

CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2002

Prepared by:
Finance Department

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

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September 13, 2002

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

The Comprehensive Annual Financial Report (CAFR) of the City of Concord, North Carolina, for the fiscal year ended June 30, 2002, is hereby submitted. The financial statements were prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted governmental auditing standards by a firm of licensed certified public accountants. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the City for fiscal year 2002.

This report was prepared by the Finance Department of the City of Concord and consists of management's representations concerning the finances of the City of Concord. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Concord 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 of Concord's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Concord'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 of Concord's financial statements have been audited by McGladrey & Pullen, 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 of Concord for the fiscal year ended June 30, 2002, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Concord's financial statements for the fiscal year ended June 30, 2002, 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 of Concord was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. 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 and state awards. These reports are contained in the compliance section 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 of Concord's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Concord is located in the north central portion of Cabarrus County, North Carolina (the “County”). The County is located in the east central part of the Metrolina Urban Region. The City, incorporated in 1796, is the County seat and covers an area of approximately 52 square miles with an approximate population of 58,710. The City is located approximately one mile northeast of the City of Charlotte, North Carolina, and is one of five incorporated municipalities in the County.

The City is governed by the council-manager form of government. The seven-member non-partisan City Council, along with the Mayor, is elected at large for four-year alternating terms. The Mayor and Council members serve as the City’s policy making body, adopting an annual balanced budget, establishing legislative direction for the City, and appointing various officials including a professional City Manager to serve as chief executive officer to direct the daily activities of the City’s departments. The City Council makes extensive use of appointed boards and commissions in the development of policy decisions.

The City provides its citizens with a wide range of services that include public safety, solid waste and recycling, transportation, stormwater, recreational activities, planning and community development services, and general administration. In addition, the City owns and operates electric, water and wastewater utilities, a general aviation reliever airport, and a municipal golf course. The City has a Housing Department, which provides housing and housing assistance programs for low-income residents through funding from The Department of Housing and Urban Development. This report includes all of the City’s activities related to the services, as well as activities of all component units of the City.

The City Council appoints members of the Alcoholic Beverage Control Board. The City receives a share of the profits but does not participate in managerial control of operations. This organization is included as a component unit in the financial statements under discrete presentation.

First Concord Corporation has been established as a nonprofit organization of the City. It has been specifically organized and is operated exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle for the City. This Corporation is included as a blended component unit within the financial statements.

North Carolina General Statutes require formal budgetary accounting for all funds. The departments of the City are required to submit request for appropriations to the City Manager no later than April 30 each year. These requests are used as a starting point for developing a proposed budget. The City Manager presents the proposed budget no later than June 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance or a Project Ordinance. The Annual Budget Ordinance and Project Ordinances may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Changes of functions and total budgets of any fund require approval of the governing board. The City Manager is authorized to reallocate departmental appropriations, as he considers necessary, and to effect interdepartmental transfers within a fund as long as it does not exceed 10% of the appropriated monies for the department whose allocation is reduced. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A Project Ordinance is used to establish a budget for a project that extends over more than one fiscal year. Project length budget to actual comparisons for each governmental fund for which a project length budget has been adopted is also included in this report.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These outstanding encumbrances are reported as “Reserved for Encumbrances” in the fund balance section of the Governmental Funds Balance Sheet (Exhibit C) and will be carried forward with their budget appropriations to the subsequent year.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Concord operates.

LOCAL ECONOMY – Concord continues to be a “City Meeting the Future” and continues to enjoy a favorable economic environment and local indicators point to continued stability. The City’s economy has benefited from the City’s proximity to Charlotte and access to major interstate highways. This has led to increased economic growth and diversification. Principal products manufactured now include textiles, food, cigarettes, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, mobile and modular home components and corrugated packaging.

The distribution, warehousing and shipping industry is a growing sector of the City’s economy. This industry also benefits from proximity to Charlotte (a regional trucking and manufacturing center with a major commercial international airport) and from access to Interstate 85, which has six existing interchanges in the City. In addition, Interstate 77 interchanges with Interstate 85 and three other major highways within 15 miles of the City.

The City’s close proximity to Charlotte and The University of North Carolina at Charlotte with its University Research Park has fueled strong residential and commercial growth in the City. The University and the University Research Park each lie within five miles of the City limits.

A variety of industrial and business parks throughout the City have provided additional focus points for economic development in the City. For companies investigating new operations or expansions in the area, these industrial and business parks offer alternatives to Charlotte sites. Public utility service is widely available to these parks, and the City undertakes a continuous program to identify and provide for industrial utility and infrastructure needs.

LONG TERM FINANCIAL PLANNING – The City recently issued \$25.9 million Utilities System Revenue Bonds for water and electric system infrastructure. The projects include major capital improvements to extend and enhance water and electric service.

In July, 2002 the City Council selected an architect to conduct a needs assessment and design of a new Police Headquarters. The needs assessment is expected to be completed in December, 2002 and design of the facility will begin in spring of 2003.

The City is currently in negotiations with John Q. Hammons for the development of a Hotel and Conference Center located on city owned land adjacent to the Rocky River Golf Club, a Dan Maples designed municipal golf course facility. This development is also located near Lowe’s Motor Speedway, a major sports and entertainment facility.

The City continues to develop its general aviation reliever airport, known as Concord Regional Airport. A runway extension feasibility study has been completed and the extension project is projected to begin in November, 2002. This extension project will increase the runway from 5,500 feet to 7,400 feet. This project is expected to cost \$8 million and will be paid from 90% federal and 10% local funds. As the runway extension will also attract more and larger aircraft, new aircraft storage space is also being considered.

CASH MANAGEMENT POLICIES AND PRACTICES – The City maintains a cash and investment pool that is used by all funds, except those restricted by statute or other legal reasons. This pool is used to facilitate disbursement and investment and to maximize investment income. State statute G.S. 159-30(c) authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers’ acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund. As of June 30, 2002, the City’s cash resources were invested as follows:

U.S. Government securities	2%
U.S. Government agencies	35%
Commercial Paper	16%
Bankers' Acceptance	3%
NCCMT	38%
Other	6%
Total	<u>100%</u>

The average yield on investments at June 30, 2002 was 2.61% as compared to the three month treasury bill at 1.685% and the six month treasury bill at 1.743%.

RISK MANAGEMENT

The City is fully insured for property and general liability but is self funded for workers' compensation. An appointed safety committee reviews workers' compensation accidents and injuries and discusses remedies to eliminate repetition of such accidents and injuries. The committee also receives and reviews reports of independent safety inspectors such as OSHA to ensure a safe and healthful environment for all employees and the citizens of Concord. In addition, various risk control techniques, including but not limited to employee accident prevention training, have been implemented to minimize accident related losses. A full time safety, health and risk management officer administers the safety and risk management program and is responsible for administering ADA rules and regulations. Costs associated with risk management are recorded in the general and enterprise funds. Additional information on the City's risk management activity can be found in the notes of this report.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City of Concord administers a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The City is required by Article 12D of G.S. Chapter 143 to provide these 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 annual required contribution for the 2002 year was determined as part of the December 31, 2001 actuarial valuation using the projected unit credit actuarial cost method.

The City contributes to a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. This plan provides retirement benefits to law enforcement officers employed by the City. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officers' salary, and all amounts are vested immediately. The law enforcement officers may make voluntary contributions to the plan.

The City also contributes to the Statewide Local Governmental Employees' Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. This plan provides retirement and disability benefits to plan members and beneficiaries. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate.

The City of Concord also provides postretirement health benefits to retirees and their dependents. As of the end of the current fiscal year, there were 68 retired employees receiving this benefit, which are financed on a pay-as-you-go basis. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits,

Additional information on the City's pension arrangements and postemployment benefits can be found in the notes to the financial statements.

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 Concord, North Carolina for its comprehensive annual financial report for the fiscal year ended June 30, 2001. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The comprehensive annual financial report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

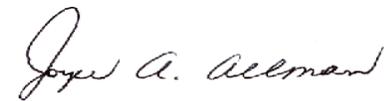
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Concord has received a Certificate of Achievement for the last thirteen consecutive years.

The timely presentation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. Special thanks go to Susan Dobson, Deputy Finance Director, for her contribution to this report. We also appreciate the cooperation and assistance of the other City departments, as well as the assistance of the City's independent auditor, McGladrey & Pullen, LLP, in preparing and assembling this report. In addition, we express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial activities of the City in a responsible and progressive manner.

Respectfully submitted,



W. Brian Hiatt
City Manager



Joyce A. Allman, CLGFO
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Concord,
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2001

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



Timothy Druwe
President

Jeffrey L. Esser
Executive Director

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett

Mayor

Hector H. Henry, II

Mayor Pro Tempore

W. Lamar Barrier
Alfred M. Brown
Randy Grimes
David W. Phillips
Jim Ramseur
Allen T. Small

W. Brian Hiatt

City Manager

Joyce A. Allman

Finance Director

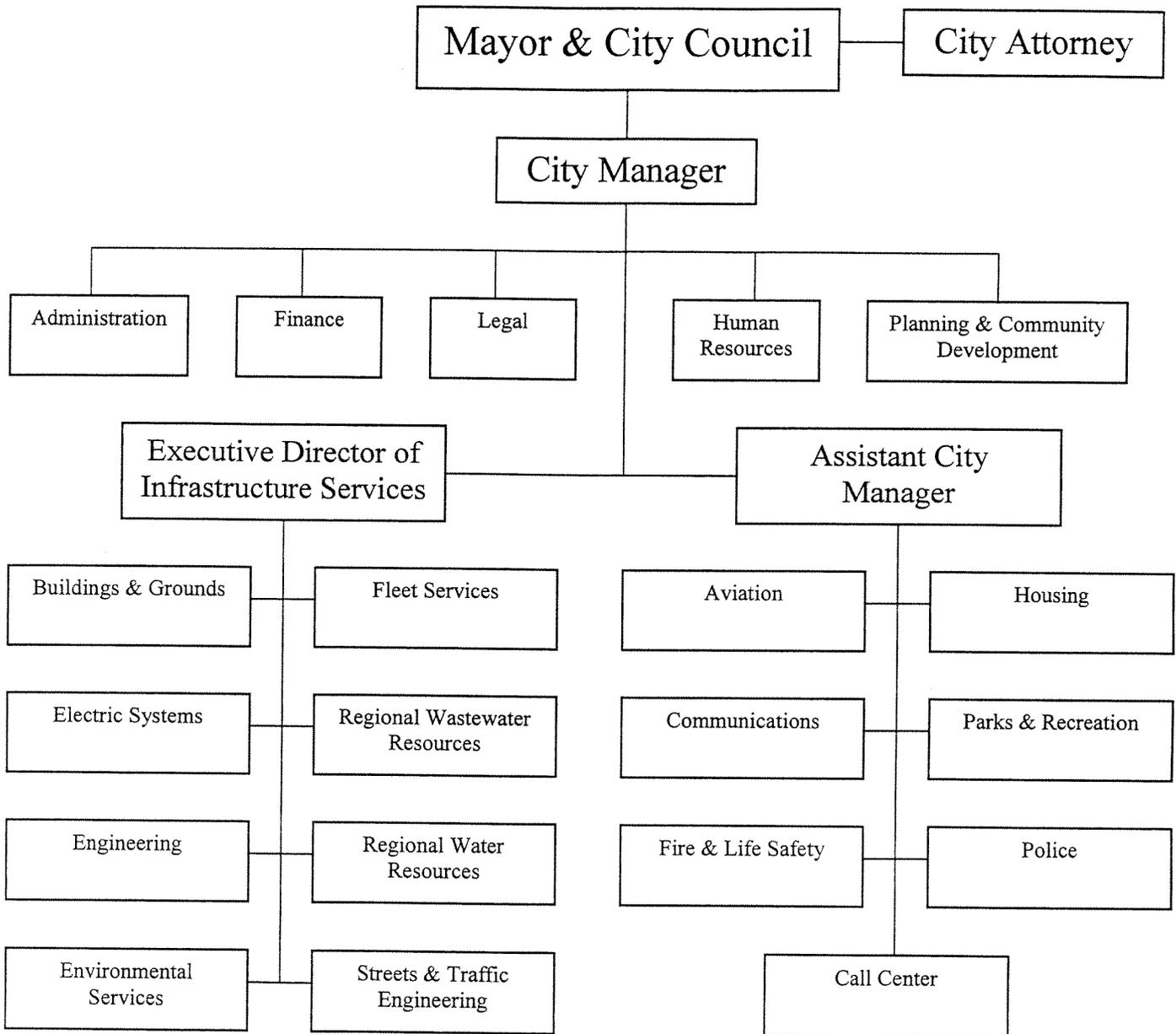
Gordon L. Belo

City Attorney

Vickie C. Weant

City Clerk

City of Concord Organizational Chart





INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the "City"), as of and for the year ended June 30, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City of Concord ABC Board, the component unit. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board, is based solely on the report of the other auditors.

