



CITY OF CHARLOTTE, NORTH CAROLINA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015

City of Charlotte, North Carolina Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2015

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This document is available online:



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OCTOBER 31, 2015

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 (CAFR) of the City of Charlotte (City) for the fiscal year ended June 30, 2015.

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

The City's financial statements, as required by North Carolina General Statute 159-34, have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements; evaluating the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was sufficient audit evidence for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2015, 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.

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, 2014. This was the thirtieth 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 GFOA also presented a Distinguished Budget Presentation Award to the City of Charlotte, North Carolina for its annual budget for the fiscal year beginning July 1, 2014. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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

Respectfully submitted,

Ron Carlee
City Manager

Randy Harrington
Chief Financial Officer and
Director of Management and Financial Services



PROFILE OF THE GOVERNMENT

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

The City, incorporated in 1768, became the county seat in 1774 and has grown from an initial 360 acres to a present area covering 306 square miles of the 527 square miles in Mecklenburg County. The City owes its name to German born Queen Charlotte, wife of England's King George III, and the County's name to her birthplace of Mecklenburg. That is why Charlotte is referred to as the "Queen City." With an estimated population of 809,958, Charlotte is the core of the Charlotte-Gastonia-Concord Metropolitan Statistical Area, an area of over 2.3 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. 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 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 Mayor and City Council are responsible for appointing the City Manager, City Attorney, City Clerk and members of various boards and commissions. The City Council reviews the annual budget, sets the tax rate; approve the financing of all City operations and capital investments; and authorize contracts on behalf of the City. The City Manager is responsible for carrying out policies and ordinances, and directs the daily operations of the City through Manager-appointed department directors.



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



The **Strategic Operating and Community Investment Plan** documents the City's priorities and allocation of resources to fund the City's operations and capital programs. The City develops a biennial budget (with annual appropriations for each fiscal year) and five-year capital budgets. The City Council identifies priorities enabling departments to submit their budget requests based on organization focus and strategy. The Council Budget Committee establishes the City Council budget process and provides guidance on budget development issues to the full Council and City Manager.

Budget requests are submitted to the City Manager in January, followed by a series of Council budget workshops, beginning in February, held to discuss requests that serve as the basis for the preliminary strategic operating plan presented to City Council in May. Workshops and public hearings are scheduled to enable citizens an opportunity to respond to the preliminary plan. In June, City Council adopts a final Strategic Operating and Community Investment Plan. Budget-to-actual comparisons are provided in this report for each fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements. For other funds with annual and project-length budgets, detailed budget-to-actual comparisons are presented in the Required Supplementary Information, Combining and Individual Fund Statements and Schedules section of this report. Additional information on the budget can be found in the MD&A and Note 3.a. in the notes to the financial statements.

LOCAL ECONOMY

Charlotte has emerged as a financial, distribution and transportation center of an entire urban region. There are 7.5 million people living within a 100-mile radius.



Financial Services Center - One of Charlotte's many strengths as a leading business center is the concentration of financial institutions and resources. The City ranks as the nation's second largest financial center in headquartered banking assets and is the home of Bank of America Corporation, one of the nation's largest banks based on deposits. Many of the nation's top 20 banks have operations in Charlotte, as well as a branch of the Federal Reserve.

Charlotte's financial services spread well beyond the banking industry. In recent years MetLife and TIAA-Cref have both developed significant workforces in Charlotte. Babson Capital, an institutional asset manager for a wide range of clients including pensions, endowments, foundations, sovereign wealth funds, and private wealth advisory clients, will serve as the anchor tenant for Charlotte's first uptown office tower since the recession.

Transportation and Distribution Hub - The City plays a major role in the transportation and distribution of goods throughout the nation. Charlotte Douglas International Airport (CLT) is considered the "gateway to the world"; averaging 697 daily flights with non-stop service to 154 different destinations, including 34 international destinations. CLT has five concourses with 96 airline gates and served more than 44 million passengers in 2014. The Airport currently ranks 6th nationwide in operations, 8th in passengers, and 34th in cargo. Eight major commercial airlines and 15 regional carriers, and three foreign flag carriers offer service to and from CLT. With customs services available at the Airport and a foreign trade zone designation, Charlotte is a port of entry and export.



Trucking is a major industry in Charlotte. Charlotte's trucking industry is served by two interstate highways that pass through the City limits, Interstate Highways 77 and 85 (I-77 and I-85), running north/south and northeast/southwest, respectively. Convenient access to the nation's interstate highway system makes Charlotte an appealing location for the trucking industry. Over fifty percent of the nation's population is within a 24-hour drive from the city. There are over 500 trucks and transportation arrangement firms operating in Charlotte, including most of the nation's top trucking companies.

Interstate 485 (I-485) is the Outer Belt highway serving Mecklenburg County and metropolitan Charlotte. The 67-mile loop is now fully open. NCDOT opened the remaining 5.7-mile stretch of I-485 in June of 2015. The I-85/I-485 turbine interchange also opened in June of 2015, and is the first of its kind in North Carolina. In addition NCDOT plans to widen approximately 7 miles of I-85 from four to eight lanes in Cabarrus County.

Charlotte is also the center of the country's largest consolidated rail system. Two major rail systems, Norfolk Southern Railway and CSX Transportation, bring approximately 300 trains through Charlotte weekly and link Charlotte to 23 states, Washington, D.C. and Canada. To better integrate air, rail, and communications, Norfolk Southern Railway constructed a \$92 million intermodal rail and trucking facility on Airport property that began operations in December 2013 and that is expected to bring the region an economic boost of \$7.6 billion over the next two decades. The intermodal yard is situated on a 200 acre tract of land that is located between the airport runways. The intermodal yard will create another competitive edge for Charlotte, and will provide a boost to approximately 100 distribution centers operating in the Southeast.



Business Environment – Charlotte enjoys a vibrant, highly diversified economy that

*Top Five Industries
(by number of employees)*

- *Manufacturing*
- *Health Care & Social Assistance*
- *Retail Trade*
- *Education Services*
- *Finance & Insurance*

encompasses many sectors, as well as companies that range in size from multinational to micro-business. Charlotte MSA currently has 10 Fortune 1000 companies headquartered in the City and ranks 20th nationally, with seven Fortune 500 firms' headquarters. Charlotte is home to operations for 291 companies that are listed on the Fortune 500, and has 4,220 Hoover's Million Dollar Companies. There are over 950 foreign-owned firms in the region, representing 45 counties, which have spawned the creation of several international and cultural organizations. Charlotte was ranked as the most entrepreneurial city by Global Trade Magazine. Charlotte is

also a major manufacturing force and has successfully transitioned from being a leader in textiles to being a home to numerous firms that specialize in sophisticated and intelligent manufacturing.

Growth Outlook – Charlotte continued to see economic recovery following the great recession. In 2014, Charlotte added 6,080 jobs through expansions and relocations. Including Sealed Air Corporation, the maker of bubble wrap, announced they would be moving their headquarters to Charlotte and creating 1,200 new jobs. Sealed Air's relocation represents the largest Fortune 500 Company to ever relocate to Charlotte.

Uptown Development

Charlotte's uptown is in full swing of recovery following the recession. The uptown district currently has 34 projects under construction or being currently planned. Projects included restaurants, hotels, offices, mixed use development, apartments, condos and even a large park.

On April 11, 2014, the Charlotte Knights, AAA baseball team, opened their season at the new BB&T Ballpark, after nearly 25 years since the team last played in Charlotte. The Knights welcomed 696,601 fans during the inaugural season in Uptown Charlotte and another 700,645 fans during their second year – leading all of minor League Baseball in average attendance per game for the second consecutive season. On June 17, 2015, the Knights ushered in the ballpark's one-millionth fan, becoming the quickest International League ballpark in history to accomplish that feat. Charlotte was also recognized when it was ranked 8th on the list of "Top 10 Towns in all of Minor League Baseball" by SmartAsset.com.

Romare Bearden Park's opened in 2013, and is a 5.2 acre park is located in the Third Ward and. The park is named after the artist who once lived near the location of the new park. The park design is inspired by Bearden's multimedia collages where he used memory, experiences and tradition as the basis of his work. The main pathway of the park links Church Street to the Charlotte Knight's BB&T Ballpark.





The First Ward Urban Village project, a public-private partnership, is underway and could spur nearly \$700 million in new development. The project would transform nine blocks or 24 acres to include a new park, 1,500 apartments, 1.5 million square feet of offices, 400,000 square feet of retail, and up to 400,000 square feet for educational, civic or cultural institutions. The First Ward Urban Village project looks to capitalize on both UNC Charlotte's Uptown Campus, as well as the LYNX Blue Line Extension.

In November 2007, Charlotte opened the first light rail line in the Carolinas, a 9.6-mile line known as the LYNX Blue Line. It runs between Uptown Charlotte and I-485 just north of Pineville. In October 2012, CATS was awarded a Federal Full Funding Grant Agreement for the LYNX Blue Line Extension project. This project will extend the current system 9.3 miles connecting Center City Charlotte with UNC Charlotte's main campus. Construction is underway with 97.7% of contracts being awarded, based on contract value. To satisfy the City's portion of the long-term funding CATS applied for a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan through the U.S. Department of Transportation's Federal Transit Administration. The use of the TIFIA loan means the City will be able to complete the project with a lower cost than originally anticipated. CATS closed on the TIFIA loan in September of 2015. Revenue service is anticipated to begin in fall of 2017. The CityLYNX Gold Line Phase I began service on July 14, 2015 and provides a 1.5 mile streetcar segment in Uptown. Early ridership numbers for the Gold Line have been strong, with ridership 67% above projections for its first month of service. Phase II of the Gold Line is currently being planned and anticipates construction to begin in 2016 and service to begin in 2019.



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 Charlotte as a destination for convention, business and leisure travel. With a steadily improving economy, Mecklenburg County saw \$4.9 billion in domestic traveler spending in 2014 (an increase of 6.1 percent over 2013).

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



The CRVA operates the NASCAR Hall of Fame complex. The Hall of Fame is supported by a two percent county-wide occupancy tax, which is a component of the eight percent hotel/motel tax, funds the construction, repair, maintenance and financing of the Hall of Fame. The Hall of Fame which opened in 2010 includes a 150,000 square foot museum, a 102,000 square foot expansion to the Convention Center which includes a 40,000 square foot ballroom and NASCAR Plaza, a 19-story, 393,000 square foot Class A office tower.

The City is home to two high profile major-league sports franchises, the Carolina Panthers of the National Football League (NFL) and the Charlotte Hornets of the National Basketball Association (NBA). Home for the Carolina Panthers is the Bank of America Stadium, a privately owned, 73,778-seat facility in uptown Charlotte. The NBA's Charlotte Hornets play in the uptown Time Warner Cable Arena. The Queen City is also home to the Charlotte Knights a AAA affiliate of the Chicago White Sox, the Charlotte Checkers of the American Hockey League affiliate of the NHL Carolina Hurricanes, Charlotte Hounds of Major League Lacrosse, and the Charlotte Independence of the United Soccer League.

Charlotte Motor Speedway, located in adjacent Concord NC, is the largest sports facility in the southeast. The 1.5 mile superspeedway, annually hosts three series of racing, including the Sprint Cup Series NASCAR Sprint All-Star Race, Coca-Cola 600, and the Bank of America 500; the Hisense 300 and Drive for the Cure 300; and the Camping World Truck Series North Carolina Education Lottery 200. The



speedway hosts 89,000 permanent seats and has the capacity for nearly 40,000 more spectators in the infield. Charlotte Motor Speedway is recognized as one of the busiest NASCAR facilities in the U.S. Also attracting race fans is the zMax Dragway at Charlotte Motor Speedway. The drag racing facilities' track, pit areas and midway cover 125 acres and seats 30,000. The dragway is unique in that it is the only four-lane, all concrete quarter-mile dragway in the national circuit.

College sports fans can attend the ACC Football Championship Game or the annual Belk Bowl at the Bank of America Stadium. The Belk Bowl matches an ACC team against a SEC East team. The Belk Bowl averages 50,000 fans each year with three sellouts and has drawn over 630,000 fans to the Bank of America Stadium. College fans can also attend the Central Intercollegiate Athletic Association (CIAA) Basketball Tournament which is held in the Time Warner Cable Arena. Golf lovers can attend one of the top events on the PGA tour, the Wells Fargo Championship. In August of 2014, England's Liverpool F.C faced off against Italy's A.C. Milan as part of the International Champions cup, a soccer exhibition tour, in front of a near sell out of 69,000 fans at Bank of America Stadium.

The U.S. National Whitewater Center is located on the Catawba River and is the world's largest artificial whitewater river and U.S. Olympic Training site. The 400 acre facility includes whitewater rafting and kayaking, flat water kayaking, mountain biking, eco trekking, rock climbing, high ropes course, a 57-foot climbing tower, zip line, a canopy tour, and team building. With over 24 activities, a restaurant, live music shows and events, this is the perfect playground for both children and adults.

Charlotte offers diverse facilities for culture, the arts, nature and science. The Bechtler Museum of Modern Art has featured collections of work by the most important and influential artists of the mid-20th century such as Alberto Giacometti, Pablo Picasso, Andy Warhol, Joan Miro, Jean Tinguely and Barbara Hepworth. The Knight Theater, part of the Blumenthal Performing Arts Center, is home for Charlotte Ballet, formally known as the North Carolina Dance Theatre and also hosts other performing arts. Patricia McBride, who serves as the associate artistic director and Master Teacher for the Charlotte Ballet was a 2014 Kennedy Center Honoree. The Harvey

B. Gantt Center for African-American Arts + Culture serves as a community epicenter for music, dance, theater, visual art, film, arts education programs, literature and community outreach. The 145,000 square foot Mint Museum Uptown combines four collections (Craft + Design, Contemporary, American and selected European pieces) under one roof. The North Carolina Blumenthal Center for the Performing Arts, containing a 2,100-seat performance hall and a 440-seat theater, showcases the best in opera, symphony, chorus, dance and theater. The Charlotte Nature Museum, founded in 1946, provides programs and exhibits centered on a science theme of “Nature and Man.” The “hands-on” science and technology museum, Discovery Place, had nearly 400,000 visitors in 2014.. The 40,000 square feet Billy Graham Library on the grounds of the ministry’s international headquarters in Charlotte includes a bookstore and a café. Also on the grounds is the Graham Family Home place.



Charlotte was honored as a Playful City USA Community in 2015 for the first time. The national recognition program honors cities and towns across the country for their efforts to make their communities more playable. Charlotte has been able to complete a total of 53 projects to increase recreation over the past 20 years through its Neighborhood Matching Grant Program.

Education - The County operates Charlotte-Mecklenburg Schools (CMS), a consolidated City-County public school system with current enrollment for kindergarten through grade 12 of more than 145,000 students. The City has no direct financial responsibility for the CMS operations or capital projects. CMS has a diverse mix of students representing nearly 160 different countries and various ethnic and cultural backgrounds. CMS offers magnet programs in 37 of its schools that develop the talents of students who have interests and talents in specific areas. CMS received recognition of excellence for 22 of their magnet schools in 2014 by the national Magnet Schools of America..

There are numerous opportunities for secondary education in the Charlotte area. Within the greater-Charlotte region there are twenty-three public and private secondary institutions offering baccalaureate degrees; seventeen schools offering graduate opportunities; seventeen junior colleges, community colleges and technical institutes conferring two-year associate degrees.

- UNC Charlotte is the 4th largest of the sixteen institutions comprising the University of North Carolina system. UNC Charlotte offers 78 bachelor’s programs, 61 master’s degrees and 21 doctoral programs.
- Central Piedmont Community College (CPCC) is the largest of the North Carolina Community College System colleges, serving more than 75,000 students per year on its six campuses.



- Johnson C. Smith University (JCSU), Founded in 1867, is an independent urban university in Charlotte that continues to gain a national reputation for developing tomorrow's diverse entrepreneurial citizens and leaders. JCSU offers 23 fields of study and has over 1,400 students. JCSU is one of 105 historically black college and universities.
- Queens University, located in the historic Myers Park neighborhood, has an approximate enrollment of 2,250. The Queens University College of Arts and Sciences has been praised by the National Endowment for the Humanities for its interactive approach to teaching liberal arts; serving as a model for other institutions of higher learning across the nation.
- Johnson & Wales University's Charlotte Campus enrolls over 2,200 full-time students in one of three colleges: the College of Business, the College of Culinary Arts or the Hospitality College.
- Davidson College offers 26 majors of studies and has a student body of 1,950. Davidson College was rated by U.S. News and World Report as tied for ninth on its list of the best liberal arts colleges and a survey by Kiplinger ranked the college as the 13th best value liberal arts college.
- Pfeiffer University at Charlotte has an urban campus and offers a dynamic, career-enhancing degree completion and graduate program designed with working adults in mind.
- Wake Forest University continues to have a strong graduate school presence in Charlotte with several top-ranked MBA programs. These programs attract talented professionals and foster an "urban campus" in the heart of the City's business district.
- The Charlotte School of Law has an approximate enrollment of 1285, and is located in Charlotte's uptown district to take advantage of being close to businesses and Mecklenburg and federal courts. The law school includes 243,000 total square feet and 32,250 square feet in the library. There are seventeen classrooms, three moot court rooms, one training room, one courtroom, thirty-eight study rooms and five knowledge bars.

Health Care – Charlotte and Mecklenburg County are served by a number of health care providers. There are nearly 2,500 hospital beds in the Charlotte-Mecklenburg area representing two health care systems, Carolinas HealthCare System and Novant Health.

Carolina's HealthCare System is one of the nation's largest public hospital systems in the country and is the most prominent health care system in the Carolinas. Carolinas HealthCare System operates in 40 owned and managed hospitals and approximately 900 other care locations. The system employs over 60,000 people and manages a nearly \$8 billion budget. Charlotte's largest hospital, Carolinas Medical Center (CMC), is a state-designated Academic Medical Center Teaching Hospital and for the 15th year has been recognized as Charlotte's most preferred hospital by the National Research Corporation. The center includes the Sanger Heart and Vascular Institute, a nationally known center with over 90 heart specialists, the nationally ranked Neuroscience and Spine Institute and the Women's Institute that specializes in the diagnosis and management of women's medical and reproductive conditions. The CMC campus also includes the 234-bed Levine Children's Hospital dedicated to the care of children and their families, and is the most comprehensive such facility between Washington, D.C. and Atlanta. Levine offers care

in over 30 specialties and sub-specialties including pediatric surgery; a pediatric kidney, liver and heart transplant program; a pediatric intensive care unit and a children’s diagnostic center.

Novant Health is a not-for profit integrated system of 15 medical centers, and 1,123 doctors in 343 clinics and outpatient facilities. Novant health operates in North Carolina, South Carolina, Virginia, and Georgia and employees approximately 24,000.

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 2015, those areas are: **Community Safety, Housing & Neighborhood Development, Environment, Transportation & Planning, and Economic Development & Global Competitiveness.** The City uses the Balanced Scorecard performance management tool to translate the City’s Vision, Mission, and Council Focus Area Plans into departmental goals and targets. The Focus Area Plan is used to monitor success in the accomplishment of City strategy and adherence to Council’s priorities. For fiscal year 2015, Initiatives within each Focus Area include:

Community Safety

“Charlotte will be one of America’s safest communities.”

Community Safety is a major priority for the City. The City’s goal is to create a community where residents and visitors feel safe in their homes, their neighborhoods, their workplaces, and the areas where they shop and play. Initiatives in community safety include reducing crime and life and property damages from fires; enhancing citizen perception of safety through citizen partnerships, crime and fire prevention and education activities; developing recruitment strategies that attract diverse applicant pools to the Police and Fire departments; and building collaborations with partners that enhance community safety initiatives.



Housing & Neighborhood Development

“The City of Charlotte will create and sustain distinct and diverse neighborhoods for residents of all ages.”

The City’s long-term health and vitality are dependent on a built environment offering diverse housing options, vibrant commercial corridors, and access to safe public amenities. Initiatives in housing and neighborhood development include creating and preserving healthy, vibrant, and distinct neighborhoods through holistic revitalization strategies and practices; facilitating public/private partnerships, which integrate education, recreation, employment, and



housing resources; implementing policies to assist with geographically dispersing and increasing the supply of diverse housing throughout the City; and utilizing the Quality of Life Study data to inform strategic neighborhood investments.

Environment

“Charlotte will become a global leader in environmental sustainability, preserving our natural resources while balancing growth with sound fiscal policy.”

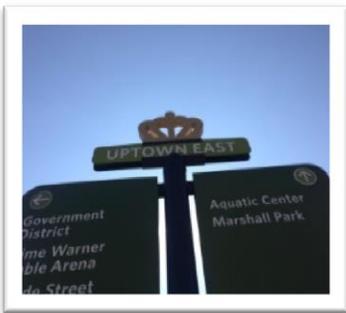
The City recognizes that environmental stewardship is fundamentally important to quality of life and essential to maintaining a vibrant economy. Protecting our natural resources, promoting conservation, and improving the environment all enhance the City’s mission to preserve its citizens’ quality of life. Initiatives in environment include promoting the development of a sustainable community; leading by example by practicing environmental stewardship in City operations and facilities; seeking and supporting collaborative and regional solutions to environmental problems; facilitating the growth of the clean energy industry, including the alternative energy sector; and becoming globally recognized for community sustainability efforts.



Transportation & Planning

“Charlotte’s strong economy and attractive lifestyle will thrive due to our vibrant places healthy neighborhoods, and robust employment centers, supported by strategic transportation investments.”

A combination of sound land use planning and continued transportation investment will provide lifestyle, employment and travel choices. This approach will enable Charlotte to accommodate growth, enhance quality of life and increase Charlotte’s prominence and competitiveness in the global marketplace. Initiatives in transportation include implementing land use decisions and transportation investments that manage growth and focus high intensity development in areas where high-capacity infrastructure already exists or is planned; implementing decisions and investments that increase safety, livability, transportation choices, and enhance economic growth; strengthening collaboration with public and private partners to achieve effective results, which support economic development and livability; engaging the community to achieve land use and transportation goals; seeking all types of financial resources and funding partnerships necessary to implement transportation programs; and reevaluating the regulatory system for development in partnership with Mecklenburg County.



Economic Development & Global Competitiveness

“Charlotte will strengthen its position as a city of prominence in the global marketplace by building upon its competitive advantages.”

To achieve its vision, the City must leverage partnerships to seize new opportunities in a global marketplace. Initiatives in economic development include facilitating the growth of small businesses and high growth entrepreneurs in the community; promoting the holistic development of targeted business districts and neighborhoods; working with universities and the education system, local industry leaders, and other economic development partners to drive global competitiveness in the energy, finance, information technology, logistics, and advanced manufacturing sectors; introducing youth to employment opportunities with potential for long-term growth and development; and growing Charlotte’s tourism industry through amateur sports development and programming.



MAJOR INITIATIVES

The City’s capital policy and future capital plans are established in a five-year community investment plan which matches the City’s highest priority capital needs with a financing schedule. The FY2015-FY2019 Community Investment Plan (Plan) totals \$4.1 billion and includes investments in neighborhoods, housing, storm water, roads, transit, water and sewer, the airport and government facilities. This is a 22.4 percent increase from the FY2014 - 2018 Plan. The increase in the overall five-year Plan is a result of increases in the Aviation, , Water & Sewer and Storm Water capital programs; and to new General Community Investment Plan funding scheduled from the 2014 bond referendum to support long-range infrastructure investments focused on job growth, mobility, and quality of life.

Capacity for capital formation is determined annually through a comprehensive model that evaluates revenues dedicated to capital and future debt service requirements. The model specifies the additional capacity to issue debt that can be fully repaid with existing or planned revenues. As a result, when voters approve General Obligation Bonds, revenues are expected to be available to repay debt service without future tax increases. Effective July 1, 2013, the City adopted a 3.17 cents property tax increase that is dedicated to the General Community Investment Program projects. This property tax increase funds general obligation bond referenda for November 2014, 2016, 2018, and 2020.

Aviation. The Aviation Plan totals \$1.3 billion, a 31.9 percent increase, and is funded by \$854.8 million in revenue bonds, \$112.7 million in Federal Aviation Administration grants, \$33.0 million in Transportation Security Administration funding, and \$274.4 million in cash. The Aviation capital projects are mostly that of terminal expansions, runway reconstruction, and rehabilitation that are part of the Airport’s long range plan.

Charlotte Area Transit System (CATS). The Charlotte Area Transit System Plan totals \$1.2 billion, a 9.2 percent increase, and is funded by federal and state grants and the one half-cent sales tax for transit. The CATS capital program is primarily comprised of funding for the LYNX Blue Line Extension.

Storm Water. Storm Water totals \$267.9 million, a 25.7 percent increase over the prior year's five year program, and is funded by \$180.5 million in cash and \$87.4 million in revenue bonds. The program is self-funded through user fees charged to property owners according to areas of impervious surface. The Storm Water capital program includes major flood control, minor flood control and control maintenance repairs, and stream restoration projects.

Water and Sewer. Water and Sewer totals \$609.8 million, a 32.1 percent increase, and is funded by \$203.5 million in cash and \$406.3 million in revenue bonds. The Water and Sewer capital projects are related to maintaining and expanding infrastructure to support growth and demand.

General Government. The General Community Investment Plan totals \$811.3 million and includes projects for Housing and Neighborhoods at \$262.3 million including the Comprehensive Neighborhood Improvement Program; Transportation at \$268.4 million including investments in Corridors; Economic Development at \$116.7 million including investments in corridors; Environment at \$16.6 million including environmental services and support of Charlotte's Tree Program; and Facility Investments at \$147.4 million including additional public safety and maintenance facilities.



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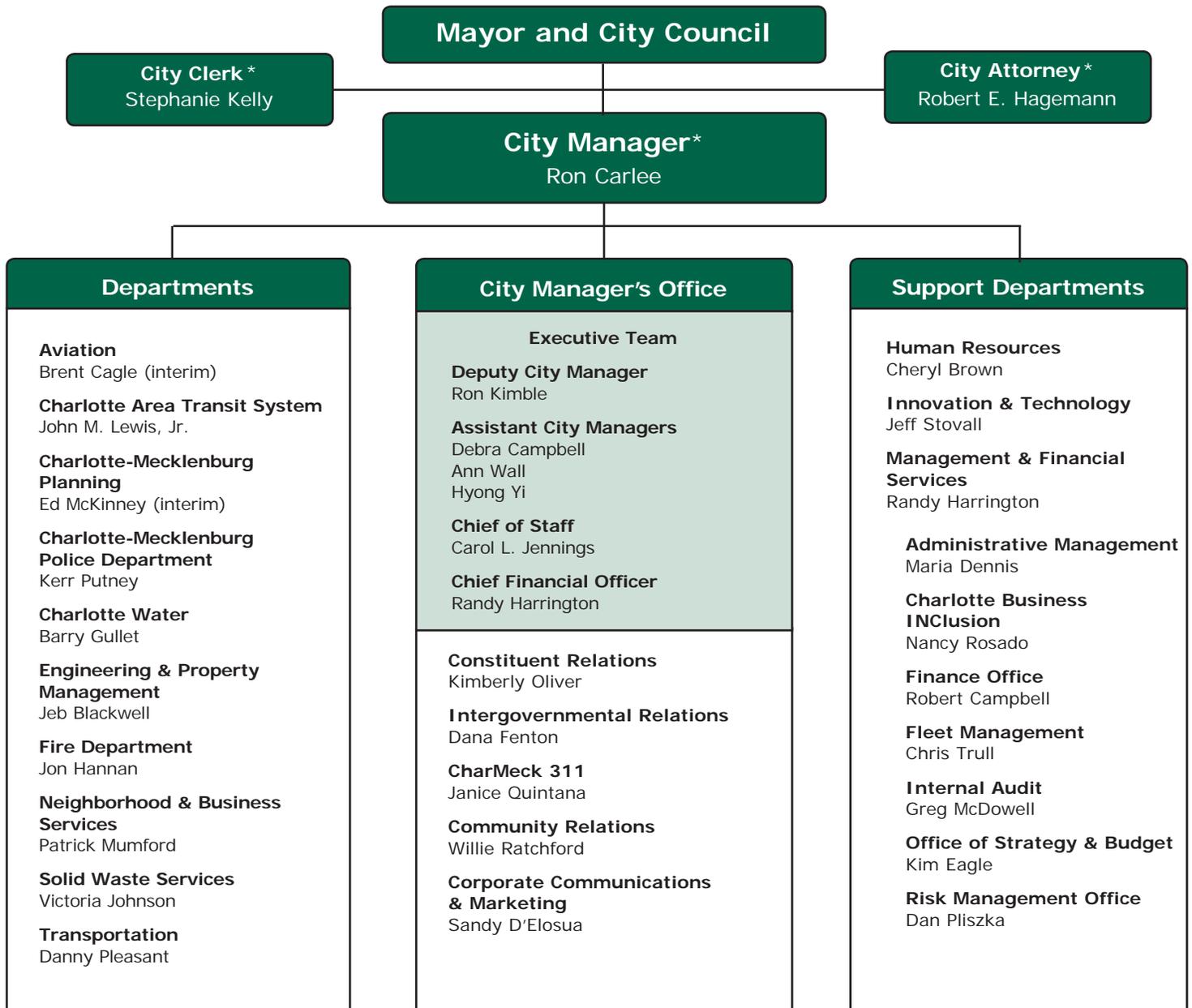
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



City Government Organization Chart





FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charlotte Regional Visitors Authority (the "CRVA"). Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the CRVA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

As discussed in 6k to the financial statements, the City adopted Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, net position as of June 30, 2014 of the governmental activities has been restated. Additionally the City adopted an alternative accounting principle for the accounting treatment and reporting of long-term receivables effective July 1, 2014. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to this information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The introductory section, combining and individual fund statements and schedules, statistical section as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules, and the schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund statements and schedules, and the schedule of expenditures of federal and State awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Cherry Roubert LLP

Raleigh, North Carolina
October 31, 2015



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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Dollar Amounts in Millions)

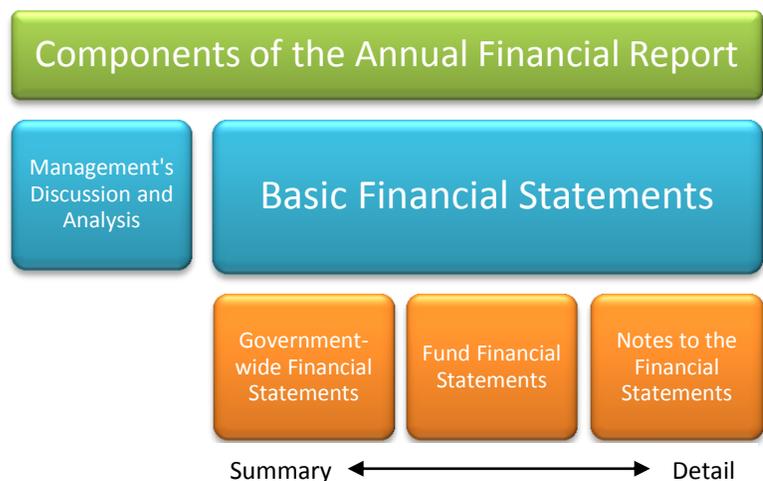
This section of the City of Charlotte's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial 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 \$10,016.4, (net position). Of this amount, \$1,199.9 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The overall financial position of the City improved in 2015 as evidenced by an increase in total net position of \$477.4. This increase was from both governmental activities (\$16.9) and an increase in business-type (\$460.5) activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$937.8, an increase of \$97.9 in comparison with the prior year. This increase resulted from increased utilities sales tax and grant revenues.
- Unassigned fund balance in the General fund was \$95.3 at June 30, 2015 and represents a traditional fund balance reserve maintained for emergencies, liquidity and overall financial strength. This meets the City Council's goal of 16 percent of the budget for fiscal year 2016. The amount exceeding the City Council's goal of 16 percent, \$14.4 is committed.
- The City maintained its AAA bond rating from all three major rating agencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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



The first two statements (pages 33-35) are *government-wide financial statements* that provide both long-term and short-term information about the City's overall financial status. The remaining statements (pages 36-53) are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

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

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data (pages 54-124). A section is also included with required supplementary information and combining statements that provides details about non-major governmental funds, internal service funds, and fiduciary funds, each of which are totaled and presented in single columns in the basic financial statements. This section (pages 125-182) also includes detailed budgetary information required by North Carolina General Statutes.

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

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

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

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

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

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

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

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

The City has three kinds of funds:

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$10,016.4 at the close of the most recent fiscal year. A summary of the City's net position at June 30, 2015 and 2014, as restated, is presented below. Information about the restatement is presented in Note 6.k. to the financial statements.

	Net Position					
	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current and other assets	\$ 1,172.0	\$ 1,042.2	\$ 1,640.3	\$ 1,550.1	\$ 2,812.3	\$ 2,592.3
Capital assets	6,089.6	6,121.1	6,043.2	5,694.9	12,132.8	11,816.0
Total assets	<u>7,261.6</u>	<u>7,163.3</u>	<u>7,683.5</u>	<u>7,245.0</u>	<u>14,945.1</u>	<u>14,408.3</u>
Deferred outflows of resources	<u>85.7</u>	<u>56.4</u>	<u>93.3</u>	<u>86.5</u>	<u>179.0</u>	<u>142.9</u>
Current and other liabilities	136.9	235.7	198.4	275.5	335.3	511.2
Noncurrent liabilities	1,750.5	1,563.5	2,898.5	2,845.4	4,649.0	4,408.9
Total liabilities	<u>1,887.4</u>	<u>1,799.2</u>	<u>3,096.9</u>	<u>3,120.9</u>	<u>4,984.3</u>	<u>4,920.1</u>
Deferred inflows of resources	<u>102.9</u>	<u>2.7</u>	<u>20.5</u>	<u>-</u>	<u>123.4</u>	<u>2.7</u>
Net position:						
Net investment in capital assets	4,655.2	4,668.8	3,380.7	3,077.7	8,035.9	7,746.5
Restricted	350.0	252.4	430.6	392.0	780.6	644.4
Unrestricted	351.8	496.6	848.1	740.9	1,199.9	1,237.5
Total net position	<u>\$ 5,357.0</u>	<u>\$ 5,417.8</u>	<u>\$ 4,659.4</u>	<u>\$ 4,210.6</u>	<u>\$ 10,016.4</u>	<u>\$ 9,628.4</u>

By far the largest portion of the City's net position (80 percent) reflects its investment in capital assets (land, buildings, roads, bridges, etc.), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net position (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$1,199.9) may be used to support operations and provide for payment of long-term debt.

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

Government-wide net position increased by \$477.4 during the current fiscal year from an increase in both governmental and business-type activities. The increases resulted in part from contributed assets including the addition of streets due to annexation and contributions of infrastructure assets from developers.

