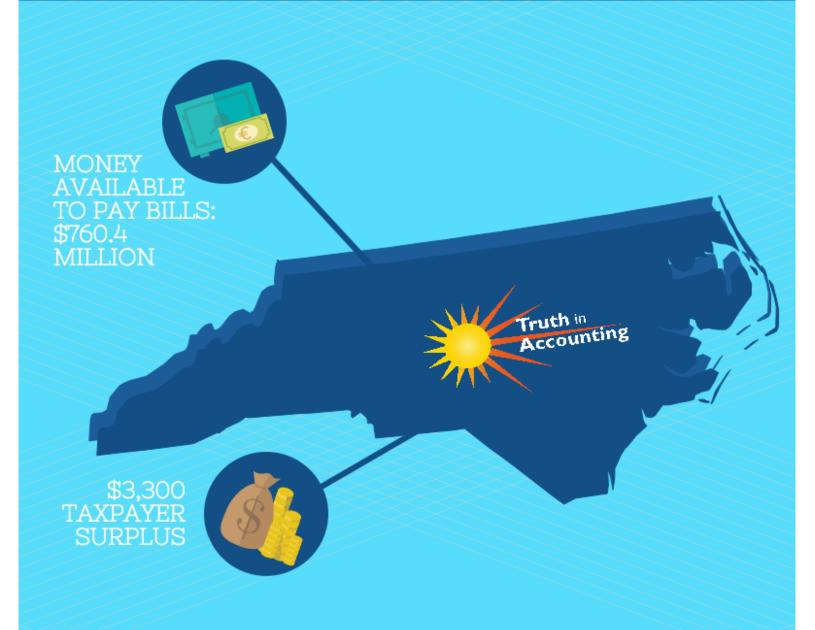
Financial state of the city

CHARLOTTE



THE FINANCIAL STATE OF CHARLOTTE

Inaccurate financial reporting, despite new accounting standards

Because of a new accounting rule (GASB 68), Charlotte now has to report its pension debt on its balance sheet. However, because the city reports numbers from an outdated pension valuation, a pension asset of \$36 million is shown on its balance sheet. Research of the pension plans' latest actuarial reports has shown that a liability of \$117.3 million should have been reported instead.

The city's assets exceed its bills	
Assets	\$14,902,377,000
Minus: Capital assets	-\$12,132,778,000
Restricted assets	-\$780,579,000
Assets available to pay bills	\$1,989,020,000
Minus: Bills	-\$1,228,652,000
Money available to pay future bills	\$760,368,000
Each taxpaver's share of surplus	\$3,300

Charlotte has \$14.9 billion in assets, but most of these assets are not available to pay city bills.

The \$12.1 billion of capital assets, such as roads, buildings, and land should not be sold to pay bills. The use of \$780.6 million of the assets is restricted by law or contract.

That leaves \$2 billion of the city's assets available to pay \$1.2 billion of bills as they come due.



Truth in Accounting is committed to educating and empowering citizens with understandable, reliable, and transparent government financial information.

To be knowledgeable participants in their government and its budget process, citizens need to be provided with truthful and transparent financial information.

Key findings

- Charlotte has \$2 billion available to pay \$1.2 billion worth of bills. Therefore, the city has a \$760.4 million surplus.
- Charlotte has a taxpayer surplus of \$3,300, which is each taxpayer's share of the city's excess funds.
- The city reports assets relating to its retirement obligations, despite being largely underfunded. The city's total hidden debt is \$362.4 million.

The bills Charlotte has accumulated	
Bonds	\$3,036,280,000
Other liabilities	\$1,926,833,000
Minus: Debt related to capital assets	-\$4,096,876,000
Unfunded pension benefits	\$117,282,000
Unfunded retiree health care benefits	\$245,133,000
Bills	\$1,228,652,000

The city has accumulated bonds of \$3 billion and other liabilities of \$1.9 billion. The calculation of assets available to pay bills does not include capital assets, so \$4.1 billion of related debt is removed from the calculation of city bills.

Unfunded employees' retirement benefits represent 29% of city bills. These unfunded liabilities have accumulated because city employees have been promised \$117.3 million of pension benefits and \$245.1 million of retiree health care benefits. Unlike most states, Charlotte has the assets needed to pay these liabilities.

Charlotte's elected officials seem to promise only the amount of benefits they can afford to pay.

Data is derived from the city of Charlotte's June 30, 2015 audited Comprehensive Annual Financial Report and retirement plans' actuarial reports.

Number of taxpayers is based on an estimation of the city's population with a federal tax liability.

www.TruthInAccounting.org

www.StateDataLab.org