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

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 City's component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of June 30, 2002, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 16 to the financial statements, on July 1, 2001, the City has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

The management's discussion and analysis (pages 11-21) and the required supplementary information (pages 65-72) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion it.

McGladrey & Pullen, LLP
is an independent member
firm of RSM International,
an affiliation of independent
accounting and consulting firms.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 13, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Concord, North Carolina's basic financial statements. The accompanying supplementary information, such as the introductory section, combining and individual nonmajor fund financial statements, statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental information and the accompanying schedule of expenditures of federal and State awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 13, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City, we offer readers of the City of Concord's (the "City") financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2002. We encourage readers to read the information presented here in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the City's governmental and business type activities exceeded its liabilities at the close of the most recent fiscal year by \$519,356,734 (*net assets*). Of this amount, \$47,332,715 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$4,722,336. This increase is primarily attributable to the capital contributions of utility infrastructure from developers of subdivisions within the City limits.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,769,411, a decrease of \$14,835,007 in comparison with the prior year. Approximately 67 percent of this total amount or \$23,446,529 is available for spending at the government's discretion. (*unreserved and undesignated fund balance*) The decrease was primarily due to the cost of construction of various public roadways, a municipal parking deck and two fire stations.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$19,948,744, or 52 percent of total general fund expenditures. Of this amount, \$2,461,551 has been designated for subsequent year's expenditures.
- The City did not issue any debt during fiscal year 2002.
- The City holds the following underlying bond ratings:

	GO BONDS	Revenue Bonds
Fitch	AA	AA-
Moody's	Aa2	A1
Standard & Poor's	AA-	A+

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City.

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the City.

The first two statements (Exhibit A & B) are the *Government-wide Financial Statements*. They provide both short and long-term information about the City's overall financial status, in a manner similar to a private-sector business.

The remaining statements (Exhibits C through K) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund 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. The proprietary fund statements offer short and long term financial information about the activities the government operates like businesses, such as the electric, water and wastewater systems. The fiduciary fund statements provide information about the financial relationships – like the pension trust for the City's law enforcement officers- in which the City acts solely as a trustee for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Following the notes is the section of *required supplemental information* and a section with combining statements that provide details on the City's non-major governmental funds and internal service fund, all of which are combined into one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by the private-sector companies. The two government-wide statements report the City's *net assets* and how they have changed.

The *statement of net assets* includes all of the City's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public works, public safety, transportation, economic development and cultural and recreational. The business-type activities include electric, water, wastewater, aviation and municipal golf course operations.

The government-wide financial statements include not only the City of Concord itself (known as the primary government), but also a legally separate ABC Board and First Concord Corporation, for which the City of Concord is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 23 through 25 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Concord, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements such as the General Statutes or the City's budget ordinance. All of the funds of the City of Concord can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. These funds focus on how assets can readily be converted into cash flow in and out, and the balances left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provide a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or fewer financial resources available to finance the City's programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and public roadway capital project fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Concord adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual resources and charges.

The basic governmental fund financial statements can be found on pages 26 and 28 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, aviation, golf course and public housing operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the functions of the City. The City of Concord uses an internal service fund to account for the financing of goods and services provided by the Utility Collections department, Customer Service department, Billing department, Engineering department, Purchasing department, Call Center department, Fleet service department, Data service department and Building and Grounds department. These operations benefit both business-type activities and governmental activities. The related portions are allocated to the appropriate government – wide activities as shown in the reconciliations in Exhibit D and F.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water, wastewater, and aviation operations, all of which are considered to be major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 36 through 43 of this report.

Fiduciary Fund

The City is the trustee for a pension trust fund for its law enforcement officers. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 44 and 45 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 47 through 70 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 71 and 72 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 74 through 81 of this report for the City's governmental funds and pages 83 through 86 for the City's enterprise funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2002, are the beginning of a new era in financial reporting for the City, and many other units of government across the United States. Prior to this year, the City maintained their governmental and proprietary fund groups as two separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the

financial statement, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of the City. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Governmental Accounting Standards Board (GASB). GASB Statement 34 dictated the changes you see in the City's financial reports as well as those of many other units of government. While the City was required to implement these changes for the fiscal year ended June 30, 2002, other units may not be required to implement until 2003 or 2004.

Comparative data for all facets of this report are not available due to the new reporting model. When comparative numbers are available, they have been included. Future year's reports will include more comparative data that will allow more opportunities for analysis.

City of Concord's Net Assets

Table 1

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Current and other assets	\$ 41,539,630	\$ 41,656,890	\$ 83,196,520
Capital assets	374,182,054	225,361,425	599,543,479
Total assets	<u>\$ 415,721,684</u>	<u>\$ 267,018,315</u>	<u>\$ 682,739,999</u>
Long-term liabilities outstanding	\$ 40,385,662	\$ 111,907,611	\$ 152,293,273
Other liabilities	4,826,308	6,263,684	11,089,992
Total liabilities	<u>\$ 45,211,970</u>	<u>\$ 118,171,295</u>	<u>\$ 163,383,265</u>
Net assets:			
Invested in capital assets, net of related debt	\$ 336,721,224	\$ 118,483,339	\$ 455,204,563
Restricted	13,166,835	3,652,621	16,819,456
Unrestricted	20,621,655	26,711,060	47,332,715
Total net assets	<u>\$ 370,509,714</u>	<u>\$ 148,847,020</u>	<u>\$ 519,356,734</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The assets of the City exceeded liabilities by \$519,356,734 as of June 30, 2002.

By far the largest portion of the City's net assets (88 percent) reflects its investment in capital assets (e.g., land, buildings, automotive equipment, office and other equipment, electric system and distributions stations, water treatment and storage facilities, water distribution lines, and wastewater lines, less any related debt still outstanding that was issued to acquire those assets. The City of Concord uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (3 percent) represents resources that are subject to external restrictions on how that may be used. The remaining balance of unrestricted net assets (\$47,332,715) may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Concord's Changes in Net Assets

Table 2

	Governmental Activities	Business-type Activities	Total
	2002	2002	2002
Revenues:			
Program revenues:			
Charges for services	\$ 2,410,739	\$ 68,895,696	\$ 71,306,435
Operating grants/contributions	5,132,991	657,932	5,790,923
Capital grants/contributions	10,581,284	7,646,435	18,227,719
General revenues:			
Property taxes	25,611,830	-	25,611,830
Other taxes	7,985,401	-	7,985,401
Grants and contributions not restricted to specific programs	2,305,587	-	2,305,587
Other revenues	1,718,652	1,760,084	3,478,736
Total revenues	<u>\$ 55,746,484</u>	<u>\$ 78,960,147</u>	<u>\$ 134,706,631</u>
Expenses:			
General government	\$ 4,399,011	\$ -	\$ 4,399,011
Public safety	19,032,754	-	19,032,754
Public works	23,266,498	-	23,266,498
Cultural and recreational	3,121,121	-	3,121,121
Planning and community development	3,446,174	-	3,446,174
Administration	403,673	-	403,673
Housing assistance payments	2,676,489	-	2,676,489
Rehabilitation	760,562	-	760,562
Protective services	41,252	-	41,252
Interest on long-term debt	2,027,985	-	2,027,985
Electric	-	39,422,704	39,422,704
Water	-	11,445,862	11,445,862
Wastewater	-	10,700,827	10,700,827
Regional airport	-	6,052,366	6,052,366
Other	-	3,187,017	3,187,017
Total expenses	<u>\$ 59,175,519</u>	<u>\$ 70,808,776</u>	<u>\$ 129,984,295</u>
Increase (decrease) in net assets before transfers	(3,429,035)	8,151,371	4,722,336
Transfers	(607,000)	607,000	-
Increase (decrease) in net assets	(4,036,035)	8,758,371	4,722,336
Net assets, July 1, 2001	374,545,749	140,088,649	514,634,398
Net assets, June 30, 2002	<u>\$ 370,509,714</u>	<u>\$ 148,847,020</u>	<u>\$ 519,356,734</u>

Governmental Activities

Governmental activities decreased the City's net assets by \$4,036,035. Intergovernmental revenues decreased by approximately \$1.7 million as a result of the withholding of State shared revenues by the Governor.

Business-type Activities

Business type activities increased the City's net assets by \$8,758,371. The water and wastewater funds recorded capital contributions of \$2,989,781 and \$3,279,582, respectively, in the most recent fiscal year. Developers of subdivisions within the City's service area donated this water and wastewater infrastructure.

Table 2-A
Sources of Revenue for Fiscal Year 2002

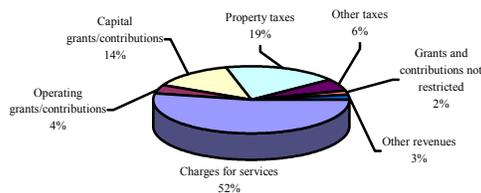
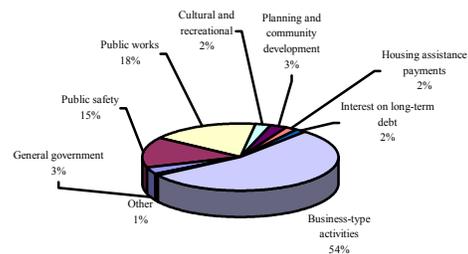


Table 2-B
Functional Expenses for Fiscal Year 2002



Half of the City's revenues are generated from charges for services and less than a quarter comes from property taxes. (Table 2-A) The City's expenses cover a range of services with over half related to business-type activities (i.e., electric, water and wastewater) (Table 2-B)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Concord uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City of Concord's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Concord's governmental funds reported combined ending fund balances of \$34,769,411, a decrease of 30 percent in comparison with the prior year. Approximately 75 percent (\$25,908,000) of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The primary reason for the decrease in fund balance was the capitalized construction cost of public roadways, a municipal parking deck and two fire stations.