Changes in net position. The following table presents the City's changes in net position for the fiscal years ended June 30, 2015 and 2014:

	Change in Net Position					
	Governmental		Business-type		Total Primary	
	Activities		Activities		Government	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program revenues:						
Fees, fines and charges for services	\$ 105.1	\$ 96.2	\$ 700.6	\$ 658.9	\$ 805.7	\$ 755.1
Operating grants and contributions	33.5	51.0	11.4	12.1	44.9	63.1
Capital grants and contributions	53.2	22.6	312.8	153.7	366.0	176.3
General revenues:						
Property taxes	397.0	436.6	-	-	397.0	436.6
Other taxes	265.0	225.6	81.2	71.2	346.2	296.8
Grants and contributions not restricted to specific programs	22.2	20.5	-	-	22.2	20.5
Other	19.5	3.4	9.4	12.8	28.9	16.2
Total revenues	<u>895.5</u>	<u>855.9</u>	<u>1,115.4</u>	<u>908.7</u>	<u>2,010.9</u>	<u>1,764.6</u>
Program expenses						
Public safety	350.6	348.4	-	-	350.6	348.4
Sanitation	53.9	52.9	-	-	53.9	52.9
General administration	49.9	47.1	-	-	49.9	47.1
Support services	30.4	28.8	-	-	30.4	28.8
Engineering and property management	26.3	25.8	-	-	26.3	25.8
Streets and highways	159.9	125.5	-	-	159.9	125.5
Culture and recreation	43.6	32.8	-	-	43.6	32.8
Community planning and development	88.7	67.2	-	-	88.7	67.2
Interest and other charges	55.0	54.3	-	-	55.0	54.3
Water	-	-	136.7	104.9	136.7	104.9
Sewer	-	-	160.1	149.9	160.1	149.9
Storm water	-	-	21.4	19.9	21.4	19.9
Airport	-	-	189.5	185.2	189.5	185.2
Public transit	-	-	167.5	162.5	167.5	162.5
Total expenses	<u>858.3</u>	<u>782.8</u>	<u>675.2</u>	<u>622.4</u>	<u>1,533.5</u>	<u>1,405.2</u>
Excess before transfers	37.2	73.1	440.2	286.3	477.4	359.4
Transfers	(20.3)	(18.1)	20.3	18.1	-	-
Increase (decrease) in net position	<u>16.9</u>	<u>55.0</u>	<u>460.5</u>	<u>304.4</u>	<u>477.4</u>	<u>359.4</u>
Net position - beginning	5,417.8	5,362.8	4,210.6	3,906.2	9,628.4	9,269.0
Prior period adjustment	(77.7)	-	(11.7)	-	(89.4)	-
Net position - beginning, restated	<u>5,340.1</u>	<u>5,362.8</u>	<u>4,198.9</u>	<u>3,906.2</u>	<u>9,539.0</u>	<u>9,269.0</u>
Net position - ending	<u>\$ 5,357.0</u>	<u>\$ 5,417.8</u>	<u>\$ 4,659.4</u>	<u>\$ 4,210.6</u>	<u>\$ 10,016.4</u>	<u>\$ 9,628.4</u>

Total government-wide revenues of \$2,010.9 were derived primarily from property and other taxes (37 percent) and grants and contributions (20 percent). These sources of revenues increased 72 percent from the prior year, primarily due to increased capital grants related to the Blue Line Extension.

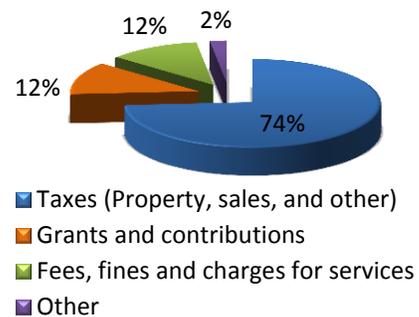
The total expenses of all programs were \$1,533.5. The expenses cover a range of services with the two largest being transportation (streets and highways, airport and public transit) for 34 percent and public safety (fire and police) for 23 percent. Transportation expenses increased over the prior year in part due to increased expenditures for street construction and maintenance.

Governmental Activities

As shown in the chart, property, sales and other taxes (74 percent) and grants and contributions (12 percent) were the major sources of revenues for governmental activities.

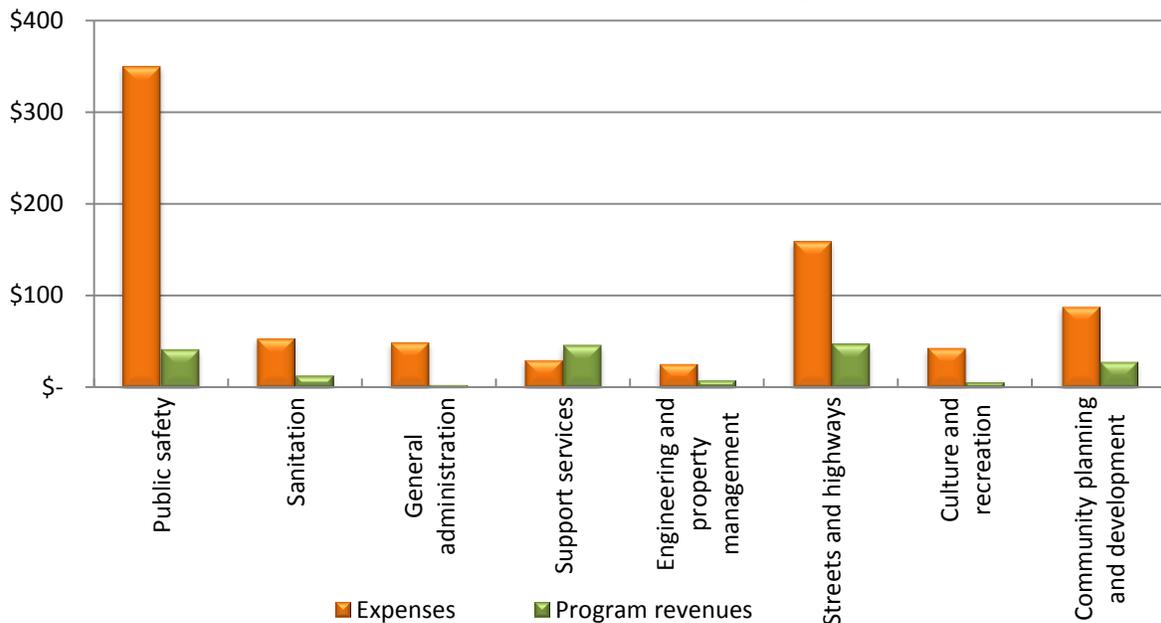
Governmental expenses increased from \$782.8 to \$858.3 during this fiscal year. This increase results in part from increased expenditures for street construction and maintenance. As in prior years, public safety continues to be the largest expense with 41 percent in the current and 45 percent in the prior year.

Governmental Revenues by Source



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

Governmental Expenses Compared with Program Revenues

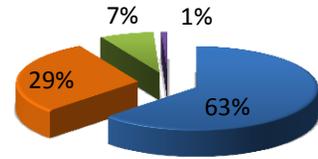


In addition to property and other taxes, the total cost of services of \$858.3 was supported by \$86.7 provided by other governments and organizations for specific programs and \$105.1 provided by fees, fines and charges from those who directly benefited from the programs.

Business-type Activities

Revenues for the business-type activities were \$1,115.4, an increase of 23 percent from the prior year. This increase is due in part to increased capital contributions for the Blue Line Extension.

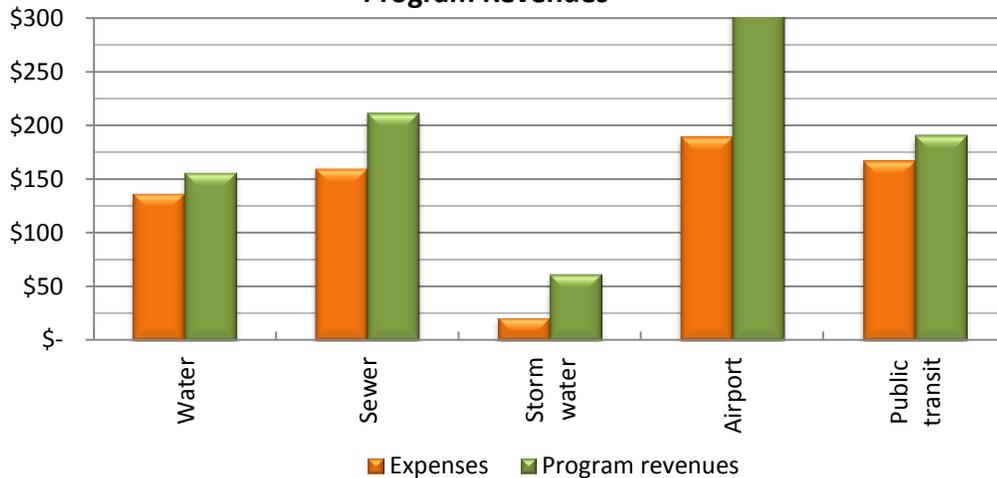
Business-type Revenues by Source



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

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

Business-type Expenses Compared with Program Revenues



Water expenses increased \$31.8 or 30 percent from the prior year due in part to increased costs of various activities including environmental services related to sludge disposal and to increased depreciation expense on water sewer systems due to expansion of systems.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2015, the governmental funds reported a combined fund balance of \$937.8, an increase of \$97.9 or 11 percent from last year. This amount consists of the following:

- (a) \$94.4 non-spendable for inventories, perpetual care, and long-term notes receivable,
- (b) \$256.9 restricted for State Statutes, special obligation debt service and specific programs,
- (c) \$213.6 committed primarily for capital projects,
- (d) \$278.2 assigned for debt service and specific programs, and
- (e) \$94.7 unassigned.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$95.3, while total fund balance reached \$176.8. The City's Capital Investment Plan Financial Policies include a policy to maintain fund balance at 16 percent of the operating budget. Any portion in excess of 16 percent is dedicated to capital expenses, unless otherwise directed by City Council. \$14.4 is committed for capital projects.

Other major governmental funds are the debt service and the capital projects funds. The debt service fund has a total fund balance of \$295.1, all of which will be used for either the payment of debt service or is restricted by State Statutes. Debt service fund balance increased \$30.5 from the prior year due primarily to transfers. The capital projects fund has a total fund balance of \$240.2, all of which is committed for future capital projects. Capital project fund balance increased \$53.9 from the prior year due to debt sales for Time Warner Cable Arena improvements and equipment and facilities.

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

Unrestricted net position at the end of the year amounted to \$290.0 in the Water and Sewer fund, \$50.8 in the Storm Water fund, \$373.6 in the Airport fund and \$129.6 in the Public Transit fund. The change in net position for the funds was \$75.6, \$40.8, \$216.9 and \$124.6 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 appropriation of fund balance amounts from the prior year which exceeded the City Council's goal of 16 percent and were previously committed.

Revenues were \$2.2 above the final budgeted amount. Utilities sales tax revenues were \$13.4 greater than expected due in part to weather extremes that increased energy usage. Sales tax revenues were \$8.5 greater than expected due primarily to overall economic recovery.

The fiscal 2015 budget reflected slow growth following the economic recession, weathered by the City through budget reductions and a continuation of conservative financial strategies. The most significant expenditure increase was \$7.5 for compensation adjustments allocated across all focus areas. Actual expenditures were \$14.1 below final budget amounts for fiscal year 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2015, the City had \$12,132.8 (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 \$316.8, or 3 percent over last year. The following is a summary of capital assets at June 30, 2015 and 2014:

Capital Assets (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 3,224.2	\$ 3,195.8	\$ 409.1	\$ 403.3	\$ 3,633.3	\$ 3,599.1
Buildings	826.3	804.8	406.7	323.3	1,233.0	1,128.1
Improvements other than buildings	-	-	3,560.5	3,241.0	3,560.5	3,241.0
Infrastructure	1,619.4	1,615.0	-	-	1,619.4	1,615.0
Intangibles	3.2	2.4	7.1	5.9	10.3	8.3
Machinery and equipment	51.6	51.0	184.9	141.0	236.5	192.0
Construction in progress	364.9	452.1	1,474.9	1,580.4	1,839.8	2,032.5
Totals	<u>\$ 6,089.6</u>	<u>\$ 6,121.1</u>	<u>\$ 6,043.2</u>	<u>\$ 5,694.9</u>	<u>\$ 12,132.8</u>	<u>\$ 11,816.0</u>

This year's major capital asset additions included:

- Reedy Creek Interceptor - \$46.8
- Franklin Water Treatment Plant upgrades - \$47.7
- Airport hourly parking deck - \$72.4
- Airport automatic baggage screening system - \$46.9
- Public Transit North Davidson Facility - \$22.6

At June 30, 2015, authorized and unexpended capital projects totaled \$2,200.1 as follows: governmental (\$630.7), water and sewer (\$723.2), airport (\$170.2), storm water (\$117.5), and public transit (\$558.5). 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, 2015, the City had \$4,552.5 of debt outstanding in bonds, installment purchases, commercial paper notes, derivative instrument liability, and other financing agreements. This was an increase of \$20.8 or 0.5 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	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds (backed by the City's taxing authority)	\$ 691.4	\$ 729.4	\$ 174.8	\$ 203.2	\$ 866.2	\$ 932.6
Revenue bonds (backed by specific fee revenues)	-	-	2,162.8	2,303.0	2,162.8	2,303.0
Special obligation bonds	7.3	8.3	-	-	7.3	8.3
Installment purchases	803.7	747.2	279.4	281.8	1,083.1	1,029.0
Commercial paper notes	67.1	7.1	-	-	67.1	7.1
Revenue bond anticipation notes	-	-	215.0	87.0	215.0	87.0
Derivative instrument liability	52.3	48.8	70.5	67.1	122.8	115.9
Swaption borrowing payable	7.9	8.5	-	-	7.9	8.5
Other financial agreements	16.2	35.3	4.1	5.0	20.3	40.3
Totals	<u>\$ 1,645.9</u>	<u>\$ 1,584.6</u>	<u>\$ 2,906.6</u>	<u>\$ 2,947.1</u>	<u>\$ 4,552.5</u>	<u>\$ 4,531.7</u>

New debt for 2015 resulted from issuing Storm Water revenue bonds (\$101.8) for construction of storm water systems and refunding debt; Airport revenue bonds (\$105.4) for refunding debt; issuing general obligation bonds (\$85.1) for refunding debt; issuing installment purchases for refunding debt (\$67.3), issuing revenue bond anticipation notes (\$127.9); purchasing equipment (\$19.8), improving facilities (\$45.5), and stadium upgrades (\$39.3).

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

The City's total debt of \$4,552.5 arises from both governmental and business-type activities. The largest portion of debt is revenue bonds (48 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, 2015, was \$4.5 billion. The City had \$346.8 in authorized but unissued debt for streets, housing, and neighborhood improvements.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- During fiscal year 2015, 18,043 building permits were issued with a value of over \$2.9 billion compared to 15,778 permits for 2014.
- Retail sales during 2014 were \$11.6 billion compared to \$15.9 billion for 2013.
- The June 2015 unemployment rate was 5.3 percent compared to 6.1 percent for the state and 5.5 percent for the nation.
- Assessed property valuations are expected to exceed \$92.0 billion for 2015 compared to \$91.6 billion for 2014, or an increase of .4 percent.

The fiscal 2016 operating budget reflects almost \$6.8 in reductions to services and expenses, shared across all departments in the General Fund, including the reduction of 101.5 full time equivalent positions.

The 2016 General fund budget is \$521.0 and reflects a 1.5 percent increase over fiscal year 2015. The two largest revenue sources in the General fund are Property Tax and Sales Tax which comprise 82.2 percent of total revenue. The total General fund revenue growth is budgeted at \$7.7 which is an increase of 1.5 percent above 2015.

The following are highlights for the 2016 budgets for the business-type activities:

- The Charlotte Water budget is \$122.8, a 2.1 percent increase over 2015. Availability fees increase from \$7.03 to \$8.14 to cover 25 percent of debt service.
- The Storm Water budget is \$13.8, a 5.3 percent increase over 2015 and includes a change in the Storm Water Services rate structure from two rates to four rates in response to increasing customer requests for storm water infrastructure improvements and repairs.
- The Airport budget is \$144.7, an 11.3 percent increase over 2015, and includes an additional 49 positions in a variety of capacities, including business services, building maintenance, and security.
- The Public transit budget is \$119.0, a 4.2 percent increase over 2015, and includes adding 35 positions for maintenance, acceptance start-up and testing of new rail cars for the Blue Line Extension project, and opening of the new CityLYNX Gold Line service.

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.



FINANCIAL SECTION – BASIC FINANCIAL STATEMENTS

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
ASSETS				
Cash and cash equivalents	\$ 794,993	\$ 1,191,789	\$ 1,986,782	\$ 19,257
Receivables, net	30,554	89,738	120,292	1,506
Due from other governmental agencies	75,140	136,803	211,943	650
Due from component unit	3,278	-	3,278	-
Due from primary government	-	-	-	714
Internal balances	(4,120)	4,120	-	-
Inventories	1,378	8,829	10,207	409
Other	186	1	187	416
Restricted assets:				
Temporarily restricted-				
Cash and cash equivalents	12,791	97,295	110,086	-
Investments	138,475	76,350	214,825	-
Permanently restricted-				
Cash and cash equivalents	3,111	-	3,111	-
Notes receivable	89,928	-	89,928	-
Net pension assets (Notes 5.a.)	26,283	8,403	34,686	1,267
Other postemployment benefit assets (Note 5.f.)	-	27,036	27,036	-
Capital assets (Note 4.f.)				
Land	3,224,245	409,087	3,633,332	-
Buildings, improvements, infrastructure, intangibles, and machinery and equipment, net	2,500,461	4,159,205	6,659,666	-
Construction in progress	364,915	1,474,865	1,839,780	-
Total assets	<u>7,261,618</u>	<u>7,683,521</u>	<u>14,945,139</u>	<u>24,219</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	-	-	-	34
Contributions to pension plan in current fiscal year (Note 5)	26,770	6,107	32,877	902
Accumulated decreases in fair value of hedging derivatives	52,284	70,456	122,740	-
Unamortized bond refunding charges	6,694	16,721	23,415	-
Total deferred outflows of resources	<u>85,748</u>	<u>93,284</u>	<u>179,032</u>	<u>936</u>
LIABILITIES				
Accounts payable/claims payable	101,629	63,686	165,315	5,278
Deposits and retainage payable	13,298	13,404	26,702	4,867
Accrued interest payable	12,971	28,585	41,556	-
Due to component unit	664	50	714	-
Due to primary government	-	-	-	3,278
Unearned revenues	746	-	746	35
Liabilities payable from restricted assets	2,941	92,665	95,606	-
Net pension liability (Note 5.b.)	4,638	-	4,638	-
Noncurrent liabilities (Note 4.j.):				
Due within one year	132,781	98,448	231,229	-
Due after one year	1,617,725	2,800,094	4,417,819	5,918
Total liabilities	<u>1,887,393</u>	<u>3,096,932</u>	<u>4,984,325</u>	<u>19,376</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	5,041	-	5,041	-
Pension deferrals (Note 5)	97,876	20,481	118,357	3,089
Total deferred inflows of resources	<u>102,917</u>	<u>20,481</u>	<u>123,398</u>	<u>3,089</u>
NET POSITION				
Net investment in capital assets	4,655,202	3,380,700	8,035,902	-
Restricted for:				
State statute	68,386	-	68,386	-
Debt service	7,270	63,551	70,821	-
Perpetual care - Nonexpendable	93,039	-	93,039	-
Other purposes (Note 1.d.(8))	181,297	-	181,297	10
Passenger facility charges	-	308,710	308,710	-
Contract facility charges	-	26,456	26,456	-
Airport working capital	-	31,860	31,860	-
Unrestricted	351,862	848,115	1,199,977	2,680
Total net position	<u>\$ 5,357,056</u>	<u>\$ 4,659,392</u>	<u>\$ 10,016,448</u>	<u>\$ 2,690</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

ACTIVITIES	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental-				
Public safety	\$ 350,556	\$ 29,474	\$ 8,541	\$ 3,120
Sanitation	53,912	12,491	500	168
General administration	49,897	3,162	94	76
Support services	30,398	38,391	-	7,182
Engineering and property management	26,331	8,154	-	3
Streets and highways	159,892	6,738	21,574	18,561
Culture and recreation	43,617	1,550	2,238	1,946
Community planning and development	88,651	5,171	524	22,185
Interest and other charges	55,000	-	-	-
Total governmental	<u>858,254</u>	<u>105,131</u>	<u>33,471</u>	<u>53,241</u>
Business-type-				
Water	136,759	145,234	-	10,790
Sewer	160,104	195,530	-	16,057
Storm water	21,374	61,786	-	100
Airport	189,466	264,139	-	140,017
Public transit	167,482	33,955	11,406	145,859
Total business-type	<u>675,185</u>	<u>700,644</u>	<u>11,406</u>	<u>312,823</u>
Total primary government	<u>\$ 1,533,439</u>	<u>\$ 805,775</u>	<u>\$ 44,877</u>	<u>\$ 366,064</u>
Component Unit:				
Charlotte Regional Visitors Authority	<u>\$ 54,152</u>	<u>\$ 35,910</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

- Taxes-
 - Property
 - Sales
 - Sales, levied for Public Transit
 - Utility franchise
 - Occupancy
 - Prepared foods
 - Business privilege
 - Municipal vehicle
- Payment from City of Charlotte
- Grants and contributions not restricted to specific programs
- Investment earnings
- Miscellaneous
- Special item - forgiveness of private loan (Note 2.c.)
- Transfers
 - Total general revenues and transfers
 - Change in net position
 - Net position - beginning, previously reported
 - Restatement (Note 6.k.)
 - Net position - beginning, restated
 - Net position - ending

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Charlotte Regional Visitors Authority
\$ (309,421)	\$ -	\$ (309,421)	\$ -
(40,753)	-	(40,753)	-
(46,565)	-	(46,565)	-
15,175	-	15,175	-
(18,174)	-	(18,174)	-
(113,019)	-	(113,019)	-
(37,883)	-	(37,883)	-
(60,771)	-	(60,771)	-
(55,000)	-	(55,000)	-
<u>(666,411)</u>	<u>-</u>	<u>(666,411)</u>	<u>-</u>
-	19,265	19,265	-
-	51,483	51,483	-
-	40,512	40,512	-
-	214,690	214,690	-
-	23,738	23,738	-
<u>-</u>	<u>349,688</u>	<u>349,688</u>	<u>-</u>
<u>(666,411)</u>	<u>349,688</u>	<u>(316,723)</u>	<u>-</u>
-	-	-	(18,242)
396,985	-	396,985	-
105,623	-	105,623	-
-	81,150	81,150	-
52,403	-	52,403	-
45,092	-	45,092	-
28,358	-	28,358	-
17,098	-	17,098	-
16,430	-	16,430	-
-	-	-	23,753
22,205	-	22,205	-
3,890	6,098	9,988	37
1,441	3,319	4,760	160
14,100	-	14,100	-
<u>(20,270)</u>	<u>20,270</u>	<u>-</u>	<u>-</u>
<u>683,355</u>	<u>110,837</u>	<u>794,192</u>	<u>23,950</u>
16,944	460,525	477,469	5,708
5,417,781	4,210,644	9,628,425	(1,319)
<u>(77,669)</u>	<u>(11,777)</u>	<u>(89,446)</u>	<u>(1,699)</u>
<u>5,340,112</u>	<u>4,198,867</u>	<u>9,538,979</u>	<u>(3,018)</u>
<u>\$ 5,357,056</u>	<u>\$ 4,659,392</u>	<u>\$ 10,016,448</u>	<u>\$ 2,690</u>

CITY OF CHARLOTTE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 171,440	\$ 286,998	\$ 45,903	\$ 176,907	\$ 681,248
Receivables, net:					
Property taxes	8,823	1,928	335	141	11,227
Accounts	16,154	-	680	834	17,668
Other	-	-	-	654	654
Total receivables	24,977	1,928	1,015	1,629	29,549
Due from other governmental agencies	30,312	5,235	17,635	21,952	75,134
Due from other funds	7,165	4,400	-	-	11,565
Due from component unit	-	2,980	298	-	3,278
Inventories	1,378	-	-	-	1,378
Prepaid expenditures	-	-	-	186	186
Restricted assets:					
Cash and cash equivalents	-	70	12,721	-	12,791
Investments	-	125	138,350	-	138,475
Total restricted assets	-	195	151,071	-	151,266
Other postemployment benefit assets	108	-	-	-	108
Notes receivable	29	-	48,449	41,450	89,928
Total assets	<u>\$ 235,409</u>	<u>\$ 301,736</u>	<u>\$ 264,371</u>	<u>\$ 242,124</u>	<u>\$ 1,043,640</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 32,792	\$ 1,704	\$ 11,811	\$ 6,538	\$ 52,845
Deposits and retainage payable	9,198	-	3,233	867	13,298
Due to other funds	228	-	4,400	7,165	11,793
Due to component unit	75	-	427	162	664
Unearned revenues	-	-	-	746	746
Liabilities payable from restricted assets	-	-	2,941	-	2,941
Total liabilities	<u>42,293</u>	<u>1,704</u>	<u>22,812</u>	<u>15,478</u>	<u>82,287</u>
Deferred inflows of resources:					
Prepaid taxes	5,041	-	-	-	5,041
Unavailable revenues	11,245	4,908	1,313	1,003	18,469
Total deferred inflows of resources	<u>16,286</u>	<u>4,908</u>	<u>1,313</u>	<u>1,003</u>	<u>23,510</u>
Fund balances:					
Nonspendable:					
Inventories	1,378	-	-	-	1,378
Perpetual care	-	-	-	3,111	3,111
Long-term notes receivable	29	-	48,449	41,450	89,928
Restricted:					
State statute	63,151	5,235	-	-	68,386
Special obligation debt service	-	7,270	-	-	7,270
Other purposes (Note 1.d.(8))	-	-	-	181,297	181,297
Committed:					
Capital projects	14,382	-	191,797	-	206,179
Other purposes (Note 1.d.(8))	2,610	4,400	-	414	7,424
Assigned:					
Debt service	-	278,219	-	-	278,219
Unassigned (Note 3)	95,280	-	-	(629)	94,651
Total fund balances	<u>176,830</u>	<u>295,124</u>	<u>240,246</u>	<u>225,643</u>	<u>937,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 235,409</u>	<u>\$ 301,736</u>	<u>\$ 264,371</u>	<u>\$ 242,124</u>	<u>\$ 1,043,640</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

Total fund balances for governmental funds	\$ 937,843
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	6,089,598
Net pension asset	26,119
Contributions to pension plans in the current fiscal year are deferred outflows of resources	26,655
Other post-employment benefit assets reported in governmental funds are reported as a reduction to the long-term liability in the governmental activities statement of net position.	(108)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	78,228
Internal service funds are used to charge the costs of insured and uninsured risks of loss as well as employee health and life claims to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	49,433
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 2.a.)	(1,748,597)
Net pension liability	(4,638)
Pension related deferrals	<u>(97,477)</u>
Total net position of governmental activities	<u>\$ 5,357,056</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Property taxes	\$ 304,491	\$ 82,332	\$ 10,070	\$ 4,147	\$ 401,040
Other taxes	94,162	16,897	10,316	71,822	193,197
Intergovernmental	90,312	1,295	16,153	64,349	172,109
Licenses, fees and fines	52,699	54	14,623	1,045	68,421
Investment earnings	748	1,460	161	981	3,350
Private contributions	-	1,717	3,028	-	4,745
Administrative charges	29,361	-	-	-	29,361
Charges for current services	6,919	-	-	-	6,919
Miscellaneous	2,787	160	485	4,719	8,151
Total revenues	<u>581,479</u>	<u>103,915</u>	<u>54,836</u>	<u>147,063</u>	<u>887,293</u>
EXPENDITURES:					
Current-					
Public safety	333,919	-	-	12,605	346,524
Sanitation	50,764	-	-	-	50,764
General administration	42,341	-	-	1,701	44,042
Support services	22,232	-	-	7,182	29,414
Engineering and property management	22,739	-	-	-	22,739
Streets and highways	32,184	-	-	25,396	57,580
Culture and recreation	4,410	-	-	20,161	24,571
Community planning and development	25,330	-	39	31,244	56,613
Debt service-					
Principal	-	86,287	-	-	86,287
Interest and other charges	-	61,334	-	-	61,334
Capital outlay	-	-	160,745	-	160,745
Total expenditures	<u>533,919</u>	<u>147,621</u>	<u>160,784</u>	<u>98,289</u>	<u>940,613</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,560</u>	<u>(43,706)</u>	<u>(105,948)</u>	<u>48,774</u>	<u>(53,320)</u>
OTHER FINANCING SOURCES (USES):					
Sales of capital assets	881	-	-	122	1,003
Commercial paper issued	-	-	59,973	-	59,973
Installment purchases issued	-	398	100,293	-	100,691
Refunding debt issued	-	62,755	-	-	62,755
Premium on debt issuance	-	9,755	5,444	-	15,199
Payment to refunded bond escrow agent	-	(71,580)	-	-	(71,580)
Transfers in	3,259	73,485	25,041	21,820	123,605
Transfers out	(45,387)	(628)	(30,878)	(63,582)	(140,475)
Total other financing sources (uses)	<u>(41,247)</u>	<u>74,185</u>	<u>159,873</u>	<u>(41,640)</u>	<u>151,171</u>
Net change in fund balances	6,313	30,479	53,925	7,134	97,851
Fund balances - beginning	170,517	264,645	137,488	174,205	746,855
Restatement (Note 6.k.)	-	-	48,833	44,304	93,137
Fund balances - ending	<u>\$ 176,830</u>	<u>\$ 295,124</u>	<u>\$ 240,246</u>	<u>\$ 225,643</u>	<u>\$ 937,843</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Net change in fund balances - total governmental funds \$ 97,851

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. (Note 2.b.) 8,518

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 26,655

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position. (Note 2.b.) (40,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (6,718)

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.) (65,566)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2.b.) (3,694)

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. (102)

Change in net position of governmental activities \$ 16,944

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, 2015
(In Thousands)

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Property taxes	\$ 324,979	\$ 324,979	\$ 304,491	\$ (20,488)
Sales tax	80,313	80,313	88,854	8,541
Other taxes	4,540	4,540	5,308	768
Utilities sales tax	39,000	39,000	52,403	13,403
Other intergovernmental	38,325	38,625	37,909	(716)
Business registration fees	18,100	18,100	16,644	(1,456)
Refuse fees	12,300	12,300	12,425	125
CATV franchises	7,756	7,756	7,920	164
Other licenses, fees and fines	15,309	15,309	15,710	401
Investment earnings	520	520	748	228
Administrative charges	28,277	28,277	29,361	1,084
Charges for current services	6,367	6,377	6,919	542
Miscellaneous	3,215	3,220	2,787	(433)
Sales of capital assets	650	650	881	231
Transfers in-				
Debt Service	108	108	108	-
Special Revenue - Convention Center Tax	3,243	3,243	3,136	(107)
Cemetery Trust	96	96	15	(81)
Total transfers in	<u>3,447</u>	<u>3,447</u>	<u>3,259</u>	<u>(188)</u>
Resources available for appropriation	583,098	583,413	585,619	\$ 2,206
Fund balance appropriated (contributed)	1,033	21,914	5,600	
Total amounts available for appropriation	<u>\$ 584,131</u>	<u>\$ 605,327</u>	<u>\$ 591,219</u>	
EXPENDITURES:				
Public safety	332,377	336,797	336,147	650
Sanitation	50,378	53,922	52,411	1,511
General administration	45,185	46,435	44,480	1,955
Support services	25,890	28,316	25,794	2,522
Engineering and property management	25,085	26,977	23,904	3,073
Streets and highways	34,029	34,902	32,776	2,126
Culture and recreation	4,410	4,410	4,410	-
Community planning and development	28,469	28,152	25,910	2,242
Transfers out-				
Debt Service	16,183	16,183	16,154	29
Capital Projects	15,500	21,941	21,941	-
Special Revenue:				
State Street Aid	4,261	4,261	4,261	-
Tourism	1,269	1,936	1,936	-
Public Safety and Other Grants	345	345	345	-
Enterprise - Public Transit	750	750	750	-
Total transfers out	<u>38,308</u>	<u>45,416</u>	<u>45,387</u>	<u>29</u>
Total charges to appropriations	<u>\$ 584,131</u>	<u>\$ 605,327</u>	<u>\$ 591,219</u>	<u>\$ 14,108</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
RECONCILIATION OF THE STATEMENT OF BUDGETARY COMPARISON TO THE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Sources (inflows) of resources:

Actual amounts (budgetary basis) "available for appropriation" from the statement of budgetary comparison	\$ 591,219
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.	(5,600)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(3,259)
Proceeds from the sale of salvage and land are budgetary resources but are regarded as other financing resources, rather than revenue, for financial reporting purposes.	<u>(881)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 581,479</u>

Uses (outflows) of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the statement of budgetary comparison	\$ 591,219
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.	(11,913)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	<u>(45,387)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 533,919</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 272,176	\$ 48,139	\$ 793,073
Receivables, net-			
Accounts	48,004	9,162	29,791
Other	253	52	1,093
Total receivables	48,257	9,214	30,884
Due from other governmental agencies	2,142	216	24,705
Due from other funds	-	-	-
Prepaid expenses	1	-	-
Inventories	1,584	-	-
Restricted assets-			
Cash and cash equivalents	1	9,939	86,412
Investments	1,279	40,638	21,202
Total restricted assets	1,280	50,577	107,614
Total current assets	325,440	108,146	956,276
Noncurrent assets:			
Net pension asset	3,885	643	1,893
Other postemployment benefit assets	17,781	1,248	7,022
Capital assets-			
Land	43,600	-	308,623
Buildings	27,770	-	747,494
Improvements other than buildings:			
Water and sewer systems	3,983,714	-	-
Storm water systems	-	460,735	-
Runways	-	-	393,153
Transit corridors	-	-	-
Other	-	-	106,180
Total improvements other than buildings	3,983,714	460,735	499,333
Intangibles	17,483	3,359	3,317
Machinery and equipment	36,420	69	102,669
Construction in progress	515,751	131,607	261,145
Total capital assets	4,624,738	595,770	1,922,581
Less accumulated depreciation	1,401,122	53,891	650,184
Total capital assets, net	3,223,616	541,879	1,272,397
Total noncurrent assets	3,245,282	543,770	1,281,312
Total assets	3,570,722	651,916	2,237,588
DEFERRED OUTFLOWS OF RESOURCES			
Contributions to pension plan in current fiscal year	2,750	473	1,497
Accumulated decreases in fair value of hedging derivatives	70,456	-	-
Unamortized bond refunding charges	13,667	1,583	1,339
Total deferred outflows of resources	86,873	2,056	2,836

Enterprise Funds		Governmental Activities - Internal Service Funds
Public Transit	Total	
\$ 78,401	\$ 1,191,789	\$ 116,856
1,214	88,171	-
169	1,567	224
1,383	89,738	224
109,740	136,803	6
-	-	228
-	1	-
7,245	8,829	-
943	97,295	-
13,231	76,350	-
14,174	173,645	-
210,943	1,600,805	117,314
1,982	8,403	164
985	27,036	-
56,864	409,087	-
121,268	896,532	-
-	3,983,714	-
-	460,735	-
-	393,153	-
336,931	336,931	-
36,509	142,689	-
373,440	5,317,222	-
8,535	32,694	-
206,095	345,253	181
566,362	1,474,865	-
1,332,564	8,475,653	181
327,299	2,432,496	158
1,005,265	6,043,157	23
1,008,232	6,078,596	187
1,219,175	7,679,401	117,501
1,387	6,107	115
-	70,456	-
132	16,721	-
1,519	93,284	115

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF NET POSITION-(Continued)
PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 17,754	\$ 1,406	\$ 29,159
Claims payable	-	-	-
Deposits and retainage payable	4,866	1,446	6,433
Accrued interest payable	27,298	625	-
Due to component unit	-	-	50
Current maturities of long-term liabilities	84,821	6,191	948
Current liabilities payable from restricted assets-			
Accounts payable	-	3,976	1,015
Deposits and retainage payable	-	1,136	2,377
Accrued interest payable	-	-	13,424
Revenue bonds payable	-	-	24,058
Total current liabilities payable from restricted assets	-	5,112	40,874
Total current liabilities	134,739	14,780	77,464
Noncurrent liabilities:			
General obligation bonds payable - net of unamortized premium	138,117	7,256	-
Revenue bonds payable - net of unamortized premium	1,298,759	169,733	615,671
Revenue bond anticipation notes payable	-	-	43,295
Commercial paper notes payable	171,704	-	-
Other financing agreements - net of unamortized premium	10,640	-	-
Derivative instrument liability	70,456	-	-
Federal revolving loan payable	-	1,044	-
Refundable water and sewer construction deposits	5,156	-	-
Due to participants	-	-	-
Compensated absences payable	2,113	202	1,352
Net OPEB liability	-	-	-
Total noncurrent liabilities	1,696,945	178,235	660,318
Total liabilities	1,831,684	193,015	737,782
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	9,467	1,568	4,614
NET POSITION			
Net investment in capital assets	1,523,291	408,631	696,987
Restricted for:			
Debt service	3,154	-	60,397
Passenger facility charges	-	-	308,710
Contract facility charges	-	-	26,456
Working capital	-	-	31,860
Unrestricted	289,999	50,758	373,618
Total net position	\$ 1,816,444	\$ 459,389	\$ 1,498,028

