,698,013
Federal Transit Capital and Operating Assistance	20.507	NC-95-X014-00	920,000	-	-
Federal Transit Capital and Operating Assistance	20.507	NC-95-X015-00	800,000	800,000	800,000
Federal Transit Capital and Operating Assistance	20.507	NC-95-X020-00	5,908,043	5,908,043	5,908,043
Total Federal Transit Capital and Operating Assistance			94,382,275	15,463,020	88,061,255
Job Access / Reverse Commute	20.516	NC-37-X016-01	338,996	-	-
New Freedom	20.521	NC-57-X005-01	247,171	100,220	100,220
Total Federal Transit Cluster			303,397,415	19,052,071	284,563,079
Total U.S. Department of Transportation			428,303,587	53,929,600	401,818,792
U.S. Small Business Administration-					
Greenway Business Center	59.000	SBAHQ-08-I-0130	282,000	282,000	282,000
Total Federal Grant Funds Distributed Directly to the City of Charlotte, North Carolina			477,857,147	75,889,745	431,435,654
FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE STATE OF NORTH CAROLINA TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH):					
U.S. Department of Health and Human Services-					
N.C. Department of Health and Human Services-					
State Medical Assistance	93.003	BT-07-1106	370,000	75,831	351,271

U.S. Department of Homeland Security-					
N.C. Department of Crime Control and Public Safety-					
Public Safety Interoperable Communications	11.555	2007-GS-H7-0022	$ 2,993,357	$ -	$ -
Western Branch Spring Exercise	97.006	HS-TE-03-5117	145,000	12	134,900
Homeland Security	97.006	MOA	600,000	47,288	600,000
Airborne Rescue	97.006	SRT/USAR 0607-001	141,000	19,118	136,715
Urban Areas Security Initiative	97.008	2004-TU-T4-006	5,889,013	30,768	5,889,013
Urban Areas Security Initiative	97.008	2005-GE-T5-0051	4,772,658	523,467	4,772,658
Urban Areas Security Initiative	97.008	2007-GE-T7-0048	4,970,000	2,284,754	2,343,288
Homeland Security	97.067	2005-GE-T5-0051	530,400	-	529,129
Homeland Security	97.067	2006-GE-T6-0010	192,857	47,483	192,857
Homeland Security	97.067	2006-GE-T6-0010	7,176,000	2,183,703	5,664,858
Metropolitan Medical Response System	97.067	2008-GE-T8-0033	321,221	-	-
NC Helicopter - Aquatic Rescue Team	97.067	2008-GE-T8-0033	60,000	-	-
NC Urban Search and Rescue Task Force	97.067	2008-GE-T8-0033	350,000	-	-
NC Urban Search and Rescue Task Force	97.067	2008-GE-T8-0033	60,000	60,000	60,000
Regional Response Team	97.067	2008-GE-T8-0033	205,714	-	-
Urban Area Security Initiative	97.067	2008-GE-T8-0033	4,176,370	1,017,735	1,017,735
Metropolitan Medical Response System	97.071	2007-GE-T7-0048	258,145	1,770	1,770
NC Urban Search and Rescue Task Force	97.073	2007-GE-T7-0048	170,000	17,512	17,512
Regional Response Team	97.073	2007-GE-T7-0048	251,571	99,430	99,430
Urban Search and Rescue and Helicopter Aquatic Rescue	97.073	2007-GE-T7-0048	50,000	7,233	7,233
NC Urban Search and Rescue Exercise	97.073	2007-GE-T7-0048-8017	65,000	45,188	45,188
State Homeland Security	97.073	USAR #3 - 1028	220,000	6,562	6,562
Fast Track Security Training	97.075	2007-RL-T7-0004	428,752	-	-
Terrorism Preparedness	97.075	2007-RL-T7-0004	548,766	143,260	143,260
Fast Track Training	97.075	2007-RL-T7-0021	146,434	-	-
PATRIOT Training	97.075	2007-RL-T7-0021	414,990	131,400	131,400
Enhanced Regional Drill	97.075	2008-RL-T8-0002	84,637	-	-
Fast Track Training	97.075	2008-RL-T8-0002	78,593	-	-
Mobile Explosive Detection Equipment	97.075	2008-RL-T8-0002	270,926	-	-
Security Enhancement Equipment	97.075	2008-RL-T8-0002	250,741	-	-
Security Enhancement Equipment	97.075	2008-RL-T8-0002	253,462	-	-
Security Enhancement Equipment	97.075	2008-RL-T8-0002	249,441	-	-
Buffer Zone Protection Program	97.078	2007-BZ-T7-0034	365,770	-	-
Total U.S. Department of Homeland Security			36,690,818	6,666,683	21,793,508