The General Fund is the principal operating fund of the City of Concord. At the end of the current fiscal year, the unreserved fund balance in the General Fund was \$19,948,744, while total fund balance for the General Fund reached \$28,257,125. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 52 percent of total general fund expenditures, while total fund balance represents 73 percent of that same amount.

General Fund Budgetary Highlights

During the current fiscal year, the City's financial position was clouded by the uncertainty surrounding the State of North Carolina's budget situation. The State continues to face difficulty in balancing its budget, which was further complicated by the events of September 11, 2001 and the resulting impact on the economy. Part of the State's solution involved withholding funds due to local governments. These conditions created an unfavorable impact on the City's budget. Management took budgetary steps to address the impacts and finished the year in sound financial condition.

The City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increase in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues and expenditures by \$4.3 million or 10%. The differences between the original budget and the final amended budget can be briefly summarized as follows:

- Funds were appropriated for Stormwater Infrastructure Mapping project in the amount of \$200,000.
- Funds were appropriated for land purchase as a future site of a new police headquarters in the amount of \$70,000.
- Funds were appropriated for new personnel and equipment for a Hazardous Materials Response team in the amount of \$398,000.
- Funds were appropriated for prior year encumbrances in the amount of \$2,049,588.
- Funds were appropriated for prior year Powell Bill funds that are restricted for street projects in the amount of \$178,072.
- Funds were appropriated for installment financing proceeds that were received in fiscal year 2001, but not expensed until fiscal year 2002 in the amount of \$1,371,390.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus reducing the amount needed to be drawn from existing fund balance.

Proprietary Funds

The City of Concord's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Electric fund, the Water fund and the Wastewater fund at the end of the year were \$17,149,108, \$381,826 and \$7,290,566, respectively. The unrestricted net assets of the Aviation fund, the capital project funds and all other enterprise funds were \$726,504, \$444,914 and \$626,157, respectively. The total growth in net assets for all these funds was \$8,758,371. Factors affecting the growth have already been addressed in the discussion of the City's business-type activities.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Concord's investment in capital assets for its governmental and business-type activities as of June 30, 2002, totals \$599,543,479 (net of accumulated depreciation). These assets include land, buildings, machinery and other equipment, improvements and infrastructure. The total net increase in the City of Concord's investment in capital assets for the current fiscal year was 4 percent (a 2 percent increase for governmental activities and a 7 percent increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of a municipal parking deck in the amount of \$3,566,755.
- Construction of two fire stations in the amount of \$2,581,337.
- A variety of street construction projects totaling \$5,017,505.
- Renovations to the two existing water treatment plants totaling \$5,094,787.
- The extension of the distribution and transmission lines for the City's water system totaling \$1,717,679.

City of Concord's Capital Assets

Table 3

	Governmental	Business-type	Total
	Activities	Activities	
	2002	2002	2002
Land	\$ 26,349,224	\$ 43,358,113	\$ 69,707,337
Construction in progress	10,215,347	16,550,761	26,766,108
Buildings and systems	20,221,604	29,970,956	50,192,560
Improvements other than buildings	2,418,510	196,160,848	198,579,358
Machinery and equipment	25,450,386	13,705,811	39,156,197
Infrastructure	456,087,308	-	456,087,308
Sub-total	540,742,379	299,746,489	840,488,868
Less accumulated depreciation	166,560,325	74,385,064	240,945,389
Total	\$ 374,182,054	\$ 225,361,425	\$ 599,543,479

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements.

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$148,185,781. Of this amount, \$8,060,000 comprises debt backed by the full faith and credit of the City and \$86,315,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$49,997,490 and \$3,813,291 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds

Table 4

	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	Activities	Activities
	2002	2001	2002	2001	2002	2001
General Obligation						
bonds	\$ 963,194	\$ 1,066,865	\$ 7,096,806	\$ 8,253,135	\$ 8,060,000	\$ 9,320,000
Installment purchases	3,185,432	4,799,764	627,859	1,087,988	3,813,291	5,887,752
Revenue bonds	3,795,498	3,900,960	82,519,502	85,005,246	86,315,000	88,906,206
Installment notes	29,644,136	31,652,099	20,353,354	21,592,059	49,997,490	53,244,158
Total	\$ 37,588,260	\$ 41,419,688	\$ 110,597,521	\$ 115,938,428	\$ 148,185,781	\$ 157,358,116

The City of Concord's total debt decreased by \$ 9,172,335 (6 percent) during the current fiscal year. The City did not issue any type of debt during the current fiscal year.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$399,991,692. The current debt limitation for the City of Concord is \$455,190,667, which is significantly in excess of the City of Concord's outstanding general obligation debt.

Additional information on the City of Concord's long-term debt can be found in note 7 on pages 59 through 64 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Cabarrus County at June 30, 2002 was 5.6%, which is an increase from a rate of 4.6% a year ago. This compares favorably to the state's average unemployment rate of 6.7%.
- Population has increased from 27,347 in 1990 to 58,710 in 2001, which represents an approximate annual growth rate of 6.8% per year.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2003. The amount available for appropriation in the general fund is \$19,948,744. Concord has appropriated \$2,461,551 of this amount for the 2003 fiscal year. This appropriation was made to avoid a property tax increase for fiscal year 2003. However, the City did change the Privilege License fee from a flat rate schedule to a schedule based on gross receipts. This fee structure change is expected to increase this revenue source by \$368,000 or 278%.

Both water and wastewater rates and charges were increased for the 2003 budget year. The new water rate structure was designed to promote water conservation and to adjust volumetric rates charged to each customer class to be more consistent with actual differences in the cost of service among classes. The revised rate structure incorporates both a base fee and a volume rate.

The City experienced a persistent drought, which limited the availability of raw water supply and forced the implementation of mandatory water restrictions beginning in February 2001. The mandatory water restrictions caused water consumption to decrease by approximately 8.5% for 2002 fiscal year compared to 2001 fiscal year. Reduced water flows also result in reduced wastewater flows. As a result, water and wastewater revenues generated from rates were approximately 3.2% lower in 2002 fiscal year than in 2001 fiscal year.

The new wastewater rate structure was designed for all customers to pay a uniform volume rate based on their metered water consumption. Customers that do not have water service will pay a flat fee.

The water rates were increased by an average of 18% for residential customers, while the average increase in residential wastewater rates was 15%. These rate increases were necessary to meet the revenue requirements to finance operations and debt service for 2003 and subsequent fiscal years.

On September 5, 2002, the City issued \$25,935,000 Utilities System Revenue Bonds for major water system infrastructure capital improvement projects and enhanced water service and capital improvements to the Electric System. The following projects were funded with the bond proceeds:

- a) Structural renovations, new laboratory facilities and new treatment chemical supply storage and injection systems at the Hillgrove water treatment plant.
- b) Treatment process upgrades at the Coddle Creek water treatment plant to improve the plant's efficiency rating from 70%-80% to 90%(plus) range.
- c) Highway 73 East Storage tank and booster pump station.
- d) 11,295 linear feet of 30-inch diameter water main, 16,120 linear feet of 16-inch diameter water main and 21,500 linear feet of 24-inch diameter water main. A portion of these mains will connect the City's water system with that of other cities to provide for additional water supply.
- e) Replacement of poles, wires, insulators and associated components that comprise existing 44KV transmission circuits to convert to 100 KV. These conversions will provide for long-term growth of the electric system and relieve current and projected limitations at the City's 44KV delivery points. The city's electric system has experienced a 4.2% compound annual growth rate.

The City also issued Variable Rate Utilities Systems Refunding Revenue Bonds (Series 2002B). The proceeds of the Series 2002B Bonds will refund the Series 1995 maturing on December 1, 2014 and December 1, 2019 in the aggregate principal amount of \$14,295,000 and advance refund the Series 1998 maturing December 1, 2017 and December 1, 2022 in the aggregate principal amount of \$18,475,000. Favorable market conditions allowed the City to execute a floating-to-fixed rate swap on the 2002B Bonds and achieve a NPV savings of \$1,750,765 or 5.34%.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Concord's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Concord, P. O. Box 308, Concord, North Carolina 28026.

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STATEMENT OF NET ASSETS
June 30, 2002

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 32,776,151	\$ 18,257,711	\$ 51,033,862	\$ 913,437
Receivables, net	4,166,502	9,791,994	13,958,496	-
Inventories	49,927	3,775,289	3,825,216	468,971
Prepaid expenses	54,116	569,635	623,751	15,064
Other assets	60,000	-	60,000	-
Restricted assets - cash and investments	4,305,504	3,652,621	7,958,125	-
Loans receivable, noncurrent	-	1,846,355	1,846,355	-
Capital assets:				
Non-depreciable	36,564,571	59,908,874	96,473,445	20,000
Depreciable, net	337,617,483	165,452,551	503,070,034	201,668
Bond issuance costs, net	127,430	3,763,285	3,890,715	-
Total assets	\$ 415,721,684	\$ 267,018,315	\$ 682,739,999	\$ 1,619,140
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,591,351	\$ 5,462,145	\$ 9,053,496	\$ 234,227
Accrued interest payable	30,113	508,892	539,005	-
Due to other governmental agencies	721,764	-	721,764	-
Due to other funds	213,257	-	213,257	-
Unearned revenues	269,823	292,647	562,470	-
Non-current liabilities:				
Due within one year:				
Long-term debt	3,237,270	5,880,944	9,118,214	-
Long-term installment purchases	1,368,553	351,534	1,720,087	-
Due in more than one year:				
Long-term debt	32,745,954	104,652,792	137,398,746	-
Long-term installment purchases	1,816,879	276,325	2,093,204	-
Deposits	1,217,006	746,016	1,963,022	-
Total liabilities	45,211,970	118,171,295	163,383,265	234,227
NET ASSETS				
Invested in capital assets, net of related debt	336,721,224	118,483,339	455,204,563	221,668
Restricted	13,166,835	3,652,621	16,819,456	-
Unrestricted	20,621,655	26,711,060	47,332,715	1,163,245
Total net assets	370,509,714	148,847,020	519,356,734	1,384,913
Total liabilities and net assets	\$ 415,721,684	\$ 267,018,315	\$ 682,739,999	\$ 1,619,140

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2002

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,399,011	\$ 828,383	\$ -	\$ -
Public safety	19,032,754	545,127	149,184	-
Public works	23,266,498	89,459	2,165,383	10,581,284
Cultural and recreational	3,121,121	308,377	-	-
Planning and community development	3,446,174	236,596	-	-
Administration	403,673	-	-	-
Housing assistance payments	2,676,489	7,332	2,959,812	-
Rehabilitation	760,562	395,465	(214,188)	-
Protective services	41,252	-	72,800	-
Interest expenses	2,027,985	-	-	-
Total governmental activities	59,175,519	2,410,739	5,132,991	10,581,284
Business-type activities:				
Electric	39,422,704	43,957,801	-	-
Water	11,445,862	9,962,052	-	2,989,781
Wastewater	10,700,827	8,446,430	-	3,279,582
Regional airport	6,052,366	4,676,452	-	1,113,719
Other	3,187,017	1,852,961	657,932	263,353
Total business-type activities	70,808,776	68,895,696	657,932	7,646,435
Total primary government	\$ 129,984,295	\$ 71,306,435	\$ 5,790,923	\$ 18,227,719
Component unit - City of Concord, ABC Board	\$ 4,029,874	\$ 4,136,158	\$ -	\$ -

General revenues:

Taxes:

Ad valorem

Other

Grants and contributions not restricted to specific programs:

Intergovernmental

Other

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning

Net assets - ending

See Notes to Financial Statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	
\$ (3,570,628)	\$ -	\$ (3,570,628)	\$ -
(18,338,443)	-	(18,338,443)	-
(10,430,372)	-	(10,430,372)	-
(2,812,744)	-	(2,812,744)	-
(3,209,578)	-	(3,209,578)	-
(403,673)	-	(403,673)	-
290,655	-	290,655	-
(579,285)	-	(579,285)	-
31,548	-	31,548	-
(2,027,985)	-	(2,027,985)	-
(41,050,505)	-	(41,050,505)	-
-	4,535,097	4,535,097	-
-	1,505,971	1,505,971	-
-	1,025,185	1,025,185	-
-	(262,195)	(262,195)	-
-	(412,771)	(412,771)	-
-	6,391,287	6,391,287	-
(41,050,505)	6,391,287	(34,659,218)	-
-	-	-	106,284
25,611,830	-	25,611,830	-
7,985,401	-	7,985,401	-
2,176,879	-	2,176,879	-
128,708	-	128,708	-
1,250,417	1,187,803	2,438,220	19,836
468,235	572,281	1,040,516	950
(607,000)	607,000	-	-
37,014,470	2,367,084	39,381,554	20,786
(4,036,035)	8,758,371	4,722,336	127,070
374,545,749	140,088,649	514,634,398	1,257,843
\$ 370,509,714	\$ 148,847,020	\$ 519,356,734	\$ 1,384,913

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2002

ASSETS	General	Public Roadway Capital Project fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 26,438,755	\$ 2,547,983	\$ 3,789,413	\$ 32,776,151
Receivables:				
Accounts receivable, net	-	-	8,325	8,325
Ad valorem taxes, net	981,315	-	532	981,847
Due from other governmental agencies	2,395,472	-	146,013	2,541,485
Sales and gasoline tax refunds	188,038	61,554	4,198	253,790
Interest	15,772	-	14,481	30,253
Due from other funds	1,792,118	-	175,304	1,967,422
Other, net	132,837	-	143,075	275,912
Inventories	26,762	-	-	26,762
Prepaid items	54,116	-	-	54,116
Other assets	60,000	-	-	60,000
Restricted assets- cash and investments	-	4,301,744	3,760	4,305,504
Total assets	\$ 32,085,185	\$ 6,911,281	\$ 4,285,101	\$ 43,281,567
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ 2,149,747	\$ 1,136,321	\$ 209,540	\$ 3,495,608
Due to other governmental agencies	-	-	721,764	721,764
Due to other funds	361,344	-	1,464,764	1,826,108
Deferred revenues	1,250,964	-	706	1,251,670
Deposits	66,005	-	1,151,001	1,217,006
Total liabilities	3,828,060	1,136,321	3,547,775	8,512,156
Fund Balances				
Reserved by State statute	4,682,203	61,554	491,396	5,235,153
Reserved for encumbrances	2,653,869	-	-	2,653,869
Reserved for streets, Powell Bill	876,542	-	-	876,542
Reserved for other specific uses	69,005	-	-	69,005
Reserved for inventories	26,762	-	-	26,762
Unreserved:				
Designated for subsequent year's expenditures	2,461,551	-	-	2,461,551
Undesignated	17,487,193	5,713,406	245,930	23,446,529
Total fund balances	28,257,125	5,774,960	737,326	34,769,411
Total liabilities and fund balances	\$ 32,085,185	\$ 6,911,281	\$ 4,285,101	\$ 43,281,567

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2002

Fund balances - total governmental funds		\$ 34,769,411
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	538,594,521	
Less accumulated depreciation	<u>165,198,199</u>	373,396,322

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Bond issuance cost	151,702	
Less accumulated amortization	<u>24,272</u>	127,430

Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental fund

Governmental bond payable	(34,402,828)	
Governmental installment purchases	(3,036,812)	
Accrued vacation payable	(1,479,611)	
Accrued interest payable	<u>(30,113)</u>	(38,949,364)

Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements

Deferred revenues		981,847
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Internal service funds are used by management to charge the costs of certain activities to individual funds

The assets and liabilities of the internal service funds that are reported within governmental activities		<u>184,068</u>
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Net assets of governmental activities		<u><u>\$ 370,509,714</u></u>
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See Notes to Financial Statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES

Year Ended June 30, 2002

	General	Public Roadway Capital Project fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Ad valorem taxes	\$ 25,706,239	\$ -	\$ 80,773	25,787,012
Other taxes	7,985,401	-	-	7,985,401
Unrestricted intergovernmental revenues	2,208,077	-	-	2,208,077
Restricted intergovernmental revenues	2,368,419	-	2,787,226	5,155,645
Licenses and permits	945,704	-	-	945,704
Contributions	-	-	128,708	128,708
Investment earnings	843,469	306,902	100,046	1,250,417
Investment earnings, restricted	41,148	-	-	41,148
Program income	-	-	402,797	402,797
Other revenues	1,466,178	-	2,727	1,468,905
Total revenues	41,564,635	306,902	3,502,277	45,373,814
Expenditures				
Current:				
General government	3,422,366	-	-	3,422,366
Public safety	17,450,440	-	-	17,450,440
Public works	6,311,292	-	-	6,311,292
Cultural and recreational	3,030,065	-	-	3,030,065
Planning and community development	3,032,816	-	80,773	3,113,589
Administration	-	-	394,144	394,144
Housing assistance payments	-	-	2,676,489	2,676,489
Rehabilitation	-	-	760,562	760,562
Protective services	-	-	41,252	41,252
Capital outlay	3,174,047	13,288,277	258,510	16,720,834
Debt service	2,176,893	-	3,503,895	5,680,788
Total expenditures	38,597,919	13,288,277	7,715,625	59,601,821
Revenues over (under) expenditures	2,966,716	(12,981,375)	(4,213,348)	(14,228,007)
Other Financing Sources (Uses)				
Transfers from other funds	13,282	1,073,697	4,790,541	5,877,520
Transfers to other funds	(4,537,065)	-	(1,947,455)	(6,484,520)
Total other financing uses	(4,523,783)	1,073,697	2,843,086	(607,000)
Net change in fund balances	(1,557,067)	(11,907,678)	(1,370,262)	(14,835,007)
Fund Balances				
Beginning	29,814,192	17,682,638	2,107,588	49,604,418
Ending	\$ 28,257,125	\$ 5,774,960	\$ 737,326	\$ 34,769,411

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2002

Net change in fund balances - total governmental funds \$ (14,835,007)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	28,911,710	
Current year's depreciation	<u>21,315,587</u>	7,596,123

Repayment of long term debt principal are considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net assets.

Principal payments		3,682,916
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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 the governmental fund

Current year amortization of bond issuance costs	(6,068)	
Change in accrued interest payable	(30,113)	
Change in long-term compensated absences	<u>(232,198)</u>	(268,379)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(175,182)
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Net effect of the sale of capital assets to decrease net assets		(33,432)
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Internal service funds are used by management to charge the costs of certain activities to individual funds

The net expense of the internal service funds reported within governmental activities		<u>(3,074)</u>
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Change in net assets of governmental activities		<u><u>\$ (4,036,035)</u></u>
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See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 24,397,569	\$ 24,535,685	\$ 24,734,693	\$ 199,008
Prior years	396,000	751,854	764,546	12,692
Penalties and interest	150,000	202,341	207,000	4,659
	24,943,569	25,489,880	25,706,239	216,359
Other taxes:				
Local government sales tax	7,000,000	7,574,298	7,985,401	411,103
Unrestricted intergovernmental revenues:				
Officers' fees	40,000	54,830	55,803	973
Utilities franchise tax	2,000,000	1,087,876	1,087,876	-
Beer and wine tax	200,000	-	-	-
Intangible property tax	415,000	457,597	457,597	-
Food stamps sales tax	11,681	12,880	12,881	1
Payments in lieu of taxes	3,600	3,600	1,275	(2,325)
Senior citizens exclusion refund	25,108	-	-	-
Inventory exclusion refund	1,167,000	587,555	587,554	(1)
Fire protection	6,600	6,600	5,091	(1,509)
	3,868,989	2,210,938	2,208,077	(2,861)
Restricted intergovernmental revenues:				
State Street-Aid allocation	1,800,000	1,906,024	1,906,024	-
Department of Justice	106,085	141,995	147,184	5,189
Cabarrus County schools	130,430	95,000	95,000	-
Transportation (federal, state and local)	191,580	200,983	218,211	17,228
Other restricted intergovernmental revenues	12,000	12,000	2,000	(10,000)
	2,240,095	2,356,002	2,368,419	12,417
Licenses and permits:				
Vehicle licenses	200,000	225,000	220,073	(4,927)
Zoning permits	150,000	125,000	119,228	(5,772)
Cable franchise	275,000	343,628	343,628	-
Fire permits and inspections	170,000	120,000	117,321	(2,679)
Privilege license	125,000	132,007	132,048	41
Other	5,000	11,002	13,406	2,404
	925,000	956,637	945,704	(10,933)
Investment earnings	750,000	750,000	843,469	93,469
Investment earnings restricted	30,000	45,800	41,148	(4,652)
	780,000	795,800	884,617	88,817

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general revenues:				
Public safety	\$ 203,882	\$ 340,771	\$ 332,806	\$ (7,965)
Environmental protection	159,880	204,618	230,790	26,172
Miscellaneous	279,851	546,709	588,399	41,690
Recreational	278,700	314,050	308,377	(5,673)
Economic development	22,000	22,000	5,806	(16,194)
	944,313	1,428,148	1,466,178	38,030
Total revenues	40,701,966	40,811,703	41,564,635	752,932
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	96,190	88,767	88,765	2
Operating expenses	111,353	118,776	85,661	33,115
Governing body cost allocation	(103,772)	(103,772)	(87,213)	(16,559)
	103,771	103,771	87,213	16,558
Administrative department:				
Salaries and employee benefits	460,670	478,088	474,957	3,131
Professional services	131,950	140,657	125,642	15,015
Operating expenses	93,909	69,426	55,112	14,314
Capital outlay	6,200	4,900	4,849	51
Administrative cost allocation	(282,943)	(282,332)	(276,653)	(5,679)
	409,786	410,739	383,907	26,832
Public Service administration department:				
Salaries and employee benefits	130,131	118,131	113,003	5,128
Professional services	4,350	13,390	13,390	-
Operating expenses	177,270	183,147	181,653	1,494
Debt service	288,911	196,119	196,119	-
Administrative cost allocation	(420,463)	(420,463)	(418,457)	(2,006)
	180,199	90,324	85,708	4,616
Finance department:				
Salaries and employee benefits	607,336	584,461	578,155	6,306
Professional services	80,200	127,900	122,052	5,848
Operating expenses	81,609	55,711	51,238	4,473
Capital outlay	-	6,894	4,409	2,485
Finance cost allocation	(359,573)	(359,573)	(355,095)	(4,478)
	409,572	415,393	400,759	14,634