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

Net position of business-type activities

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

Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 15,367	\$ 63,686	\$ 726
-	-	48,058
659	13,404	-
662	28,585	-
-	50	-
6,488	98,448	121
39,987	44,978	-
6,692	10,205	-
-	13,424	-
-	24,058	-
<u>46,679</u>	<u>92,665</u>	<u>-</u>
<u>69,855</u>	<u>296,838</u>	<u>48,905</u>
-	145,373	-
-	2,084,163	-
-	43,295	-
-	171,704	-
262,148	272,788	-
-	70,456	-
-	1,044	-
-	5,156	-
-	-	14,553
2,448	6,115	35
-	-	171
<u>264,596</u>	<u>2,800,094</u>	<u>14,759</u>
<u>334,451</u>	<u>3,096,932</u>	<u>63,664</u>
4,832	20,481	399
751,791	3,380,700	23
-	63,551	-
-	308,710	-
-	26,456	-
-	31,860	-
<u>129,620</u>	<u>843,995</u>	<u>53,530</u>
<u>\$ 881,411</u>	<u>4,655,272</u>	<u>\$ 53,553</u>
	<u>4,120</u>	
	<u>\$ 4,659,392</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
OPERATING REVENUES:			
Charges for services	\$ 289,303	\$ 61,786	\$ 160,387
Availability fees	31,766	-	-
Capacity fees	13,098	-	-
Miscellaneous	6,597	-	33,327
Total operating revenues	<u>340,764</u>	<u>61,786</u>	<u>193,714</u>
OPERATING EXPENSES:			
Administration	28,963	1,924	25,557
Operations and maintenance	92,038	6,734	63,723
Claims and insurance premiums	-	-	-
Other	1,648	-	15,998
Depreciation	120,201	6,088	45,897
Total operating expenses	<u>242,850</u>	<u>14,746</u>	<u>151,175</u>
Operating income (loss)	<u>97,914</u>	<u>47,040</u>	<u>42,539</u>
NONOPERATING REVENUES (EXPENSES):			
Sales tax	-	-	-
Grant contributions	-	-	-
Passenger facility charges	-	-	60,238
Contract facility charges	-	-	10,187
Private contributions	-	-	119,057
Investment earnings	1,155	230	4,321
Interest expense and other charges	(55,084)	(6,636)	(27,958)
Non-airline terminal revenue distribution	-	-	(10,631)
Miscellaneous	4,757	98	(1,797)
Total nonoperating revenues (expenses)	<u>(49,172)</u>	<u>(6,308)</u>	<u>153,417</u>
Income (loss) before contributions and transfers	48,742	40,732	195,956
CAPITAL CONTRIBUTIONS	26,847	100	20,960
TRANSFERS IN	-	-	-
TRANSFERS OUT	-	-	-
Change in net position	75,589	40,832	216,916
Total net position - beginning, previously reported	1,746,194	419,442	1,283,715
Restatement (Note 6.k.)	(5,339)	(885)	(2,603)
Total net position - beginning, restated	<u>1,740,855</u>	<u>418,557</u>	<u>1,281,112</u>
Total net position - ending	<u>\$ 1,816,444</u>	<u>\$ 459,389</u>	<u>\$ 1,498,028</u>

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

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ 33,955	\$ 545,431	\$ 117,977
-	31,766	-
-	13,098	-
-	39,924	-
<u>33,955</u>	<u>630,219</u>	<u>117,977</u>
7,868	64,312	8,880
113,447	275,942	-
-	-	103,792
-	17,646	-
<u>37,895</u>	<u>210,081</u>	<u>4</u>
<u>159,210</u>	<u>567,981</u>	<u>112,676</u>
<u>(125,255)</u>	<u>62,238</u>	<u>5,301</u>
81,150	81,150	-
11,406	11,406	-
-	60,238	-
-	10,187	-
-	119,057	-
392	6,098	564
(9,462)	(99,140)	-
-	(10,631)	-
<u>261</u>	<u>3,319</u>	<u>-</u>
<u>83,747</u>	<u>181,684</u>	<u>564</u>
(41,508)	243,922	5,865
145,859	193,766	-
20,270	20,270	-
-	-	(3,400)
<u>124,621</u>	<u>457,958</u>	<u>2,465</u>
759,515		51,313
<u>(2,725)</u>		<u>(225)</u>
<u>756,790</u>		<u>51,088</u>
<u>\$ 881,411</u>		<u>\$ 53,553</u>
	<u>2,567</u>	
	<u>\$ 460,525</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Business-type Activities -		
	Water and Sewer	Storm Water	Airport
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 341,661	\$ 59,898	\$ 189,554
Receipts from participants	-	-	-
Payments to suppliers	(60,090)	1,333	(69,770)
Internal activity - (payments to) receipts from other funds	(25,247)	(2,389)	(20,502)
Receipts from trust	-	-	-
Receipts from recovery of losses	-	-	-
Payments to employees	(39,249)	(6,781)	(21,217)
Payments to airlines for non-airline terminal revenue distribution	-	-	(15,621)
Payments for claims	-	-	-
Payments for premiums	-	-	-
Other receipts (payments)	8,548	(99)	1,737
Net cash provided (used) by operating activities	<u>225,623</u>	<u>51,962</u>	<u>64,181</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Operating grants	-	-	-
Sales tax	-	-	-
Transfers	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from capital debt	89,282	70,007	43,295
Passenger facility charges	-	-	56,062
Contract facility charges	-	-	10,070
Acquisition and construction of capital assets	(95,208)	(49,111)	(137,352)
Principal paid on capital debt	(74,824)	(4,652)	(157,775)
Interest and other charges paid on capital debt	(68,709)	(7,475)	(34,558)
Private contributions	-	-	119,057
Capital contributions	1,162	200	26,587
Net cash provided (used) by capital and related financing activities	<u>(148,297)</u>	<u>8,969</u>	<u>(74,614)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	(10,898)	(93,517)	(64,230)
Proceeds from sale and maturities of investments	10,823	52,884	120,273
Interest received	1,091	233	4,198
Net cash provided by investing activities	<u>1,016</u>	<u>(40,400)</u>	<u>60,241</u>
Net increase (decrease) in cash and cash equivalents	78,342	20,531	49,808
Cash and cash equivalents - beginning of year	193,835	37,547	829,677
Cash and cash equivalents - end of year	<u>\$ 272,177</u>	<u>\$ 58,078</u>	<u>\$ 879,485</u>

Enterprise Funds		Governmental Activities - Internal Service Funds
Public Transit	Total	
\$ 33,799	\$ 624,912	\$ -
-	-	43,954
(49,754)	(178,281)	(7,451)
(9,701)	(57,839)	66,895
-	-	20,335
-	-	756
(62,622)	(129,869)	(1,620)
-	(15,621)	-
-	-	(90,113)
-	-	(25,140)
839	11,025	154
<u>(87,439)</u>	<u>254,327</u>	<u>7,770</u>
11,424	11,424	-
80,312	80,312	-
20,270	20,270	(3,400)
<u>112,006</u>	<u>112,006</u>	<u>(3,400)</u>
-	202,584	-
-	56,062	-
-	10,070	-
(202,646)	(484,317)	(22)
(4,340)	(241,591)	-
(11,615)	(122,357)	-
-	119,057	-
100,964	128,913	-
<u>(117,637)</u>	<u>(331,579)</u>	<u>(22)</u>
(37,247)	(205,892)	-
124,454	308,434	-
372	5,894	701
<u>87,579</u>	<u>108,436</u>	<u>701</u>
(5,491)	143,190	5,049
84,835	1,145,894	111,807
<u>\$ 79,344</u>	<u>\$ 1,289,084</u>	<u>\$ 116,856</u>

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CASH FLOWS-(Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(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)	\$ 97,914	\$ 47,040	\$ 42,539
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities-			
Depreciation	120,201	6,088	45,897
Pension expense	243	40	118
Other receipts (payments)	8,548	(99)	1,737
Non-airline terminal revenue distribution	-	-	(15,621)
Change in assets and liabilities:			
(Increase) decrease in receivables	1,513	(1,888)	(4,160)
(Increase) in due from other governmental agencies	(641)	(5)	(201)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in inventories	(79)	-	-
(Increase) in prepaid insurance	(1)	-	-
(Increase) in deferred outflows of resources for pensions	(2,750)	(473)	(1,497)
(Increase) decrease in other postemployment benefit assets	3	52	(14)
Increase (decrease) in accounts payable	345	1,178	(2,988)
Increase in claims payable	25	-	-
Increase in due to participants	-	-	-
(Decrease) in deposits and retainage payable	-	-	(2,166)
(Decrease) in due to component unit	-	-	(12)
Increase in compensated absences payable	302	29	549
Increase in net OPEB liability	-	-	-
Total adjustments	<u>127,709</u>	<u>4,922</u>	<u>21,642</u>
Net cash provided (used) by operating activities	<u>\$ 225,623</u>	<u>\$ 51,962</u>	<u>\$ 64,181</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Donated assets	<u>\$ 26,580</u>	<u>\$ -</u>	<u>\$ -</u>
Proceeds from refunding bonds	30,541	51,568	122,670
Payment to refunded bond escrow agent	<u>(30,541)</u>	<u>(51,568)</u>	<u>(122,670)</u>
Net noncash investing, capital and financing activities	<u>\$ 26,580</u>	<u>\$ -</u>	<u>\$ -</u>

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

Enterprise Funds		Governmental
Public	Total	Activities -
Transit		Internal Service
		Funds
\$ (125,255)	\$ 62,238	\$ 5,301
37,895	210,081	4
125	526	10
839	11,025	-
-	(15,621)	-
(156)	(4,691)	40
(461)	(1,308)	(6)
-	-	414
(322)	(401)	-
-	(1)	728
(1,387)	(6,107)	(115)
330	371	-
701	(764)	243
-	25	(1,626)
-	-	2,799
-	(2,166)	-
-	(12)	-
252	1,132	(30)
-	-	8
<u>37,816</u>	<u>192,089</u>	<u>2,469</u>
<u>\$ (87,439)</u>	<u>\$ 254,327</u>	<u>\$ 7,770</u>
<u>\$ -</u>	<u>\$ 26,580</u>	<u>\$ -</u>
59,325	264,104	-
(59,325)	(264,104)	-
<u>\$ -</u>	<u>\$ 26,580</u>	<u>\$ -</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
<u>ASSETS</u>		
Cash and cash equivalents	\$ 8,605	\$ 20,183
Receivables:		
Employer contributions	226	-
Member contributions	226	-
Interest and dividends	608	28
Total receivables	<u>1,060</u>	<u>28</u>
Investments:		
Equity securities - stocks	173,957	-
Fixed income securities - bonds	84,197	-
Mutual funds	217,198	54,125
Total investments	<u>475,352</u>	<u>54,125</u>
Capital assets, at cost, net of accumulated depreciation of \$430	<u>196</u>	<u>-</u>
Total assets	485,213	74,336
<u>LIABILITIES</u>		
Accounts payable	<u>638</u>	<u>-</u>
<u>NET POSITION</u>		
Restricted for pensions	<u>\$ 484,575</u>	
Held in trust for other postemployment benefits		<u>\$ 74,336</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Firefighters' Retirement Pension Trust	Employee Benefit - Other Employee Benefit Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions-		
Member	\$ 9,138	\$ 8,326
Employer	8,589	13,768
Other	-	9
Total contributions	<u>17,727</u>	<u>22,103</u>
Investment income -		
Net appreciation (depreciation) in fair value of investments	17,974	(961)
Interest	2,442	2,694
Dividends	2,780	-
	<u>23,196</u>	<u>1,733</u>
Investment expense	2,775	29
Net investment income	<u>20,421</u>	<u>1,704</u>
Total additions	<u>38,148</u>	<u>23,807</u>
DEDUCTIONS:		
Benefits	26,406	13,868
Refunds	69	-
Insurance premiums	-	5,990
Administration	625	477
Depreciation	48	-
Total deductions	<u>27,148</u>	<u>20,335</u>
Change in net position	11,000	3,472
Net position - beginning	<u>473,575</u>	<u>70,864</u>
Net position - ending	<u>\$ 484,575</u>	<u>\$ 74,336</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
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JUNE 30, 2015

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JUNE 30, 2015

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CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015
(Dollar Amounts In Thousands)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a. Reporting Entity

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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

The Charlotte Transit Center, Inc., a joint venture between the City and Bank of America, was dissolved during the fiscal year. The corporation was established to build and operate the Charlotte Transit Center (CTC), a public transportation terminal. Through mutual agreement of the corporation's Board of Directors and with approval of the Charlotte City Council, the CTC was transferred to the City by the corporation in October 2014. Expenditures related to the CTC are reflected in the Public Transit Enterprise Fund.

b. Basis of Presentation

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

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

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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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

c. Measurement Focus and Basis of Accounting

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

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

(1) Cash and Investments

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

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

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

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

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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

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

(2) Receivables and Payables

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

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

(3) 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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

Buildings	20 - 40 years
Infrastructure	40 years
Improvements other than buildings	10 - 60 years
Intangible	5 - 10 years
Machinery and equipment	3 - 40 years

Net interest cost on debt issued to finance the construction of capital assets was capitalized during the construction period in the Water and Sewer, Storm Water, Airport and Public Transit Enterprise Funds in the amounts of \$13,308, \$415, \$1,215 and \$1,239, respectively, for the year ended June 30, 2015.

(5) Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The Deferred Inflows of Resources financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has prepaid taxes and deferrals of pension expense that result from the implementation of GASB Statement 68 that meet this criterion. In the governmental funds, the City also has unavailable revenues that are reported as deferred inflows.

(6) Long-term Liabilities

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are expensed in the reporting period in which they are incurred.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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

The City enters into interest rate swap agreements to modify interest rates on outstanding debt. The swaps are reported at fair market value in the government-wide financial statements and proprietary fund financial statements using hedge accounting.

(7) Compensated Absences

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

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

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

(8) Net Position/Fund Balances

Net Position. Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are externally imposed by creditors, grantors, contributors, bond covenants, regulations of other governments or by State statute. Net position is restricted for other purposes as follows:

Public Safety	\$ 16,816
Streets and highways	15,141
Culture and recreation	144,780
Community planning and development	4,560
Total	<u>\$ 181,297</u>

Fund Balances. In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

North Carolina State law [G.S.159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – \$1,378 of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Perpetual care – \$3,111 of fund balance that is required to be retained in perpetuity for maintenance of cemeteries.

Long-term notes receivable – \$89,928 of fund balance that is not an available resource because it represents the long term amount of loans and notes receivables.

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for State statute – \$68,386 of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Special obligation debt service – \$7,270 of fund balance that is legally restricted through financing agreements for future payment of debt service requirements.

Restricted for Public safety – \$16,816 of fund balance that is restricted by revenue source for public safety and 911 system expenditures.

Restricted for Streets and highways – \$15,141 of Powell Bill and other fund balance that is restricted by revenue source for street construction and maintenance expenditures. For the Special Revenue funds, this amount represents the balance of the total unexpended Powell Bill and other grant funds.

Restricted for Culture and Recreation – \$144,780 of fund balance that is restricted by revenue source for convention and tourism expenditures.

Restricted for Community planning and development – \$4,560 of fund balance that is restricted by revenue source for neighborhood expenditures.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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Committed fund balance – This classification includes amounts that can only be used for specific purposes imposed by ordinance approved by the City Council, the highest level of decision-making authority. Any changes or removal of specific purposes requires action by the City Council.

Committed for Capital projects – \$206,179 of fund balance committed by the City Council for capital projects.

Committed for Component unit – \$2,610 of fund balance committed by the City Council for the Charlotte Regional Visitors Authority.

Committed for Debt service – \$4,400 of fund balance committed by the City Council for Advance Planning for Bond Referenda.

Committed for Culture and recreation – \$414 of fund balance that is committed by contractual obligation for tourism expenditures.

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

Assigned for Debt service – \$278,219 of fund balance in the Debt Service fund that is not nonspendable, restricted, nor committed that will be used for future payment of debt service requirements. By approval of the budget of the Debt Service fund, the City Council has assigned this amount to the purpose of the Debt Service fund.

Unassigned fund balance – This classification includes \$95,280 in the General fund and (\$629) in the Nonmajor Governmental fund that has not been restricted, committed, or assigned to specific purposes or other funds. See note 3 regarding the deficit unassigned fund balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted amounts to have been spent first. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned, and unassigned fund balance.

The City's Capital Investment Plan Financial Policies which are approved annually by the City Council include a policy to maintain the General fund balance at sixteen percent of the operating budget. Any portion of the General fund balance in excess of sixteen percent of budgeted expenditures is dedicated to capital expenses, unless otherwise directed by City Council.

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(9) Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Charlotte's and the component units employer contributions are recognized when due and there is a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds."

Bonds and installment purchases payable	\$ 1,395,441
Net of premiums and discounts	106,903
Commercial paper notes	67,110
Derivative instrument liability	52,284
Swaption borrowing payable	7,897
Compensated absences	50,030
Section 108 loan guarantee	7,943
Private loan	16,231
Law enforcement officers' separation allowance	22,902
Unfunded OPEB liability	8,885
Accrued interest payable	<u>12,971</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 1,748,597</u>

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

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

Capital outlay	\$ 127,097
Depreciation expense	<u>(118,579)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 8,518</u>

Another element of that reconciliation states “The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

\$ (40,000)

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Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds and installment purchases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities.”

Debt issued or incurred:	
Issuance of installment purchase	\$ (59,973)
Issuance of commercial paper notes	(100,691)
Plus premium on debt issuance	(15,199)
Swaption borrowing	584
Principal repayments:	
General obligation debt	40,567
Installment purchases	54,545
Section 108 loan guarantee	501
Forgiveness of private loan	<u>14,100</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (65,566)</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Accrued interest	\$ (1,608)
Amortization on deferred amount on refunding	(899)
Amortization of debt premiums	8,289
Amortization of discounts	(32)
Compensated absences	(1,690)
Law enforcement officers' separation allowance	(3,069)
Change in pension assets	(2,608)
Pension expense	<u>(2,077)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (3,694)</u>

c. Special Item

During fiscal year 2015, a discounted payoff of \$14,100 was accepted in full satisfaction of a portion of the private loan agreement entered into to finance pre-opening expenses for the NASCAR Hall of Fame project. See note 4.j.7.b.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The annual budgets are adopted at the fund level which is the legal level of budgetary control. Supplemental appropriations at this level require approval of the City Council. During the year, several amendments to the budget were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets. The budget is entered into the accounting records and comparisons of actual to budget are made throughout the year. City administration has the authority to amend line-item budgets. The final budgets shown in the statements are as amended at June 30, 2015.

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

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

The Nonmajor Governmental Fund – Municipal Service Districts had a deficit fund balance of (\$629) at June 30, 2015. The Deficit is attributed to property tax revenues less than anticipated. This deficit will be eliminated through reduced contractual payments to Charlotte Center City Partners.

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4. DETAILED DISCLOSURES ON ALL FUNDS

a. Deposits

As of June 30, 2015, the bank balances and carrying amounts of bank deposits were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
City - Governmental and Business-type Activities	\$ 181,619	\$ 144,821
City - Fiduciary Funds	103	28,788
Component unit - Authority	19,501	18,893

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, \$1,103 was covered at the federal depository insurance coverage level and \$180,619 was covered by collateral held under the Pooling Method.

Component Unit: The Authority must comply with the requirements of the State statutes as previously described for the City. Of the bank balances, \$2,572 was covered by federal depository insurance coverage (including coverage by the Certificate of Deposit Account Registry Service Program). The remaining balances were covered by collateral held under the Pooling Method.

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b. Investments

State statute 159-30 authorizes the City and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; repurchase agreements having third-party safekeeping; and the North Carolina Capital Management Trust (NCCMT), an SEC registered mutual fund. The City is not authorized to enter into reverse repurchase agreements. The investments of the Charlotte Firefighters' Retirement System (System) Pension Trust fund are governed by the North Carolina Act (Act) establishing the System. This Act authorizes additional investment types which include corporate bonds, common stock, guaranteed investment contracts and mutual funds. The investments of the Employee Benefit Trust Plan (EBTP) are governed by State statute 147-69.2(b)(1)-(6)&(8). This legislation authorizes additional investment types which include corporate bonds, common stock, and mutual funds.

City - Governmental and Business-type Activities – The investments and maturities at June 30, 2015, were as follows:

Investment type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1-3	More than 3
U.S. Agencies	\$ 1,481,774	\$ 549,696	\$ 932,078	\$ -
Commercial Paper	330,000	330,000	-	-
Mutual Funds	116,853	N/A	N/A	N/A
NCCMT Cash Portfolio	232,675	N/A	N/A	N/A
NCCMT Term Portfolio*	8,000	8,000	-	-
Total	<u>\$ 2,169,302</u>	<u>\$ 887,696</u>	<u>\$ 932,078</u>	<u>\$ -</u>

* Because the NCCMT Term Portfolio had a weighted average maturity of 0.19 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.

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Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NSRO's). Although the City had no formal policy on managing credit risk, internal investment guidelines for commercial paper require at least two ratings from either Standard & Poor's (S&P), Fitch Ratings (Fitch), or Moody's Investors Service (Moody's). As of June 30, 2015, 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, 2015. The City's investment in the NCCMT Term Portfolio is unrated. The Term Portfolio is authorized to invest in instruments permitted by State statute 159-30 described above. The City's investments in U.S. Agencies (Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and Federal Farm Credit Bank) are rated AA+ by S&P and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2015, the City had no investments subject to custodial credit risk. The City had no formal policy on custodial credit risk. However, the City's internal policy limits custodial credit risk by providing that security in the collateral be delivered to a third party safekeeping bank designated by the City.

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

City – Fiduciary Fund: Charlotte Firefighters' Retirement System – The investments and maturities at June 30, 2015 were as follows:

Investment type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Treasuries	\$ 10,900	\$ -	\$ -	\$ 7,487	\$ 3,413
U.S. Agencies	28,237	-	-	-	28,237
Corporate bonds	45,060	136	26,364	11,121	7,439
Common stocks	173,957	N/A	N/A	N/A	N/A
Mutual funds	217,198	N/A	N/A	N/A	N/A
Total	<u>\$ 475,352</u>	<u>\$ 136</u>	<u>\$ 26,364</u>	<u>\$ 18,608</u>	<u>\$ 39,089</u>

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

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Credit Risk. The System is authorized to invest bonds with a quality rating of no less than investment grade and unrated U.S. Treasuries and Agencies. The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2015 are as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
AAA	\$ 5,081	6.67%
Baa > AA	31,982	41.97%
Total credit risk debt securities	37,063	48.64%
US Government fixed income securities:		
Government National Mortgage Association	8,856	11.62%
U.S. Treasury	10,900	14.31%
Not rated	19,381	25.43%
Total fixed income securities	<u>\$ 76,200</u>	<u>100.00%</u>

Concentration of Credit Risk. The System limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

In accordance with the Act, the System has invested in collateralized mortgage obligations (CMO) and mortgage backed securities. CMO and mortgage backed securities are based on cash flows from principal and interest payments on underlying mortgages. CMO rates trade in sympathy with treasury rates. At year-end, the System held \$1,627 of these securities.

City – Fiduciary Fund: Employee Benefit Trust Plan (EBTP) – At June 30, 2015, the EBTP had investments of \$20,183 in NCCMT Cash Portfolio and \$54,125 in mutual funds.

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

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

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Concentration of Credit Risk. The EBTP diversifies investments according to a strategic asset allocation across a range of company capitalizations in domestic and international equities as well as domestic and global bonds. The EBTP limits the amount of equity holdings in any one company to 8 percent of the market value of the portfolio; the amount of equity holdings in any one sector to 30 percent of the market value of the portfolio; and the amount of fixed-income securities in any one corporation to 5 percent of the market value of the portfolio. There is no limit on securities backed by the full faith and credit of the U.S. Government or any of its instrumentalities.

Component Unit – At June 30, 2015, the Authority had investments of \$191 in the NCCMT's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

c. Receivables

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

<u>Governmental</u>	
General	\$ 10,625
Debt Service	893
Capital Projects	6,336
Nonmajor	<u>6,382</u>
Total Governmental	<u>24,236</u>
<u>Proprietary</u>	
Water and Sewer	9,651
Storm Water	1,449
Airport	228
Public Transit	<u>334</u>
Total Proprietary	<u>11,662</u>
Total	<u><u>\$ 35,898</u></u>

In February 2002, City Council approved an interest-free loan to the Authority for \$5,000 for the renovation of Ovens Auditorium. In May 2007, the Council approved a new repayment schedule for the loan agreement. The term of the loan was extended by thirty years and established a \$160 per year repayment through fiscal year 2037. At June 30, 2015 the balance of the loan outstanding was \$3,278.

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, 2014, were based on the assessed values listed as of January 1, 2014, which is the lien date.

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The City and Mecklenburg County have a common tax base and overlapping bonded debt. Mecklenburg County is the City's agent for listing and collecting property taxes levied. The distribution of the City's levy for 2015 (tax rate per \$100 valuation) to its funds is shown below:

General	\$ 0.3600
Debt Service	0.0967
Capital Projects	<u>0.0120</u>
Total	<u>\$ 0.4687</u>

In addition, special taxes are levied on areas referred to as Municipal Services Districts. The purpose of these taxes is to aid the revitalization of these areas. The tax rates for 2015 for Districts 1, 2, 3, 4 and 5 were \$.0168, \$.0233, \$.0358, \$.0668 and \$.0279, respectively.

e. Restricted Assets

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

<u>Governmental-</u>	
Debt Service	\$ 195
Capital Projects	<u>151,071</u>
Total Governmental	<u>151,266</u>
<u>Enterprise-</u>	
Water and Sewer	1,280
Storm Water	50,577
Airport	107,614
Public Transit	<u>14,174</u>
Total Enterprise	<u>173,645</u>
Total	<u>\$ 324,911</u>

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

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f. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities-</u>				
Capital asset, not being depreciated:				
Land	\$3,195,791	\$ 28,454	\$ -	\$3,224,245
Construction in progress	452,139	143,458	230,682	364,915
Total capital assets, not being depreciated	<u>3,647,930</u>	<u>171,912</u>	<u>230,682</u>	<u>3,589,160</u>
Capital assets, being depreciated:				
Buildings	1,114,302	53,030	-	1,167,332
Infrastructure	2,486,987	75,209	-	2,562,196
Intangibles	15,819	1,913	-	17,732
Machinery and equipment	191,713	15,748	9,207	198,254
Total capital assets being depreciated	<u>3,808,821</u>	<u>145,900</u>	<u>9,207</u>	<u>3,945,514</u>
Less accumulated depreciation for:				
Buildings	309,518	31,573	-	341,091
Infrastructure	871,975	70,884	-	942,859
Intangibles	13,463	1,023	-	14,486
Machinery and equipment	140,710	15,103	9,196	146,617
Total accumulated depreciation	<u>1,335,666</u>	<u>118,583</u>	<u>9,196</u>	<u>1,445,053</u>
Total capital assets, being depreciated, net	<u>2,473,155</u>	<u>27,317</u>	<u>11</u>	<u>2,500,461</u>
Governmental activities capital assets, net	<u>\$6,121,085</u>	<u>\$199,229</u>	<u>\$ 230,693</u>	<u>\$6,089,621</u>

Depreciation expense was charged to activities as follows:

Governmental activities:	
Public safety	\$ 16,774
Sanitation	4,794
General administration	1,749
Support services	1,380
Engineering and property management	5,007
Streets and highways	63,633
Community planning and development	6,542
Culture and recreation	18,700
Capital assets held by the City's internal service funds are charged to the various functions based on the usage of assets	<u>4</u>
Total depreciation expense - governmental activities	<u>\$ 118,583</u>

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Capital asset activity for business-type activities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-type activities-</u>				
Water and Sewer:				
Capital assets, not being depreciated:				
Land	\$ 43,600	\$ -	\$ -	\$ 43,600
Construction in progress	<u>600,628</u>	<u>105,619</u>	<u>190,496</u>	<u>515,751</u>
Total capital assets, not being depreciated	<u>644,228</u>	<u>105,619</u>	<u>190,496</u>	<u>559,351</u>
Capital assets, being depreciated:				
Buildings	27,490	280	-	27,770
Water and sewer systems	3,770,202	213,512	-	3,983,714
Intangibles	14,611	2,872	-	17,483
Machinery and equipment	<u>33,216</u>	<u>4,493</u>	<u>1,289</u>	<u>36,420</u>
Total capital assets being depreciated	<u>3,845,519</u>	<u>221,157</u>	<u>1,289</u>	<u>4,065,387</u>
Less accumulated depreciation for:				
Buildings	7,414	1,341	-	8,755
Water and sewer systems	1,238,005	115,283	-	1,353,288
Intangibles	12,994	882	-	13,876
Machinery and equipment	<u>23,768</u>	<u>2,695</u>	<u>1,260</u>	<u>25,203</u>
Total accumulated depreciation	<u>1,282,181</u>	<u>120,201</u>	<u>1,260</u>	<u>1,401,122</u>
Total capital assets, being depreciated, net	<u>2,563,338</u>	<u>100,956</u>	<u>29</u>	<u>2,664,265</u>
Water and Sewer capital assets, net	<u>3,207,566</u>	<u>206,575</u>	<u>190,525</u>	<u>3,223,616</u>
Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	<u>336,382</u>	<u>53,725</u>	<u>258,500</u>	<u>131,607</u>
Capital assets, being depreciated:				
Storm water systems	202,235	258,500	-	460,735
Intangibles	3,359	-	-	3,359
Machinery and equipment	<u>69</u>	<u>-</u>	<u>-</u>	<u>69</u>
Total capital assets being depreciated	<u>205,663</u>	<u>258,500</u>	<u>-</u>	<u>464,163</u>
Less accumulated depreciation for:				
Storm water systems	44,390	6,079	-	50,469
Intangibles	3,359	-	-	3,359
Machinery and equipment	<u>54</u>	<u>9</u>	<u>-</u>	<u>63</u>
Total accumulated depreciation	<u>47,803</u>	<u>6,088</u>	<u>-</u>	<u>53,891</u>
Total capital assets, being depreciated, net	<u>157,860</u>	<u>252,412</u>	<u>-</u>	<u>410,272</u>
Storm Water capital assets, net	<u>494,242</u>	<u>306,137</u>	<u>258,500</u>	<u>541,879</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Airport:				
Capital assets, not being depreciated:				
Land	\$ 302,868	\$ 5,755	\$ -	\$ 308,623
Construction in progress	279,094	141,381	159,330	261,145
Total capital assets, not being depreciated	<u>581,962</u>	<u>147,136</u>	<u>159,330</u>	<u>569,768</u>
Capital assets, being depreciated:				
Buildings	670,508	76,986	-	747,494
Runways	392,982	171	-	393,153
Other	100,066	6,114	-	106,180
Intangibles	3,317	-	-	3,317
Machinery and equipment	54,207	57,031	8,569	102,669
Total capital assets being depreciated	<u>1,221,080</u>	<u>140,302</u>	<u>8,569</u>	<u>1,352,813</u>
Less accumulated depreciation for:				
Buildings	413,667	22,706	-	436,373
Runways	134,548	11,658	-	146,206
Other	37,824	3,937	-	41,761
Intangibles	995	334	-	1,329
Machinery and equipment	22,673	7,262	5,420	24,515
Total accumulated depreciation	<u>609,707</u>	<u>45,897</u>	<u>5,420</u>	<u>650,184</u>
Total capital assets, being depreciated, net	<u>611,373</u>	<u>94,405</u>	<u>3,149</u>	<u>702,629</u>
Airport capital assets, net	<u>1,193,335</u>	<u>241,541</u>	<u>162,479</u>	<u>1,272,397</u>
Public Transit:				
Capital assets, not being depreciated:				
Land	56,864	-	-	56,864
Construction in progress	364,358	236,778	34,774	566,362
Total capital assets, not being depreciated	<u>421,222</u>	<u>236,778</u>	<u>34,774</u>	<u>623,226</u>
Capital assets, being depreciated:				
Buildings	86,303	34,965	-	121,268
Transit corridors	336,755	176	-	336,931
Other	36,464	45	-	36,509
Intangibles	8,275	260	-	8,535
Machinery and equipment	201,461	5,983	1,349	206,095
Total capital assets being depreciated	<u>669,258</u>	<u>41,429</u>	<u>1,349</u>	<u>709,338</u>
Less accumulated depreciation for:				
Buildings	39,946	4,748	-	44,694
Transit corridors	121,679	19,544	-	141,223
Other	21,290	2,485	-	23,775
Intangibles	6,319	738	-	7,057
Machinery and equipment	101,489	10,380	1,319	110,550
Total accumulated depreciation	<u>290,723</u>	<u>37,895</u>	<u>1,319</u>	<u>327,299</u>
Total capital assets, being depreciated, net	<u>378,535</u>	<u>3,534</u>	<u>30</u>	<u>382,039</u>
Public Transit capital assets, net	<u>799,757</u>	<u>240,312</u>	<u>34,804</u>	<u>1,005,265</u>
Business-type capital assets, net	<u>\$ 5,694,900</u>	<u>\$ 994,565</u>	<u>\$ 646,308</u>	<u>\$ 6,043,157</u>

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g. Interfund Receivables, Payables and Transfers

The following is a summary of interfund receivables, payables and transfers, respectively, at June 30, 2015, by fund:

	Interfund Receivables	Interfund Payables
Due to/from other funds:		
General	\$ 7,165	\$ 228
Debt Service	4,400	-
Capital Projects	-	4,400
Nonmajor governmental	-	7,165
Internal Service - Employee Health and Life	228	-
Total	<u>\$ 11,793</u>	<u>\$ 11,793</u>

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

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

	Receivable Entity	Payable Entity
Primary Government:		
General	\$ -	\$ 75
Debt Service	2,980	-
Capital Projects	298	427
Nonmajor governmental	-	162
Enterprise - Airport	-	50
Component Unit - Authority	714	3,278
Total	<u>\$ 3,992</u>	<u>\$ 3,992</u>

Interfund transfers:

Transfer out:	Transfers In:					Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	Enterprise - Public Transit	
General	\$ -	\$ 16,154	\$ 21,941	\$ 6,542	\$ 750	\$ 45,387
Debt Service	108	-	-	520	-	628
Capital Projects	-	-	-	11,358	19,520	30,878
Nonmajor governmental	3,151	57,331	3,100	-	-	63,582
Internal Service - Risk Management	-	-	-	3,400	-	3,400
Total	<u>\$ 3,259</u>	<u>\$ 73,485</u>	<u>\$ 25,041</u>	<u>\$ 21,820</u>	<u>\$ 20,270</u>	<u>\$ 143,875</u>

The transfers consist primarily of the following: (a) \$73,485 to Debt Service from General and nonmajor governmental to cover debt service costs, (b) \$19,520 to Enterprise - Public Transit from Capital Projects pursuant to an interlocal agreement for regional mass transit, (c) \$21,820 to nonmajor governmental from General, Debt Service, Capital Projects and Internal Service.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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h. Payables

Payables at June 30, 2015, including amounts payable from restricted assets, were as follows:

	<u>Vendors</u>	<u>Salaries</u>	<u>Other</u>	<u>Total</u>
<u>Governmental</u>				
General	\$ 26,835	\$ 5,315	\$ 642	\$ 32,792
Debt Service	1,704	-	-	1,704
Capital Projects	14,752	-	-	14,752
Nonmajor governmental	<u>6,532</u>	<u>-</u>	<u>6</u>	<u>6,538</u>
Total Governmental	<u>49,823</u>	<u>5,315</u>	<u>648</u>	<u>55,786</u>
<u>Proprietary</u>				
Water and Sewer	15,461	1,308	985	17,754
Storm Water	5,174	208	-	5,382
Airport	29,440	734	-	30,174
Public Transit	50,031	917	4,406	55,354
Internal Service	<u>48,732</u>	<u>52</u>	<u>-</u>	<u>48,784</u>
Total Business-type	<u>148,838</u>	<u>3,219</u>	<u>5,391</u>	<u>157,448</u>
Total	<u>\$ 198,661</u>	<u>\$ 8,534</u>	<u>\$ 6,039</u>	<u>\$ 213,234</u>

i. Deferred Outflows and Inflows of Resources and Unavailable Revenues

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

	<u>City</u>	<u>Component Unit</u>
Contributions to the pension plan in current fiscal year	\$ 32,877	\$ 902
Pension deferrals	-	34
Accumulated decreases in fair value of hedging derivatives	122,740	-
Unamortized bond refunding charges	<u>23,415</u>	<u>-</u>
	<u>\$ 179,032</u>	<u>\$ 936</u>