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE STATE OF NORTH CAROLINA TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH) (Continued):	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
U.S. Department of Housing and Urban Development-					
N.C. Housing Trust Fund-					
Housing Rehab Program	14.239	SFR0707	$ 400,000	$ 124,725	$ 124,725
U.S. Department of Justice-					
N.C. Department of Crime Control and Public Safety-					
Forensic Medicine Program	16.582	060-1-07-A13-AV-858	93,196	3,601	93,196
NC GangNet - Replication	16.738	060-1-07-006-BH-679	491,300	252,382	457,976
Community At Risk Children	16.744	060-1-06-001-BA-123	59,994	-	52,797
Gang of One - Project Safe Neighborhoods	16.744	060-1-06-001-BK-290	40,280	22,386	22,386
Gang of One	16.744	060-1-07-001-BK-243	141,000	36,237	134,720
Total N.C. Department of Crime Control and Public Safety			825,770	314,606	761,075
N.C. Department of Justice-					
Coverdell Forensic Science Improvement	16.742	2007-CD-BX-0072	29,854	23,321	29,854
Coverdell Forensic Science Improvement	16.742	2008-CD-BX-0028	41,015	-	-
Total N.C. Department of Justice			70,869	23,321	29,854
Total U.S. Department of Justice			896,639	337,927	790,929
U.S. Department of Labor-					
N.C. Department of Commerce-					
ARRA - Workforce Investment Act - Adult Program	17.258	2008-4020-37	672,043	71,001	71,001
ARRA - Workforce Investment Act - Youth Activities	17.259	2008-4030-37	1,676,623	216,771	216,771
ARRA - Workforce Investment Act - Dislocated Workers	17.260	2008-4040-37	1,868,469	113,992	113,992
ARRA - Workforce Investment Act	17.260	2008-4031-37	248,450	-	-
Workforce Investment Act	17.267	06-2050	386,980	16,649	278,823
Workforce Investment Act	17.267	07-2010	381,615	66,418	381,615
Workforce Investment Act	17.267	07-2020	1,050,995	171,387	1,050,995
Workforce Investment Act	17.267	07-2030	1,136,489	200,265	1,136,489

U.S. Department of Labor (Continued)-					
N.C. Department of Commerce-					
Workforce Investment Act	17.267	07-2031	$ 376,044	$ 150,336	$ 350,336
Workforce Investment Act	17.267	07-2040	1,206,837	200,259	1,206,837
Workforce Investment Act	17.267	07-2050	340,613	95,111	340,613
Workforce Investment Act	17.267	07-3806	200,000	97,894	200,000
Workforce Investment Act	17.267	08-2010	385,595	319,665	319,665
Workforce Investment Act	17.267	08-2020	1,042,382	705,806	705,806
Workforce Investment Act	17.267	08-2030	1,280,678	1,030,469	1,030,469
Workforce Investment Act	17.267	08-2031	69,870	-	-
Workforce Investment Act	17.267	08-2040	1,147,296	912,749	912,749
Workforce Investment Act	17.267	08-2050	380,362	225,119	225,119
Total U.S. Department of Labor			13,851,341	4,593,891	8,541,280
U.S. Department of Transportation-					
N.C. Department of Transportation-					
Section 5309 Capital Program	20.500	36232.1.7.3 / 09-04-014	54,340	-	-
Inspection of Bridges	20.205	BRZ-NBIS (15)	287,302	-	-
Congestion Mitigation and Air Quality	20.205	NC C-4405	560,000	155,518	155,518
Congestion Mitigation and Air Quality	20.205	NC C-4955	3,032,800	1,716,745	2,001,369
Congestion Mitigation and Air Quality	20.205	NC C-4961	540,000	540,000	540,000
Highway Planning and Construction	20.205	Section 104f	1,437,887	(299,964)	1,437,887
State Highway Projects	20.205	U-4912	496,000	175,122	175,122
Metropolitan Planning Program	20.505	07-08-102	366,480	-	90,653
Metropolitan Planning Program	20.505	08-08-102	338,512	218,003	218,003
Light Tower	20.601	K8-08-02-48	16,000	14,999	14,999
Collision and Fatality Measures	20.605	QN-07-17-01-14	46,224	-	41,096
Total U.S. Department of Transportation			7,175,545	2,520,423	4,674,647
Total Federal Grant Funds Distributed Through the State of North Carolina to the City of Charlotte, North Carolina (Pass Through)			59,384,343	14,319,480	36,276,360
FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE COUNTY OF MECKLENBURG TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH):					
U.S. Department of Homeland Security-					
State Homeland Security	97.004	2004-GE-T4-0014	1,344,521	7,991	1,344,521
Development of Emergency Management Plan	97.042	EMPG-2006-37119	65,816	22,208	65,816