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department:				
Salaries and employee benefits	\$ 123,529	\$ 113,909	\$ 91,907	\$ 22,002
Professional services	700	9,510	9,509	1
Operating expenses	65,056	68,411	68,638	(227)
Capital outlay	5,900	4,222	4,222	-
Collection manager cost allocation	(24,533)	(24,533)	(6,445)	(18,088)
	<u>170,652</u>	<u>171,519</u>	<u>167,831</u>	<u>3,688</u>
Legal department:				
Salaries and employee benefits	100,872	97,842	97,647	195
Professional services	-	5,794	5,794	-
Operating expenses	26,584	9,093	8,944	149
Capital outlay	6,000	1,885	2,113	(228)
	<u>133,456</u>	<u>114,614</u>	<u>114,498</u>	<u>116</u>
Human resources:				
Salaries and employee benefits	315,087	315,087	310,407	4,680
Professional services	192,601	176,546	114,889	61,657
Operating expenses	101,711	114,889	74,932	39,957
Capital outlay	2,000	12,257	11,057	1,200
Human resources cost allocation	(305,700)	(304,652)	(255,118)	(49,534)
	<u>305,699</u>	<u>314,127</u>	<u>256,167</u>	<u>57,960</u>
Nondepartmental:				
Salaries and employee benefits	747,000	130,918	130,918	-
Operating expenses	571,008	544,010	520,284	23,726
Capital outlay	110,750	243,736	189,002	54,734
Outside agencies	321,000	1,654,491	901,144	753,347
Cost allocation	694,303	694,303	594,593	99,710
	<u>2,444,061</u>	<u>3,267,458</u>	<u>2,335,941</u>	<u>931,517</u>
Total general government	<u>4,157,196</u>	<u>4,887,945</u>	<u>3,832,024</u>	<u>1,055,921</u>
Public safety:				
Police department:				
Salaries and employee benefits	6,646,757	6,864,459	6,863,744	715
Professional services	169,700	254,676	240,615	14,061
Operating expenses	837,799	761,786	604,157	157,629
Capital outlay	334,210	646,234	274,340	371,894
Debt service	595,947	467,953	467,953	-
Fleet service cost allocation	609,802	506,812	496,034	10,778
	<u>9,194,215</u>	<u>9,501,920</u>	<u>8,946,843</u>	<u>555,077</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 891,029	\$ 877,941	\$ 861,700	\$ 16,241
Professional services	8,890	70,605	57,167	13,438
Operating expenses	152,147	172,216	151,503	20,713
Capital outlay	205,500	44,013	44,013	-
Debt service	87,040	87,508	87,508	-
Fleet service cost allocation	-	1,939	1,939	-
	1,344,606	1,254,222	1,203,830	50,392
Sign shop:				
Salaries and employee benefits	302,223	226,126	224,743	1,383
Operating expenses	149,959	88,713	74,431	14,282
Capital outlay	52,400	1,787	1,787	-
Debt service	12,208	13,226	13,225	1
Fleet service cost allocation	-	10,163	9,881	282
	516,790	340,015	324,067	15,948
Fire department:				
Salaries and employee benefits	6,677,214	6,786,393	6,786,389	4
Professional services	46,300	64,800	43,754	21,046
Operating expenses	1,122,175	904,184	829,199	74,985
Capital outlay	102,500	2,184,562	1,850,411	334,151
Debt service	734,050	801,659	796,664	4,995
Fleet service cost allocation	210,277	210,277	205,184	5,093
	8,892,516	10,951,875	10,511,601	440,274
Total public safety	19,948,127	22,048,032	20,986,341	1,061,691
Public works:				
Transportation:				
Salaries and employee benefits	760,242	797,971	730,053	67,918
Professional services	21,500	64,060	63,798	262
Operating expenses	1,472,829	1,517,266	790,518	726,748
Capital outlay	254,400	639,582	459,802	179,780
Debt service	204,839	192,739	192,739	-
Cost allocation	241,384	265,128	248,403	16,725
	2,955,194	3,476,746	2,485,313	991,433

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Solid waste and recycling:				
Salaries and employee benefits	\$ 1,160,046	\$ 1,173,187	\$ 1,170,164	\$ 3,023
Professional services	201,500	155,511	155,417	94
Operating expenses	1,897,416	1,879,721	1,875,764	3,957
Capital outlay	11,950	240,281	71,213	169,068
Debt service	316,887	267,966	267,965	1
Cost allocations	338,364	463,354	442,514	20,840
	<u>3,926,163</u>	<u>4,180,020</u>	<u>3,983,037</u>	<u>196,983</u>
Stormwater:				
Salaries and employee benefits	359,059	462,149	449,132	13,017
Professional services	113,000	321,680	221,888	99,792
Operating expenses	126,602	100,533	88,176	12,357
Capital outlay	104,920	23,265	23,265	-
Debt service	76,697	45,545	45,545	-
Fleet service cost allocation	84,368	84,368	75,465	8,903
	<u>864,646</u>	<u>1,037,540</u>	<u>903,471</u>	<u>134,069</u>
Total public works	<u>7,746,003</u>	<u>8,694,306</u>	<u>7,371,821</u>	<u>1,322,485</u>
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	932,130	939,798	881,933	57,865
Professional services	109,677	218,208	172,044	46,164
Operating expenses	943,199	872,186	745,630	126,556
Capital outlay	210,290	156,113	143,756	12,357
Debt service	88,196	88,196	88,195	1
Cost allocations	1,407,020	1,413,106	1,230,458	182,648
Total cultural and recreational	<u>3,690,512</u>	<u>3,687,607</u>	<u>3,262,016</u>	<u>425,591</u>
Planning and community development:				
Planning department:				
Salaries and employee benefits	1,177,424	1,047,942	1,027,788	20,154
Professional services	390,291	498,088	394,870	103,218
Operating expenses	256,584	275,479	267,053	8,426
Capital outlay	25,000	97,867	91,921	5,946
Debt service	19,820	21,320	20,980	340
Incentive grants	1,190,000	1,278,431	1,278,430	1
Cost allocations	61,438	61,438	64,675	(3,237)
Total planning and community development	<u>3,120,557</u>	<u>3,280,565</u>	<u>3,145,717</u>	<u>134,848</u>
Total expenditures	<u>38,662,395</u>	<u>42,598,455</u>	<u>38,597,919</u>	<u>4,000,536</u>
Excess of revenues over (under) expenditures	<u>2,039,571</u>	<u>(1,786,752)</u>	<u>2,966,716</u>	<u>4,753,468</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Appropriated fund balance	2,097,851	6,364,901	-	(6,364,901)
Transfers from other funds	-	-	13,282	13,282
Transfers to other funds	(4,137,422)	(4,578,149)	(4,537,065)	41,084
Total other financing sources (uses)	(2,039,571)	1,786,752	(4,523,783)	(6,310,535)
Net change in fund balance	\$ -	\$ -	(1,557,067)	\$ (1,557,067)
Fund Balance				
Beginning			29,814,192	
Ending			<u>\$ 28,257,125</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2002

ASSETS	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Current Assets				
Cash and investments	\$ 11,840,557	\$ 774,073	\$ 3,930,238	\$ 1,132,478
Receivables:				
Accounts receivable, net	5,456,956	1,347,778	1,189,404	192,553
Sales and gasoline tax refunds	166,190	203,568	22,272	141,967
Interest	136,033	74,400	39,045	-
Other receivables	-	-	-	427,982
Due from other governmental agencies	-	-	-	-
Due from other funds	607,715	-	-	-
Loan receivable, current	-	-	249,709	-
Inventories and prepaid expenses	3,262,730	349,043	270,231	55,822
Total current assets	21,470,181	2,748,862	5,700,899	1,950,802
Noncurrent assets:				
Restricted assets - cash and investments	2,395,254	798,213	6,307	452,847
Capital assets	78,550,522	86,199,303	64,776,909	49,239,543
Less accumulated depreciation	(31,051,244)	(20,536,979)	(13,551,101)	(4,856,454)
Bond issuance and premium, net	811,990	1,526,939	880,611	76,019
Loan receivable, noncurrent	-	-	1,846,355	-
Total noncurrent assets	50,706,522	67,987,476	53,959,081	44,911,955
Total assets	\$ 72,176,703	\$ 70,736,338	\$ 59,659,980	\$ 46,862,757
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 3,251,051	\$ 1,778,006	\$ 23,785	\$ 99,454
Current portion of long-term debt	1,154,493	1,930,382	1,540,311	1,355,695
Accrued interest	92,973	158,227	148,084	58,643
Deferred revenue	-	138,500	153,319	-
Due to other funds	624	-	-	-
Total current liabilities	4,499,141	4,005,115	1,865,499	1,513,792
Non-current liabilities				
Long-Term Debt due after one year	22,418,880	33,288,265	29,657,638	9,155,748
Deposits	581,563	56,062	3,205	68,843
Total non-current liabilities	23,000,443	33,344,327	29,660,843	9,224,591
Total liabilities	27,499,584	37,349,442	31,526,342	10,738,383
Invested in capital assets, net of related debt	24,919,290	32,099,176	20,960,332	33,939,433
Restricted	2,395,254	798,213	6,307	452,847
Unrestricted (deficit)	17,362,575	489,507	7,166,999	1,732,094
Total net assets	44,677,119	33,386,896	28,133,638	36,124,374
Total liabilities and net assets	\$ 72,176,703	\$ 70,736,338	\$ 59,659,980	\$ 46,862,757

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

Net assets of business-type activities

See Notes to Financial Statements.

Exhibit H

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 580,365	\$ 18,257,711	\$ -
20,781	8,207,472	-
24,513	558,510	94,525
4,242	253,720	-
-	427,982	-
74,966	74,966	-
624	608,339	-
-	249,709	-
349,352	4,287,178	80,911
<u>1,054,843</u>	<u>32,925,587</u>	<u>175,436</u>
-	3,652,621	-
18,601,093	297,367,370	4,526,976
(2,788,337)	(72,784,115)	(2,963,074)
467,726	3,763,285	-
-	1,846,355	-
<u>16,280,482</u>	<u>233,845,516</u>	<u>1,563,902</u>
<u>\$ 17,335,325</u>	<u>\$ 266,771,103</u>	<u>\$ 1,739,338</u>

\$ 169,903	\$ 5,322,199	\$ 235,689
16,956	5,997,837	425,221
50,965	508,892	-
828	292,647	-
634,932	635,556	327,354
<u>873,584</u>	<u>12,757,131</u>	<u>988,264</u>
10,354,292	104,874,823	113,119
36,343	746,016	-
<u>10,390,635</u>	<u>105,620,839</u>	<u>113,119</u>
<u>11,264,219</u>	<u>118,377,970</u>	<u>1,101,383</u>
5,924,120	117,842,351	1,278,100
-	3,652,621	-
146,986	26,898,161	(640,145)
<u>6,071,106</u>	<u>148,393,133</u>	<u>637,955</u>
<u>\$ 17,335,325</u>	<u>\$ 266,771,103</u>	<u>\$ 1,739,338</u>
	<u>453,887</u>	
	<u>\$ 148,847,020</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating Revenues				
Charges for services	\$ 43,278,624	\$ 8,416,488	\$ 7,554,739	\$ 4,661,698
Other operating revenues	679,177	1,545,564	891,691	14,754
Total operating revenues	43,957,801	9,962,052	8,446,430	4,676,452
Operating Expenses				
General and administrative	662,383	220,070	184,858	1,178,146
Professional services	-	-	-	144,182
Water plant and lakes	-	3,525,091	-	-
Water line operation and maintenance	-	3,688,436	-	-
Wastewater line and plant	-	-	7,297,417	-
Purchased power	26,760,194	-	-	-
Power line and plant	8,621,338	-	-	-
Utilities	-	-	-	-
Housing maintenance and repairs	-	-	-	216,406
Insurance and fidelity bonds	-	-	-	271,060
Excise tax	-	-	-	371,741
Operating supplies	-	-	-	1,713,808
Other operating costs	-	-	-	355,701
Depreciation and amortization	2,477,072	2,281,478	1,672,776	1,249,325
Total operating expenses	38,520,987	9,715,075	9,155,051	5,500,369
Operating income (loss)	5,436,814	246,977	(708,621)	(823,917)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	-	-	-
Interest earned on loan	-	-	138,054	-
Interest earned on investments	508,030	309,516	163,193	52,420
Interest expense	(894,055)	(1,730,787)	(1,545,776)	(551,997)
Gain (loss) on sale of capital assets	-	(10,297)	(7,803)	468,104
Other	10,495	6,949	24,880	53,236
Total nonoperating revenue (expense)	(375,530)	(1,424,619)	(1,227,452)	21,763
Income (loss) before capital contributions and transfers	5,061,284	(1,177,642)	(1,936,073)	(802,154)
Capital contributions	-	2,989,781	3,279,582	1,113,719
Transfers in	-	-	1,449,920	1,613,440
Transfers out	(3,063,360)	-	-	-
Transfers in (out)	(3,063,360)	-	1,449,920	1,613,440
Change in net assets	1,997,924	1,812,139	2,793,429	1,925,005
Net Assets:				
Beginning	42,679,195	31,574,757	25,340,209	34,199,369
Ending	\$ 44,677,119	\$ 33,386,896	\$ 28,133,638	\$ 36,124,374

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

Change in net assets of business-type activities

See Notes to Financial Statements.