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

	<u>City</u>	<u>Component Unit</u>
Prepaid taxes	\$ 5,041	\$ -
Pension deferrals	<u>118,357</u>	<u>3,089</u>
	<u>\$ 123,398</u>	<u>\$ 3,089</u>

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

	General	Debt Service	Capital Projects	Nonmajor governmental	Total governmental
Property taxes receivable	\$ 8,823	\$ 1,928	\$ 335	\$ 141	\$ 11,227
Notes receivable	29	-	-	-	29
Accounts receivable	2,393	-	680	862	3,935
Due from component unit	-	2,980	298	-	3,278
	<u>\$ 11,245</u>	<u>\$ 4,908</u>	<u>\$ 1,313</u>	<u>\$ 1,003</u>	<u>\$ 18,469</u>

j. Long-term Liabilities

A summary of changes in long-term liabilities for governmental activities for the year ended June 30, 2015 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General obligation bonds	\$ 649,923	\$ 51,895	\$ 92,462	\$ 609,356	\$ 38,363
Plus unamortized premiums	79,439	7,797	5,241	81,995	5,539
Total bonds payable	729,362	59,692	97,703	691,351	43,902
Special obligation bonds	8,270	-	1,000	7,270	1,055
Installment purchases	726,669	111,551	59,405	778,815	56,383
Plus unamortized premiums	21,308	7,402	3,048	25,662	3,172
Less unamortized discounts	(786)	-	(32)	(754)	(32)
Total installment purchases	747,191	118,953	62,421	803,723	59,523
Commercial paper notes payable	7,137	59,973	-	67,110	-
Derivative instrument liability	48,820	3,464	-	52,284	-
Swaption borrowing payable	8,481	-	584	7,897	569
Compensated absences	48,497	35,666	33,977	50,186	27,327
Section 108 loan guarantee	8,444	-	501	7,943	405
Private loan	35,331	-	19,100	16,231	-
Due to participants	11,642	2,911	-	14,553	-
Net pension liability (LGERS)	53,824	-	53,824	-	-
Law enforcement officers' separation allowance	19,833	3,069	-	22,902	-
Unfunded OPEB liability	7,318	1,738	-	9,056	-
Total governmental activities	<u>\$ 1,734,150</u>	<u>\$ 285,466</u>	<u>\$ 269,110</u>	<u>\$ 1,750,506</u>	<u>\$ 132,781</u>

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

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A summary of changes in long-term liabilities for business-type activities for the year ended June 30, 2015 follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-type Activities</u>					
Water and Sewer:					
General obligation bonds	\$ 177,744	\$ 27,144	\$ 55,969	\$ 148,919	\$ 26,068
Plus unamortized premiums	16,203	3,551	2,155	17,599	2,333
Revenue bonds	1,348,050	-	45,185	1,302,865	47,290
Plus unamortized premiums	<u>48,652</u>	<u>-</u>	<u>2,820</u>	<u>45,832</u>	<u>2,648</u>
Total bonds payable	1,590,649	30,695	106,129	1,515,215	78,339
Installment purchases	8,641	4,254	2,080	10,815	2,933
Plus unamortized premiums	<u>812</u>	<u>378</u>	<u>269</u>	<u>921</u>	<u>293</u>
Total installment purchases	9,453	4,632	2,349	11,736	3,226
Revenue bond anticipation notes	87,054	84,650	-	171,704	-
Other financing agreements -					
Municipal systems	3,775	-	825	2,950	820
Derivative instrument liability	67,064	3,392	-	70,456	-
Refundable construction deposits	5,854	895	1,306	5,443	287
Compensated absences	3,960	3,300	2,998	4,262	2,149
Net pension liability (LGERS)	<u>7,954</u>	<u>-</u>	<u>7,954</u>	<u>-</u>	<u>-</u>
Total Water and Sewer	<u>1,775,763</u>	<u>127,564</u>	<u>121,561</u>	<u>1,781,766</u>	<u>84,821</u>
Storm Water:					
General obligation bonds	8,738	6,051	7,739	7,050	894
Plus unamortized premiums	556	792	104	1,244	144
Revenue bonds	102,285	101,815	48,415	155,685	3,775
Plus unamortized premiums	<u>5,619</u>	<u>13,792</u>	<u>675</u>	<u>18,736</u>	<u>913</u>
Total bonds payable	117,198	122,450	56,933	182,715	5,726
Federal revolving loan	1,176	-	66	1,110	66
Compensated absences	572	616	587	601	399
Net pension liability (LGERS)	<u>1,318</u>	<u>-</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Total Storm Water	<u>120,264</u>	<u>123,066</u>	<u>58,904</u>	<u>184,426</u>	<u>6,191</u>
Airport:					
Revenue bonds	788,425	105,390	280,445	613,370	22,385
Plus unamortized premiums	<u>10,012</u>	<u>17,581</u>	<u>1,234</u>	<u>26,359</u>	<u>1,673</u>
Total bonds payable	798,437	122,971	281,679	639,729	24,058
Revenue bond anticipation notes	-	43,295	-	43,295	-
Compensated absences	1,751	1,862	1,313	2,300	948
Net pension liability (LGERS)	<u>3,877</u>	<u>-</u>	<u>3,877</u>	<u>-</u>	<u>-</u>
Total Airport	<u>804,065</u>	<u>168,128</u>	<u>286,869</u>	<u>685,324</u>	<u>25,006</u>
Public Transit:					
Installment purchases	262,170	56,470	63,665	254,975	4,600
Plus unamortized premiums	<u>10,135</u>	<u>3,354</u>	<u>816</u>	<u>12,673</u>	<u>900</u>
Total installment purchases	272,305	59,824	64,481	267,648	5,500
Compensated absences	3,184	3,250	2,998	3,436	988
Net pension liability (LGERS)	<u>4,059</u>	<u>-</u>	<u>4,059</u>	<u>-</u>	<u>-</u>
Total Public Transit	<u>279,548</u>	<u>63,074</u>	<u>71,538</u>	<u>271,084</u>	<u>6,488</u>
Total business-type activities	<u>\$ 2,979,640</u>	<u>\$ 481,832</u>	<u>\$ 538,872</u>	<u>\$ 2,922,600</u>	<u>\$ 122,506</u>

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The government-wide statement of net position includes \$24,058 of long-term liabilities due within one year for business-type activities in the *liabilities payable from restricted assets*. The remaining amount of \$98,448 is displayed as *noncurrent liabilities, due within one year* on that same statement.

(1) General Obligation Bonds

The City issues general obligation bonds to finance acquisition or construction of major capital facilities and the purchase of other major capital items. Bonded indebtedness has also been issued to advance refund several general obligation bonds. The following table summarizes the City's general obligation bonds:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2015
Governmental Activities:					
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	\$ 8,569	\$ 1,421
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	11,674	6,422
General Obligation Refunding Bonds, Series 2009B	3.00% - 5.00%	10/29/2009	2029	122,315	99,610
General Obligation Refunding Bonds, Series 2009C	3.00% - 5.00%	01/12/2010	2027	86,795	57,710
General Obligation Refunding Bonds, Series 2012A	1.25% - 5.00%	04/12/2012	2033	175,495	162,675
General Obligation Taxable Housing Bonds, Series 2013A	1.00% - 4.15%	09/05/2013	2030	34,370	32,220
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2030	74,068	66,298
General Obligation Refunding Bonds, Series 2014A	1.75% - 5.00%	05/01/2014	2035	131,105	131,105
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2025	51,895	51,895
Total Governmental Activities					<u>\$ 609,356</u>
Business-Type Activities:					
Water and Sewer:					
General Obligation Refunding Bonds, Series 2005	5.00%	03/03/2005	2017	36,426	\$ 6,039
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	170,776	93,946
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2030	30,045	21,790
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2025	27,144	27,144
Total Water and Sewer					<u>148,919</u>
Storm Water:					
General Obligation Refunding Bonds, Series 2008	3.50% - 5.00%	06/05/2008	2024	1,585	872
General Obligation Refunding Bonds, Series 2013B	2.00% - 5.00%	09/05/2013	2030	137	127
General Obligation Refunding Bonds, Series 2015	4.00% - 5.00%	06/01/2015	2025	6,051	6,051
Total Storm Water					<u>7,050</u>
Total Business-type activities					<u>\$ 155,969</u>

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

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Debt service requirements to maturity for general obligation bonds are as follows:

Governmental Activities

Year Ended	Principal	Interest
June 30		
2016	\$ 38,363	\$ 28,277
2017	39,846	26,498
2018	39,816	24,624
2019	39,950	22,692
2020	40,165	20,842
2021-2025	204,726	74,721
2026-2030	154,500	28,652
2031-2035	51,990	4,752
	<u>\$ 609,356</u>	<u>\$ 231,058</u>

Business-type Activities

Year Ended	Water and Sewer		Storm Water	
June 30	Principal	Interest	Principal	Interest
2016	\$ 26,068	\$ 6,700	\$ 894	\$ 321
2017	27,693	5,396	932	280
2018	26,083	4,018	975	236
2019	23,563	2,794	827	191
2020	17,641	1,781	804	150
2021-2024	27,871	1,750	2,618	197
	<u>\$ 148,919</u>	<u>\$ 22,439</u>	<u>\$ 7,050</u>	<u>\$ 1,375</u>

(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.

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

<u>Governmental Activities</u>		
<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,055	\$ 9
2017	1,115	8
2018	1,175	7
2019	1,240	5
2020	1,305	4
2021	1,380	2
	<u>\$ 7,270</u>	<u>\$ 35</u>

(3) Revenue Bonds

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Issue</u>	<u>Balance June 30, 2015</u>
Water and Sewer, Series 2002A	3.50% - 5.50%	02/15/2002	2016	\$ 61,035	\$ 6,990
Water and Sewer, Series 2002B	Variable	03/13/2002	2028	114,430	114,430
Water and Sewer, Series 2002C	Variable	08/08/2002	2025	108,390	99,670
Water and Sewer, Refunding Series 2005A	3.00% - 5.00%	03/03/2005	2022	33,115	17,265
Water and Sewer, Series 2006A	4.00% - 5.00%	07/26/2006	2037	100,290	85,055
Water and Sewer, Series 2006B	Variable	07/26/2006	2037	300,000	162,095
Water and Sewer, Series 2008	3.50% - 5.00%	09/10/2008	2039	342,715	310,200
Water and Sewer, Refunding Series 2009	3.00% - 5.25%	08/25/2009	2036	93,765	85,885
Water and Sewer, Series 2009B	3.50% - 5.00%	12/09/2009	2040	366,380	346,530
Water and Sewer, Refunding Series 2011	1.50% - 5.00%	08/03/2011	2025	93,390	74,745
Total Water and Sewer					<u>1,302,865</u>
Storm Water, Series 2006	4.00% - 5.00%	10/25/2006	2036	43,675	37,285
Storm Water, Refunding Series 2012	2.00% - 5.00%	11/13/2012	2025	20,585	17,805
Storm Water, Refunding Series 2014	3.50% - 5.00%	11/04/2014	2044	101,815	100,595
Total Storm Water					<u>155,685</u>
Airport, Refunding Series 2007A	4.00% - 5.00%	08/16/2007	2038	99,995	86,935
Airport, Series 2007B	Variable	08/16/2007	2038	47,570	20,510
Airport, Refunding Series 2008D	Variable	11/05/2008	2035	40,585	38,280
Airport, Refunding Series 2009B	2.50% - 5.00%	02/17/2009	2017	51,180	16,120
Airport, Series 2010A	2.00% - 5.50%	02/10/2010	2040	130,100	120,715
Airport, Refunding Series 2010B	1.25% - 5.50%	02/10/2010	2029	67,770	53,835
Airport, Series 2011A	2.00% - 5.00%	11/09/2011	2042	76,100	72,470
Airport, Series 2011B	2.00% - 5.00%	11/09/2011	2042	34,250	32,630
Airport, Series 2011C	Variable	11/09/2011	2042	30,920	7,225
Airport, Refunding Series 2014A	5.00%	11/06/2014	2035	74,290	74,290
Airport, Refunding Series 2014B	2.00% - 5.00%	11/06/2014	2024	31,100	31,100
Airport Special Facility, Series 2011 CONRAC	2.48% - 6.06%	11/09/2011	2042	60,295	59,260
Total Airport					<u>613,370</u>
Total Business-type activities					<u>\$ 2,071,920</u>

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Interest on the variable-rate bonds is determined by a remarketing agent based upon market conditions. The City entered into interest rate swap agreements for the variable rate Water and Sewer Revenue Bonds Series 2002B, 2002C, and 2006B. See note 4.i.7 for additional information concerning derivative instruments.

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

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 2015 Water and Sewer Fund budgets, revenue bond debt service coverage was at least 154 percent. Based on the 2015 Storm Water Fund budgets, revenue bond debt service coverage was at least 419 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, 2015 are \$30,360 for working capital and \$63,397 for debt service. The reserve requirements for the Water and Sewer Revenue Bonds, except for Series 2002A, were satisfied with the purchase of surety bonds or insurance policies. For the Water and Sewer Series 2002A Revenue Bonds, the reserve for debt service is \$3,141 at June 30, 2015.

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Revenue bond debt service requirements to maturity are as follows:

Business-type Activities

Year Ended June 30	Water and Sewer		Storm Water		Airport	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 47,290	\$ 44,298	\$ 3,775	\$ 7,032	\$ 22,385	\$ 26,362
2017	50,200	42,941	5,060	6,834	24,405	25,465
2018	51,830	41,601	5,305	6,584	16,800	24,644
2019	54,800	40,141	5,570	6,322	17,530	23,906
2020	56,655	38,600	5,840	6,050	18,370	23,192
2021-2025	310,035	167,519	33,685	25,776	108,370	103,126
2026-2030	239,755	124,794	30,315	17,993	145,790	76,180
2031-2035	260,475	77,450	34,575	10,793	133,945	46,995
2036-2040	231,825	22,196	17,295	4,868	103,720	17,921
2041-2044	-	-	14,265	1,170	22,055	1,163
	<u>\$1,302,865</u>	<u>\$ 599,540</u>	<u>\$155,685</u>	<u>\$ 93,422</u>	<u>\$613,370</u>	<u>\$368,954</u>

CITY OF CHARLOTTE, NORTH CAROLINA
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(4) Installment Purchases

The following table summarizes the City's installment purchases:

Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2015
Governmental activities:					
Convention Center, Refunding Series 2003B	Variable	09/10/2003	2022	\$ 24,335	\$ 19,490
Convention Center, Refunding Series 2005C	3.00% - 5.00%	05/04/2005	2026	33,665	19,160
Convention Center, Refunding Series 2013H	1.51%	10/22/2013	2020	61,720	51,370
Convention Center, Series 2009B	2.00% - 5.00%	06/25/2009	2034	30,620	26,470
Convention Center, Series 2013I	2.94%	10/22/2013	2023	28,125	22,495
Convention Center, Series 2015A	.86% - 2.97%	05/14/2015	2023	39,335	39,335
Tourism, Series 2003F	Variable	05/29/2003	2034	41,000	19,785
Tourism, Refunding Series 2013G	Variable	05/30/2013	2033	128,245	118,880
Tourism, Series 2015C	4.00% - 5.00%	06/25/2015	2020	13,871	13,871
Hall of Fame, Series 2009C	5.00%	06/25/2009	2039	37,295	37,295
Hall of Fame, Series 2009D	Variable	07/30/2009	2035	100,000	88,705
Cultural Facilities, Series 2009E	3.00% - 5.00%	09/30/2009	2039	139,135	128,165
Public Safety, Series 2005A	Variable	04/06/2005	2025	15,725	9,190
Public Safety, Series 2009A	3.00% - 5.00%	06/25/2009	2029	28,470	22,435
Public Safety, Series 2010A	3.63% - 5.00%	05/27/2010	2024	13,685	9,465
Public Safety, Series 2012A	1.25% - 5.00%	01/04/2012	2032	23,195	19,715
Public Safety, Series 2013A	2.00% - 5.00%	04/04/2013	2033	16,700	15,615
Public Safety, Series 2014A	3.00% - 5.00%	03/27/2014	2034	16,225	15,410
Public Safety, Series 2015C	3.13% - 5.00%	06/25/2015	2035	45,820	45,820
Public Safety, Refunding Series 2012A	1.25% - 5.00%	01/04/2012	2021	1,990	1,405
Public Safety, Refunding Series 2013A	2.00% - 5.00%	04/04/2013	2016	2,225	770
Public Safety, Refunding Series 2015C	4.00% - 5.00%	06/25/2015	2025	10,860	10,860
Public Safety Equipment, Series 2009A	3.00% - 5.00%	06/25/2009	2019	13,205	6,010
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	20,174	4,035
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	9,960	3,984
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	18,108	11,341
Equipment, Series 2014A	3.00% - 5.00%	03/27/2014	2034	19,644	16,074
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	1,665	1,665
Total Governmental activities					<u>\$ 778,815</u>

CITY OF CHARLOTTE, NORTH CAROLINA
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Purpose	Interest Rates	Date Issued	Final Maturity	Original Issue	Balance June 30, 2015
Business-type activities:					
Water and Sewer:					
Equipment, Series 2010A	4.00% - 5.00%	05/27/2010	2016	1,751	\$ 350
Equipment, Series 2012A	3.00% - 5.00%	01/04/2012	2017	1,365	546
Equipment, Series 2013A	2.00% - 5.00%	04/04/2013	2018	3,942	2,469
Equipment, Series 2014A	3.00% - 5.00%	03/27/2014	2034	3,906	3,196
Equipment, Series 2015C	4.00% - 5.00%	06/25/2015	2020	4,254	4,254
Total Water and Sewer					10,815
Public Transit:					
Equipment and Facilities, Series 2008A	3.50% - 5.00%	06/04/2008	2035	34,965	29,540
Equipment and Facilities, Series 2013B	3.00%	05/07/2013	2022	123,140	123,140
Equipment and Facilities, Refunding Series 2013C	2.00% - 5.00%	05/07/2013	2033	47,845	45,675
Equipment and Facilities, Series 2013D	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013E	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Series 2013F	Variable	05/04/2013	2021	50	50
Equipment and Facilities, Refunding Series 2015B	2.00% - 5.00%	06/18/2015	2035	56,470	56,470
Total Public Transit					254,975
Total Business-type activities					\$ 265,790

Interest on the variable-rate installment purchases is determined by a remarketing agent based upon market conditions. The City entered into an interest rate swap agreement for the variable rate Tourism Refunding Series 2013G. See note 4.i.7 for additional information concerning derivative instruments.

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

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

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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Installment purchases debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 56,383	\$ 20,894
2017	53,005	19,492
2018	52,560	18,033
2019	50,837	16,602
2020	47,625	15,256
2021-2025	187,215	60,774
2026-2030	142,285	40,955
2031-2035	123,275	25,396
2036-2039	65,630	8,317
	<u>\$778,815</u>	<u>\$225,719</u>

<u>Business-type Activities</u>				
<u>Year Ended</u>	<u>Water and Sewer</u>		<u>Public Transit</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,933	\$ 442	\$ 4,600	\$ 9,275
2017	2,678	323	4,686	9,217
2018	2,525	197	4,861	9,048
2019	1,746	90	5,101	8,806
2020	933	24	5,338	8,574
2021-2025	-	-	153,584	27,834
2026-2030	-	-	37,895	12,999
2031-2035	-	-	38,910	4,648
	<u>\$ 10,815</u>	<u>\$ 1,076</u>	<u>\$254,975</u>	<u>\$ 90,401</u>

(5) Commercial Paper

The City has available a general obligation commercial paper bond program to finance street improvements, neighborhood improvements, public improvements and housing projects. The City has authorized the issuance of bonds up to the amount of \$150,000 outstanding at any time. The bonds are general obligations of the City, and the City has pledged its faith and credit to the payment of principal of and interest on the bonds. In addition, the City has entered into a Standby Bond Purchase Agreement which will expire in May 2017. The bonds will mature no later than 270 days after the date of issuance or October 1, 2034. The bonds will be replaced by general obligation bonds. The City had general obligation commercial paper bonds payable of \$67,110 outstanding at June 30, 2015. Interest rates are based upon market conditions.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Commercial paper debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
<u>Year Ended</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ -	\$ 202
2017	67,110	168
	<u>\$ 67,110</u>	<u>\$ 370</u>

(6) Revenue Bond Anticipation Note

The City has available a Water and Sewer revenue bond anticipation note program to finance the cost of water and sewer system improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$180,000. The note is payable from net revenues of the water and sewer systems. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by water and sewer revenue bonds. The note will mature no later than the third anniversary of the closing date or June 10, 2017. The City had Water and Sewer revenue bond anticipation notes payable of \$171,704 outstanding at June 30, 2015. Interest rates are based upon market conditions.

The City has available an Airport revenue bond anticipation note program to finance the cost of Airport improvements. The aggregate principal amount of the note outstanding at any one time shall not exceed \$100,000. The note is payable from net revenues of the Airport. The note does not constitute a legal or equitable pledge, charge, lien or encumbrance upon any of the City's property or upon any of its income, receipts or revenues, except as provided in the Revenue Bond Orders. Neither the credit nor the taxing power of the City is pledged for the payment of the principal or interest, and no owner has the right to compel the exercise of the taxing power of the City or the forfeiture of any of its property in connection with any default on the note. In addition, the City has entered into a Note Purchase and Advance Agreement. The note will be replaced by general Airport revenue bonds. The note will mature no later than the third anniversary of the closing date or November 6, 2017. The City had Airport revenue bond anticipation notes payable of \$43,295 outstanding at June 30, 2015. Interest rates are based upon market conditions.

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NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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Revenue bond anticipation note debt service requirements to maturity are as follows:

<u>Business-type Activities</u>				
Year Ended	Water and Sewer		Airport	
June 30	Principal	Interest	Principal	Interest
2016	\$ -	\$ 736	\$ -	\$ 262
2017	171,704	696	-	263
2018	-	-	43,295	93
	<u>\$ 171,704</u>	<u>\$ 1,432</u>	<u>\$ 43,295</u>	<u>\$ 618</u>

(7) Other Long-term Liabilities

(a) Section 108 Loan Guarantee

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:

<u>Governmental Activities</u>		
Year Ended	Principal	Interest
June 30		
2016	\$ 405	\$ 289
2017	426	279
2018	447	267
2019	469	253
2020	493	238
2021-2025	2,858	894
2026-2029	2,845	252
	<u>\$ 7,943</u>	<u>\$ 2,472</u>

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(b) Private Loan

The City entered into a private loan agreement for up to \$41,500 dollars to finance pre-opening expenses for the NASCAR Hall of Fame project, construction of additional parking and construction of the facility. During fiscal year 2015, a discounted payoff was accepted in full satisfaction of a portion of the loan. The remaining balance will be due in December 2018. As of June 30, 2015, \$16,231 was outstanding under this agreement.

Debt service requirements to maturity are as follows:

<u>Governmental Activities</u>		
Year Ended		
June 30	Principal	Interest
2016	\$ -	\$ 649
2017	-	649
2018	-	650
2019	16,231	299
	<u>\$ 16,231</u>	<u>\$ 2,247</u>

(c) Municipal Systems

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

<u>Business-type Activities</u>		
Year Ended		
June 30	Principal	Interest
2016	\$ 820	\$ 139
2017	810	103
2018	645	67
2019	425	36
2020	250	13
	<u>\$ 2,950</u>	<u>\$ 358</u>

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

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(d) Federal Revolving Loan

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

<u>Business-type Activities</u>	
Year Ended	
<u>June 30</u>	<u>Principal</u>
2016	\$ 66
2017	66
2018	66
2019	66
2020	66
2021-2025	331
2026-2030	331
2031-2032	118
	<u>\$ 1,110</u>

In accordance with Section 148 of the Internal Revenue Code of 1986, as amended, and Sections 1.103-13 to 1.103-15 of the related Treasury Regulations, the City must rebate to the federal government "arbitrage profits" earned on governmental bonds issued after August 31, 1986. Arbitrage profits are the excess of the amount earned on investments over the interest paid on the borrowings. At June 30, 2015, the City had no liability for estimated arbitrage profits payable.

(8) Derivative Instruments

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2015 classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows:

	<u>Changes in Fair Value</u>		<u>Fair Value at June 30</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Governmental activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (3,463)	Debt	\$ (52,284)	\$ 207,585
Business-type activities					
Cash flow hedges:					
Pay-fixed interest rate swap	Deferred outflow	\$ (3,392)	Debt	\$ (70,456)	\$ 376,195

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

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2002B Water and Sewer Revenue Bonds	\$ 114,430	3/13/2002	7/1/2027	Pay 4.03%; receive 67% of LIBOR	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2002C Water and Sewer Revenue Bonds	\$ 99,670	8/8/2002	6/1/2025	Pay 3.79%; receive lesser of the bond floating rate or 67% of LIBOR capped at 12%	Baa1/A-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2006B Water and Sewer Revenue Bonds	\$ 162,095	8/1/2006	7/1/2036	Pay 4.04%; receive SIFMA swap index	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2009D Hall of Fame Certificates of Participation	\$ 88,705	8/18/2009	6/1/2035	Pay 4.725%; receive LIBOR	Aa2/AA-
Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2013G Tourism Certificates of Participation	\$ 118,880	6/1/2013	6/1/2033	Pay 5.10%; receive SIFMA swap index	Aa2/AA-

Interest rate risk. The City is exposed to interest rate risk on its interest rate swaps. On its pay-fixed, receive-variable interest rate swaps, as LIBOR, the bond floating rate swap index, or the SIFMA swap index decreases, the City's net payment on the swaps increases.

Basis risk. The City's hedging derivative instruments expose the City to basis risk since the variable payment received from the counterparty is determined on a basis different from that used to calculate the bond floating rate for the associated bonds. As of June 30 the rate received by the City for the 2002B and 2002C agreements was 67 percent of LIBOR or 0.07 percent, whereas the bond floating rates paid by the City were 0.04 percent for Series 2002B and 0.07 percent for Series 2002C. As of June 30 the rate received by the City for the 2006B agreement was 0.07 percent, whereas the bond floating rate paid by the City was 0.04 percent. As of June 30 the rate received by the City for the 2009D agreement was 0.19 percent, whereas the bond floating rate paid by the City was 0.13 percent. As of June 30 the rate received by the City for the 2013G agreement was 0.28 percent, whereas the bond floating rate paid by the City was 0.07 percent.

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

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

Hedging derivative instrument payments and hedged debt. As of June 30, aggregate debt service requirements of the City's variable-rate debt and net receipts/payments on associated hedging derivative instruments are as follows. These amounts assume that current interest rates on variable-rate bonds and the current reference rates of hedging derivative instruments will remain the same for their term. As these rates vary, interest payments on variable-rate bonds and net receipts/payments on the hedging derivative instruments will vary.

Governmental Activities

Year Ended June 30	Variable Rate Instruments		Hedging	Total
	Principal	Interest	Derivatives, Net	
2016	\$ 7,675	\$ 199	\$ 10,062	\$ 17,936
2017	8,085	191	9,670	17,946
2018	8,510	184	9,284	17,978
2019	8,935	177	8,868	17,980
2020	9,400	168	8,440	18,008
2021-2025	55,180	704	34,764	90,648
2026-2030	71,510	424	19,807	91,741
2031-2035	38,290	120	4,727	43,137
	<u>\$ 207,585</u>	<u>\$ 2,167</u>	<u>\$ 105,622</u>	<u>\$ 315,374</u>

Business-type Activities

Year Ended June 30	Variable Rate Bonds		Hedging	Total
	Principal	Interest	Derivatives, Net	
2016	\$ 13,270	\$ 235	\$ 14,620	\$ 28,125
2017	21,335	248	13,809	35,392
2018	22,190	232	12,963	35,385
2019	23,075	216	12,091	35,382
2020	24,005	200	11,178	35,383
2021-2025	130,000	730	40,983	171,713
2026-2030	69,325	345	19,577	89,247
2031-2035	41,980	184	10,433	52,597
2036-2037	31,015	23	1,303	32,341
	<u>\$ 376,195</u>	<u>\$ 2,413</u>	<u>\$ 136,957</u>	<u>\$ 515,565</u>

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Commitments. The City's derivative instruments include provisions that require the City to post collateral in the event its credit rating falls below A3 by Moody's and A- by S&P. The hedging derivative instruments will be collateralized at fair value with cash and/or U.S. government securities. Collateral will be posted with the City or its agent. At June 30, the aggregate fair value of all hedging derivative instruments with these collateral posting provisions is (\$122,739). If the collateral posting requirements were triggered at June 30, the City would not be required to post collateral to its counterparties because they had negative fair values. The City's credit rating is Aaa/AAA, therefore, no collateral has been posted at June 30.

(9) Refundings

In November 2014, the City issued \$101,815 in Storm Water Revenue Refunding Bonds, Series 2014 with interest rates ranging from 3.50 to 5.00 percent. The net proceeds of \$114,763 (after payment of \$844 in underwriting fees, insurance and other issue costs) were used to refund \$44,760 of outstanding fixed rate Storm Water Revenue Bonds, series 2004. The City completed the refunding to reduce its total debt service payments over a period of 20 years by \$11,646 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$8,645.

In November 2014, the City issued \$105,390 in Airport Revenue Refunding Bonds, Series 2014A and 2014B with interest rates ranging from 2.00 to 5.00 percent. The net proceeds of \$121,544 (after payment of \$1,427 in underwriting fees, insurance and other costs) were used to refund \$122,670 of outstanding fixed rate Airport Revenue Bonds, Series 2004A and 2004B. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$30,376 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$ 23,883.

In June 2015, the City issued \$85,090 in General Obligation Refunding Bonds, Series 2015 with interest rates ranging from 4.00 to 5.00 percent. The net proceeds of \$96,725 (after payment of \$506 in underwriting fees, insurance and other issue costs) were used to refund \$96,725 of outstanding General Obligation Bonds, Series 2005A and 2005B. The City completed the refunding to reduce the total debt service payments over a period of 10 years by \$15,463 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$ 13,856.

In June 2015, the City issued \$56,470 in Public Transit installment purchase contracts, Series 2015B with interest rates ranging from 2.00 to 5.00 percent. The net proceeds of \$59,326 (after payment of \$498 in underwriting fees, insurance and other issue costs) were used to refund \$59,326 of outstanding Public Transit installment purchase contracts, Series 2005E. The City completed the refunding to reduce the total debt service payments over a period of 20 years by \$10,731 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$ 7,635.

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In June 2015, the City issued \$76,470 in installment purchase contracts, Series 2015C with interest rates ranging from 3.13 to 5.00 percent. The net proceeds of \$83,644 (after payment of \$606 in underwriting fees, insurance and other issue costs) were used to refund \$12,205 of outstanding installment purchase contracts, Series 2005D. The City completed the refunding to reduce the total debt service payments over a period of 10 years by \$1,955 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$ 1,557.

(10)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, 2015, \$7,175 of general government debt outstanding is considered defeased.

As of June 30, 2015, the City has authorized but unissued bonds of \$346,765 consisting of \$291,640 for street improvements, \$14,901 for housing and \$40,224 for neighborhood improvements.

Pursuant to the North Carolina General Statutes, the City's outstanding general obligation debt is subject to a legal limitation based on 8 percent of the total assessed value of real and personal property. As of June 30, 2015, the City's legal debt limit was \$6,780,590. The outstanding debt subject to this limit was \$2,235,933, leaving a net legal debt margin of \$4,544,657.

(11)Early Extinguishment

On August 4, 2014, the City early extinguished the balance in full of \$86,000 of fixed rate Airport Special Facility Refunding Bonds, Series 1998.

On August 4, 2014, the City early extinguished the balance in full of \$28,910 of fixed rate Airport Special Facility Revenue Bonds, Series 2000.

On December 1, 2014, the City fully redeemed \$8,680 of variable rate Airport Revenue Bonds, Series 2010C.

On December 1, 2014 and April 1, 2015, the City early extinguished \$5,075 and \$6,000 respectively of variable rate Airport Revenue Bonds, Series 2011C.

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(12) Subsequent Events

On August 27, 2015, the City issued \$459,585 in Water and Sewer System Revenue Bonds to refund \$489,610 of outstanding debt comprised of Series 2002B, 2002C, 2005A, 2006A and 2014. This transaction also terminates the interest rate swap agreements for Series 2002B and 2002C.

On September 16, 2015 the City issued a \$180,000 Water and Sewer System Revenue Bond Anticipation Note Series 2015.

On September 17, 2015 the City closed on a \$180,000 Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation to fund the local portion of the Transit Blue Line Extension.

k. Fund Balance

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

Total fund balance - General Fund	\$ 176,830
Less:	
Inventories	1,378
Long-term notes receivable	29
Restricted by State statute	63,151
Committed for Capital projects	14,382
Committed for Component unit	2,610
Fund balance policy	95,280
Remaining fund balance	<u><u>\$ -</u></u>

5. PENSION PLANS AND OTHER BENEFITS

Primary Government. The City participates in the North Carolina Local Governmental Employees' Retirement System (LGERS), administered by the State of North Carolina; the Charlotte Firefighters' Retirement System (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.

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The Statement of Net Position consolidates the deferred outflows of resources and deferred inflows of resources related to pensions for both the LGERS and the System as follows:

	LGERS	System	Total
Deferred Outflows of Resources - City contributions subsequent to the measurement date	\$ 24,288	\$ 8,589	\$ 32,877
Deferred Inflows of Resources - Pension deferrals	84,543	33,814	118,357

Detailed information for both plans follows.

a. Local Governmental Employees' Retirement System (LGERS)

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

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

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LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Charlotte and Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Contractually required contribution rates for the year ended June 30, 2015, were 7.41% of compensation for law enforcement officers for the City and 7.07% for general employees for the City and the Authority, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Charlotte and the Authority, respectively, were \$24,288 and \$902 for the year ended June 30, 2015.

Refunds of Contributions. City and Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

City of Charlotte – At June 30, 2015, the City reported an asset of \$34,686 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 5.881%, which was a decrease of 0.011% from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the City recognized pension expense of \$2,173. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,790
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	80,748
Changes in proportion and differences between City contributions and proportionate share of contributions	-	5
City contributions subsequent to the measurement date	<u>24,288</u>	<u>-</u>
Total	<u>\$ 24,288</u>	<u>\$ 84,543</u>

\$24,288 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	(21,138)
2017		(21,138)
2018		(21,138)
2019		(21,129)
2020		-
Thereafter		-
	<u>\$</u>	<u>(84,543)</u>

Component Unit – At June 30, 2015, the Authority reported an asset of \$1,267 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Authority's proportion was 0.215%, which was an increase of 0.003% from its proportion measured as of June 30, 2013.

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For the year ended June 30, 2015, the Authority recognized pension expense of \$88. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 138
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,951
Changes in proportion and differences between Authority contributions and proportionate share of contributions	34	-
Authority contributions subsequent to the measurement date	902	-
Total	\$ 936	\$ 3,089

\$902 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (764)
2017	(764)
2018	(764)
2019	(763)
2020	-
Thereafter	-
	<u>\$ (3,055)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	4.25 to 8.55%, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset to changes in the discount rate. The following presents the City and the Authority's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the City and the Authority's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 117,739	\$ (34,686)	\$ (163,023)
Authority's proportionate share of the net pension liability (asset)	4,302	(1,267)	(5,956)

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

b. Charlotte Firefighters' Retirement System (System)

Plan Description. The Charlotte Firefighters' Retirement System (System) administers the Charlotte Firefighter's Retirement System Plan, a single-employer defined benefit pension plan. System membership is comprised of civil service employees of the Charlotte Fire Department. Section 12 of G.S. Chapter 926 of the 1947 Session Laws, as amended, officially known as the Charlotte Firefighters' Retirement system Act (Act), assigns the authority to establish and amend benefit provisions to the System. Management of the plan is vested in the System's Board of Trustees, which consists of 11 members – four appointed by the Resident Judge of the Superior Court of

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Mecklenburg County, three who serve by virtue of their positions with the City of Charlotte, three elected by the members and one elected by the retirees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Charlotte Firefighters' Retirement System, 428 East Fourth Street, Suite 205, Charlotte, North Carolina 28202, or by calling (704) 336-4431.