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANT FUNDS DISTRIBUTED THROUGH THE COUNTY OF MECKLENBURG TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH) (Continued):	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
U.S. Department of Homeland Security (Continued)-					
Development of Emergency Management Plan	97.042	EMPG-2007-37119	$ 80,483	$ 50,580	$ 50,580
Development of Emergency Management Plan	97.042	EMPG-2008-37119	97,414	-	-
Total U.S. Department of Homeland Security			1,588,234	80,779	1,460,917
U.S. Department of Justice-					
Gang of One	16.580	2006-DD-BX-0524	148,084	36,032	124,428
Weed and Seed	16.595	2007-WS-Q7-0166	167,642	80,230	167,642
Weed and Seed	16.595	2008-WS-QX-0204	150,000	78,572	78,572
Law Enforcement Initiatives	16.738	2005-DJ-BX-0868	1,059,152	65,576	1,059,152
Justice Assistance Grant	16.738	2006-DJ-BX-0355	630,500	24,472	471,863
Justice Assistance Grant	16.738	2007-DJ-BX-1241	994,697	291,629	670,997
Justice Assistance Grant	16.738	2008-DJ-BX-0318	325,638	-	-
Solving Cold Cases with DNA	16.742	2008-DN-BX-K411	197,245	33,232	33,232
Coverdell Forensic Science Improvement	16.742	170-1-06-001-BD-091	35,540	-	34,392
Gang of One	16.744	Letter	99,999	9,603	99,999
Total U.S. Department of Justice			3,808,497	619,346	2,740,277
Total Federal Grant Funds Distributed Through the County of Mecklenburg to the City of Charlotte, North Carolina (Pass Through)			5,396,731	700,125	4,201,194
Total Federal Awards			542,638,221	90,909,350	471,913,208
STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA:					
N.C. Clean Water Management Trust Fund-					
Stormwater Infrastructure		2006B-702	125,000	14,129	74,008

N.C. Department of Crime Control and Public Safety-				
Division of Governor's Crime Commission-				
Gang of One	060-1-07-001-BN-415	$ 79,844	$ 69,758	$ 69,758
Gang of One	1008	25,000	8,745	8,745
Total N.C. Department of Crime Control and Public Safety		104,844	78,503	78,503
N.C. Department of Enviornment and Natural Resources-				
Mobile Source Emissions Reduction	EA 07010	38,000	-	-
N.C. Department of Transportation-				
State Street Aid-Powell Bill	N/A	N/A	23,806,074	N/A
State Maintenance Assistance FY2009	Letter	13,135,794	13,135,794	13,135,794
Rail Agreement	Letter	200,000	-	-
Advanced Technology Program	03-AT-061	322,200	187,200	187,200
Advanced Technology Program	04-AT-001	186,300	-	99,859
Advanced Technology Program	05-AT-004	135,000	135,000	135,000
State Full Funding Grant Agreement	05-NS-002	111,548,573	7,890,949	108,923,534
Advanced Technology Program	07-AT-004	765,000	229,133	702,684
Municipal Agreement	30922 31475	325,000	76,437	274,912
Traffic Agreement	34410.1.11 / R-2248 BB	444,746	-	273,040
Traffic Agreement	34410.3.28	275,400	-	-
Traffic Agreement	34813.3.8 / U-2510 A	431,438	-	-
Traffic Agreement	35066.3.1 / W-4004	862,000	-	-
Public Transportation Capital Program	36223.5.7.3 / 36223.5.7.4	730,689	26,503	720,892
Public Transportation Capital Program	36223.5.9.3 / 05-09-347	861,506	4,179	861,503
Public Transportation Apprentice Program	36223.5.13.3 / 07-DG-007	22,491	-	22,491
Transit Development	36223.5.13.4 / 07-DG-016	250,000	245,087	245,087
Public Transportation Apprentice Program	36223.5.14.1 / 08-DG-008	27,650	27,200	27,200
Public Transportation Section 5309 Capital Program	36224.26.1.1 / 09-NS-082	980,000	980,000	980,000
Public Transportation Rideshare Program	36225.1.6.1 / 08-RS-009	100,719	2,745	100,719
Public Transportation Rideshare Program	36225.1.7.1 / 09-RS-009	103,417	74,389	74,389
Metropolitan Planning Program	36230.5.7.6 / 08-08-102	42,314	27,250	27,250
Public Transportation Capital Program	36231.14.1.3-4 / 08-09-408	723,151	68,089	723,151
Public Transportation Section 5309 Capital Program	36232.1.7.3 / 09-05-041	22,848	-	-
Public Transportation Section 5309 Capital Program	36232.1.7.4 / 09-04-021	47,500	5,311	5,311
Public Transportation Section 5309 Capital Program	36232.1.7.6 / 09-04-020	625,000	5,530	5,530
Airport Agreement	36244.17.4.1	1,300,000	1,000,000	1,300,000
Airport Agreement	36244.17.5.1	500,000	500,000	500,000
Airport Agreement	36244.17.6.1	500,000	39,502	500,000
Airport Agreement	36244.17.9.1	500,000	500,000	500,000