Exhibit I

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 1,366,515	\$ 65,278,064	\$ 7,830,322
486,446	3,617,632	-
<u>1,852,961</u>	<u>68,895,696</u>	<u>7,830,322</u>
347,328	2,592,785	5,084,770
830,662	974,844	738,754
-	3,525,091	-
-	3,688,436	-
-	7,297,417	-
-	26,760,194	-
-	8,621,338	-
172,382	172,382	-
418,553	634,959	-
-	271,060	-
-	371,741	-
280,982	1,994,790	579,126
231,572	587,273	952,258
289,356	7,970,007	450,835
<u>2,570,835</u>	<u>65,462,317</u>	<u>7,805,743</u>
<u>(717,874)</u>	<u>3,433,379</u>	<u>24,579</u>
657,932	657,932	-
-	138,054	-
16,590	1,049,749	-
(616,182)	(5,338,797)	(35,315)
3,208	453,212	-
23,509	119,069	-
<u>85,057</u>	<u>(2,920,781)</u>	<u>(35,315)</u>
<u>(632,817)</u>	<u>512,598</u>	<u>(10,736)</u>
<u>263,353</u>	<u>7,646,435</u>	<u>-</u>
<u>638,198</u>	<u>3,701,558</u>	<u>-</u>
<u>(31,198)</u>	<u>(3,094,558)</u>	<u>-</u>
<u>607,000</u>	<u>607,000</u>	<u>-</u>
<u>237,536</u>	<u>8,766,033</u>	<u>(10,736)</u>
5,833,570	139,627,100	648,691
<u>\$ 6,071,106</u>	<u>\$ 148,393,133</u>	<u>\$ 637,955</u>
	<u>(7,662)</u>	
	<u>\$ 8,758,371</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Cash Flows From Operating Activities				
Receipts from customers	\$ 43,943,714	\$ 9,799,970	\$ 8,514,342	\$ 4,722,489
Payments to employees	(3,008,637)	(2,301,856)	(1,004,177)	(1,143,535)
Payments to suppliers	(32,747,469)	(4,394,141)	(6,816,035)	(3,670,406)
Net cash provided by (used in) operating activities	8,187,608	3,103,973	694,130	(91,452)
Cash Flows From Noncapital Financing Activities				
Transfers in	-	-	1,449,920	1,613,440
Transfers out	(3,063,360)	-	-	-
Operating grants received	-	-	-	-
Insurance reimbursement proceeds	-	-	-	-
Contributions received	-	-	20,640	-
Net cash provided by (used in) noncapital financing activities	(3,063,360)	-	1,470,560	1,613,440
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt	(1,018,408)	(1,766,974)	(1,465,486)	(1,345,540)
Interest paid	(897,402)	(1,739,983)	(1,553,571)	(534,876)
Acquisition and construction of capital assets	(4,215,198)	(10,500,451)	(4,360,373)	(736,816)
Proceeds from the sale of capital assets	10,827	8,122	6,049	542,000
Capital contributions	-	2,989,781	3,279,582	685,737
Other	9,770	6,949	4,240	53,236
Net cash provided by (used in) capital and related financing activities	(6,110,411)	(11,002,556)	(4,089,559)	(1,336,259)
Cash Flows From Investing Activities				
Earnings on investments	499,275	315,715	160,119	52,420
Payments received on notes receivable	-	-	391,487	-
Net cash provided by investing activities	499,275	315,715	551,606	52,420
Net increase (decrease) in cash and cash equivalents	(486,888)	(7,582,868)	(1,373,263)	238,149
Cash and cash equivalents:				
Beginning	14,722,699	9,155,154	5,309,808	1,347,176
Ending	\$ 14,235,811	\$ 1,572,286	\$ 3,936,545	\$ 1,585,325

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ 1,886,019	\$ 68,866,534	\$ 7,847,390
(90,056)	(7,548,261)	(4,831,783)
(2,089,290)	(49,717,341)	(2,477,990)
(293,327)	11,600,932	537,617
638,198	3,701,558	-
(31,198)	(3,094,558)	-
657,932	657,932	-
-	-	-
-	20,640	-
1,264,932	1,285,572	-
(7,069)	(5,603,477)	(198,864)
(616,182)	(5,342,014)	(35,315)
(1,212,250)	(21,025,088)	(337,742)
16,810	583,808	-
263,353	7,218,453	-
23,509	97,704	-
(1,531,829)	(24,070,614)	(571,921)
15,569	1,043,098	-
-	391,487	-
15,569	1,434,585	-
(544,655)	(9,749,525)	(34,304)
1,125,020	31,659,857	34,304
\$ 580,365	\$ 21,910,332	\$ -

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2002

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating income (loss)	\$ 5,436,814	\$ 246,977	\$ (708,621)	\$ (823,917)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	2,477,072	2,281,478	1,672,776	1,249,325
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(14,087)	(142,007)	73,018	46,037
Due from other governmental agencies	-	-	-	-
Due from other funds	(607,715)	-	-	-
Inventories and prepaid expenses	430,781	(2,802)	(201,237)	(20,080)
Increase (decrease) in:				
Accounts payable and accrued expenses	214,514	559,653	(113,666)	(288,913)
Vacation accrual	181,395	128,560	51,862	35,618
Due to other funds	624	-	-	(287,689)
Deposits	68,210	52,189	(74,896)	(1,833)
Deferred revenue	-	(20,075)	(5,106)	-
Net cash provided by (used in) operating activities	\$ 8,187,608	\$ 3,103,973	\$ 694,130	\$ (91,452)

See Notes to Financial Statements.

Other Enterprise Funds	Total	Governmental Activities Internal Service Funds
\$ (717,874)	\$ 3,433,379	\$ 24,579
486,845	8,167,496	450,835
(7,782)	(44,821)	17,068
51,579	51,579	-
-	(607,715)	-
(273,889)	(67,227)	(31,032)
(73,771)	297,817	(292,960)
14,886	412,321	252,538
230,379	(56,686)	116,589
7,039	50,709	-
(10,739)	(35,920)	-
\$ (293,327)	\$ 11,600,932	\$ 537,617

CITY OF CONCORD, NORTH CAROLINA

Exhibit K

PENSION TRUST FUND

STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2002

ASSETS

Employer contribution receivable	<u>\$ 213,257</u>
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NET ASSETS

Held in trust for pension benefits	<u>\$ 213,257</u>
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See Notes to Financial Statements.

PENSION TRUST FUND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
Year Ended June 30, 2002

Additions	
Employer contributions	\$ 120,285
Deductions	
Retirement payments	<u>59,567</u>
Net increase	60,718
Plan Net Assets	
Beginning of year	<u>152,539</u>
End of year	<u><u>\$ 213,257</u></u>

See Notes to Financial Statements.

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CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements and the following accounting policies of the City of Concord, North Carolina (the "City") and its discretely presented component unit, are in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the significant accounting policies:

A. Reporting Entity

The City of Concord is a municipal corporation governed by an elected mayor, mayor pro tempore and a six-member City Council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the City's financial statements to emphasize that it is legally separate from the City.

BLENDING COMPONENT UNIT – FIRST CONCORD CORPORATION

First Concord Corporation ("First Concord") was established during 1992 as a nonprofit corporation of the City. The City Council appoints one of the three members of the First Concord Board of Directors. First Concord is specifically organized and operated exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle of the City. It will carry out this function through the acquisition, construction and operation, sale or lease of real estate and improvements, facilities and equipment for the use of the City. In the event First Concord is unable to meet its debt service requirements, the City would be held liable. First Concord Corporation's activities, which has a June 30 year-end, are included in the funds in which the activity takes place.

DISCRETELY PRESENTED COMPONENT UNIT - CITY OF CONCORD ALCOHOLIC BEVERAGE CONTROL (ABC) BOARD

The City Council appoints the members of the Alcoholic Beverage Control Board. In addition, the ABC Board is required by State statute to distribute a share of its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Concord ABC Board, 854 Union Street South, Concord, North Carolina 28026.

B. Basis of Presentation – Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds even though they are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

In accordance with North Carolina General Statutes, all governmental funds of the City are maintained during the year using the modified accrual basis of accounting. The governmental fund financial statements are reported on this same basis and use the current financial resources measurement focus. Under the modified accrual basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"), "measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay the liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City considers all revenues available if they are collected within 60 days after year-end, 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 are materially past due and are not considered to be an available resource to finance the operations of the subsequent year. Also, 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, Cabarrus County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Concord. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Cabarrus County from March 2001 through February 2002 apply to the fiscal year ended June 30, 2002. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2002-2003 fiscal year and are not shown as receivables at June 30, 2002. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2002 because they are intended to finance the City's operations during the 2003 fiscal year.

Sales taxes collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

The government reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for general government services, public safety, public works, cultural and recreational, and planning and community development.

Public Roadway Fund: Public Roadway Fund is a capital project fund that accounts for all resources used for the construction and improvement of roads in the City.

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred. As permitted by accounting principles generally accepted in the United States of America, the City of Concord and the City of Concord ABC Board have elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in their accounting and reporting practices for their proprietary operations, as well as the government-wide statements.

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 City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers or reconnecting current customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary funds are used to account for operations that are financed and operated where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The government reports the following major proprietary funds:

Electric, Water and Wastewater Funds: The Electric, Water and Wastewater Funds are used to account for the activities of the City's electric and water distribution operations and wastewater collection.

Regional Airport Fund: The Regional Airport Fund is used to account for the operations of the City's regional airport.

Additionally, the government reports the following fund type:

Pension Trust Fund: Pension trust funds are accounted for in the same manner as proprietary funds on the accrual basis. These funds are used to account for assets held by the City in a trustee capacity. The City has one Pension Trust Fund, the Law Enforcement Officers' Special Separation Allowance Fund.