Plan Membership. At July 1, 2014, the Measurement Date, System membership consisted of the following:

Retired participants and beneficiaries currently receiving benefits	575
Terminated participants and beneficiaries entitled to benefits but not yet receiving benefits	7
Terminated entitled to a refund of contributions	16
Active participants	1,027
Total	1,625

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

Benefits Provided. The System provides retirement and permanent and total disability benefits to the uniformed employees of the Fire Department of the City of Charlotte. Retirement benefits are determined as 2.6% of the member's average final salary multiplied by the years of credited service. A member's average final salary is calculated as the monthly average received by the member during any 2 consecutive years of membership which produces the highest average and is contained within the last 5 years of membership. Plan members are eligible to retire with full retirement benefits at age 60 with five years of creditable service, at age 50 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits with 25 years of creditable service. Early retirement benefits are reduced by 3 percent for each year the early retirement date precedes age 50. Survivor benefits are available to eligible beneficiaries of members who die while in active service. Eligible beneficiaries may elect to receive a lump sum equal to the return of the member's accumulated contributions, plus those contributions made by the City on his behalf, plus interest of 4% per year. In lieu of the lump sum, the beneficiary may elect an annuity which is the actuarial equivalent of the lump sum. The plan does not provide for automatic post-retirement benefit increases.

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Contributions. Benefit and contribution provisions are established by State law and may be amended only by the North Carolina legislature. Charlotte Firefighters' Retirement System employees and the City are each required to contribute 12.65%. Contributions to the pension plan from the City were \$8,589 for the year ended June 30, 2015.

Refunds of Contributions. If an employee ceases employment with less than 5 years of service credit, accumulated employee contributions are refunded to the employee or designated beneficiary. After 5 or more years of service, the employee may elect to receive a refund of the employee's accumulated contributions with interest compounded annually at 4% or receive an accrued benefit at age 60.

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

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

Concentrations. The System had individual fixed income or equity investments at June 30 managed by the following organizations that represented 5 percent or more of the System's net assets:

Barrow, Hanley, MeWhinney & Strauss	18%
Morgan Stanley Dean Witter	13
Aronson + Johnson + Ortiz	11
Winslow Capital Management	10
State Street Global Advisors	9
DE Shaw Investment Management	6
UBS Trumbull Property Fund	6
Robeco Boston Partners	5
Eagle Asset Management	5
Investment Counselors of Maryland	5
William Blair & Company	5

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Rate of Return. For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.6 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014.

Actuarial Assumptions. The total pension liability in the July 1, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25 to 11.25%, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the RP-2000 Combined Mortality Table for the period after service retirement, for dependent beneficiaries, and for deaths in active service, and the UP 1994 Mortality Table set forward five years for males for the period after disability retirement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2004 through June 30, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Broad Domestic Equity	51.0%	8.5%
International Equity	14.0%	8.3%
Emerging Markets Equity	2.0%	8.8%
Domestic Fixed Equity	23.0%	4.5%
Non US Fixed Income	4.0%	4.0%
Real Estate	6.0%	6.8%
Total	100.0%	

Discount rate. The discount rate used to measure the total pension liability at July 1, 2014 was the long term rate of return, 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions and employer contributions will be made at the current contribution rates. Projected future benefit payments for all current plan members were projected through the year in which the last benefit payment will be made. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability and a municipal bond rate was not used in determining the discount rate.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances, July 1, 2013	\$ 453,858	\$ 407,497	\$ 46,361
Service cost	13,967		13,967
Interest	34,249		34,249
Difference between expected and actual experience	-		-
Contributions - employer		8,348	(8,348)
Contributions - member		8,723	(8,723)
Net investment income		73,559	(73,559)
Benefit payments	(23,861)	(23,861)	-
Administrative expense		(691)	691
Net change	24,355	66,078	(41,723)
Balances, July 1, 2014	\$ 478,213	\$ 473,575	\$ 4,638

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Sensitivity of the proportionate share of the net pension asset to changes in the discount rate. The following presents the System's net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
CFRSP's net pension liability	\$ 57,051	\$ 4,638	\$ (40,111)

For the year ended June 30, 2015, the System recognized pension expense of \$439. At June 30, 2015, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	33,814
Changes in proportion and differences between City contributions and proportionate share of contributions	-	-
City contributions subsequent to the measurement date	8,589	-
Total	<u>\$ 8,589</u>	<u>\$ 33,814</u>

\$8,589 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 8,454
2017	8,454
2018	8,454
2019	8,452
2020	-
Thereafter	-
	<u>\$ 33,814</u>

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c. Law Enforcement Officers' Separation Allowance (LEO Separation)

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

All full-time law enforcement officers of the City are covered by the LEO Separation. At December 31, 2013, the LEO Separation's membership consisted of:

Retirees receiving benefits	236
Active plan members	<u>1,800</u>
Total	<u>2,036</u>

Basis of Accounting: The City has chosen to fund the LEO Separation on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The LEO separation has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administrator and plan members

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

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

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

Annual required contribution	\$ 8,317
Interest on net pension obligation	992
Adjustment to annual required contribution	<u>(1,675)</u>
Annual pension cost	7,634
Contributions made	<u>(4,565)</u>
Increase in net pension obligation	3,069
Net pension obligation, beginning of year	<u>19,833</u>
Net pension obligation, end of year	<u><u>\$ 22,902</u></u>

Trend Information

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30			
2013	\$ 5,984	62.10%	\$ 17,518
2014	6,330	63.43	19,833
2015	7,634	59.80	22,902

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$70,009. The covered payroll (annual payroll of active employees covered by the plan) was \$115,243, and the ratio of the UAAL to the covered payroll was 60.75 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

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City is currently making contributions for 1,732 law enforcement officers. Contributions for the year ended June 30, 2015 were \$9,849, which consisted of \$5,850 from the City and \$3,999 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 or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50 or be less than \$25. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2015, the City was not required and therefore, did not make any contributions to the State for death benefits.

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, 2015, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	2,125
Active plan members	<u>4,206</u>
	<u><u>6,331</u></u>

Funding Policy. The contribution requirements of plan members and the City are established and may be amended by the City Council. The City Council set the employer contribution rate to contribute the projected pay-as-you-go-financing requirements, with additional amounts to prefund benefits as determined annually.

CITY OF CHARLOTTE, NORTH CAROLINA
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For the current year, the City contributed \$13,768 to the plan. Plan members receiving benefits contributed \$8,326 through their required contribution. The required contribution rates for plan members were dependent on the years of service and the coverage selected. Monthly rates ranged from \$339 to \$1,580 per retiree.

Summary of Significant Accounting Policies. The City's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, and deposits, are reported at cost or amortized cost, which approximates fair value. Certain longer term U.S. Government and U.S. Agency securities are valued at the last reported sales price. Administration costs of the plan are financed through contributions and investment earnings.

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

Annual required contribution	\$ 16,096
Interest on net OPEB obligation	(1,556)
Adjustment to annual required contribution	<u>1,291</u>
Annual OPEB cost (expense)	15,831
Contributions made	<u>(13,722)</u>
Decrease in net OPEB obligation	2,109
Net OPEB obligation, beginning of year	<u>(20,089)</u>
Net OPEB obligation, end of year	<u>\$ (17,980)</u>

The balance of the net OPEB obligation is comprised of:

Governmental Activities Noncurrent liability	\$ 9,056
Business-type Activities OPEB asset	<u>(27,036)</u>
	<u>\$ (17,980)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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Trend Information

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 16,539	93.56%	\$ (18,750)
2014	15,729	108.51	(20,089)
2015	15,831	86.68	(17,980)

Funded Status and Funding Progress: As of July 1, 2015, the most recent actuarial valuation date, the plan was 18.09 percent funded. The actuarial accrued liability for benefits was \$299,259. The actuarial value of assets was \$54,126, resulting in an unfunded actuarial accrued liability (UAAL) of \$245,133. The covered payroll (annual payroll of active employees covered by the plan) was \$356,621 and the ratio of the UAAL to the covered payroll was 68.74 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 as required supplementary information following the notes to the financial statements, 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.

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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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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, 2015 follows:

Land	\$ 308,623
Buildings	747,494
Runways	393,153
Improvements other than buildings	106,180
Intangibles	3,317
Machinery and equipment	<u>102,669</u>
Total	1,661,436
Less accumulated depreciation	<u>650,184</u>
Total	<u><u>\$ 1,011,252</u></u>

The following is a schedule of minimum future rental income on noncancelable operating leases subsequent to June 30, 2015:

2016	\$ 44,628
2017	45,133
2018	45,425
2019	45,723
2020	<u>46,026</u>
Total minimum future rental income	<u><u>\$ 226,935</u></u>

See Note 4.j.(11) for additional information related to the early extinguishment of Airport Special Facility bonds which will reduce the minimum future rental income amounts in subsequent years.

Of the \$226,935 minimum future rental income on noncancelable operating leases, \$63,769 relates to agreements with US Airways, Inc. See Note 6.i. 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 \$68,815 were received during the year ended June 30, 2015.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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b. Passenger Facility Charges

The Federal Aviation Administration (FAA) authorized the Airport to collect Passenger Facility Charges (PFC) of \$3 per qualifying enplaned passenger commencing November 1, 2004. The net receipts from PFC are accounted for on the accrual basis of accounting and are restricted to use on FAA approved projects. The Airport has been authorized to collect PFC in the aggregate amount of \$1,104,435. Collections during fiscal year 2015 were \$60,238 and aggregate collections from inception through June 30, 2015 were \$532,028.

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 \$425 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 \$200. Employees may purchase additional life insurance up to a maximum of four times their salary.

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

	Beginning <u>Of Year</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	<u>End of Year</u>
2015	\$ 8,955	\$ 75,784	\$ (74,433)	\$ 10,306
2014	9,532	62,921	(63,498)	8,955

At June 30, 2015, the EHLIF held \$34,130 in cash and equivalents for payments of these claims.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
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(2) Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management Fund (RMF), an internal service fund, to account for and finance its insured and uninsured risks of loss. Currently, insurance coverage is purchased for excess property damage for buildings, contents and City buses; excess workers' compensation; excess vehicle and general liability; police professional liability; police helicopter hull liability and airport liability, City bus liability, railroad protective liability, passenger railway liability for the light rail train operations and property insurance on the light rail vehicles. Insurance coverage includes vehicle and general liability claims in excess of \$2,000 but less than \$22,000 per occurrence, workers' compensation claims in excess of \$2,000, property damage claims in excess of \$100 and flood insurance \$100,000 in all flood zones, except \$10,000 in flood zone A in excess of federal flood program maximums. The finance officer is bonded for \$100. Employees who handle funds or have access to inventories are bonded under a blanket bond for \$250. Settled claims have not exceeded insurance coverage in the past three years. The actuarially determined losses for the remaining risks and deductible amounts are funded in the RMF. All funds of the City participate in the risk management program and make payments to the RMF based on historical cost information or actuarial estimates of the amounts needed to pay prior and current year claims and establish a reserve for catastrophic losses.

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, 2015, \$14,553 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 \$37,752 reported in the RMF at June 30, 2015, 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 <u>Of Year</u>	Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	<u>End of Year</u>
2015	\$ 41,241	\$ 3,020	\$ (6,509)	\$ 37,752
2014	40,949	9,224	(8,932)	41,241

At June 30, 2015, the RMF held \$82,726 in cash and cash equivalents for payments of these claims.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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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 \$620 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.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

Authorized capital projects at June 30, 2015, are comprised of the following by fund:

	Project <u>Authorization</u>	<u>Expended</u>	<u>Unexpended</u>
<u>Governmental-</u>			
Capital Projects	\$ 1,951,900	\$ 1,321,180	\$ 630,720
<u>Enterprise-</u>			
Water and Sewer	2,458,798	1,735,594	723,204
Storm Water	517,960	400,421	117,539
Airport	902,309	732,113	170,196
Public Transit	<u>1,830,566</u>	<u>1,272,026</u>	<u>558,540</u>
Total Enterprise	<u>5,709,633</u>	<u>4,140,154</u>	<u>1,569,479</u>
Total	<u>\$ 7,661,533</u>	<u>\$ 5,461,334</u>	<u>\$ 2,200,199</u>

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

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

General	\$ 11,913
Capital Projects	75,154
Nonmajor governmental	<u>10,918</u>
Total	<u>\$ 97,985</u>

The City has construction and other contractual commitments at June 30, 2015, as follows by fund:

<u>Governmental-</u>	
General	\$ 11,914
Capital Projects	80,141
Special Revenue (LTD)	<u>6,322</u>
Total Governmental	<u>98,377</u>
<u>Enterprise-</u>	
Water and Sewer	28,408
Storm Water	50,093
Airport	34,216
Public Transit	<u>258,731</u>
Total Enterprise	<u>371,448</u>
Total	<u>\$ 469,825</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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The City has operating lease commitments for land and office space with future rentals under these leases at June 30, 2015, as shown below:

<u>Year</u>	<u>Amount</u>
2016	\$ 2,310
2017	1,849
2018	1,481
2019	1,137
2020	1,132
2021-2032	3,607
	<u>\$ 11,516</u>

Related lease expense was approximately \$2,130 in 2015.

e. Arena

Time Warner Cable Arena was constructed and financed by the City of Charlotte and opened in October 2005. The primary tenant of the arena is the National Basketball Association's Charlotte Hornets (formerly Bobcats). Terms of a twenty-five year lease entitle the team to all operating revenues and the team is responsible for all operating expense, including non-basketball related events. The City and the team each contribute \$250 annually (escalating at five percent per year) to a capital reserve fund. Any capital expenses in excess of the reserve are the responsibility of the City. While the City of Charlotte retains ownership of the facility, the Charlotte Regional Visitors Authority provides operation support for the Arena. The \$200 million project was funded primarily through a combination of installment financing obligations supported by a portion of an occupancy tax and a dedicated rental car tax, private contributions and the sale of City assets. The City is entitled to damages based on the number of years remaining on the lease if the team violates the agreement. The City and the Hornets reached an agreement to invest \$27.5 million in capital improvements to Time Warner Cable arena that will align amenities and technology with other NBA facilities. On June 23, 2015 the NBA announced that Charlotte would host the 2017 NBA All-Star Game.

f. NASCAR Hall of Fame

NASCAR Hall of Fame was constructed and financed by the City of Charlotte and opened in May 2010. The \$140 million project was funded through a combination of installment financing obligations supported by a dedicated two percent occupancy tax and private loans repaid through land sales and private contributions. The City also receives a portion of sponsorship money and deferred NASCAR royalty payments to help service the debt. The City of Charlotte owns the facility and the Charlotte Regional Visitors Authority is fully responsible for Hall operations. However, the City can supplement capital maintenance and repair costs through the dedicated revenues if funds are available. The City is responsible for any capital costs for the facility.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

g. Cultural Arts Facilities

The Cultural Arts Facilities consist of the Harvey B. Gantt Center for African-American Arts & Culture, the Bechtler Museum of Modern Art, the Mint Museum, and the Knight Theater, and are known collectively as the Levine Center for the Arts. All four facilities opened in fiscal year 2010 and are owned by the City, with Mecklenburg County entitled to a 30 percent share when the debt is retired. The \$120 million project is part of a \$600 million mixed-use development project, including the 50 story Duke Energy Center. The projects were funded through a combination of installment financing obligations supported by City revenues and ongoing City and County contributions derived from a synthetic tax increment finance payment of \$1,650 (divided proportionally between the City and County) annually through 2026. In addition, Wells Fargo Corporation is under contract to pay the difference between actual tax collections and \$1,650 annually. All four sites are leased by the City to non-profits, which are responsible for operating the facilities. The City and County (70/30 share) are responsible for capital repairs and major maintenance.

h. Bank of America Stadium

On April 22, 2013, the City Council approved business terms with the Carolina Panthers to fund improvements to Bank of America Stadium as part of a ten-year partnership and authorized the City Manager to develop an agreement with Panthers Stadium, LLC and Panthers Football, LLC consistent with the approved business terms. The agreement called for \$87.5 million in local funding for stadium improvements and City provided traffic control work. The first \$28 million for escalators, entry, and lightning improvements was issued by the City on October 22, 2013. \$1.25 million in operating funds will be appropriated annually for ten years to fund the traffic control. In May 2015, the City issued \$23.5 million for additional technology, infrastructure and landscape improvements to the stadium. An additional \$23.5 million in capital funding is planned for issuance in FY2016 or FY2017 depending on the project scheduling needs. The Panthers have agreed to 6 years of injunctive relief with 4 additional years providing financial relief to the City were the team to move out of Charlotte. The funding for the stadium will come from the occupancy and prepared food tax revenues in the Convention Center Tax Special Revenue Fund. State statute deemed the stadium project an enhancement to Convention Center business therefore, allowing the use of these funds. Debt proceeds will be distributed by a trustee to the Panthers organization after City approval.

i. US Airways

US Airways, Inc. (US Airways), a wholly owned subsidiary of US Airways Group, Inc., is the major passenger airline serving Charlotte/Douglas International Airport (Airport). For the fiscal year ended June 30, 2015, US Airways and its affiliates provided 24.42 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,

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
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Delta Air Lines, Norwest 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, 2015, the City had \$554,110 of GARBS outstanding, the proceeds of which were used for airfield and terminal improvements. The GARBS are not general obligations of the City and are payable solely from revenues generated by the City in the airfield terminal. The City has \$60,397 in reserve to pay principal and interest on GARBS.

In addition to GARBS, the City also issued Special Facility Revenue Bonds to finance the construction of parking facilities to be used by rental car companies. As of June 30, 2015, there was \$59,260 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.

j. Airport Commission

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

The City challenged the legislation's validity under the State constitution and challenged the State's authority to create the Airport Commission. On August 1, 2013, a Superior Court judge granted an injunction blocking transfer of control of the Airport to the Airport Commission pending approval of or issuance of an operating certificate to the Airport Commission by the Federal Aviation Administration (the "FAA"). On September 26, 2013, the FAA issued a letter stating that prior to being able to make a final ruling on the approval of or issuance of an operating certificate to the Airport Commission, the Superior Court must further clarify whether the Airport Commission or the City would act as the sponsor of the operating certificate. On October 13, 2014, the judge ruled that the Airport needed to first secure a federal operating certificate before the Airport Commission could take over control of the Airport. The FAA is not analyzing whether a certificate could or should be transferred to the Airport Commission because the current operator, the City, has not requested such a review.

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS-(Continued)
JUNE 30, 2015
(Dollar Amounts In Thousands)

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

k. Change in Accounting Principles/Restatement

The City and its component units implemented Governmental Accounting Standards Board (GASB) statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the City and its component units to record beginning net pension liability and the effects on net position of contributions made by the each, respectively, during the measurement period (fiscal year ending June 30, 2014).

Having become aware that there is diversity of accounting principles generally accepted for the accounting treatment and reporting of long-term loans receivable in governmental funds, the City has adopted new accounting principles, effective July 1, 2014, that it believes are preferable to its previous principles. The City now uses expenditure and revenue contra accounts to eliminate the effect of expenditures and revenues reported for budgetary purposes in conjunction with the issuance of long-term loans receivable in governmental funds and expends loans which are not expected to be collected. Deferred inflows reported under the City's previous accounting principles have been reclassified to an appropriate component of fund balance or expended, as appropriate. The City's previous accounting principles included elimination of the deferred inflows related to loans receivable when converting the governmental funds to full accrual for reporting in the statement of net position. Therefore, no adjustments to beginning net position of the governmental activities for the effect of deferred inflows in the governmental funds is required.

The restatements are detailed in the table below:

	Government Wide Net Position		
	Governmental Activities	Business-type Activities	Component Unit
Beginning balance, previously reported	\$ 5,417,781	\$ 4,210,644	\$ (1,319)
Deferred inflows to fund balance	(3,749)	-	-
Pensions	(73,920)	(11,777)	(1,699)
Beginning balance, restated	<u>\$ 5,340,112</u>	<u>\$ 4,198,867</u>	<u>\$ (3,018)</u>

	Governmental Funds		Net Position				
	Capital Projects	Other Governmental	Water and Sewer	Storm Water	Airport	Transit	Internal Service
Beginning balance, previously reported	\$ 137,488	\$ 174,205	\$ 1,746,194	\$ 419,442	\$ 1,283,715	\$ 759,515	\$ 51,313
Deferred inflows to fund balance	48,833	44,304	-	-	-	-	-
Pensions	-	-	(5,339)	(885)	(2,603)	(2,725)	(225)
Beginning balance, restated	<u>\$ 186,321</u>	<u>\$ 218,509</u>	<u>\$ 1,740,855</u>	<u>\$ 418,557</u>	<u>\$ 1,281,112</u>	<u>\$ 756,790</u>	<u>\$ 51,088</u>



**FINANCIAL SECTION – REQUIRED SUPPLEMENTARY INFORMATION,
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

REQUIRED SUPPLEMENTARY INFORMATION



City of Charlotte, North Carolina
Local Government Employees' Retirement System
Proportionate Share of Net Pension Liability (Asset)
Last Two Fiscal Years *
(Dollar Amounts In Thousands)

	2014	2015
Charlotte's proportion of the net pension liability (asset) (%)	5.89290%	5.88149%
Charlotte's proportion of the net pension liability (asset) (\$)	\$ 71,032	\$ (34,686)
Charlotte's covered-employee payroll	\$ 327,094	\$ 338,026
Charlotte's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	21.72%	(10.26%)
Plan fiduciary net position as a percentage of the total pension liability**	94.35%	102.64%

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

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

City of Charlotte, North Carolina
Local Government Employees' Retirement System
City of Charlotte's Contributions
Last Two Fiscal Years
(Dollar Amounts In Thousands)

	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 23,348	\$ 24,288
Contributions in relation to the contractually required contribution	<u>23,348</u>	<u>24,288</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Charlotte's covered-employee payroll	\$ 327,094	\$ 338,026
Contributions as a percentage of covered-employee payroll	7.14%	7.19%

City of Charlotte, North Carolina
Charlotte Firefighters' Retirement System
Schedule of Changes in the System's Net Pension Liability
(Dollar Amounts In Thousands)

Valuation Date	July 1, 2014
Measurement Date	July 1, 2014
Reporting Date	June 30, 2015
Total Pension Liability	
Service cost	\$ 13,967
Interest	34,249
Benefit changes	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments	(23,928)
Refunds of contributions	67
	<u>24,355</u>
Net change in Total Pension Liability	24,355
Total Pension Liability - Beginning	453,858
Total Pension Liability - Ending (a)	<u>\$ 478,213</u>
Plan Net Position	
Contributions - employer	\$ 8,348
Contributions - member	8,723
Net investment income	73,559
Benefit payments	(23,928)
Administrative expense	(691)
Refundings of contributions	67
Other	-
	<u>66,078</u>
Net change in Plan Net Position	66,078
Plan Net Position - Beginning	407,497
Plan Net Position - Ending (b)	<u>\$ 473,575</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 4,638</u>
Plan net position as a percentage of total pension liability	99.03%
Covered employee payroll	\$ 64,190
Net pension liability as a percentage of covered employee payroll	7.23%

City of Charlotte, North Carolina
Charlotte Firefighters' Retirement System
Schedule of Employer Contributions
(Dollar Amounts In Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Actuarially determined employer contribution	\$ 6,640	\$ 6,846	\$ 6,918	\$ 6,703	\$ 7,440	\$ 8,131	\$ 8,409	\$ 9,214	\$ 10,849	\$ 11,454
Actual employer contributions	<u>6,229</u>	<u>6,574</u>	<u>6,918</u>	<u>7,341</u>	<u>7,440</u>	<u>7,670</u>	<u>7,720</u>	<u>8,100</u>	<u>8,348</u>	<u>8,589</u>
Annual contribution deficiency (excess)	<u>\$ 411</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ (638)</u>	<u>\$ -</u>	<u>\$ 461</u>	<u>\$ 689</u>	<u>\$ 1,114</u>	<u>\$ 2,501</u>	<u>\$ 2,865</u>
Covered employee payroll	\$ 49,241	\$ 51,968	\$ 54,688	\$ 58,032	\$ 58,814	\$ 60,632	\$ 61,028	\$ 64,032	\$ 65,992	\$ 67,897
Actual contributions as a percentage of covered employee payroll	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%

Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates for the most recent year in the schedule:

Actuarial cost method	Entry Age
Amortization method	Level percent open
Remaining amortization period	30 years
Asset valuation method	5-year Smoothed Market
Inflation	3.25%
Salary increases	4.25 – 11.25%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

City of Charlotte, North Carolina
Law Enforcement Officers' Special Separation Allowance
Schedule of Funding Progress
June 30, 2015
(Dollar Amounts In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projectd Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2009	\$ -	\$ 58,656	\$ 58,656	- %	\$ 105,765	55.46%
12/31/2010	-	54,478	54,478	-	106,419	51.19
12/31/2011	-	58,552	58,552	-	110,146	53.16
12/31/2012	-	63,562	63,562	-	116,466	54.58
12/31/2013	-	66,152	66,152	-	115,241	57.40
12/31/2014	-	70,009	70,009	-	115,243	60.75

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 4,538	72.27%
2011	5,894	58.53
2012	5,635	63.48
2013	6,170	60.23
2014	6,881	58.35
2015	8,317	54.88

The information presented in the previous schedules was determined as part of the actuarial valuation. Methods and assumptions used include:

Actuarial valuation date	12/31/2014
Actuarial cost method	Project unit credit
Amortization method	Level dollar closed
Remianing amortization period	16 years
Asset valuation method	Market value
Actuarial assumprionts:	
Investment rate of return	5.00%
Projected salary increases	4.25 to 7.85%
Includes inflation at	3.00%
Cost of living adjustments	None

City of Charlotte, North Carolina
Other Postemployment Benefits
Schedule of Funding Progress
June 30, 2015
(Dollar Amounts In Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
1/1/2007	\$ -	\$ 229,764	229,764	-%	275,955	83.26%
7/1/2009	33,006	207,301	174,295	15.92	322,162	54.10
7/1/2011	40,742	224,184	183,442	18.17	294,793	62.23
7/1/2013	44,129	241,293	197,164	18.29	276,853	71.22
7/1/2015	54,126	299,259	245,133	18.09	356,621	68.74

Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2010	\$ 14,405	103.90%
2011	14,405	80.94
2012	15,656	98.21
2013	15,656	98.84
2014	16,096	106.04
2015	16,096	85.25

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the

Methods and assumptions used include:

Actuarial valuation date	7/1/2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of projected payroll, Closed
Remaining amortization period	22 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases	4.50%
Annual healthcare cost trend rate	7.00 to 5.00% (year of ultimate trend rate 2020)
Includes inflation at	4.50%
Cost of living adjustments	None



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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Permanent Fund

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

Perpetual Care Fund – Accounts for monies held by the City for cemetery maintenance.

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015
(In Thousands)

	Special Revenue					
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants	Neighborhood Development
ASSETS						
Cash and cash equivalents	\$ 64,293	\$ 58,437	\$ 15,313	\$ 223	\$ 13,062	\$ 2,184
Receivables, net:						
Property taxes	-	-	-	141	-	-
Accounts	-	3	-	831	-	-
Other	-	626	-	-	-	-
Total receivables	-	629	-	972	-	-
Due from other governmental agencies	4,685	1,394	1,204	7	3,440	3,776
Notes receivable	-	-	-	-	-	41,450
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 68,978</u>	<u>\$ 60,460</u>	<u>\$ 16,517</u>	<u>\$ 1,202</u>	<u>\$ 16,502</u>	<u>\$ 47,410</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ 12	\$ 26	\$ 1,196	\$ 1,807
Deposits and retainage payable	-	584	-	-	-	158
Due to other funds	-	-	-	833	-	-
Due to component unit	-	-	162	-	-	-
Unearned revenues	-	-	-	-	746	-
Total liabilities	<u>-</u>	<u>584</u>	<u>174</u>	<u>859</u>	<u>1,942</u>	<u>1,965</u>
Deferred inflows of resources:						
Unavailable revenues	-	3	-	972	-	-
Fund balances:						
Nonspendable:						
Perpetual care	-	-	-	-	-	-
Long-term notes receivable	-	-	-	-	-	41,450
Restricted:						
Public safety	-	-	-	-	12,859	-
Cultural and recreation	68,978	59,459	16,343	-	-	-
Community planning and development	-	-	-	-	565	3,995
Streets and highways	-	-	-	-	1,136	-
Committed:						
Cultural and recreation	-	414	-	-	-	-
Unrestricted:						
Community planning and development	-	-	-	(629)	-	-
Total fund balances	<u>68,978</u>	<u>59,873</u>	<u>16,343</u>	<u>(629)</u>	<u>14,560</u>	<u>45,445</u>
Total liabilities and fund balances	<u>\$ 68,978</u>	<u>\$ 60,460</u>	<u>\$ 16,517</u>	<u>\$ 1,202</u>	<u>\$ 16,502</u>	<u>\$ 47,410</u>

Funds					Permanent Fund	Total
Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	Nonmajor Governmental Funds
\$ -	\$ -	\$ 16,719	\$ 3,565	\$ 173,796	\$ 3,111	\$ 176,907
-	-	-	-	141	-	141
-	-	-	-	834	-	834
-	-	28	-	654	-	654
-	-	28	-	1,629	-	1,629
1,989	4,423	720	314	21,952	-	21,952
-	-	-	-	41,450	-	41,450
-	-	-	186	186	-	186
<u>\$ 1,989</u>	<u>\$ 4,423</u>	<u>\$ 17,467</u>	<u>\$ 4,065</u>	<u>\$ 239,013</u>	<u>\$ 3,111</u>	<u>\$ 242,124</u>
\$ -	\$ 80	\$ 3,309	\$ 108	\$ 6,538	\$ -	\$ 6,538
-	-	125	-	867	-	867
1,989	4,343	-	-	7,165	-	7,165
-	-	-	-	162	-	162
-	-	-	-	746	-	746
<u>1,989</u>	<u>4,423</u>	<u>3,434</u>	<u>108</u>	<u>15,478</u>	<u>-</u>	<u>15,478</u>
-	-	28	-	1,003	-	1,003
-	-	-	-	-	3,111	3,111
-	-	-	-	41,450	-	41,450
-	-	-	3,957	16,816	-	16,816
-	-	-	-	144,780	-	144,780
-	-	-	-	4,560	-	4,560
-	-	14,005	-	15,141	-	15,141
-	-	-	-	414	-	414
-	-	-	-	(629)	-	(629)
-	-	14,005	3,957	222,532	3,111	225,643
<u>\$ 1,989</u>	<u>\$ 4,423</u>	<u>\$ 17,467</u>	<u>\$ 4,065</u>	<u>\$ 239,013</u>	<u>\$ 3,111</u>	<u>\$ 242,124</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Special Revenue					
	Convention Center Tax	Tourism	Hall of Fame Tax	Municipal Services District	Public Safety and Other Grants	Neighborhood Development
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ 4,147	\$ -	\$ -
Other taxes	46,837	12,826	12,159	-	-	-
Intergovernmental	-	2,948	-	-	8,241	13,987
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	374	334	127	(4)	24	5
Miscellaneous	1,000	1,148	-	-	895	1,676
Total revenues	<u>48,211</u>	<u>17,256</u>	<u>12,286</u>	<u>4,143</u>	<u>9,160</u>	<u>15,668</u>
EXPENDITURES:						
Current-						
Public safety	-	-	-	-	8,162	-
General administration	-	-	-	-	-	1,056
Support services	-	-	-	-	-	-
Streets and highways	-	-	-	-	1,703	-
Culture and recreation	18,017	-	2,144	-	-	-
Community planning and development	-	-	-	5,097	341	18,408
Total expenditures	<u>18,017</u>	<u>-</u>	<u>2,144</u>	<u>5,097</u>	<u>10,206</u>	<u>19,464</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,194</u>	<u>17,256</u>	<u>10,142</u>	<u>(954)</u>	<u>(1,046)</u>	<u>(3,796)</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in-						
General	-	1,936	-	-	345	-
Debt service	-	520	-	-	-	-
Capital projects	-	8,295	-	-	2,500	563
Internal service	-	-	-	-	3,400	-
Total transfers in	<u>-</u>	<u>10,751</u>	<u>-</u>	<u>-</u>	<u>6,245</u>	<u>563</u>
Transfers out-						
General	(3,136)	-	-	-	-	-
Debt service	(18,020)	(23,720)	(14,343)	-	-	-
Capital projects	-	(3,100)	-	-	-	-
Total transfers out	<u>(21,156)</u>	<u>(26,820)</u>	<u>(14,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(21,156)</u>	<u>(16,069)</u>	<u>(14,343)</u>	<u>-</u>	<u>6,245</u>	<u>563</u>
Net change in fund balances	9,038	1,187	(4,201)	(954)	5,199	(3,233)
Fund balances - beginning	59,940	58,686	20,544	325	9,361	4,374
Restatement (Note 6.k.)	-	-	-	-	-	44,304
Fund balances - ending	<u>\$ 68,978</u>	<u>\$ 59,873</u>	<u>\$ 16,343</u>	<u>\$ (629)</u>	<u>\$ 14,560</u>	<u>\$ 45,445</u>

Funds					Permanent Fund	Total Nonmajor Governmental Funds
Employment and Training	Stimulus Grants	State Street Aid	Emergency Telephone System	Total	Perpetual Care	
\$ -	\$ -	\$ -	\$ -	\$ 4,147	\$ -	\$ 4,147
-	-	-	-	71,822	-	71,822
8,043	7,182	20,251	3,697	64,349	-	64,349
-	-	1,045	-	1,045	-	1,045
-	-	88	18	966	15	981
-	-	-	-	4,719	-	4,719
<u>8,043</u>	<u>7,182</u>	<u>21,384</u>	<u>3,715</u>	<u>147,048</u>	<u>15</u>	<u>147,063</u>
-	-	-	4,443	12,605	-	12,605
645	-	-	-	1,701	-	1,701
-	7,182	-	-	7,182	-	7,182
-	-	23,693	-	25,396	-	25,396
-	-	-	-	20,161	-	20,161
<u>7,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,244</u>	<u>-</u>	<u>31,244</u>
<u>8,043</u>	<u>7,182</u>	<u>23,693</u>	<u>4,443</u>	<u>98,289</u>	<u>-</u>	<u>98,289</u>
-	-	(2,309)	(728)	48,759	15	48,774
-	-	122	-	122	-	122
-	-	4,261	-	6,542	-	6,542
-	-	-	-	520	-	520
-	-	-	-	11,358	-	11,358
-	-	-	-	3,400	-	3,400
-	-	4,261	-	21,820	-	21,820
-	-	-	-	(3,136)	(15)	(3,151)
-	-	(1,248)	-	(57,331)	-	(57,331)
-	-	-	-	(3,100)	-	(3,100)
-	-	(1,248)	-	(63,567)	(15)	(63,582)
-	-	3,135	-	(41,625)	(15)	(41,640)
-	-	826	(728)	7,134	-	7,134
-	-	13,179	4,685	171,094	3,111	174,205
-	-	-	-	44,304	-	44,304
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,005</u>	<u>\$ 3,957</u>	<u>\$ 222,532</u>	<u>\$ 3,111</u>	<u>\$ 225,643</u>

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Convention Center Tax			Tourism		
	Budget	Actual	Variance- Positive (Negative)	Budget	Actual	Variance- Positive (Negative)
REVENUES:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	41,668	46,837	5,169	11,399	12,826	1,427
Intergovernmental	-	-	-	2,948	2,948	-
Licenses, fees and fines	-	-	-	-	-	-
Investment earnings	224	374	150	272	334	62
Miscellaneous	1,000	1,000	-	599	1,148	549
Total revenues	<u>42,892</u>	<u>48,211</u>	<u>5,319</u>	<u>15,218</u>	<u>17,256</u>	<u>2,038</u>
EXPENDITURES:						
Current-						
Streets and highways	-	-	-	-	-	-
Culture and recreation	18,092	18,017	75	-	-	-
Community planning and development	-	-	-	-	-	-
Total expenditures	<u>18,092</u>	<u>18,017</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,800</u>	<u>30,194</u>	<u>5,394</u>	<u>15,218</u>	<u>17,256</u>	<u>2,038</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	10,294	10,751	457
Transfers out	<u>(21,985)</u>	<u>(21,156)</u>	<u>829</u>	<u>(26,827)</u>	<u>(26,820)</u>	<u>7</u>
Total other financing sources (uses)	<u>(21,985)</u>	<u>(21,156)</u>	<u>829</u>	<u>(16,533)</u>	<u>(16,069)</u>	<u>464</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 2,815</u>	<u>9,038</u>	<u>\$ 6,223</u>	<u>\$ (1,315)</u>	<u>1,187</u>	<u>\$ 2,502</u>
RECONCILIATION TO GAAP BASIS:						
Current year encumbrances		-			-	
Net change in fund balances		9,038			1,187	
Fund balances - beginning (annually budgeted funds)		<u>59,940</u>			<u>58,686</u>	
Fund balances - ending (annually budgeted funds)		<u>\$ 68,978</u>			<u>\$ 59,873</u>	
Project funds:						
Fund balances - beginning						
Net change in fund balances						
Restatement (Note 6.k.)						
Fund balances - ending						
Fund balances - ending						