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CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS-(Continued)
FOR THE YEAR ENDED JUNE 30, 2009

STATE GRANT FUNDS DISTRIBUTED DIRECTLY TO THE CITY OF CHARLOTTE, NORTH CAROLINA (Continued):	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
N.C. Department of Transportation (Continued)-					
Municipal Agreement		37309.1.1	$ 37,500	$ 26,705	$ 37,500
Municipal Agreement		37309.1.1	75,000	49,840	49,840
Municipal Agreement		37772	225,000	(157,500)	38,625
Municipal Agreement		37857	575,000	535,105	575,000
Traffic Agreement		38412.3.5 / U-2508 C	411,713	294,614	411,713
Public Transportation Moving Ahead		40321 / 04-MA-0003	622,500	10,141	593,308
Municipal Agreement		40998	1,725,000	431,250	1,293,750
Municipal Agreement		41328	5,000,000	2,268,559	3,520,202
Municipal Agreement		42408	39,564	39,564	39,564
Public Transportation Section 5309 Capital Program		42699 / 07-04-010	50,160	50,160	50,160
Public Transportation Section 5309 Capital Program		42700 / 07-04-008	47,589	47,589	47,589
Public Transportation Section 5309 Capital Program		42701 / 07-03-077	2,230	2,230	2,230
Municipal Agreement		5.6732	70,000	-	-
Transit Development		9.9051996	4,100,000	8,022	4,090,544
Public Transportation		9.9052299	838,841	2,858	831,894
Bus Discreationary		NC-04-0006-00	763,330	160,465	348,802
Congestion Mitigation and Air Quality		NC-90-X403-00	210,556	3,548	71,452
Traffic Agreement		R-2248 AC & AD	525,000	-	171,465
Traffic Agreement		R-2248 C	409,742	33,271	409,742
Municipal Agreement		U-0209	295,000	-	-
Municipal Agreement		U-209B / U-2509	780,000	644,566	780,000
Traffic Agreement		U-2512 A & BA	2,144,925	-	1,344,330
Traffic Agreement		U-2512 BB	137,320	-	90,313
Traffic Agreement		U-3307 A & B	700,000	-	292,419
Municipal Agreement		U-3411	1,700,000	-	-
Municipal Agreement		U-4911	1,229,910	-	-
Municipal Agreement		U-5014	334,247	48,971	334,247
Total N.C. Department of Transportation			159,018,863	53,466,330	145,750,235
N.C. Housing Trust Fund-					
Housing Urgent Repair Program		URP0705	75,000	39,143	52,103

N.C. Office of Emergency Medical Services-				
State Medical Assistance	Letter	$ 30,472	$ 2,111	$ 30,472
Administrative Office of the Courts-				
Dispute Settlement	Letter	78,833	78,833	78,833
Office of the Governor-				
Dispute Settlement	Letter	167,916	-	167,916
The e-NC Authority-				
Peg Channel	2008-120-80315-102	24,849	24,849	24,849
Peg Channel	2008-246-80315-102	24,699	-	-
Total e-NC Authority		49,548	24,849	24,849
STATE GRANT FUNDS DISTRIBUTED THROUGH THE METROLINA TRAUMA ADVISORY COMMITTEE TO THE CITY OF CHARLOTTE, NORTH CAROLINA (PASS THROUGH) :				
N.C. Office of Emergency Medical Services-				
SMAT III	Letter	29,245	27,471	27,471
Total State Awards		159,717,721	53,731,369	146,284,390
Total Federal and State Awards		$ 702,355,942	$ 144,640,719	$ 618,197,598

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Charlotte and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act*.

2. SUBRECIPIENTS

Of the federal expenditures presented in this schedule, the City of Charlotte provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
U.S. Department of Housing and Urban Development-		
Community Development Block Grant	14.218	$ 3,754,910
Emergency Shelter	14.231	171,000
HOME Investment Partnerships	14.239	916,614
Housing Opportunities For Persons With AIDS	14.241	462,320
Lead-Based Paint Hazards	14.900	65,734
U.S. Department of Justice-		
Gang of One	16.541	85,203
Gang of One	16.580	8,135
Weed and Seed	16.595	11,422
Justice Assistance Grant	16.738	196,887
Gang of One - Project Safe Neighborhoods	16.744	13,945
U.S. Department of Labor-		
ARRA - Workforce Investment Act	17.258	7,040
ARRA - Workforce Investment Act	17.259	81,890
ARRA - Workforce Investment Act	17.260	32,834
Workforce Investment Act	17.267	4,192,128
U.S. Department of Transportation-		
New Freedom	20.521	100,220

Finance Department - Financial Reporting
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