Internal Service Funds: Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for the General Fund, Special Revenue Funds and the Proprietary Funds, except for the Special Revenue Funds of the Community Development Fund, Public Housing Drug Elimination Fund, Brownfield Coop Agreement Fund and Home Fund, which require an ordinance by project. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds and First Concord Capital Project fund. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. The City Manager is authorized to reallocate departmental appropriations and to effect interdepartmental transfers within a fund as long as such transfers do not exceed 10% of the appropriated funds for the department whose allocation is reduced. During the year several amendments to the original budget were necessary.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of that budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and the revenue estimates for their department for the budget year.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget shall be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

As required by G.S. 159-26(d), the City maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "Reserved for encumbrances" in the governmental funds balance sheet and will be carried forward with their budget appropriations to the subsequent year.

E. Assets, Liabilities and Fund Equity

DEPOSITS AND INVESTMENTS

All deposits of the City and of the ABC Board are made in board-designated official depositories and are secured as required by State statute (G.S. 159-31). The City and the ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City and the ABC Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State statute (G.S. 159-30(c)) authorizes the City and the ABC Board 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund.

The City's investments with a maturity of more than one year at acquisition and nonmoney market investments are reported at cost or amortized cost, which approximates their fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

CASH AND CASH EQUIVALENTS

The City maintains a cash and investment pool that is used by all funds, except First Concord Corporation to facilitate disbursement and investment and to maximize investment income. Each fund type's portion of these pools is displayed on the combined balance sheet as "Cash and investments". Interest earned is distributed to the various funds based on the proportionate share of investments. Since the cash management pools operate as demand deposit accounts, amounts invested in the pool by the proprietary fund types are considered cash and cash equivalents for the purpose of the statement of cash flows with respect to those funds.

RESTRICTED ASSETS

The unexpended bond and note proceeds for the 1998 revenue bonds and 2001 certificates of participation issued by the City are classified as restricted assets for the respective funds because their use is completely restricted to the purpose for which the bonds were originally issued. Monies set aside for debt service, extension and replacement fund as required by the bond documents or designated for future projects are also classified as restricted assets.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

AD VALOREM TAXES RECEIVABLE

In accordance with State statutes (G.S. 105-347 and G.S. 159-13(a)), ad valorem taxes levied on July 1, the beginning of the fiscal year, are due September 1; however, penalties do not accrue until the following January 6, and property becomes subject to lien. Liens are published the following May. The taxes levied are based on the assessed values as of January 1.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are maintained on all types of receivables, which have historically experienced uncollectible accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

INVENTORIES

The inventories of the City and the ABC Board are valued at average cost, which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed.

The inventories of the City's enterprise funds consist of materials and supplies held for consumption. The costs of these inventories are recorded as an expense as the inventories are consumed. The inventories of the ABC Board consist of goods held for resale.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City included as part of the cost of capital assets under construction in connection with the 1998 Revenue Bond Capital Projects, approximates \$878,000 in capitalized interest.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The estimated useful lives are as follows:

	Estimated Useful Life	
	City of Concord (In Years)	ABC Board
Electric plant and distribution systems	25	-
Waste treatment plant and distribution systems	30 - 60	-
Water plant and distribution systems	40 - 50	-
Buildings and improvements	20 - 50	40
Infrastructure assets	50	-
Leasehold improvements	-	10 - 20
Automobiles and trucks	3 - 5	3 - 5
Other property	3 - 10	-
Furniture/equipment	3 - 5	10

BOND ISSUANCE COSTS

Bond issuance costs include discounts, insurance and costs of issuance. Bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which approximates the interest method. These costs relate to the revenue bonds, the refunding bonds and the 160A-19 certificate of participation bonds issued.

LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the 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 fund type statement of net assets.

COMPENSATED ABSENCES

The vacation policies of the City and the ABC Board provide for the accumulation of up to thirty-six (36) and thirty (30) days earned vacation leave, respectively, with such leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide, proprietary funds and the ABC Board financial statements. Current maturity of accrued vacation pay has been determined based on the annualized vacation taken in the first quarter of the current fiscal year. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Both the City and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the City nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

NET ASSETS AND FUND EQUITY

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

	Governmental Activities	Business-type Activities
State statute	\$ 5,235,153	\$ -
Construction and purchases	6,959,373	3,652,621
Streets and Highways	876,542	-
Other	95,767	-
	\$ 13,166,835	\$ 3,652,621

In the fund financial statements, governmental funds report reservations or restrictions of equity for amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

State statute (G.S. 159-13(b)(16)) restricts appropriation of fund balance or fund equity 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:

Reserved:

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State statute (G.S. 159-8(a)). This amount is usually comprised of accounts receivable and interfund receivables, which have not been offset by deferred revenues.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders or contracts that remain unperformed at year-end.

Reserved for streets - Powell Bill - portion of fund balance that is available for appropriation but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Reserved for inventories - portion of fund balance that is not available for appropriation because it represents the year end fund balance of ending inventories, which are not expendable, available resources.

Unreserved:

Designated for subsequent year's expenditures - portion of the total fund balance available for appropriation that has been designated for the adopted 2002-2003 budget ordinance.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental funds reconciliation of the balance sheet to the statement of net assets includes a reconciling item that relates to deferred revenue susceptible to full accrual on the entity-wide statements. In the governmental funds, the ad valorem taxes were not susceptible to accrued as revenues and were reported as deferred revenue. The \$981,847 adjustment reflected on the reconciliation represents these ad valorem taxes outstanding at year end.

The governmental funds reconciliation of the statement of revenues, expenditures and changes in fund balance to the statement of activities includes revenues in the amount of \$175,182 that did not provide current financial resources for the fund. This adjustment reflected on the reconciliation represents the change between the ad valorem taxes outstanding for the year ended June 30, 2002 and June 30, 2001.

The statement of net assets and statement of activities for the business-type activities includes a reconciling item between the proprietary funds statement of net assets and statement of revenues, expenses and changes in net assets. This difference represents the assets, liabilities and activity of the internal service funds that are reported within the business-type activities.

Note 3. Cash and Investments

Deposits - All of the City's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the pooling method, which is 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 and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest-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 ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for undercollateralization, 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.

At June 30, 2002, the City's deposits had a carrying amount of \$1,628,605 and a bank balance of \$3,500,486. Of the bank balance, \$156,726 was covered by federal depository insurance and \$3,343,760 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$22,843 at June 30, 2002.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

At June 30, 2002, the carrying amount of deposits for the ABC Board was \$909,437 and the bank balance was \$1,051,888. Of the bank balance, \$1,051,888 was covered by federal depository insurance. The ABC Board had cash on hand of \$4,000 at June 30, 2002.

The City's investments are categorized to give an indication of the level of custodial risk assumed by the City at year-end. In the following tables, Column A includes investments that are insured or registered or for which the securities are held by the City or their agents in the entity's name. Column B includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Column C includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The City's investments in the North Carolina Capital Management Trust and money market funds are exempt from risk categorization because the City does not own any identifiable securities but are stockholders of a percentage of the fund.

At June 30, 2002, the City's investment balances were as follows:

	Categories			Reported Value	Fair Value
	A	B	C		
U. S. Government securities	\$ 1,382,120	\$ -	\$ -	\$ 1,382,120	\$ 1,382,120
U. S. Government agencies	21,053,219	-	-	21,053,219	21,102,455
Commercial paper	-	9,813,217	-	9,813,217	9,898,784
Bankers' acceptances	-	1,982,583	-	1,982,583	1,988,916
	<u>\$ 22,435,339</u>	<u>\$ 11,795,800</u>	<u>\$ -</u>	<u>34,231,139</u>	<u>34,372,275</u>
Uncategorized:					
North Carolina Capital Management Trust				23,109,166	23,109,166
Money Market Funds, held in trust				234	234
				<u>\$ 57,340,539</u>	<u>\$ 57,481,675</u>

Note 4. Receivables and Allowances for Uncollectible Amounts

Receivables as of year end for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts receivable, net	\$ 8,325	\$ 8,207,472
Ad valorem taxes, net	981,847	-
Due from other governmental agencies	2,541,485	74,966
Sales and gasoline tax refunds	301,463	605,362
Interest	30,253	253,720
Due from other funds	27,217	(27,217)
Other, net	275,912	427,982
Loan receivable, current	-	249,709
	<u>\$ 4,166,502</u>	<u>\$ 9,791,994</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables and Allowances for Uncollectible Amounts (Continued)

Receivables as of year end also included the following allowances for uncollectible accounts:

Governmental Activities, allowance for uncollectible ad valorem taxes	\$ 342,168
Governmental Activities, allowance for doubtful other receivables	\$ 340,097
Business-type Activities, allowance for doubtful accounts receivable	\$ 342,410

Loans Receivable: At year-end, the City has two outstanding loans due to them. First, the City transferred all ownership and operating interest in the Rocky River Regional Wastewater Treatment Plant to the Water and Wastewater Authority of Cabarrus County ("WSACC"). Interest ranges from 4.1% to 5.5%. Per the agreement, the Water and Wastewater Authority agreed to assume the outstanding debt service requirements from general obligation bonds used to finance the purchase of the related assets transferred. Interest ranges from 3.5% to 6.4%. In addition, WSACC assumed some of the 1995 Utility Systems Revenue Bonds to assist in the operations of WSACC.

	Rocky River Regional Wastewater Treatment Plant	WSACC Operational	Total
Balance at June 30, 2002	\$ 1,410,751	\$ 685,313	\$ 2,096,064
Less current portion	226,032	23,677	249,709
Noncurrent portion	\$ 1,184,719	\$ 661,636	\$ 1,846,355

Note 5. Capital Assets

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

	July 1, 2001	Increases	Decreases	June 30, 2002
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 23,946,775	\$ 2,402,449	\$ -	\$ 26,349,224
Construction in progress	5,160,615	5,054,732	-	10,215,347
Total capital assets, not being depreciated	29,107,390	7,457,181	-	36,564,571
Capital assets, being depreciated:				
Buildings	12,187,138	8,034,466	-	20,221,604
Improvements other than buildings	2,413,443	13,467	8,400	2,418,510
Machinery and Equipment	24,126,086	2,985,797	1,661,497	25,450,386
Infrastructure	445,506,024	10,581,284	-	456,087,308
Total capital assets, being depreciated	484,232,691	21,615,014	1,669,897	504,177,808
Accumulated depreciation	146,657,468	21,516,869	1,614,012	166,560,325
Total capital assets, being depreciated, net	337,575,223	98,145	55,885	337,617,483
Governmental activities capital assets, net	\$ 366,682,613	\$ 7,555,326	\$ 55,885	\$ 374,182,054

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

	July 1, 2001	Increases	Decreases	June 30, 2002
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 43,256,451	\$ 101,662	\$ -	\$ 43,358,113
Construction in progress	14,014,688	11,831,361	9,295,288	16,550,761
Total capital assets, not being depreciated	<u>57,271,139</u>	<u>11,933,023</u>	<u>9,295,288</u>	<u>59,908,874</u>
Capital assets, being depreciated:				
Buildings	27,815,022	2,155,934	-	29,970,956
Improvements other than buildings	180,610,262	15,608,326	57,740	196,160,848
Machinery and Equipment	13,916,477	1,185,746	1,396,412	13,705,811
Total capital assets, being depreciated	<u>222,341,761</u>	<u>18,950,006</u>	<u>1,454,152</u>	<u>239,837,615</u>
Accumulated depreciation	68,117,299	7,614,497	1,346,732	74,385,064
Total capital assets, being depreciated, net	<u>154,224,462</u>	<u>11,335,509</u>	<u>107,420</u>	<u>165,452,551</u>
Business-type activities capital assets, net	<u>\$ 211,495,601</u>	<u>\$ 23,268,532</u>	<u>\$ 9,402,708</u>	<u>\$ 225,361,425</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 943,659
Public safety	1,460,735
Public works	18,520,827
Cultural and recreational	69,945
Planning and community development	310,892
Administration	9,529
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>201,282</u>
Total depreciation expense - governmental activities	<u>\$ 21,516,869</u>