Hall of Fame Tax			Municipal Services District			State Street Aid		
Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)	Budget	Actual	Variance-Positive (Negative)
\$ -	\$ -	\$ -	\$ 5,289	\$ 4,147	\$ (1,142)	\$ -	\$ -	\$ -
10,695	12,159	1,464	-	-	-	-	-	-
-	-	-	-	-	-	19,814	20,251	437
-	-	-	-	-	-	650	1,045	395
96	127	31	-	(4)	(4)	80	88	8
-	-	-	-	-	-	-	-	-
<u>10,791</u>	<u>12,286</u>	<u>1,495</u>	<u>5,289</u>	<u>4,143</u>	<u>(1,146)</u>	<u>20,544</u>	<u>21,384</u>	<u>840</u>
-	-	-	-	-	-	35,026	29,135	5,891
3,000	2,144	856	-	-	-	-	-	-
-	-	-	5,316	5,097	219	-	-	-
<u>3,000</u>	<u>2,144</u>	<u>856</u>	<u>5,316</u>	<u>5,097</u>	<u>219</u>	<u>35,026</u>	<u>29,135</u>	<u>5,891</u>
<u>7,791</u>	<u>10,142</u>	<u>2,351</u>	<u>(27)</u>	<u>(954)</u>	<u>(927)</u>	<u>(14,482)</u>	<u>(7,751)</u>	<u>6,731</u>
-	-	-	-	-	-	-	122	122
-	-	-	-	-	-	4,261	4,261	-
<u>(14,585)</u>	<u>(14,343)</u>	<u>242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,248)</u>	<u>(1,248)</u>	<u>-</u>
<u>(14,585)</u>	<u>(14,343)</u>	<u>242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,013</u>	<u>3,135</u>	<u>122</u>
<u>\$ (6,794)</u>	<u>(4,201)</u>	<u>\$ 2,593</u>	<u>\$ (27)</u>	<u>(954)</u>	<u>\$ (927)</u>	<u>\$ (11,469)</u>	<u>(4,616)</u>	<u>\$ 6,853</u>
-	-	-	-	-	-	-	5,442	-
-	(4,201)	-	-	(954)	-	-	826	-
-	<u>20,544</u>	-	-	<u>325</u>	-	-	<u>13,179</u>	-
<u>\$ 16,343</u>	-	-	-	<u>\$ (629)</u>	-	-	<u>\$ 14,005</u>	-

Continued on next page

CITY OF CHARLOTTE, NORTH CAROLINA
SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Total		Variance- Positive (Negative)
	Budget	Actual	
REVENUES:			
Property taxes	\$ 5,289	\$ 4,147	\$ (1,142)
Other taxes	63,762	71,822	8,060
Intergovernmental	22,762	23,199	437
Licenses, fees and fines	650	1,045	395
Investment earnings	672	919	247
Miscellaneous	1,599	2,148	549
Total revenues	<u>94,734</u>	<u>103,280</u>	<u>8,546</u>
EXPENDITURES:			
Current-			
Streets and highways	35,026	29,135	5,891
Culture and recreation	21,092	20,161	931
Community planning and development	5,316	5,097	219
Total expenditures	<u>61,434</u>	<u>54,393</u>	<u>7,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>33,300</u>	<u>48,887</u>	<u>15,587</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	-	122	122
Transfers in	14,555	15,012	457
Transfers out	(64,645)	(63,567)	1,078
Total other financing sources (uses)	<u>(50,090)</u>	<u>(48,433)</u>	<u>1,657</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ (16,790)</u>	<u>454</u>	<u>\$ 17,244</u>
RECONCILIATION TO GAAP BASIS:			
Current year encumbrances		<u>5,442</u>	
Net change in fund balances		5,896	
Fund balances - beginning (annually budgeted funds)		<u>152,674</u>	
Fund balances - ending (annually budgeted funds)		<u>158,570</u>	
Project funds:			
Fund balances - beginning		18,420	
Net change in fund balances		1,238	
Restatement (Note 6.k.)		<u>44,304</u>	
Fund balances - ending		<u>63,962</u>	
Fund balances - ending		<u>\$ 222,532</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC SAFETY AND OTHER GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Years	Total	
Federal:					
High Intensity Drug Trafficking Areas	\$ 252	\$ 74	\$ 63	\$ 137	\$ 115
Fair Housing Assistance	455	195	67	262	193
Public Safety Partnership and Community Policing	3,846	1,133	1,791	2,924	922
Justice Assistance	296	13	-	13	283
Forensic DNA Backlog Reduction	867	417	139	556	311
Federal pass through:					
Public Health and Social Services Emergency	632	(20)	613	593	39
Homeland Security	8,799	1,776	3,651	5,427	3,372
Emergency Management Performance	231	94	29	123	108
Justice Assistance	2,199	668	1,081	1,749	450
Highway Planning and Construction	5,407	1,410	1,946	3,356	2,051
Metropolitan Planning Grants	850	390	211	601	249
Highway Safety	1,587	879	375	1,254	333
State:					
Juvenile Offender Program	149	70	75	145	4
Metropolitan Planning Grants	82	52	-	52	30
State Medical Assistance	12	-	4	4	8
Asset forfeiture	4,479	1,650	1,391	3,041	1,438
Other public safety programs	11,212	1,259	3,691	4,950	6,262
Other community planning and development program	1,366	146	168	314	1,052
Other streets and highways programs	75	-	-	-	75
Total public safety grants	<u>\$ 42,796</u>	<u>\$ 10,206</u>	<u>\$ 15,295</u>	<u>\$ 25,501</u>	<u>\$ 17,295</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NEIGHBORHOOD DEVELOPMENT FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>	
Federal:					
Community Development Block Grants	\$ 14,267	\$ 9,370	\$ 4,087	\$ 13,457	\$ 810
Emergency Shelter	717	318	300	618	99
HOME Investment Partnerships Program	8,814	6,341	2,688	9,029	(215)
Housing Opportunities For Persons With AIDS	2,766	1,157	770	1,927	839
Continuum of Care Program	47	47	-	47	-
Lead-Based Paint Hazard Control	2,508	489	743	1,232	1,276
State:					
One NC Grant	11,475	344	4,357	4,701	6,774
Local:					
Other	10,038	2,782	3,389	6,171	3,867
Total neighborhood development	<u>\$ 50,632</u>	<u>20,848</u>	<u>\$ 16,334</u>	<u>\$ 37,182</u>	<u>\$ 13,450</u>
Contra expense for issuance of long-term loans receivable		(1,384)			
		<u>\$ 19,464</u>			

CITY OF CHARLOTTE, NORTH CAROLINA
EMPLOYMENT AND TRAINING FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>			<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Year</u>	<u>Total</u>	
Workforce Investment Act	<u>\$ 14,763</u>	<u>\$ 8,043</u>	<u>\$ 6,160</u>	<u>\$ 14,203</u>	<u>\$ 560</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STIMULUS GRANTS FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>	<u>Unexpended Authorizations</u>
		<u>Current Year</u>	<u>Prior Years</u>		
Federal:					
Broadband Technology Opportunities (BTOP)	<u>\$ 17,259</u>	<u>\$ 7,182</u>	<u>\$ 8,467</u>	<u>\$ 15,649</u>	<u>\$ 1,610</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF EXPENDITURES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	Authorizations	Expenditures			Unexpended Authorizations
		Current Year	Prior Year	Total	
Implemental functions	\$ 899	\$ 338	\$ 561	\$ 899	\$ -
Phone and furniture	5,237	1,052	1,142	2,194	3,043
Software	2,970	2,961	(59)	2,902	68
Hardware	149	117	-	117	32
Training	21	21	-	21	-
Total expenditures	<u>\$ 9,276</u>	<u>4,489</u>	<u>\$ 1,644</u>	<u>\$ 6,133</u>	<u>\$ 3,143</u>

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

Ineligible 911 expenditures reported in
Emergency Telephone System Fund

(46)
\$ 4,443



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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, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Property tax	\$ 86,898	\$ 82,332	\$ (4,566)
Other taxes-			
Sales tax	15,500	16,769	1,269
Heavy equipment	-	128	128
Total other	<u>15,500</u>	<u>16,897</u>	<u>1,397</u>
Intergovernmental-			
Mecklenburg County:			
ABC Board contribution	808	1,007	199
Debt service contributions	288	288	-
Total intergovernmental	<u>1,096</u>	<u>1,295</u>	<u>199</u>
Licenses, fees and fines	56	54	(2)
Investment earnings	1,056	1,460	404
Private contributions	596	1,717	1,121
Miscellaneous	217	160	(57)
Total revenues	<u>105,419</u>	<u>103,915</u>	<u>(1,504)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	34,087	33,087	1,000
Interest	28,615	28,275	340
Installment purchases-			
Principal retirement	53,200	53,200	-
Interest	32,329	29,182	3,147
Fiscal agents fees	2,917	2,467	450
Other	1,425	1,410	15
Total expenditures	<u>152,573</u>	<u>147,621</u>	<u>4,952</u>
Revenues (under) expenditures	<u>(47,154)</u>	<u>(43,706)</u>	<u>3,448</u>

CITY OF CHARLOTTE, NORTH CAROLINA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
BUDGET AND ACTUAL (NON-GAAP BASIS)-(Continued)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Installment purchases issued	\$ 1,125	\$ 398	\$ (727)
Refunding debt issued	64,100	62,755	(1,345)
Premium on debt issuance	7,903	9,755	1,852
Payment to refunded bond escrow agent	(71,580)	(71,580)	-
Transfers in-			
General	16,183	16,154	(29)
Special revenue:			
Convention Center tax	18,742	18,020	(722)
Tourism	14,496	14,536	40
Cultural facilities	9,191	9,184	(7)
Hall of Fame	14,585	14,343	(242)
State street aid	1,248	1,248	-
Total transfers in	<u>74,445</u>	<u>73,485</u>	<u>(960)</u>
Transfers out-			
General	108	108	-
Special revenue - Tourism	520	520	-
Total transfers out	<u>628</u>	<u>628</u>	<u>-</u>
Total other financing sources (uses)	<u>75,365</u>	<u>74,185</u>	<u>(1,180)</u>
Net change in fund balance	<u>\$ 28,211</u>	30,479	<u>\$ 2,268</u>
Fund balance - beginning		<u>264,645</u>	
Fund balance - ending		<u>\$ 295,124</u>	

CITY OF CHARLOTTE, NORTH CAROLINA
CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Authorizations	Expenditures		
		Current Year	Prior Years	Total
Capital equipment	\$ 26,647	\$ 17,287	\$ -	\$ 17,287
Housing	11,248	471	10,377	10,848
Affordable housing	122,395	7,455	94,366	101,821
Innovative housing	88,281	2,788	82,401	85,189
Neighborhood improvements	117,192	9,493	78,715	88,208
Area plans	11,787	547	4,317	4,864
Street and road infrastructure	431,524	39,177	219,744	258,921
Non-street transportation infrastructure	95,859	10,013	65,134	75,147
Traffic control	47,881	4,026	34,007	38,033
Pedestrian safety	128,660	4,905	95,356	100,261
Transportation partnerships	12,259	467	5,094	5,561
Transit corridor development	139,354	33,179	481	33,660
Economic development corridors	85,769	7,184	42,459	49,643
Business corridors	27,059	1,878	21,094	22,972
Tree program	12,777	1,550	8,530	10,080
New facilities	322,179	8,969	230,064	239,033
Facility renovations	126,306	14,882	42,814	57,696
Facilities maintenance	86,910	6,126	78,893	85,019
Technology	55,300	(11,974)	46,539	34,565
Other equipment	2,513	2,322	50	2,372
Total capital projects	<u>\$ 1,951,900</u>	<u>160,745</u>	<u>\$ 1,160,435</u>	<u>\$ 1,321,180</u>
Contra expense for issuance of long-term loans receivable		39		
		<u>\$ 160,784</u>		

Unexpended Authorizations	Encumbrances June 30, 2015	Unencumbered Authorizations June 30, 2015
\$ 9,360	\$ 4,530	\$ 4,830
400	94	306
20,574	279	20,295
3,092	61	3,031
28,984	1,421	27,563
6,923	341	6,582
172,603	25,837	146,766
20,712	5,201	15,511
9,848	1,491	8,357
28,399	1,640	26,759
6,698	1,502	5,196
105,694	5,549	100,145
36,126	1,278	34,848
4,087	252	3,835
2,697	304	2,393
83,146	10,027	73,119
68,610	9,270	59,340
1,891	1,038	853
20,735	5,039	15,696
141	-	141
<u>\$ 630,720</u>	<u>\$ 75,154</u>	<u>\$ 555,566</u>



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ENTERPRISE FUNDS

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

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



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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, 2015
(In Thousands)

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Water sales	\$ 121,249	\$ 125,587	\$ 4,338
Sewer services fees	164,874	163,715	(1,159)
Availability fees	31,140	31,766	626
Capacity fees	8,450	13,098	4,648
Other	8,985	10,031	1,046
Investment earnings	962	847	(115)
Total revenues	<u>335,660</u>	<u>345,044</u>	<u>9,384</u>
EXPENDITURES:			
Water supply and treatment	17,637	12,817	4,820
Sewer system and treatment	50,413	48,533	1,880
Administration and engineering	63,221	62,078	1,143
Total expenditures	<u>131,271</u>	<u>123,428</u>	<u>7,843</u>
Revenues over expenditures	<u>204,389</u>	<u>221,616</u>	<u>17,227</u>
TRANSFERS OUT:			
Water and Sewer Debt Service	147,156	145,173	1,983
Water and Sewer Capital Projects	40,850	40,850	-
Total transfers out	<u>188,006</u>	<u>186,023</u>	<u>1,983</u>
Revenues over expenditures and transfers	<u>\$ 16,383</u>	<u>\$ 35,593</u>	<u>\$ 19,210</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	Budget	Actual	Variance- Positive (Negative)
REVENUES:			
Investment earnings	\$ 1	\$ 184	\$ 183
Refunding bonds issued	27,144	27,144	-
Premium on debt issuance	3,584	3,584	-
Total revenues	<u>30,729</u>	<u>30,912</u>	<u>183</u>
EXPENDITURES:			
Bonds-			
Principal retirement	70,613	70,613	-
Interest	69,244	68,347	897
Other financing agreements-			
Principal retirement	2,905	2,905	-
Interest	939	939	-
Payment to refunded bond escrow agent	30,541	30,541	-
Bond issue expense	297	297	-
Other	3,517	1,844	1,673
Total expenditures	<u>178,056</u>	<u>175,486</u>	<u>2,570</u>
Revenues (under) expenditures	<u>(147,327)</u>	<u>(144,574)</u>	<u>2,753</u>
TRANSFERS IN:			
Water and Sewer Operating	147,156	145,173	(1,983)
Water and Sewer Capital Projects	232	162	(70)
Total transfers in	<u>147,388</u>	<u>145,335</u>	<u>(2,053)</u>
Revenues and transfers over expenditures	<u>\$ 61</u>	<u>\$ 761</u>	<u>\$ 700</u>

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Revenues and transfers over (under)	
expenditures and transfers:	
Operating Fund	\$ 35,593
Debt Service Fund	761
Investment earnings in the	
Capital Projects Fund	124
Current year encumbrances	5,198
Deferred outflows of resources for contributions	
made to pension plan in current fiscal year	(2,750)
Pension expense	2,507
Depreciation	(120,201)
Debt principal retirement	74,824
Premium on debt issuance	(3,583)
Capital outlay	280
Amortization of deferred charges	(2,210)
Amortization of premium	5,244
Capitalized interest	13,308
Capital contributions	26,847
Other	(1,041)
Net transfers to (from) Water and Sewer	
Capital Projects Fund:	
Water and Sewer Operating	40,850
Water and Sewer Debt Service	(162)
Change in net position	<u>\$ 75,589</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		
		<u>Current Year</u>	<u>Prior Years</u>	<u>Total</u>
Capacity for growth water	\$ 357,524	\$ 8,602	\$ 242,697	\$ 251,299
Capacity for growth sewer	641,016	14,954	324,933	339,887
Commitment public projects/Operations water	150,790	8,315	98,197	106,512
Commitment public projects/Operations sewer	118,158	11,382	71,152	82,534
Rehab and replacement water	310,029	20,684	227,104	247,788
Rehab and replacement sewer	682,312	25,439	550,826	576,265
Regulatory requirements water	35,311	407	28,113	28,520
Regulatory requirements sewer	112,353	8,122	63,263	71,385
Annexation water	10,200	6	3,384	3,390
Annexation sewer	37,600	121	25,055	25,176
Service exist resident sewer	3,005	-	2,838	2,838
Technology	500	-	-	-
Total water and sewer capital projects	<u>\$ 2,458,798</u>	<u>\$ 98,032</u>	<u>\$ 1,637,562</u>	<u>\$ 1,735,594</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2015</u>	<u>Unencumbered Authorizations June 30, 2015</u>
\$ 106,225	\$ 7,750	\$ 98,475
301,129	20,613	280,516
44,278	4,839	39,439
35,624	9,038	26,586
62,241	11,942	50,299
106,047	14,346	91,701
6,791	2,638	4,153
40,968	2,157	38,811
6,810	-	6,810
12,424	101	12,323
167	-	167
500	-	500
<u>\$ 723,204</u>	<u>\$ 73,424</u>	<u>\$ 649,780</u>



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CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Storm water fees	\$ 58,518	\$ 59,169	\$ 651
Other	-	98	98
Investment earnings	-	100	100
Total revenues	<u>58,518</u>	<u>59,367</u>	<u>849</u>
EXPENDITURES:			
Storm water systems	12,153	7,881	4,272
Administration	<u>2,024</u>	<u>2,024</u>	-
Total expenditures	<u>14,177</u>	<u>9,905</u>	<u>4,272</u>
Revenues over expenditures	<u>44,341</u>	<u>49,462</u>	<u>5,121</u>
TRANSFERS OUT:			
Storm Water Capital Projects	35,000	35,000	-
Storm Water Debt Service	<u>11,630</u>	<u>11,187</u>	<u>443</u>
Total transfers out	<u>46,630</u>	<u>46,187</u>	<u>443</u>
Revenues over (under) expenditures and transfers	<u>\$ (2,289)</u>	<u>\$ 3,275</u>	<u>\$ 4,678</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Premium on debt issuance	\$ 7,011	\$ 7,012	\$ 1
Refunding bonds issued	45,431	45,431	-
Total revenues	<u>52,442</u>	<u>52,443</u>	<u>1</u>
EXPENDITURES:			
Bonds-			
Principal retirement	4,776	4,586	190
Interest	6,825	6,771	54
Payment to refunded bond escrow agent	51,568	51,568	-
Bond issue expense	873	873	-
Other	16	8	8
Total expenditures	<u>64,058</u>	<u>63,806</u>	<u>252</u>
Revenues (under) expenditures	<u>(11,616)</u>	<u>(11,363)</u>	<u>253</u>
TRANSFERS IN:			
Storm Water Operating	11,630	11,187	(443)
Revenues and transfers over (under) expenditures	<u>\$ 14</u>	<u>\$ (176)</u>	<u>\$ (190)</u>

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Revenues and transfers (under)	
expenditures and transfers:	
Operating Fund	\$ 3,275
Debt Service Fund	(176)
Capital Projects Fund:	
Charges for services	2,617
Investment earnings	130
Current year encumbrances	814
Deferred outflows of resources for contributions	
made to pension plan in current fiscal year	(473)
Pension expense	433
Depreciation	(6,088)
Debt principal retirement	4,586
Premium on debt issuance	(7,012)
Amortization of deferred charges	(178)
Amortization of premium	779
Capitalized interest	415
Capital contributions	100
Other	6,610
Net transfers to Storm Water	
Capital Projects Fund:	
Operating Fund	<u>35,000</u>
Change in net position	<u>\$ 40,832</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
STORM WATER CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Flood control program	\$ 238,264	\$ 19,219	\$ 170,741	\$ 189,960
Stormwater maintenance program	124,023	14,940	94,244	109,184
Stream restoration/mitigation	85,937	6,985	47,269	54,254
Stormwater support for project	53,035	2,880	34,857	37,737
Minor stormwater programs	14,325	9,271	-	9,271
Transit corridor development	2,376	15	-	15
Total storm water capital projects	<u>\$ 517,960</u>	<u>\$ 53,310</u>	<u>\$ 347,111</u>	<u>\$ 400,421</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2015</u>	<u>Unencumbered Authorizations June 30, 2015</u>
\$ 48,304	\$ 28,954	\$ 19,350
14,839	10,370	4,469
31,683	4,456	27,227
15,298	2,270	13,028
5,054	868	4,186
<u>2,361</u>	<u>2,360</u>	<u>1</u>
<u>\$ 117,539</u>	<u>\$ 49,278</u>	<u>\$ 68,261</u>



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CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Terminal area	\$ 29,433	\$ 31,267	\$ 1,834
Airfield	26,905	26,880	(25)
Concessions	40,589	41,008	419
Rental Car Revenues	13,084	13,608	524
Parking	49,572	47,624	(1,948)
Passenger facility charges	25,797	60,238	34,441
Contract facility charges	4,465	10,187	5,722
FBO	16,596	15,885	(711)
Other	12,296	17,560	5,264
Investment earnings	506	3,835	3,329
Total revenues	<u>219,243</u>	<u>268,092</u>	<u>48,849</u>
EXPENDITURES:			
Operating	138,794	117,725	21,069
Nonoperating	10,631	10,631	-
Total expenditures	<u>149,425</u>	<u>128,356</u>	<u>21,069</u>
Revenues over expenditures	<u>69,818</u>	<u>139,736</u>	<u>69,918</u>
TRANSFERS IN:			
Airport Debt Service	22	22	-
Airport Capital Projects	9,031	8,877	(154)
Total transfers in	<u>9,053</u>	<u>8,899</u>	<u>(154)</u>
TRANSFERS OUT:			
Airport Debt Service	69,543	60,080	9,463
Airport Capital Projects	79,926	79,926	-
Total transfers out	<u>149,469</u>	<u>140,006</u>	<u>9,463</u>
Revenues and transfers over (under) expenditures and transfers	<u>\$ (70,598)</u>	<u>\$ 8,629</u>	<u>\$ 79,227</u>

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Proceeds from refunding	\$ 105,390	\$105,390	\$ -
Investment earnings	14	6	(8)
Private contributions	116,491	116,482	(9)
Premium on debt issuance	<u>19,081</u>	<u>17,581</u>	<u>(1,500)</u>
Total revenues	<u>240,976</u>	<u>239,459</u>	<u>(1,517)</u>
EXPENDITURES:			
Bonds-			
Principal retirement	158,750	157,775	975
Interest	41,733	28,055	13,678
Payment to refunded bond escrow agent	122,670	122,670	-
Bond issue expense	1,480	1,480	-
Other	<u>2,346</u>	<u>603</u>	<u>1,743</u>
Total expenditures	<u>326,979</u>	<u>310,583</u>	<u>16,396</u>
Revenues (under) expenditures	<u>(86,003)</u>	<u>(71,124)</u>	<u>14,879</u>
TRANSFERS IN:			
Airport Operating	71,191	60,080	(11,111)
Airport Capital Projects	<u>6,000</u>	<u>6,000</u>	<u>-</u>
Total transfers in	<u>77,191</u>	<u>66,080</u>	<u>(11,111)</u>
TRANSFERS OUT:			
Airport Operating	<u>22</u>	<u>22</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (8,834)</u>	<u>\$ (5,066)</u>	<u>\$ 3,768</u>

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Revenues and transfers over expenditures and transfers:	
Operating Fund	\$ 8,629
Debt Service Fund	(5,066)
Capital Projects Fund:	
Investment earnings	480
Private contributions	2,575
Current year encumbrances	7,756
Deferred outflows of resources for contributions made to pension plan in current fiscal year	(1,497)
Pension expense	1,379
Depreciation	(45,897)
Debt principal retirement	157,775
Premium on debt issuance	(17,581)
Capital outlay	3,312
Amortization of deferred charges	(269)
Amortization of premium	1,234
Capitalized interest	1,215
Capital contributions	20,960
Other	16,862
Net transfers to (from) Airport Capital Projects Fund:	
Airport Operating	71,049
Airport Debt Service	(6,000)
Change in net position	<u>\$ 216,916</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
AIRPORT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Airfield projects	\$ 209,458	\$ 20,724	\$ 173,645	\$ 194,369
Terminal complex projects	449,670	90,580	268,240	358,820
Cargo development projects	8,981	1,403	34	1,437
General aviation projects	15,579	2,259	8,812	11,071
Miscellaneous aviation projects	155,525	5,961	101,304	107,265
Environmental services program	60,947	1,706	56,340	58,046
Facility renovations	1,547	1,031	-	1,031
Facilities maintenance	602	-	74	74
Total airport capital projects	<u>\$ 902,309</u>	<u>\$ 123,664</u>	<u>\$ 608,449</u>	<u>\$ 732,113</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2015</u>	<u>Unencumbered Authorizations June 30, 2015</u>
\$ 15,089	\$ 5,791	\$ 9,298
90,850	13,706	77,144
7,544	1,587	5,957
4,508	552	3,956
48,260	2,247	46,013
2,901	856	2,045
516	516	-
528	-	528
<u>\$ 170,196</u>	<u>\$ 25,255</u>	<u>\$ 144,941</u>



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**CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Passenger fares	\$ 30,457	\$ 28,975	\$ (1,482)
Other operating	5,345	4,980	(365)
Sales tax	73,087	81,150	8,063
Intergovernmental	12,891	11,406	(1,485)
Other	1,556	291	(1,265)
Investment earnings	500	327	(173)
Total revenues	<u>123,836</u>	<u>127,129</u>	<u>3,293</u>
EXPENDITURES:			
Transit operations and maintenance	111,663	111,416	247
Administration	8,376	8,376	-
Total expenditures	<u>120,039</u>	<u>119,792</u>	<u>247</u>
Revenues over expenditures	<u>3,797</u>	<u>7,337</u>	<u>3,540</u>
TRANSFERS IN:			
Public Transit Debt Service	782	106	(676)
General	750	750	-
Capital Projects	19,520	19,520	-
Total transfers in	<u>21,052</u>	<u>20,376</u>	<u>(676)</u>
TRANSFERS OUT:			
Public Transit Capital Projects	9,779	9,779	-
Public Transit Debt Service	27,597	27,597	-
Total transfers out	<u>37,376</u>	<u>37,376</u>	<u>-</u>
Revenues and transfers (under) expenditures and transfers	<u>\$ (12,527)</u>	<u>\$ (9,663)</u>	<u>\$ 2,864</u>

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND TRANSFERS-
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Budget</u>	<u>Actual</u>	Variance- Positive (Negative)
REVENUES:			
Grant contributions	\$ 215	\$ -	\$ (215)
Investment earnings	-	79	79
Premium on debt issuance	3,353	3,353	-
Refunding bonds issued	<u>56,470</u>	<u>56,470</u>	<u>-</u>
Total revenues	<u>60,038</u>	<u>59,902</u>	<u>(136)</u>
EXPENDITURES:			
Installment purchases-			
Principal retirement	4,340	4,340	-
Interest	10,074	10,041	33
Payment to refunded bond escrow agent	59,325	59,325	-
Bond issue expense	504	504	-
Other	<u>1,016</u>	<u>942</u>	<u>74</u>
Total expenditures	<u>75,259</u>	<u>75,152</u>	<u>107</u>
Revenues (under) expenditures	<u>(15,221)</u>	<u>(15,250)</u>	<u>(29)</u>
TRANSFERS IN:			
Public Transit Operating	27,597	27,597	-
Public Transit Capital Projects	<u>8,211</u>	<u>7,633</u>	<u>(578)</u>
Total transfers in	<u>35,808</u>	<u>35,230</u>	<u>(578)</u>
TRANSFERS OUT:			
Public Transit Operating	<u>782</u>	<u>106</u>	<u>676</u>
Revenues and transfers over expenditures and transfers	<u>\$ 19,805</u>	<u>\$ 19,874</u>	<u>\$ (1,283)</u>

**CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT FUND
SCHEDULE OF RECONCILIATION OF BUDGETARY (NON-GAAP BASIS)
TO FULL ACCRUAL BASIS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

Revenues and transfers over	
expenditures and transfers:	
Operating Fund	\$ (9,663)
Debt Service Fund	19,874
Investment earnings in the	
Capital Projects Fund	(13)
Current year encumbrances	3,060
Deferred outflows of resources for contributions	
made to pension plan in current fiscal year	(1,387)
Pension expense	1,262
Depreciation	(37,895)
Debt principal retirement	4,340
Premium on debt issuance	(3,354)
Amortization of deferred charges	(30)
Amortization of premium	816
Capitalized interest	1,239
Capital contributions	145,859
Other	(1,633)
Net transfers to (from) Public Transit	
Capital Projects Fund:	
Public Transit Operating	9,779
Public Transit Debt Service	(7,633)
Change in net position	<u>\$ 124,621</u>

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

CITY OF CHARLOTTE, NORTH CAROLINA
PUBLIC TRANSIT CAPITAL PROJECTS FUND
SCHEDULE OF EXPENDITURES AND ENCUMBRANCES COMPARED WITH AUTHORIZATIONS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	<u>Authorizations</u>	<u>Expenditures</u>		<u>Total</u>
		<u>Current Year</u>	<u>Prior Years</u>	
Transit corridor development	\$ 1,509,978	\$ 215,302	\$ 779,573	\$ 994,875
Transit vehicles	155,160	10,896	118,046	128,942
Transit facilities	115,923	6,625	102,555	109,180
Transit maintenance & equipment	32,097	5,555	19,848	25,403
Transit support	17,133	4,794	8,557	13,351
Facilities maintenance	<u>275</u>	<u>-</u>	<u>275</u>	<u>275</u>
Total public transit capital projects	<u>\$ 1,830,566</u>	<u>\$ 243,172</u>	<u>\$ 1,028,854</u>	<u>\$ 1,272,026</u>

<u>Unexpended Authorizations</u>	<u>Encumbrances June 30, 2015</u>	<u>Unencumbered Authorizations June 30, 2015</u>
\$ 515,103	\$ 253,767	\$ 261,336
26,218	44	26,174
6,743	722	6,021
6,694	981	5,713
3,782	157	3,625
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 558,540</u>	<u>\$ 255,671</u>	<u>\$ 302,869</u>



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INTERNAL SERVICE FUNDS

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

- ❖ Risk Management Fund – Accounts for the general insurance program, claim and loss control services for the City as well as services provided, on a cost-reimbursement basis to other governmental units and agencies in Mecklenburg County.
- ❖ Employee Health and Life Fund – Accounts for funds contributed by the City and employees for health and life benefits.

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	Risk Management	Employee Health and Life	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 82,726	\$ 34,130	\$ 116,856
Receivables - other	185	39	224
Due from other funds	-	228	228
Due from other governmental agencies	4	2	6
Total current assets	<u>82,915</u>	<u>34,399</u>	<u>117,314</u>
Noncurrent assets:			
Net pension asset	164	-	164
Capital assets:			
Machinery and equipment	181	-	181
Less accumulated depreciation	158	-	158
Total capital assets, net	<u>23</u>	<u>-</u>	<u>23</u>
Total assets	<u>83,102</u>	<u>34,399</u>	<u>117,501</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Contributions to pension plan in current fiscal year	115	-	115
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	87	639	726
Claims payable	37,752	10,306	48,058
Current maturities of noncurrent liabilities	121	-	121
Noncurrent liabilities:			
Due to participants	14,553	-	14,553
Compensated absences payable	35	-	35
Net OPEB liability	171	-	171
Total noncurrent liabilities	<u>14,759</u>	<u>-</u>	<u>14,759</u>
Total liabilities	<u>52,719</u>	<u>10,945</u>	<u>63,664</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension deferrals	399	-	399
<u>NET POSITION</u>			
Net investment in capital assets	23	-	23
Unrestricted	30,076	23,454	53,530
Total net position	<u>\$ 30,099</u>	<u>\$ 23,454</u>	<u>\$ 53,553</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Risk Management	Employee Health and Life	Total
OPERATING REVENUES:			
Charges for services-			
Risk management and safety fees	\$ 3,096	\$ 5,365	\$ 8,461
Claims:			
Employer	13,162	41,174	54,336
Employee	-	11,435	11,435
Other	420	154	574
Total claims	13,582	52,763	66,345
Premiums	5,056	17,780	22,836
Reimbursement from trust	-	20,335	20,335
Total operating revenues	<u>21,734</u>	<u>96,243</u>	<u>117,977</u>
OPERATING EXPENSES:			
Administration	3,515	5,365	8,880
Claims	6,509	74,433	80,942
Insurance premiums	5,070	17,780	22,850
Depreciation	4	-	4
Total operating expenses	<u>15,098</u>	<u>97,578</u>	<u>112,676</u>
Operating income (loss)	<u>6,636</u>	<u>(1,335)</u>	<u>5,301</u>
NONOPERATING REVENUES:			
Investment earnings	321	243	564
TRANSFERS OUT	<u>(3,400)</u>	<u>-</u>	<u>(3,400)</u>
Change in net position	3,557	(1,092)	2,465
Total net position - beginning, previously reported	26,767	24,546	51,313
Restatement (Note 6.k.)	<u>(225)</u>	<u>-</u>	<u>(225)</u>
Total net position - beginning, restated	<u>26,542</u>	<u>24,546</u>	<u>51,088</u>
Total net position - ending	<u>\$ 30,099</u>	<u>\$ 23,454</u>	<u>\$ 53,553</u>

CITY OF CHARLOTTE, NORTH CAROLINA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Risk Management	Employee Health and Life	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from participants	\$ 14,739	\$ 29,215	\$ 43,954
Payments to suppliers	(2,022)	(5,429)	(7,451)
Internal activity - receipts from other funds	19,942	46,953	66,895
Receipts from trust	-	20,335	20,335
Receipts from recovery of losses	756	-	756
Payments to employees	(1,620)	-	(1,620)
Payments for claims	(17,479)	(72,634)	(90,113)
Payments for premiums	(8,341)	(16,799)	(25,140)
Other receipts (payments)	-	154	154
Net cash provided by operating activities	<u>5,975</u>	<u>1,795</u>	<u>7,770</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers	<u>(3,400)</u>	<u>-</u>	<u>(3,400)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	<u>(22)</u>	<u>-</u>	<u>(22)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	<u>440</u>	<u>261</u>	<u>701</u>
Net increase in cash and cash equivalents	2,993	2,056	5,049
Cash and cash equivalents - beginning of year	79,733	32,074	111,807
Cash and cash equivalents - end of year	<u>\$ 82,726</u>	<u>\$ 34,130</u>	<u>\$ 116,856</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 6,636	\$ (1,335)	\$ 5,301
Adjustments to reconcile operating income (loss) to net cash provided by operating activities-			
Depreciation	4	-	4
Pension expense	10	-	10
Change in assets and liabilities:			
Decrease in receivables	40	-	40
(Increase) in due from other governments	(4)	(2)	(6)
Decrease in due from other funds	-	414	414
Decrease in prepaid insurance	-	728	728
(Increase) in deferred outflows of resources for pensions	(115)	-	(115)
Increase in accounts payable	52	191	243
Increase (decrease) in claims payable	(3,425)	1,799	(1,626)
Increase in due to participants	2,799	-	2,799
(Decrease) in compensated absences payable	(30)	-	(30)
Increase in net OPEB liability	<u>8</u>	<u>-</u>	<u>8</u>
Total adjustments	<u>(661)</u>	<u>3,130</u>	<u>2,469</u>
Net cash provided by operating activities	<u>\$ 5,975</u>	<u>\$ 1,795</u>	<u>\$ 7,770</u>



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.	185
Revenue Capacity – These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	192
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.	198
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.	206
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.	208

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



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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets ^{1,2}	\$ 3,587,908	\$ 3,776,380	\$ 3,899,402	\$ 4,344,428	\$ 4,455,284	\$ 4,535,870	\$ 4,655,357	\$ 4,666,993	\$ 4,668,843	\$ 4,655,202
Restricted	165,156	166,634	183,323	237,956	237,147	233,293	221,832	248,404	252,385	349,992
Unrestricted ¹	311,575	351,734	427,416	392,995	417,562	428,842	421,933	447,428	496,553	351,862
Total governmental activities net position	<u>4,064,639</u>	<u>4,294,748</u>	<u>4,510,141</u>	<u>4,975,379</u>	<u>5,109,993</u>	<u>5,198,005</u>	<u>5,299,122</u>	<u>5,362,825</u>	<u>5,417,781</u>	<u>5,357,056</u>
Business-type activities										
Net investment in capital assets ^{1,3}	1,755,959	2,023,852	2,100,976	2,368,112	2,467,268	2,455,159	2,543,085	2,794,170	3,077,745	3,380,700
Restricted	104,035	143,941	177,226	199,530	245,033	256,055	316,914	356,516	391,966	430,577
Unrestricted ¹	504,782	608,612	796,274	642,533	605,019	772,884	792,697	755,548	740,933	848,115
Total business-type activities net position	<u>2,364,776</u>	<u>2,776,405</u>	<u>3,074,476</u>	<u>3,210,175</u>	<u>3,317,320</u>	<u>3,484,098</u>	<u>3,652,696</u>	<u>3,906,234</u>	<u>4,210,644</u>	<u>4,659,392</u>
Primary government										
Net investment in capital assets	5,343,867	5,800,232	6,000,378	6,712,540	6,922,552	6,991,029	7,198,442	7,461,163	7,746,588	8,035,902
Restricted	269,191	310,575	360,549	437,486	482,180	489,348	538,746	604,920	644,351	780,569
Unrestricted	816,357	960,346	1,223,690	1,035,528	1,022,581	1,201,726	1,214,630	1,202,976	1,237,486	1,199,977
Total primary government net position	<u>\$ 6,429,415</u>	<u>\$ 7,071,153</u>	<u>\$ 7,584,617</u>	<u>\$ 8,185,554</u>	<u>\$ 8,427,313</u>	<u>\$ 8,682,103</u>	<u>\$ 8,951,818</u>	<u>\$ 9,269,059</u>	<u>\$ 9,628,425</u>	<u>\$ 10,016,448</u>

¹ 2006 through 2012 have been restated for the effects of GASB65.

² 2006 through 2013 have been restated for the effects of a prior period adjustment.

³ 2010 through 2013 have been restated for the effects of a prior period adjustment.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Public safety ¹	\$ 258,375	\$ 275,078	\$ 286,271	\$ 301,866	\$ 318,576	\$ 324,920	\$ 347,380	\$ 372,986	\$ 348,428	\$ 350,556
Sanitation	39,726	43,137	45,848	49,817	55,721	48,210	47,925	49,572	52,871	53,912
General administration	37,688	42,613	45,641	48,798	38,188	38,272	45,030	45,273	47,158	49,897
Support services	18,907	18,814	20,326	23,719	21,066	21,454	35,427	25,599	28,820	30,398
Engineering and property management	26,828	30,595	56,844	33,049	29,232	27,265	24,876	31,637	25,769	26,331
Streets and highways	86,217	91,636	94,888	103,289	116,141	119,024	114,400	122,168	125,518	159,892
Culture and recreation	8,336	8,208	9,146	13,914	17,834	10,085	17,856	28,744	32,826	43,617
Community planning and development	63,773	66,428	65,355	74,104	81,691	83,608	73,513	68,789	67,154	88,651
Interest and other charges ²	48,042	47,214	47,605	46,334	62,585	57,059	56,080	56,373	54,329	55,000
Total governmental activities expenses	<u>587,892</u>	<u>623,723</u>	<u>671,924</u>	<u>694,890</u>	<u>741,034</u>	<u>729,897</u>	<u>762,487</u>	<u>801,141</u>	<u>782,873</u>	<u>858,254</u>
Business-type activities:										
Water	88,735	88,220	100,291	104,087	99,239	104,711	116,628	103,934	104,925	136,759
Sewer	114,073	141,094	141,762	161,607	158,744	141,380	132,824	144,972	149,865	160,104
Storm water ⁷	19,536	22,617	22,566	21,605	53,449	20,186	20,766	22,117	19,934	21,374
Airport	128,155	133,425	150,094	158,136	138,372	159,443	170,298	172,091	185,178	189,466
Public transit	112,125	121,414	146,396	155,481	155,104	150,994	160,655	168,183	162,511	167,482
Total business-type activities expenses	<u>462,624</u>	<u>506,770</u>	<u>561,109</u>	<u>600,916</u>	<u>604,908</u>	<u>576,714</u>	<u>601,171</u>	<u>611,297</u>	<u>622,413</u>	<u>675,185</u>
Total primary government expenses	<u>\$ 1,050,516</u>	<u>\$ 1,130,493</u>	<u>\$ 1,233,033</u>	<u>\$ 1,295,806</u>	<u>\$ 1,345,942</u>	<u>\$ 1,306,611</u>	<u>\$ 1,363,658</u>	<u>\$ 1,412,438</u>	<u>\$ 1,405,286</u>	<u>\$ 1,533,439</u>
Program Revenues										
Governmental activities:										
Fees, fines, and charges for services:										
Public safety	\$ 26,480	\$ 23,689	\$ 24,197	\$ 24,692	\$ 23,719	\$ 24,959	\$ 23,761	\$ 28,281	\$ 28,452	\$ 29,474
Sanitation	10,680	10,865	11,277	11,503	11,895	12,148	12,336	12,341	13,084	12,491
General administration	10,856	11,694	12,805	15,930	14,853	16,980	16,851	15,779	17,418	3,162
Community planning and development	8,309	6,089	10,383	7,954	11,440	4,571	3,290	7,162	3,437	5,171
Other activities	22,983	25,120	26,844	29,196	26,478	28,610	37,684	34,446	33,829	54,833
Operating grants and contributions ¹	49,747	46,231	47,158	63,714	65,051	64,049	78,593	97,294	50,978	33,471
Capital grants and contributions ³	138,597	190,815	177,722	450,950	165,500	102,965	121,645	14,469	22,629	53,241
Total governmental activities program revenues	<u>267,652</u>	<u>314,503</u>	<u>310,386</u>	<u>603,939</u>	<u>318,936</u>	<u>254,282</u>	<u>294,160</u>	<u>209,772</u>	<u>169,827</u>	<u>191,843</u>
Business-type activities:										
Fees, fines, and charges for services:										
Water	100,497	98,444	94,320	90,866	98,954	101,868	115,459	119,718	129,115	145,234
Sewer	118,737	127,870	137,617	144,033	151,653	163,622	177,377	184,630	189,744	195,530
Storm water	34,625	38,286	40,837	43,642	45,782	48,589	52,075	57,642	56,885	61,786
Airport ⁴	161,302	185,079	201,259	190,052	188,935	212,935	219,990	243,874	254,331	264,139
Public transit	13,747	14,907	18,220	23,132	21,548	25,025	26,508	29,122	28,820	33,955
Operating grants and contributions	12,985	12,880	19,019	14,413	12,803	12,923	12,586	12,197	12,082	11,406
Capital grants and contributions	173,189	297,368	224,739	119,356	98,504	85,319	73,900	145,792	153,666	312,823
Total business-type activities program revenues	<u>615,082</u>	<u>774,834</u>	<u>736,011</u>	<u>625,494</u>	<u>618,179</u>	<u>650,281</u>	<u>677,895</u>	<u>792,975</u>	<u>824,643</u>	<u>1,024,873</u>
Total primary government program revenues	<u>\$ 882,734</u>	<u>\$ 1,089,337</u>	<u>\$ 1,046,397</u>	<u>\$ 1,229,433</u>	<u>\$ 937,115</u>	<u>\$ 904,563</u>	<u>\$ 972,055</u>	<u>\$ 1,002,747</u>	<u>\$ 994,470</u>	<u>\$ 1,216,716</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (320,240)	\$ (309,220)	\$ (361,538)	\$ (90,951)	\$ (422,098)	\$ (475,615)	\$ (468,327)	\$ (591,369)	\$ (613,046)	\$ (666,411)
Business-type activities	152,458	268,064	174,902	24,578	13,271	73,567	76,724	181,678	202,230	349,688
Total primary governmental net expense	<u>\$ (167,782)</u>	<u>\$ (41,156)</u>	<u>\$ (186,636)</u>	<u>\$ (66,373)</u>	<u>\$ (408,827)</u>	<u>\$ (402,048)</u>	<u>\$ (391,603)</u>	<u>\$ (409,691)</u>	<u>\$ (410,816)</u>	<u>\$ (316,723)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes-										
Property	\$ 280,844	\$ 313,274	\$ 331,431	\$ 345,755	\$ 356,913	\$ 362,780	\$ 377,309	\$ 397,629	\$ 436,597	\$ 396,985
Sales ²	75,938	80,059	87,035	74,434	72,715	73,340	82,730	84,890	92,853	105,623
Utility franchise ²	29,737	31,486	34,278	35,158	36,911	36,804	36,442	38,069	38,915	52,403
Occupancy ⁵	19,686	29,361	32,611	27,036	25,999	29,448	32,590	37,963	40,087	45,092
Prepared foods	17,491	19,087	20,172	19,226	19,598	20,378	22,523	24,643	25,514	28,358
Business privilege	15,501	15,894	20,703	16,390	16,250	15,430	16,375	17,721	9,188	17,098
Municipal vehicle	14,072	13,848	14,184	15,527	14,388	14,695	15,740	14,783	19,001	16,430
Grants and contributions not restricted to specific programs	12,896	17,400	20,362	16,756	13,508	16,979	18,513	19,067	20,546	22,205
Investment earnings ²	10,334	26,124	23,056	15,218	7,212	5,369	(16,546)	35,063	3,842	3,890
Miscellaneous ²	8,731	11,161	11,536	9,099	11,683	6,806	2,167	(1,001)	(450)	1,441
Special items ⁶	(10,098)	-	-	-	-	-	-	-	-	14,100
Transfers	(18,480)	(18,365)	(18,437)	(18,410)	(18,465)	(18,402)	(18,399)	(13,755)	(18,091)	(20,270)
Total governmental activities	<u>456,652</u>	<u>539,329</u>	<u>576,931</u>	<u>556,189</u>	<u>556,712</u>	<u>563,627</u>	<u>569,444</u>	<u>655,072</u>	<u>668,002</u>	<u>683,355</u>
Business-type activities:										
Sales taxes levied for Public transit ²	67,199	70,301	71,212	59,510	57,870	57,355	65,754	66,505	71,233	81,150
Investment earnings	31,710	50,207	51,241	29,516	13,181	8,842	6,461	(1,107)	7,738	6,098
Miscellaneous	1,494	4,692	(17,721)	3,685	4,358	8,612	1,260	(7,293)	5,118	3,319
Transfers	18,480	18,365	18,437	18,410	18,465	18,402	18,399	13,755	18,091	20,270
Total business-type activities	<u>118,883</u>	<u>143,565</u>	<u>123,169</u>	<u>111,121</u>	<u>93,874</u>	<u>93,211</u>	<u>91,874</u>	<u>71,860</u>	<u>102,180</u>	<u>110,837</u>
Total primary government	<u>\$ 575,535</u>	<u>\$ 682,894</u>	<u>\$ 700,100</u>	<u>\$ 667,310</u>	<u>\$ 650,586</u>	<u>\$ 656,838</u>	<u>\$ 661,318</u>	<u>\$ 726,932</u>	<u>\$ 770,182</u>	<u>\$ 794,192</u>
Change in Net Position										
Governmental activities	\$ 136,412	\$ 230,109	\$ 215,393	\$ 465,238	\$ 134,614	\$ 88,012	\$ 101,117	\$ 63,703	\$ 54,956	\$ 16,944
Business-type activities	271,341	411,629	298,071	135,699	107,145	166,778	168,598	253,538	304,410	460,525
Total primary government	<u>\$ 407,753</u>	<u>\$ 641,738</u>	<u>\$ 513,464</u>	<u>\$ 600,937</u>	<u>\$ 241,759</u>	<u>\$ 254,790</u>	<u>\$ 269,715</u>	<u>\$ 317,241</u>	<u>\$ 359,366</u>	<u>\$ 477,469</u>

Notes:

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

² 2006 through 2009 have been restated for the effects of a prior period adjustment.

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

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

⁵ In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

⁶ In 2006, the City sold the Charlotte Coliseum. In 2015, a discounted payoff was accepted in full satisfaction of a portion of private loan.

⁷ 2010, 2012, and 2013 have been restated for the effects of a prior period adjustment.

CITY OF CHARLOTTE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS, POST-GASB 54
LAST FIVE FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	Fiscal Year				
	2011	2012	2013	2014	2015
General fund					
Nonspendable - Inventories	\$ 951	\$ 1,004	\$ 985	\$ 1,208	\$ 1,378
Long-term notes receivable	-	-	-	-	29
Restricted - State statute	59,131	61,679	73,571	65,521	63,151
Committed:					
Capital projects	3,790	5,674	12,539	5,311	14,382
Component unit	848	1,100	1,738	2,146	2,610
Assigned:					
Capital Projects	-	395	550	550	-
Culture and recreation	94	-	-	-	-
Community planning and development	-	875	-	483	-
Unassigned	84,703	88,423	90,161	95,298	95,280
Total general fund	<u>\$ 149,517</u>	<u>\$ 159,150</u>	<u>\$ 179,544</u>	<u>\$ 170,517</u>	<u>\$ 176,830</u>
All other governmental funds					
Nonspendable - Perpetual care	\$ 3,120	\$ 3,121	\$ 3,111	\$ 3,111	\$ 3,111
Long-term notes receivable	-	-	-	-	89,899
Restricted:					
State statute	3,402	3,592	3,854	4,785	5,235
Special obligation debt service	10,970	10,120	9,220	8,270	7,270
Public safety	13,190	9,003	10,295	11,830	16,816
Streets and highways	10,878	8,359	13,373	14,332	15,141
Culture and recreation	121,702	120,924	129,869	138,774	144,780
Community planning and development	4,291	5,034	5,111	5,762	4,560
Committed:					
Capital projects	91,572	86,946	87,751	137,488	191,797
Culture and recreation	1,896	1,500	1,016	396	4,814
Assigned:					
Debt service	206,124	216,209	210,586	251,590	278,219
Unassigned ²	1,927	-	-	-	(629)
Total all other governmental funds	<u>\$ 469,072</u>	<u>\$ 464,808</u>	<u>\$ 474,186</u>	<u>\$ 576,338</u>	<u>\$ 761,013</u>

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

² In 2015, Municipal Services Districts had a deficit fund balance due to property tax revenues less than anticipated.

CITY OF CHARLOTTE, NORTH CAROLINA
FUND BALANCES, GOVERNMENTAL FUNDS, PRE-GASB 54
LAST FIVE FISCAL YEARS¹
(In Thousands)
(modified accrual basis of accounting)

	2006	2007	2008	2009	2010
General Fund					
Reserved	\$ 44,958	\$ 43,915	\$ 34,806	\$ 31,887	\$ 54,512
Unreserved ²	<u>101,340</u>	<u>117,699</u>	<u>128,793</u>	<u>119,197</u>	<u>100,740</u>
Total general fund	<u>\$ 146,298</u>	<u>\$ 161,614</u>	<u>\$ 163,599</u>	<u>\$ 151,084</u>	<u>\$ 155,252</u>
All Other Governmental Funds					
Reserved	\$ 21,443	\$ 19,236	\$ 46,787	\$ 35,463	\$ 34,430
Unreserved, reported in:					
Debt service funds ²	114,946	138,259	168,168	187,409	195,577
Capital projects funds ²	57,755	46,641	58,322	110,301	128,574
Special revenue funds	<u>95,443</u>	<u>114,513</u>	<u>123,126</u>	<u>142,212</u>	<u>122,833</u>
Total all other governmental funds	<u>\$ 289,587</u>	<u>\$ 318,649</u>	<u>\$ 396,403</u>	<u>\$ 475,385</u>	<u>\$ 481,414</u>

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

² 2006 through 2009 have been restated for the effects of a prior period adjustment.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Property taxes	\$ 285,746	\$ 313,435	\$ 333,032	\$ 344,248	\$ 359,279	\$ 363,060	\$ 378,409	\$ 395,789	430,657	401,040
Other taxes ^{1,2}	120,424	140,417	153,985	130,187	127,482	133,558	149,564	159,787	171,864	193,197
Intergovernmental ^{2,3}	106,786	102,125	114,400	135,380	137,647	129,561	149,958	176,661	136,198	172,109
Licenses, fees and fines ²	58,971	59,141	67,907	62,994	60,330	60,118	61,103	63,914	63,001	68,421
Investment earnings	12,720	23,159	25,030	18,662	10,588	4,677	3,544	(14)	4,739	3,350
Private contributions ⁴	5,686	5,596	4,545	14,172	7,598	12,230	2,377	3,872	9,428	4,745
Administrative charges	20,175	21,685	22,420	25,721	25,446	28,513	29,406	24,636	25,227	29,361
Charges for current services	7,421	7,588	8,259	7,477	7,717	9,004	8,325	6,187	6,364	6,919
Miscellaneous	13,167	13,235	10,698	9,636	8,196	9,173	8,614	9,714	9,828	8,151
Total revenues	<u>631,096</u>	<u>686,381</u>	<u>740,276</u>	<u>748,477</u>	<u>744,283</u>	<u>749,894</u>	<u>791,300</u>	<u>840,546</u>	<u>857,306</u>	<u>887,293</u>
EXPENDITURES:										
Public safety ³	248,382	265,133	274,361	286,542	305,527	317,255	340,387	366,574	335,977	346,524
Sanitation	37,764	41,439	43,776	45,736	46,200	45,930	45,694	46,680	49,278	50,764
General administration	36,001	41,402	43,213	46,183	37,295	36,649	41,979	43,596	45,295	44,042
Support services	17,336	16,971	19,011	20,069	18,523	19,895	30,848	22,563	25,956	29,414
Engineering and property management	22,345	23,684	26,233	23,793	21,808	21,164	22,717	22,056	22,479	22,739
Streets and highways	44,701	47,564	48,297	52,132	58,332	63,922	56,366	51,097	57,313	57,580
Culture and recreation	8,258	8,352	9,551	13,478	17,798	10,068	13,632	17,793	21,035	24,571
Community planning and development	42,771	44,207	41,281	55,330	54,381	52,248	51,215	46,683	51,947	56,613
Debt service-										
Principal ⁵	46,205	44,049	55,079	74,356	68,766	64,029	72,849	68,812	77,139	86,287
Interest and other charges	43,171	48,366	47,629	49,710	70,900	60,296	58,606	59,210	61,053	61,334
Capital outlay	145,252	135,814	170,154	280,708	252,408	126,119	137,506	170,522	162,571	160,745
Total expenditures	<u>692,186</u>	<u>716,981</u>	<u>778,585</u>	<u>948,037</u>	<u>951,938</u>	<u>817,575</u>	<u>871,799</u>	<u>915,586</u>	<u>910,043</u>	<u>940,613</u>
(Deficiency) of revenues (under) expenditures	(61,090)	(30,600)	(38,309)	(199,560)	(207,655)	(67,681)	(80,499)	(75,040)	(52,737)	(53,320)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES):										
Sales of capital assets ⁶	25,361	3,968	14,081	953	3,160	1,435	1,943	4,768	1,117	1,003
Bonds issued	-	-	-	-	20,000	-	-	-	34,370	-
Commercial paper issued	60,900	68,196	121,348	190,636	88,192	62,786	64,846	73,988	59,055	59,973
Installment purchases issued	14,662	18,694	-	87,491	88,595	-	33,155	34,808	63,994	100,691
Refunding debt issued	-	122,655	11,674	49,102	393,509	-	177,485	130,470	266,893	62,755
Premium on debt issuance	6,338	694	1,027	3,629	35,845	-	36,025	5,123	31,544	15,199
Private loan ⁷	-	1,143	987	357	32,558	3,785	270	-	-	-
Payment to refunded bond escrow agent	-	(122,007)	(12,632)	(47,731)	(425,542)	-	(209,457)	(130,590)	(293,020)	(71,580)
Transfers in	59,322	64,365	137,353	82,201	96,718	126,518	111,204	126,402	121,528	123,605
Transfers out	(76,302)	(82,730)	(155,790)	(100,611)	(115,183)	(144,920)	(129,603)	(140,157)	(139,619)	(140,475)
Total other financing sources (uses)	90,281	74,978	118,048	266,027	217,852	49,604	85,868	104,812	145,862	151,171
Net change in fund balances	\$ 29,191	\$ 44,378	\$ 79,739	\$ 66,467	\$ 10,197	\$ (18,077)	\$ 5,369	\$ 29,772	\$ 93,125	\$ 97,851

Debt service as a percentage of noncapital expenditures	15.4%	15.6%	16.0%	18.3%	19.3%	17.7%	17.6%	17.0%	18.4%	18.1%
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¹ In 2007, an additional 2 percent occupancy tax was collected to be used for NASCAR Hall of Fame.

² 2006 through 2009 have been restated for the effects of a prior period adjustment related to the recognition of revenues.

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

⁴ In 2011, private contributions were received to fund construction of the Mint Museum.

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

⁶ In 2006, the City sold the Charlotte Coliseum. In 2008, the City sold land adjacent to Time Warner Cable Arena.

⁷ In 2007, the City entered into a private loan agreement to finance pre-opening expenses for NASCAR Hall of Fame.

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

Fiscal Year	Assessed Value				Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property		Personal Property				
	Residential Property	Commercial Property	Motor Vehicles ¹	Other			
2006	\$ 34,291,699	\$ 20,956,252	\$ 4,992,208	\$ 5,503,912	\$ 155,476	\$ 65,588,595	\$ 0.4200
2007	35,342,264	21,807,395	5,490,370	5,702,971	138,138	68,204,862	0.4586
2008	36,900,394	24,204,284	5,542,576	6,123,051	140,608	72,629,697	0.4586
2009	38,328,716	23,791,182	5,519,009	6,781,909	150,448	74,270,368	0.4586
2010	40,557,214	24,696,512	5,046,368	7,092,141	174,573	77,217,662	0.4586
2011	40,862,815	25,231,676	4,761,822	6,900,642	192,624	77,564,331	0.4586
2012	45,757,652	32,639,066	5,153,731	7,071,716	248,052	90,374,113	0.4370
2013	45,958,721	31,815,858	5,621,122	7,408,446	238,179	90,565,968	0.4370
2014	45,891,739	31,556,625	5,671,639	7,764,066	250,288	90,633,781	0.4687
2015	45,331,887	31,620,000	137,971	7,953,022	285,506	84,757,374	0.4687

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

¹ In 2015, the assessed value of motor vehicles decreased due to the Tax & Tag Together Program administered by the State of North Carolina.

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

Fiscal Year	City Direct Rates				Overlapping Rates					Mecklenburg County
	General	Debt Service	Capital Projects	Total Direct	Municipal Service Districts					
					District 1	District 2	District 3	District 4	District 5	
2006	\$.3570	\$.0470	\$.0160	\$.4200	\$.0174	\$.0124	\$.0271	\$.0668	\$.0300	\$.8368
2007	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8189
2008	.3698	.0737	.0151	.4586	.0174	.0124	.0271	.0668	.0300	.8387
2009	.3698	.0737	.0151	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2010	.3758	.0687	.0141	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2011	.3773	.0687	.0126	.4586	.0174	.0239	.0386	.0668	.0300	.8387
2012	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.8166
2013	.3600	.0650	.0120	.4370	.0168	.0233	.0358	.0668	.0279	.7922
2014	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157
2015	.3600	.0967	.0120	.4687	.0168	.0233	.0358	.0668	.0279	.8157

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

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Wells Fargo/Wachovia Corporation	\$ 1,330,151	1	1.57%	\$ 736,756	3	1.12%
Bank of America	1,288,886	2	1.52	765,286	1	1.17
Duke Energy Corporation	1,009,993	3	1.19	748,730	2	1.14
AT&T/BellSouth, Incorporated	428,739	4	0.51	426,492	5	0.65
Time Warner Entertainment	414,036	5	0.49	216,396	7	0.33
US Airways Group, Incorporated	347,207	6	0.41	357,259	6	0.54
Southpark Mall	327,212	7	0.39	-	-	-
Piedmont Natural Gas	248,785	8	0.29	-	-	-
TIAA-Cref, LLC	219,047	9	0.26	-	-	-
Parkway Properties	210,118	10	0.25	-	-	-
Childress Klein Properties	-	-	-	475,299	4	0.72
Panthers Stadium, LLC	-	-	-	166,043	8	0.25
First States Investors	-	-	-	164,002	9	0.25
Charlotte Gateway Village	-	-	-	146,906	10	0.22
Total	\$ 5,824,174		6.88%	\$ 4,203,169		6.39%

Source: Mecklenburg County.

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

Fiscal Year ¹	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ²	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$ 289,079	\$ 284,975	98.58%	\$ 2,546	\$ 287,521	99.46%
2007	316,477	308,550	97.50	6,291	314,841	99.48
2008	340,293	332,150	97.61	5,538	337,688	99.23
2009	344,391	336,270	97.64	6,366	342,636	99.49
2010	357,494	350,248	97.97	5,469	355,717	99.50
2011	362,833	355,258	97.91	4,744	360,002	99.22
2012	395,901	387,890	97.98	(13,286)	374,604	94.62
2013	395,392	386,270	97.69	(6,695)	379,575	96.00
2014	415,447	408,956	98.44	3,282	412,238	99.23
2015	392,831	390,339	99.37	-	390,339	99.37

Source: Mecklenburg County.

¹ Pursuant to the North Carolina General Statutes, property taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until January 6. For example, the taxes levied effective July 1, 2012, for the fiscal year 2013, were based on the assessed values listed as of January 1, 2012.

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

**CITY OF CHARLOTTE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015
(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	\$ 82,338,677	\$ 0.469	\$ 385,921	\$ 385,921	\$ -
Registered motor vehicles at current year's rate	<u>21,323</u>	\$ 0.469	<u>100</u>	<u>-</u>	<u>100</u>
Total	<u>82,360,000</u>		<u>386,021</u>	<u>385,921</u>	<u>100</u>
Discoveries:					
Prior year taxes	<u>472,157</u>	Various	<u>2,161</u>	<u>2,102</u>	<u>59</u>
Total property valuation	<u>\$ 82,832,157</u>				
Net levy			<u>\$ 388,182</u>	<u>\$ 388,023</u>	<u>\$ 159</u>
Current year's taxes collected			<u>\$ 385,723</u>	<u>\$ 385,583</u>	<u>\$ 140</u>
Current levy collection percentage			99.37%	99.37%	88.08%

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



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

Fiscal Year	General Bonded Debt				Other Governmental Activities Debt				
	Governmental Activities General Obligation Bonds ³	Business-Type Activities General Obligation Bonds ³	Percentage of Actual Taxable Value of Property ¹	Per Capita ²	Special Obligation Bonds	Installment Purchases ^{3,4}	Commercial Paper Notes	Private Loan	
2006	\$ 365,886	\$ 405,753	1.18%	\$ 1,191	\$ 10,970	\$ 469,631	\$ 60,900	\$ -	
2007	441,330	376,845	1.20	1,232	10,970	468,920	29,559	729	
2008	412,969	355,755	1.06	1,104	10,970	441,000	150,907	1,982	
2009	385,286	336,796	0.97	1,007	10,970	531,662	293,812	2,322	
2010	515,359	311,791	1.07	1,093	10,970	777,594	46,462	35,045	
2011	485,333	286,002	0.99	1,055	10,970	739,441	109,248	38,830	
2012	606,204	258,998	0.96	1,120	10,120	730,252	24,094	39,100	
2013	577,431	231,267	0.89	1,015	9,220	727,912	98,082	35,331	
2014	729,362	203,241	1.03	1,170	8,270	747,191	7,137	35,331	
2015	691,351	174,812	1.02	1,087	7,270	803,723	67,110	16,231	

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

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

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

³ 2006 through 2012 have been restated for the implementation of GASB 65.

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

Other Business-Type Activities Debt

Fiscal Year	Revenue Bonds ³	Installment Purchases ³	Commercial Paper Notes	Revenue			Total Primary Government	Percentage of	
				Bond Anticipation Notes	Other Financing Agreements	Federal Revolving Loan		Personal Income ²	Per Capita ²
2006	\$ 1,138,281	\$ 325,252	\$ 370,990	\$ -	\$ 10,610	\$ -	\$ 3,158,273	16.07%	\$ 4,873
2007	1,550,823	303,671	142,605	-	9,715	-	3,335,167	16.21	5,020
2008	1,653,023	286,071	279,209	-	8,840	-	3,600,726	17.17	5,173
2009	1,943,826	207,374	55,612	-	7,975	-	3,775,635	16.88	5,267
2010	2,419,218	191,552	-	-	7,120	-	4,315,111	18.72	5,701
2011	2,355,194	176,999	-	-	6,275	-	4,208,292	18.21	5,754
2012	2,473,421	167,135	-	-	5,440	133	4,314,897	19.09	5,585
2013	2,404,518	288,353	-	-	4,610	1,242	4,377,966	19.66	5,494
2014	2,303,043	281,758	-	87,054	3,775	1,176	4,407,338	18.59	5,530
2015	2,162,847	279,384	-	214,999	2,950	1,110	4,421,787	16.83	5,549

CITY OF CHARLOTTE, NORTH CAROLINA
DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2015
(Dollar Amounts in Thousands)

	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City ¹	Amount Applicable to City
<u>Jurisdiction</u>			
Direct:			
City of Charlotte	\$ 691,351	100%	\$ 691,351
Overlapping:			
Mecklenburg County	<u>1,339,707</u>	71	<u>951,192</u>
Total	<u>\$ 2,031,058</u>		<u>\$ 1,642,543</u>

¹ Percentage of direct and overlapping debt is based on June 30, 2015 assessed valuation of the City of Charlotte (\$84,757,374) as compared to the June 30, 2015 assessed valuation of Mecklenburg County (\$118,633,245).

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

Fiscal Year	Debt Limit	Net Debt Outstanding ^{1,2}	Legal Debt Margin	Ratio of Net Debt Outstanding to Debt Limit
2006	\$ 5,247,088	\$ 1,713,159	\$ 3,533,929	32.65%
2007	5,456,389	1,769,091	3,687,298	32.42
2008	5,810,376	1,686,824	4,123,552	29.03
2009	5,941,629	1,885,169	4,056,460	31.73
2010	6,177,413	2,040,250	4,137,163	33.03
2011	6,205,146	2,081,725	4,123,421	33.55
2012	7,229,929	2,101,356	5,128,573	29.06
2013	7,240,375	2,095,463	5,144,912	28.94
2014	7,250,702	2,150,659	5,100,043	29.66
2015	6,780,590	2,235,933	4,544,657	32.98

¹ Excludes debt not applicable to the limit.

² 2006 through 2012 have been restated for the implementation of GASB 65.

Legal Debt Margin Calculation for Fiscal Year 2015:

Assessed value		<u>\$ 84,757,374</u>
Debt limit (8% of assessed value)		<u>\$ 6,780,590</u>
Total outstanding general obligation bonded debt	\$ 866,163	
Amounts due under installment purchases primarily for Convention Center, tourism, capital improvements and equipment	1,083,107	
Bonds authorized but unissued	<u>346,765</u>	
	2,296,035	
Less- Water general obligation bonds	<u>60,102</u>	
Outstanding debt, net		<u>2,235,933</u>
Legal debt margin		<u>\$ 4,544,657</u>

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

<u>Fiscal Year</u>	<u>Allowable Revenues ¹</u>	<u>Debt Service Requirement</u>	<u>Revenue Bond Coverage</u>
2006	\$ 10,781	\$ 1,454	7.4
2007	11,866	1,454	8.2
2008	13,012	1,415	9.2
2009	11,956	1,390	8.6
2010	16,250	1,385	11.7
2011	17,638	1,382	12.8
2012	20,033	1,383	14.5
2013	20,648	1,383	14.9
2014	22,796	1,382	16.5
2015	26,138	1,382	18.9

¹ Allowable revenues as defined by the Revenue Bond Order.

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

Fiscal Year	Allowable Revenues ¹	Current Expenses ¹	Net Revenues		Revenue Bond Coverage
			Available for Debt Service	Debt Service Requirement	
2006	\$ 257,075	\$ 90,693	\$ 166,382	\$ 43,478	3.8
2007	276,399	93,119	183,280	51,141	3.6
2008	279,870	102,522	177,348	67,871	2.6
2009	284,083	101,583	182,500	78,258	2.3
2010	300,153	99,989	200,164	88,524	2.3
2011	323,930	99,389	224,541	102,720	2.2
2012	360,485	102,492	257,993	98,227	2.6
2013	352,258	101,383	250,875	103,571	2.4
2014	369,905	107,211	262,694	106,066	2.5
2015	417,288	125,399	291,889	105,762	2.8

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		Revenue Bond Coverage
			Available for Debt Service	Debt Service Requirement	
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
2010	54,370	11,884	42,486	11,022	3.9
2011	56,656	11,328	45,328	10,547	4.3
2012	59,125	12,080	47,045	10,544	4.5
2013	64,318	13,266	51,052	8,841	5.8
2014	64,134	11,653	52,481	9,961	5.3
2015	80,742	9,131	71,611	11,357	6.3

¹ Allowable revenues and current expenses as defined by the Revenue Bond Order.
In 2015, allowable revenues increased due to the use of bond proceeds to fund capital projects
in place of unrestricted cash which will be used in future periods.

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
2006	\$ 104,196	\$ 43,761	\$ 60,435	\$ 18,203	3.3
2007	117,180	45,432	71,748	18,285	3.9
2008	129,034	52,849	76,185	21,049	3.6
2009	123,920	52,835	71,085	18,273	3.9
2010	122,024	52,435	69,589	20,957	3.3
2011	131,566	57,291	74,275	21,049	3.5
2012	139,958	61,711	78,247	24,289	3.2
2013	156,794	71,736	85,058	26,071	3.3
2014	164,907	73,161	91,746	26,072	3.5
2015	176,443	91,912	84,531	25,733	3.3

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
2006	648,139	\$ 19,655,613	\$ 24,623	34.5	4.4%
2007	664,342	20,570,513	24,853	35.1	4.5
2008	695,995	20,970,350	24,281	35.1	5.6
2009	716,874	22,365,015	24,815	35.1	10.2
2010	756,912	23,046,008	24,782	35.2	9.5
2011	731,424	23,109,445	24,267	35.2	10.0
2012	772,627	22,605,735	23,667	33.9	8.8
2013	796,921	22,270,608	22,874	33.9	8.4
2014	796,921	23,708,978	23,946	34.5	6.0
2015	809,958	26,268,690	25,877	N/A	5.3

Source: Data provided by Charlotte Chamber of Commerce. Personal income and median age data are for the County.

N/A: Information not available.

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

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage to Total City Employment</u>
Carolinas Healthcare System	35,000	1	6.65%	15,257	2	3.60%
Wells Fargo/Wachovia Corporation	23,000	2	4.37	18,967	1	4.48
Charlotte-Mecklenburg Schools	18,143	3	3.45	15,134	3	3.58
Wal-Mart Stores, Incorporated	16,100	4	3.06	-	-	-
Bank of America	15,000	5	2.85	13,000	4	3.07
Novant Health	11,000	6	2.09	-	-	-
American Airlines	9,900	7	1.88	-	-	-
Delhaize America Inc.	9,078	8	1.72	-	-	-
Harris Teeter Supermarkets	8,239	9	1.56	-	-	-
Lowe's Companies Inc.	7,801	10	1.48	-	-	-
City of Charlotte	-	-	-	5,838	5	1.38
US Airways	-	-	-	5,749	6	1.36
Duke Energy Corporation	-	-	-	5,400	7	1.28
Mecklenburg County	-	-	-	5,373	8	1.27
Presbyterian Healthcare	-	-	-	5,166	9	1.22
Excel Staffing Services of Charlotte, Inc.	-	-	-	4,500	10	1.06
Total	<u>153,261</u>		<u>29.11%</u>	<u>94,384</u>		<u>22.30%</u>

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

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011 ¹	2012	2013	2014	2015
Public safety ^{2,5}	3,094.50	3,179.50	3,191.50	3,223.50	3,392.50	3,388.50	3,408.50	3,472.50	3,472.50	3,500.50
Sanitation	239.00	276.00	290.00	289.00	296.00	283.00	289.00	289.00	289.00	302.00
General administration	295.50	297.50	349.00	350.25	367.25	371.25	373.25	370.50	370.50	348.50
Shared services	187.50	191.50	197.50	235.00	223.00	246.00	254.50	257.00	257.00	288.00
Engineering and property management	301.00	306.00	314.00	330.00	329.00	330.00	330.00	322.00	322.00	322.00
Streets and highways	437.25	437.25	428.50	429.50	434.50	432.50	431.50	431.50	431.50	431.50
Community planning and development	225.00	227.00	226.00	226.00	233.00	229.00	220.00	220.00	225.00	228.00
Water and Sewer ³	802.50	818.50	813.50	812.50	802.50	791.50	746.25	746.50	761.50	796.00
Storm water	92.00	85.00	80.00	86.00	83.00	84.00	84.00	95.00	100.00	108.00
Airport ^{4,5,6}	268.00	268.00	268.00	268.00	268.00	266.00	283.00	251.00	262.00	432.00
Public transit ⁷	289.75	380.75	392.75	392.75	392.75	360.75	361.75	361.75	361.75	384.75
Risk management	25.00	25.00	26.00	27.00	27.00	27.00	27.00	27.00	27.00	28.00
Total	<u>6,257.00</u>	<u>6,492.00</u>	<u>6,576.75</u>	<u>6,669.50</u>	<u>6,848.50</u>	<u>6,809.50</u>	<u>6,808.75</u>	<u>6,843.75</u>	<u>6,879.75</u>	<u>7,169.25</u>

Source: Actual position allocations per Budget and Evaluation Department.

¹ In 2011, vacant positions were eliminated.

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

³ In 2012, vacant positions were eliminated as part of the financial stability plan. In 2014, positions were added to offset reductions in contractual services. In 2015, positions were added to meet service demand.

⁴ In 2012, positions were added for public safety at the airport. In 2014 and 2015, positions were added to meet service demand.

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

⁶ In 2015, existing full-time temporary positions were converted to regular full-time status.

⁷ In 2015, positions were added to meet service demand.

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police physical arrests	28,015	27,005	28,875	29,703	28,326	27,800	25,389	22,839	23,018	22,144
911 call volume	1,081,065	1,093,542	1,069,433	1,008,457	967,020	1,002,790	1,093,772	1,015,825	1,061,018	1,180,177
Fire calls answered	84,348	88,024	90,743	91,309	93,139	98,569	95,922	97,361	103,474	110,710
Sanitation ¹										
Refuse collected (in tons)	188,742	176,169	170,569	179,814	178,752	221,868	218,792	212,296	211,407	206,535
Refuse collected by City Contractors (in tons)	104,832	96,363	99,363	100,585	100,285	74,646	77,195	62,153	63,971	65,768
Recyclables and Organics collected (in tons) ^{2, 4}	65,912	66,306	62,444	68,509	67,317	53,264	54,587	54,557	58,173	88,332
Recyclables and Organics collected by City Contractors (in tons) ⁴	13,103	13,389	13,140	13,482	14,843	45,206	46,599	47,666	49,183	10,283
Support services										
Fleet maintained	3,091	3,137	3,251	3,367	3,470	3,465	3,577	3,331	3,280	3,250
Streets and highways										
Miles resurfaced	195	194	306	319	246	325	222	149	211	221
Potholes repaired	378	375	288	576	895	790	768	856	1,205	1,101
Community planning and development										
Housing inspections conducted	2,993	3,689	3,565	3,749	3,142	3,196	3,070	2,498	2,670	2,779
Affordable housing production	1,187	1,640	1,204	1,093	1,172	1,310	1,614	1,368	1,083	824
Water										
Number of service connections	232,545	237,930	241,637	242,631	245,854	248,257	253,557	257,683	262,607	267,664
Average daily consumption (in millions of gallons)	111	114	106	99	108	110	101	99	101	103
Sewer										
Number of service connections	205,569	219,268	222,887	223,855	226,978	229,002	235,157	238,854	242,959	247,165
Average daily treatment (in millions of gallons)	80	86	78	81	83	76	78	79	83	81
Storm water										
Requests for services completed	1,842	1,627	1,885	2,021	2,266	1,890	2,862	1,809	1,886	1,711
Airport										
Number of airline arrivals and departures per day	1,204	1,228	1,350	1,289	1,281	1,359	1,371	1,415	1,401	1,399
Passengers boarding (in thousands)	14,246	15,712	17,023	17,305	17,725	19,614	20,010	21,108	21,977	22,193
Public transit ³										
Revenue miles operated (in thousands)	15,769	15,365	16,304	17,280	15,617	15,598	15,925	16,226	16,195	16,518
Passengers (in thousands)	19,157	19,758	23,101	26,034	24,355	24,901	26,500	26,110	25,572	25,201

¹ Operating indicators for Sanitation have been restated to break out between City services and contractor provided services for fiscal years 2006 through 2012.

² The City began collecting recyclables for all four zones in 2011. Prior years only collected three zones.

³ Light rail service began operations in 2008.

⁴ Recycling contract was cancelled in 2015.

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police stations	12	13	13	13	13	13	13	13	13	13
Patrol units	990	1,072	1,087	1,169	1,251	1,267	1,352	1,386	1,391	1,388
Fire stations	37	38	38	39	40	41	42	42	42	42
Sanitation										
Collection trucks	171	182	194	198	200	178	171	180	177	188
Streets and highways										
Miles of street	2,197	2,244	2,280	2,368	2,398	2,415	2,434	2,434	2,450	2,455
Number of street lights	63,258	64,644	66,204	67,345	70,000	69,695	70,862	71,851	72,316	73,299
Water										
Treatment plants	3	3	3	3	3	3	3	3	3	3
Miles of water mains	3,528	3,850	3,929	4,025	4,064	4,094	4,206	4,198	4,209	4,232
Fire hydrants ¹	20,000	20,000	22,000	12,425	12,541	12,568	16,756	16,889	16,631	16,766
Sewer										
Treatment plants	5	5	5	5	5	5	5	5	5	5
Miles of sanitary sewer lines	3,433	3,865	3,942	4,028	4,047	4,073	4,180	4,170	4,320	4,200
Airport										
Feet of runway ²	26,345	26,345	26,345	26,345	35,175	35,175	35,175	35,175	35,175	35,175
Public transit										
Motor buses	326	324	342	342	324	324	323	322	322	316
Light rail vehicles	4	9	16	16	20	20	20	20	20	20

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

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



SINGLE AUDIT

**Report of Independent Auditor on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Charlotte, North Carolina (the “City”), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the City’s basic financial statements, and have issued our report thereon dated October 31, 2015. Our report includes a reference to other auditors who audited the financial statements of the Charlotte Regional Visitors Authority (the “CRVA”), as described in our report on the City’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

Channing R. Ricketts LLP

Raleigh, North Carolina
October 31, 2015

**Report of Independent Auditor on Compliance for each Major Federal Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Charlotte, North Carolina (the “City”), compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2015. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

The results of auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings question costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Channing R. Ricketts LLP

Raleigh, North Carolina
October 31, 2015

**Report of Independent Auditor on Compliance for each Major State Program
and on Internal Control Over Compliance in Accordance With OMB Circular A-133
and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited City of Charlotte, North Carolina (the "City"), compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City's major State programs for the year ended June 30, 2015. The City's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2015.

Report On Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major State program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Channing R. Ricketts LLP

Raleigh, North Carolina
October 31, 2015

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

FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes no
- Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

CFDA Numbers

11.557

97.117

14.239

20.106

20.933

20.205

20.500

20.507

20.525

20.526

Names of Federal Program or Cluster

ARRA – Broadband Technology Opportunities
 ARRA – TSA Airport Checked Baggage Inspection System
 HOME Investment Partnerships
 Airport Improvement Program
 National Infrastructure Investments
 Highway Planning and Construction Cluster

Federal Transit Cluster
 Capital Investment Grants
 Formula Grants
 State of Good Repair Grants Program
 Bus and Bus Facilities Formula Program

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

Auditee qualified as low-risk auditee? yes _____ no

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

FOR THE YEAR ENDED JUNE 30, 2015

I – Summary of Auditor’s Results (continued)

State Awards

Internal control over major state programs:

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

Noncompliance material to state awards? _____ yes X no

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

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

Identification of major state programs:

Names of State Program or Cluster
Non-State System Street-Aid Allocation (Powell Bill)
Public Transportation Section 5309 Capital Programs

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

US Department of Transportation

Direct Program
National Infrastructure Investments
CFDA #: 20.933

Finding 2015 – 1
Nonmaterial Noncompliance
Reporting

Criteria: In accordance with grant requirements, SF-425 Federal Financial Reports (FFR’s) are due within thirty days of each quarterly reporting period.

Condition: The City did not submit the 4th quarter report in a timely manner.

Effect: Future funding could be affected if these reports are not filed in a timely manner.

Cause: The City had not completed its year end close out procedures as of the date the report was required to be filed.

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

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

FOR THE YEAR ENDED JUNE 30, 2015

Context and Recommendation: Of the four quarterly SF-425 FFR's tested, we found one instance of noncompliance. The City should review and modify its existing closeout procedures to ensure that all reporting requirements can be met.

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

Section IV – State Award Findings and Questioned Costs

None reported.

CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2015

Section II – Financial Statement Findings

None reported

Section III – Federal Award Findings and Questioned Costs

Finding 2015 – 1
Nonmaterial Noncompliance
Reporting

Name of contact person: Shyry Greene, Accounting, Revenue, Financial Reporting and Controls Manager

Corrective Action: The City will review and modify its existing close out procedures to ensure that all external reporting can be completed in a timely manner.

Proposed completion date: December 31, 2015

Section IV – State Award Findings and Questioned Costs

None reported.

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

FOR THE YEAR ENDED JUNE 30, 2015

Section V – Schedule of Prior Year Audit Findings

Finding 14-001 – The City’s Finance Department worked with other City departments to educate staff on when capital asset criteria have been met, when construction in progress is appropriate, and when projects should be expensed or closed out. No issues noted in the current year based on audit procedures performed. This finding has been corrected.

Finding 14-002 – The City’s Finance Department utilized functions in the new ERP system that helped identify payments applicable for accrual at year-end. No issues noted in the current year based on audit procedures performed. This finding has been corrected.

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
FEDERAL AWARDS:					
<u>Executive Office of the President</u>					
Direct Programs:					
High Intensity Drug Trafficking Areas	95.001	G13GA0007A	\$ 86,500	\$ 23,133	\$ 86,500
High Intensity Drug Trafficking Areas	95.001	G14GA0007A	82,813	50,372	50,372
High Intensity Drug Trafficking Areas	95.001	G15GA0007A	82,813	-	-
Total Executive Office of the President			252,126	73,505	136,872
<u>U.S. Department of Agriculture</u>					
Pass-Through N.C. Department of Agriculture and Consumer Services:					
Cooperative Forestry Assistance	10.664	14-E-090-FOR-FWP	19,000	14,396	14,396
<u>U.S. Department of Commerce</u>					
Direct Programs:					
ARRA - Broadband Technology Opportunities (BTOP)□	11.557	NT10BIX5570088	16,702,490	7,182,355	15,092,525
<u>U.S. Department of Health and Human Services</u>					
Pass-Through N.C. Department of Health and Human Services:					
Public Health and Social Services Emergency	93.003	BT-07-1106	366,958	-	366,958
<u>U.S. Department of Homeland Security</u>					
Direct Programs:					
Rail and Transit Security	97.075	2009-RA-T9-0082	364,373	-	336,893
Rail and Transit Security	97.075	2010-RA-T0-0038	287,760	-	230,544
Rail and Transit Security	97.075	EMW-2011-RA-00078-S01	130,128	44,371	90,987
Rail and Transit Security	97.075	EMW-2012-RA-00008-S01	116,072	112,428	112,428
ARRA - TSA Airport Checked Baggage Inspection System	97.117	HSTS04-10-H-REC109	49,265,845	10,862,726	37,478,941
Total Direct Programs			50,164,178	11,019,525	38,249,793
Pass-Through N.C. Department of Crime Control and Public Safety:					
Pre-Disaster Mitigation	97.047	PDM-PL-04-2012-001B	52,500	47,250	47,250
Homeland Security	97.067	2010-SS-T0-0075	301,548	19,534	301,548
Homeland Security	97.067	2011-SS-00119 / 4001	2,132,180	130,441	2,132,180
Homeland Security	97.067	2011-SS-00119-S01 / 1057	25,000	25,000	25,000
Homeland Security	97.067	EMW-2012-SS-00100-S01 / 1230	1,195,801	139,486	1,195,801
Homeland Security	97.067	EMW-2013-SS-00033-S01 / 1307	16,000	-	-
Homeland Security	97.067	EMW-2013-SS-00033-S01 / 1352	175,000	141,809	141,809
Homeland Security	97.067	EMW-2013-SS-00033-S01 / 4001	2,400,000	1,339,561	1,437,537

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1439	\$ 27,400	\$ -	\$ -
Homeland Security	97.067	EMW-2014-SS-00069-S01 / 1443	2,400,000	72,577	72,577
Rail and Transit Security	97.075	2007-RL-T7-0004	548,766	-	543,000
Rail and Transit Security	97.075	2008-RL-T8-0002	78,593	-	78,052
Rail and Transit Security	97.075	2008-RL-T8-0002	250,741	-	240,990
Rail and Transit Security	97.075	2008-RL-T8-0002	253,462	-	209,475
Rail and Transit Security	97.075	EMW-2014-RA-00022-S01	78,750	914	914
Total Pass-Through N.C. Department of Crime Control and Public Safety			<u>9,935,741</u>	<u>1,916,572</u>	<u>6,426,133</u>
Pass-Through Mecklenburg County:					
Emergency Management Performance	97.042	EMPG-2011-37119	77,135	48,307	77,135
Emergency Management Performance	97.042	EMPG-2012-37119	77,379	45,661	45,661
Emergency Management Performance	97.042	EMPG-2013-37119	76,455	-	-
Total Pass-Through Mecklenburg County			<u>230,969</u>	<u>93,968</u>	<u>122,796</u>
Total U.S. Department of Homeland Security			<u>60,330,888</u>	<u>13,030,065</u>	<u>44,798,722</u>
<u>U.S. Department of Housing and Urban Development</u>					
Direct Programs:					
CDBG - Entitlement Grants Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-37-0003	4,416,652	2,425,592	4,416,652
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-37-0003	4,865,370	4,865,370	4,865,370
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-37-0003	4,985,075	1,102,898	1,102,898
Total CDBG - Entitlement Grants Cluster			<u>14,267,097</u>	<u>8,393,860</u>	<u>10,384,920</u>
Emergency Shelter	14.231	E-13-MC-37-0002	322,208	21,872	322,208
Emergency Shelter	14.231	E-14-MC-37-0002	395,256	295,750	295,750
HOME Investment Partnerships	14.239	M11-DC370212	2,475,006	939,524	2,475,006
HOME Investment Partnerships	14.239	M12-DC370212	2,031,879	2,031,879	2,031,879
HOME Investment Partnerships	14.239	M13-DC370212	2,055,268	267,512	267,512
HOME Investment Partnerships	14.239	M14-DC370212	2,251,986	-	-
Housing Opportunities For Persons With AIDS	14.241	NCH012-FF001	830,903	61,260	830,903
Housing Opportunities For Persons With AIDS	14.241	NCH13-F001	873,634	873,634	873,634
Housing Opportunities For Persons With AIDS	14.241	NCH14-F001	1,060,906	221,889	221,889
Continuum of Care Program	14.267	NC0284L4F051200	47,388	47,388	47,388
Fair Housing Assistance	14.401	FF204K124008	112,815	46,239	112,815
Fair Housing Assistance	14.401	FF204K134008	273,517	149,111	149,111
Fair Housing Assistance	14.401	FF204K144008	68,821	-	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.907	NCLHB0539-12	2,479,414	488,717	1,231,458
Total Direct Programs			<u>29,546,098</u>	<u>13,838,635</u>	<u>19,244,473</u>

Continued on next page

**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through Mecklenburg County:					
Community Development Block Grants/Entitlement Grants	14.218	110560	\$ 339,000	\$ -	\$ 268,468
Community Development Block Grants/Entitlement Grants	14.218	120405	204,666	-	194,290
Community Development Block Grants/Entitlement Grants	14.218	130726	216,205	215,687	215,687
Community Development Block Grants/Entitlement Grants	14.218	24361483	200,000	37,188	37,188
Total CDBG - Entitlement Grants			<u>959,871</u>	<u>252,875</u>	<u>715,633</u>
Total U.S. Department of Housing and Urban Development			<u>30,505,969</u>	<u>14,091,510</u>	<u>19,960,106</u>
<u>U.S. Department of Justice</u>					
Direct Programs:					
Public Safety Partnership and Community Policing	16.710	2007CKWX0044	2,884,170	646,998	1,990,245
Justice Assistance	16.738	2014-4078-007-01	295,945	12,650	12,650
Forensic DNA Backlog Reduction	16.741	2012-DN-BX-0008	268,405	148,313	268,405
Forensic DNA Backlog Reduction	16.741	2013-DN-BX-0040	289,371	199,655	218,812
Forensic DNA Backlog Reduction	16.741	2014-DN-BX-0114	309,110	69,290	69,290
Total Direct Programs			<u>4,047,001</u>	<u>1,076,906</u>	<u>2,559,402</u>
Pass-Through Mecklenburg County:					
National Institute of Justice Research, Evaluation, and Development					
Project Grants	16.560	2011-DN-BX-K525	482,177	-	482,177
JAG Program Cluster:					
Justice Assistance	16.738	2011-DJ-BX-2961	714,123	82,568	714,123
Justice Assistance	16.738	2012-DJ-BX-1060	529,135	158,493	529,135
Justice Assistance	16.738	2013-DJ-BX-1202	460,447	334,414	413,224
Justice Assistance	16.738	2014-DJ-BX-1028	483,916	94,962	94,962
Total JAG Program Cluster			<u>2,187,621</u>	<u>670,437</u>	<u>1,751,444</u>
Total Pass-Through Mecklenburg County			<u>2,669,798</u>	<u>670,437</u>	<u>2,233,621</u>
Total U.S. Department of Justice			<u>6,716,799</u>	<u>1,747,343</u>	<u>4,793,023</u>

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Department of Labor</u>					
Pass-Through N.C. Department of Commerce:					
Workforce Investment Act	17.267	13-2010	\$ 654,202	\$ 238,504	\$ 654,202
Workforce Investment Act	17.267	13-2020	1,534,653	1,039,477	1,534,653
Workforce Investment Act	17.267	13-2030	2,158,220	747,858	2,158,220
Workforce Investment Act	17.267	13-2031	312,498	237,140	312,498
Workforce Investment Act	17.267	13-2040	2,194,939	1,265,505	2,194,939
Workforce Investment Act	17.267	14-2010	773,153	773,153	773,153
Workforce Investment Act	17.267	14-2020	2,131,950	1,467,862	1,467,862
Workforce Investment Act	17.267	14-2030 / 14-2031	2,680,633	1,246,523	1,246,523
Workforce Investment Act	17.267	14-2040	2,322,509	1,027,289	1,027,289
Total U.S. Department of Labor			14,762,757	8,043,311	11,369,339
<u>U.S. Department of Transportation</u>					
Direct Programs:					
Federal Aviation Administration:					
Airport Improvement Program	20.106	3-37-0012-39	5,000,000	-	1,891,682
Airport Improvement Program	20.106	3-37-0012-67-2012	5,235,053	217,850	5,235,053
Airport Improvement Program	20.106	3-37-0012-71-2014	6,000,000	6,000,000	6,000,000
Airport Improvement Program	20.106	3-37-0012-72-2014	11,826,599	3,879,904	3,879,904
Total Federal Aviation Administration			28,061,652	10,097,754	17,006,639
Federal Transit Administration:					
Federal Transit Cluster:					
Federal Transit - Capital Investment Grants	20.500	NC-03-0082-00	303,112,660	95,030,659	158,889,138
Federal Transit - Capital Investment Grants	20.500	NC-03-0084-00	24,990,000	11,897,853	19,992,000
Federal Transit - Capital Investment Grants	20.500	NC-03-0085-00	500,000	49,981	277,800
Federal Transit - Capital Investment Grants	20.500	NC-04-0006-00	11,326,917	18,726	4,275,919
Federal Transit - Capital Investment Grants	20.500	NC-04-0018-00	10,557,344	5,224	925,025
Federal Transit - Capital Investment Grants	20.500	NC-04-0045-00	400,000	164,641	306,600
Federal Transit - Capital Investment Grants	20.500	NC-04-0046-00	1,549,600	57,909	209,154
Federal Transit - Formula Grants	20.507	NC-90-X403-00	2,147,545	81,132	1,002,154
Federal Transit - Formula Grants	20.507	NC-90-X431-00	30,569,205	44,515	30,562,146
Federal Transit - Formula Grants	20.507	NC-90-X472-00	15,892,453	-	15,272,139
Federal Transit - Formula Grants	20.507	NC-90-X499	17,161,094	343,754	17,134,190

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Federal Transit - Formula Grants	20.507	NC-90-X531-00	\$ 16,521,120	\$ 1,416,359	\$ 15,659,753
Federal Transit - Formula Grants	20.507	NC-90-X541-00	17,193,080	4,512,860	14,856,682
Federal Transit - Formula Grants	20.507	NC-90-X569-00	16,779,047	5,535,544	5,535,544
Federal Transit - Formula Grants	20.507	NC-95-X042-01	1,000,000	-	800,000
Federal Transit - Formula Grants	20.507	NC-95-X050-00	1,500,000	13,060	1,207,332
Federal Transit - Formula Grants	20.507	NC-95-X052-00	1,261,250	-	1,058,250
Federal Transit - Formula Grants	20.507	NC-95-X055-00	2,130,000	183,808	2,130,000
Federal Transit - Formula Grants	20.507	NC-95-X058-00	1,460,000	481,750	1,071,258
Federal Transit - Formula Grants	20.507	NC-95-X060-00	3,192,000	117,062	3,192,000
Federal Transit - Formula Grants	20.507	NC-95-X068-00	3,750,000	1,567,213	1,567,213
Federal Transit - Formula Grants	20.507	NC-95-X080-01	4,256,000	-	-
ARRA - Federal Transit - Formula Grants	20.507	NC-96-X006-00	20,766,306	106,867	20,766,306
Federal Transit - State of Good Repair Grants Program	20.525	NC-54-001-00	879,127	854,406	854,406
Federal Transit - Bus and Bus Facilities Formula Program	20.526	NC-34-0004-00	3,362,803	2,812,475	2,812,475
Total Federal Transit Cluster			<u>512,257,551</u>	<u>125,295,798</u>	<u>320,357,484</u>
Transit Services Programs Cluster:					
Job Access - Reverse Commute	20.516	NC-37-X016-01	2,289,175	-	1,621,202
New Freedom Program	20.521	NC-57-X005-01	1,164,674	110,806	965,725
Total Transit Services Programs Cluster			<u>3,453,849</u>	<u>110,806</u>	<u>2,586,927</u>
National Infrastructure Investments	20.933	NC-79-0002-00	18,000,000	3,317,464	5,162,446
Total Federal Transit Administration			<u>533,711,400</u>	<u>128,724,068</u>	<u>328,106,857</u>
Total Direct Programs			<u>561,773,052</u>	<u>138,821,822</u>	<u>345,113,496</u>
Pass-Through City of Concord, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	49004.1	12,593	9,123	11,235
Pass-Through City of Gastonia, North Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	62,816	-	60,603
Highway Planning and Construction	20.205	49004.1	10,680	-	-
Total Pass-Through City of Gastonia, North Carolina			<u>73,496</u>	<u>-</u>	<u>60,603</u>

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Pass-Through City of Rock Hill, South Carolina:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	\$ 45,125	\$ -	\$ 43,944
Highway Planning and Construction	20.205	49004.1	9,968	-	1,637
Total Pass-Through City of Rock Hill, South Carolina			<u>55,093</u>	<u>-</u>	<u>45,581</u>
Pass-Through N.C. Clean Energy Tech Center:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	2010-0499-40 / C-4920A / CMS-00S(732)	<u>148,368</u>	<u>148,368</u>	<u>148,368</u>
Pass-Through N.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	42844.1.1 / BRZ-1003	2,025,158	19,449	113,296
Highway Planning and Construction	20.205	42844.1.1 / B-5242 / BRZ-1003	-	-	-
Highway Planning and Construction	20.205	45443.3.1 / CMS-1003(105)	400,000	171,444	400,000
Highway Planning and Construction	20.205	45444.1.1 / 45444.2.1 / 45444.3.1 / CMS-1003(106)	1,587,200	-	37,527
Highway Planning and Construction	20.205	46093.1.1 / BRSTP-1003(97)	1,835,268	166,256	247,268
Highway Planning and Construction	20.205	46093.1.1 / B-5378 / BRSTP-1003(97)	-	-	-
Highway Planning and Construction	20.205	46285.1 / SPR-OSPR (49)	1,029,140	-	1,009,937
Highway Planning and Construction	20.205	49004.1	400,000	96,240	96,240
Highway Planning and Construction	20.205	BRZ-NBIS (18)	345,467	-	-
Highway Planning and Construction	20.205	C-5534	1,113,000	-	-
Highway Planning and Construction	20.205	CMS-1003(121) / C-5533 / 45506.1.1 / 45506.2.1 / 45506.3.1	1,125,000	17,564	17,564
Highway Planning and Construction	20.205	CMS-1003(124) / C-5542 / 51012.1.1 / 51012.2.1 / 51012.3.1	1,075,000	379,017	457,586
Highway Planning and Construction	20.205	CMS-1003(125) / C-5540 / 51010.1.1 / 51010.2.1 / 51010.3.1	994,000	247,810	247,810
Highway Planning and Construction	20.205	CMS-1003(132) / C-5541 / 51011.3.1	750,000	-	-
Highway Planning and Construction	20.205	51013.1.F1/2.F1/3.F1	1,386,000	-	-
Highway Planning and Construction	20.205	Section 104f / 39225.1.14(PL) / 39225.1.19(STP-DA)	2,290,815	1,094,200	1,094,200

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Highway Planning and Construction	20.205	Section 104f / 39225.1.14(PL) / 39225.1.19(STP-DA)	\$ 1,816,448	\$ 49,602	\$ 1,283,287
Highway Planning and Construction	20.205	STPDA-1003(112) / U-5507 A / 45477.2.1 / 45477.3.1	1,133,260	-	8,037
Highway Planning and Construction	20.205	STPDA-1003(130) / U-5507 B / 45477.2.2 / 45477.3.2	3,666,740	2,103,933	2,123,251
Highway Planning and Construction	20.205	Y-4810 G	975,000	-	702,747
Total Federal Highway Administration			<u>23,947,496</u>	<u>4,345,515</u>	<u>7,838,750</u>
Federal Transit Administration:					
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.13.6 / 14-08-108	324,024	183,333	241,553
Federal Transit - Metropolitan Planning Grants	20.505	36230.5.14.6 / 15-08-102	381,088	359,305	359,305
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	51001.25.1.2-3 / 11-ED-083	533,140	-	256,765
Total Federal Transit Administration			<u>1,238,252</u>	<u>542,638</u>	<u>857,623</u>
National Highway Traffic Safety Administration:					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	154AL-15-02-09	563,921	373,494	373,494
State and Community Highway Safety	20.600	GHSP 2014	982,717	500,340	863,367
State and Community Highway Safety	20.600	GHSP 2014	20,000	7,709	19,586
State and Community Highway Safety	20.600	PT-15-09-28	20,000	13,065	13,065
Total National Highway Traffic Safety Administration			<u>1,586,638</u>	<u>894,608</u>	<u>1,269,512</u>
Total Pass-Through N.C. Department of Transportation			<u>26,772,386</u>	<u>5,782,761</u>	<u>9,965,885</u>
Pass-Through S.C. Department of Transportation:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	45200.1	57,431	-	55,597
Highway Planning and Construction	20.205	49004.1	10,000	-	-
Total Pass-Through S.C. Department of Transportation			<u>67,431</u>	<u>-</u>	<u>55,597</u>
Pass-Through NC State University:					
Federal Highway Administration:					
Highway Planning and Construction	20.205	2010-0499-07	168,400	168,400	168,400
Highway Planning and Construction	20.205	2010-0499-29	80,337	75,550	75,550
Total Pass-Through NC State University			<u>248,737</u>	<u>243,950</u>	<u>243,950</u>
Total U.S. Department of Transportation			<u>589,151,156</u>	<u>145,006,024</u>	<u>355,644,715</u>

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
<u>U.S. Environmental Protection Agency</u>					
Pass-Through N.C. Department of Environment and Natural Resources:					
ARRA - State Clean Diesel	66.040	2D-95421809-0	\$ 80,000	\$ -	\$ 73,840
TOTAL FEDERAL AWARDS			718,888,143	189,188,509	452,250,496
STATE AWARDS:					
<u>N.C. Clean Water Management Trust Fund</u>					
Stormwater Infrastructure		2012-722	200,000	100,000	200,000
<u>N.C. Department of Commerce</u>					
One NC Fund		O-2009-5422	1,000,000	-	-
One NC Fund		O-2009-5644	1,000,000	285,714	1,000,000
One NC Fund		O-2009-5986	1,200,000	58,314	1,200,000
One NC Fund		O-2010-6112	55,000	-	-
One NC Fund		O-2010-6659	350,000	(97,000)	58,000
One NC Fund		O-2010-6865	325,000	-	-
One NC Fund		O-2010-6867	60,000	60,000	60,000
One NC Fund		2011-7692	2,503,114	37,000	1,058,275
One NC Fund		2012-8501	2,481,644	-	1,324,474
One NC Fund		2014-11263	2,500,000	-	-
Total N.C. Department of Commerce			11,474,758	344,028	4,700,749
<u>N.C. Department of Public Safety</u>					
Pass-Through Mecklenburg County:					
Juvenile Offender Diversion Program		Letter	74,902	-	74,902
Juvenile Offender Diversion Program		Letter	73,683	70,036	70,036
Total N.C. Department of Public Safety			148,585	70,036	144,938
<u>N.C. Department of Transportation</u>					
State Maintenance Assistance FY2015		Letter	11,949,834	11,194,823	11,194,823
State Street Aid-Powell Bill		32570	N/A	24,940,640	N/A

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Grantor/Pass-Through Grantor/Program Title	Federal Catalog Number	Grant Award Number	Total Grant	Current Year Expenditures	Cumulative Expenditures
Traffic - Construction by Others Agreement		34811.3.FD5 / U-2507A	\$ 396,000	\$ -	\$ -
Traffic - Construction by Others Agreement		34749.1.1 / 34749.3.GV3 / U-0209B	472,000	-	56,751
Apprenticeship/Intern Program Non Capital		36223.5.17.1 / 14-DG-024	29,188	-	12,370
Apprenticeship/Intern Program Non Capital		36223.5.17.2 / 14-DG-024A	29,188	-	16,396
Apprenticeship/Intern Program Non Capital		36223.5.17.3 / 14-DG-024B	29,188	-	2,495
Apprenticeship/Intern Program Non Capital		36223.5.21.1 / 15-DG-024	29,188	25,722	25,722
Apprenticeship/Intern Program Non Capital		36223.5.21.2 / 15-DG-024A	29,188	-	-
Apprenticeship/Intern Program Non Capital		36223.5.21.3 / 15-DG-024B	29,188	27,054	27,054
State Full Funding Grant Agreement		36224.22.2.3 / 05-NS-002	111,539,444	-	109,244,875
Public Transportation Section 5309 Capital Program		36224.26.1.1 / 09-NS-082	131,395,587	14,389,007	84,535,502
Public Transportation Rideshare Program		36225.1.13.1 / 15-RS-009	103,417	97,358	97,358
Public Transportation Section 5307 Capital Program		36231.1.13.4 / 15-95-052	125,404	125,403	125,403
Metropolitan Planning Program		36230.5.12.6 / 13-08-102	41,948	-	37,367
Metropolitan Planning Program		36230.5.13.6 / 14-08-108	40,503	-	22,216
Metropolitan Planning Program		36230.5.14.6 / 15-08-102	47,636	44,913	44,913
Public Transportation Section 5307 Capital Program		36231.14.2.6 / 36231.14.2.7	2,558,336	996	2,558,336
Congestion Mitigation and Air Quality		36231.14.3.3 / 08-09-403	175,000	9,500	64,136
Public Transportation Section 5307 Capital Program		36231.14.7.3 / 11-95-042-01	125,000	-	100,000
Public Transportation Section 5307 Capital Program		36231.14.9.3 / 15-95-080	266,000	-	-
Bus Discretionary		36232.1.7.8 / 09-04-006	1,356,774	2,341	475,399
Public Transportation Section 5309 Capital Program		36232.1.11.3 / 11-03-018	1,319,668	653	115,628
Public Transportation Section 5309 Capital Program		36232.1.11.5 / 12-04-045	50,000	20,583	38,325
Technology Program		36235.2.7.8 / 11-AT-007	923,175	-	922,221
Technology Program		36235.2.8.8 / 12-AT-102	297,000	474	292,770
Technology Program		36235.2.9.3 / 13-AT-102B	166,500	77,300	122,151
Technology Program		36235.2.9.4 / 13-AT-102C	145,800	74,827	141,746
Technology Program		36235.2.9.5 / 13-AT-102D	158,634	-	156,963
Technology Program		36235.2.9.8 / 13-AT-102A	525,855	463,279	525,370
Technology Program		36235.2.10.3 / 15-AT-007	99,090	60,222	60,222
Technology Program		36235.2.10.4 / 15-AT-009	273,029	247,680	247,680

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**CITY OF CHARLOTTE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Catalog Number</u>	<u>Grant Award Number</u>	<u>Total Grant</u>	<u>Current Year Expenditures</u>	<u>Cumulative Expenditures</u>
State Aids to Airports Program		36244.17.3.1	\$ 500,000	\$ -	\$ 500,000
Traffic - Construction by Others Agreement		39929.3.1 / R-4902	111,000	-	-
Traffic - Construction by Others Agreement		43310.3.1	125,500	104,677	104,677
Traffic - Construction by Others Agreement		43708.3.1 / SS-4910BI	121,000	98,411	98,411
Locally Administered Project		43931.3.1 / SS-4910BL	400,000	-	-
Locally Administered Project		45200.1	257,285	-	255,475
Traffic - Construction by Others Agreement		50000.3.STR08T4F / P-5208H	123,500	-	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities		51001.25.1.2-3 / 11-ED-083	26,168	-	13,084
Transit Development		9.9051996	4,100,000	-	4,095,529
			<u>270,491,215</u>	<u>52,005,863</u>	<u>216,331,368</u>
<u>N.C. Office of Emergency Medical Services</u>					
Pass-Through Metrolina Trauma Advisory Committee:					
SMAT III		Letter	7,300	-	4,133
SMAT III		Letter	5,000	3,501	3,501
			<u>12,300</u>	<u>3,501</u>	<u>7,634</u>
Total N.C. Office of Emergency Medical Services					
<u>S.C. Department of Transportation</u>					
Locally Administered Project		45200.1	14,358	-	13,899
TOTAL STATE AWARDS					
			<u>282,341,216</u>	<u>52,523,428</u>	<u>221,398,588</u>
TOTAL FEDERAL AND STATE AWARDS					
			<u>\$ 1,001,229,359</u>	<u>\$ 241,711,937</u>	<u>\$ 673,649,084</u>

CITY OF CHARLOTTE, NORTH CAROLINA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2015

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 Grants/Entitlement Grants	14.218	2,559,257
Emergency Shelter	14.231	258,405
HOME Investment Partnerships	14.239	3,116,004
Housing Opportunities For Persons With AIDS	14.241	1,158,131
U.S. Department of Justice- Justice Assistance	16.738	190,546
U.S. Department of Labor- Workforce Investment Act	17.267	8,043,311
U.S. Department of Transportation- New Freedom Program	20.521	104,339



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