Business-type activities:	
Electric	\$ 2,339,065
Water	1,943,043
Wastewater	1,540,624
Golf course capital project	11,945
Regional airport	922,778
Regional airport capital project	308,348
Other	312,121
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>236,573</u>
Total depreciation expense - business-type activities	<u>\$ 7,614,497</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Activity for the ABC Board for the year ended June 30, 2002, was as follows:

	July 1, 2001	Increases	Decreases	June 30, 2002
Component unit:				
Capital assets, not being depreciated - Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:				
Buildings	51,078	-	-	51,078
Improvements other than buildings	164,325	-	-	164,325
Machinery and Equipment	129,067	58,830	-	187,897
Total capital assets, being depreciated	344,470	58,830	-	403,300
Accumulated depreciation	175,056	26,576	-	201,632
Total capital assets, being depreciated, net	169,414	32,254	-	201,668
Component unit capital assets, net	\$ 189,414	\$ 32,254	\$ -	\$ 221,668

Note 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities for the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 2,326,482	\$ 5,015,340
Accrued payroll and payroll related liabilities	1,164,888	129,612
Accrued sales tax payable	-	125,876
Other accrued liabilities	99,981	191,317
	\$ 3,591,351	\$ 5,462,145

Note 7. Long-Term Debt

Installment purchases: The City has entered into various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 3 years and 7 years in duration, depending upon the assets acquired. Interest rates range between 3.46% and 5.26%. The debt is collateralized by the assets acquired and serviced by the funds holding such debt.

Assets acquired through the installment purchase contracts are as follows:

	Governmental Activities	Business-type Activities
Capital Asset		
Machinery and equipment	\$ 7,313,642	\$ 2,324,641
Less accumulated depreciation	2,383,166	708,044
	\$ 4,930,476	\$ 1,616,597

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

The aggregate future minimum payments of the installment purchase contracts as of June 30, 2002, including interest, are as follows:

Year Ending June 30,	Governmental Activities	Business-type Activities
2003	\$ 1,497,625	\$ 375,632
2004	849,456	206,915
2005	530,748	52,319
2006	347,805	29,509
2007	229,452	-
Total	3,455,086	664,375
Less amount representing interest	269,654	36,516
Total debt	<u>\$ 3,185,432</u>	<u>\$ 627,859</u>

General obligations bonds: The general obligation bonds issued to finance the construction of systems utilized in the operations of the Utility Funds and Regional Airport and which are being retired by their resources are reported as long-term debt in the corresponding Enterprise Fund. All general obligation bonds are collateralized by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due.

General Obligation Bonds payable at June 30, 2002 are comprised of the following individual issues:

Governmental activities:

\$920,756, 1992 Refunding Serial Bonds due in annual installments of \$32,000 to \$68,000 through June 1, 2009; interest from 3.5% to 6.4%	\$ 328,194
\$935,000, 1996 Parks and Recreation Bonds, due in annual installments of \$50,000 to \$150,000 through March 2, 2011; interest from 5.4% to 5.7%	635,000
	<u>\$ 963,194</u>

Business-type activities:

\$11,774,244, 1992 Electric, Water and Wastewater Refunding Serial Bonds due in annual installments of \$408,000 to \$849,000 through June 1, 2009; interest from 3.5% to 6.4%	\$ 4,196,806
\$920,000, Public Improvement Serial Bonds due in annual installments of \$60,000 to \$65,000 through March 1, 2008 and a final installment of \$35,000 on March 1, 2009; interest from 4.7% to 4.9%; to be paid from the Regional Airport Fund	425,000
\$4,320,000, 1996 Water and Wastewater Refunding Serial Bonds due in annual installments of \$235,000 to \$410,000 through March 1, 2009; interest from 4.3% to 5.0%	2,475,000
	<u>\$ 7,096,806</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 102,584	\$ 55,840	\$ 1,137,416	\$ 400,450
2004	101,133	50,011	1,113,867	338,856
2005	100,045	44,167	1,094,955	277,548
2006	98,957	38,315	1,051,043	215,965
2007	97,506	32,505	1,022,494	156,373
2008-2011	462,969	66,039	1,677,031	136,998
	<u>\$ 963,194</u>	<u>\$ 286,877</u>	<u>\$ 7,096,806</u>	<u>\$ 1,526,190</u>

Revenue bonds: The City also issues bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. Revenue bonds outstanding at June 30, 2002 are as follows:

Governmental activities:

\$4,002,453 (of \$35,295,000 issue), Utilities Systems Revenue Bonds Series 1998A due in annual installments of \$101,493 to \$281,799 through December 1, 2022; interest from 3.95% to 5.00%	<u>\$ 3,795,498</u>
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Business-type activities:

\$6,665,000 (after advance refunding), 1993 Utility Systems Revenue Bonds due in annual installments of \$1,030,000 to \$1,250,000 through December 1, 2018; interest from 4.8% to 5.3% to be paid from revenues of the Electric, Water and Wastewater Funds	\$ 2,440,000
\$24,850,000 1995 Utility Systems Revenue Bonds due in annual installments of \$605,000 to \$1,800,000 through June 30, 2020; interest from 4.1% to 5.5%; to be paid from revenues of the Water and Wastewater Fund	21,560,000
\$31,292,547 (of \$35,295,000 issue), Utilities Systems Revenue Bonds, Series 1998A due in annual installments of \$793,507 to \$2,203,201 through December 1, 2022; interest from 3.95% to 5.00%.	29,674,502
\$29,480,000, Utilities Systems Refunding Revenue Bonds, Series 1998B due in annual installments of \$160,000 to \$2,705,000 through December 1, 2017; interest from 3.80% to 5.00%	28,845,000
	<u>\$ 82,519,502</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 109,998	\$ 179,031	\$ 2,975,002	\$ 5,566,954
2004	114,534	174,344	3,115,466	5,422,286
2005	119,637	169,396	3,260,363	3,692,106
2006	124,740	164,141	3,405,260	3,543,299
2007	130,410	158,559	3,654,590	3,383,039
2008-2012	749,007	697,155	20,520,993	14,173,614
2013-2017	949,158	497,183	26,050,842	8,373,663
2018-2022	1,216,215	228,572	17,333,785	2,287,253
2023	281,799	7,045	2,203,201	55,080
	<u>\$ 3,795,498</u>	<u>\$ 2,275,426</u>	<u>\$ 82,519,502</u>	<u>\$ 46,497,294</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

The Revenue Bond General Trust Indenture requires that certain amounts from the Utility funds be set aside into separate reserve accounts for the following uses and in the following amounts:

- | | |
|-------------------------------|---|
| (1) Debt Service | Amount sufficient to pay current bond and interest maturities |
| (2) Bond and Interest Reserve | The lesser of (a) maximum principal and interest requirements in any succeeding fiscal year (b) 125% of the average annual principal and interest requirements (c) 10% of bond proceeds |
| (3) Extension and replacement | \$8,350 per month until the balance reaches \$500,000 |
| (4) Rebate | Any amounts necessary to satisfy arbitrage regulations, if applicable, based upon yearly computations |

In addition to the funds maintenance requirements above, the City must also meet other debt covenants relating to reporting requirements, annual budgets and minimum utility funds revenues.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loans and installment notes: Loan and installment notes payable at June 30, 2002 are comprised of the following individual issues:

Governmental activities:

\$350,000, 1993 160A-20 Installment Note due in semiannual installments of \$14,583 to \$29,169, through July 1, 2006, plus interest due quarterly at 4.45%	\$ 131,259
\$31,491,670, 2001 Certificates of Participation due in annual installments of \$754,415 to \$2,650,758 through June 1, 2021, plus interest due semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from General Fund	29,512,877
	<u>\$ 29,644,136</u>

Business-type activities:

\$1,350,000, 1993 160A-20 Installment Note due in semiannual installments of \$56,251 to \$112,449, through July 1, 2006, plus interest due quarterly at 4.45% to be paid from Regional Airport Fund	\$ 506,231
\$1,800,000, 1993 160A-20 Installment Note due in semiannual installments of \$75,000, through July 1, 2006, plus interest due quarterly at 5.92% to be paid from Regional Airport Fund	675,000
\$5,515,000, 1996A 160A-19 Certificate of Participation due in annual installments of \$505,000 to \$690,000, through June 1, 2006, plus interest due semiannually at 5.10% to 5.70% financed through First Concord Corporation, to be paid from Regional Airport Fund	2,545,000
\$10,345,000, 1996B 160-19 Certificate of Participation due in annual installments of \$450,000 to \$1,000,000, through June 1, 2021, plus interest due semiannually at 5.75% to 6.125% financed through First Concord Corporation, to be paid from Golf Course Fund. The first payment is due in 2007	10,345,000
\$6,703,330, 2001 Certificates of Participation due in annual installments of \$160,858 to \$564,242 through June 1, 2021, plus interest due semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from Regional Airport Fund	6,282,123
	<u>\$ 20,353,354</u>

Annual debt service requirements to maturity for loan and installment notes are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2003	\$ 1,843,063	\$ 1,355,924	\$ 1,233,605	\$ 1,096,838
2004	2,255,312	1,284,945	1,356,356	1,036,411
2005	2,420,211	1,205,701	1,421,457	971,512
2006	2,679,928	1,097,701	1,516,740	898,386
2007	2,772,524	976,031	1,168,294	821,060
2008-2012	10,862,750	3,065,537	4,992,250	3,289,538
2013-2017	3,792,688	1,330,473	4,347,312	2,056,849
2018-2021	3,017,660	383,807	4,317,340	660,816
	<u>\$ 29,644,136</u>	<u>\$ 10,700,119</u>	<u>\$ 20,353,354</u>	<u>\$ 10,831,410</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2001	Additions	Reductions	June 30, 2002
Governmental activities:				
Installment purchase	\$ 4,799,764	\$ -	\$ 1,614,332	\$ 3,185,432
Less current maturities				1,368,553
Long-term installment purchases				<u>\$ 1,816,879</u>
Bond payables:				
General obligation bonds	\$ 1,066,865	\$ -	\$ 103,671	\$ 963,194
Installment notes	31,652,099	-	2,007,963	29,644,136
Revenue bonds	3,900,960	-	105,462	3,795,498
Total bond payable	<u>\$ 36,619,924</u>	<u>\$ -</u>	<u>\$ 2,217,096</u>	34,402,828
Compensated absences	<u>\$ 1,269,014</u>	<u>\$ 1,410,432</u>	<u>\$ 1,099,050</u>	1,580,396
Less current maturities				3,237,270
Long-term debt				<u>\$ 32,745,954</u>
Business-type activities:				
Installment purchase contracts	<u>\$ 1,087,988</u>	<u>\$ -</u>	<u>\$ 460,129</u>	\$ 627,859
Less current maturities				351,534
Long-term installment purchases				<u>\$ 276,325</u>
Bond payables:				
General obligation bonds	\$ 8,253,135	\$ -	\$ 1,156,329	\$ 7,096,806
Installment notes	21,592,059	-	1,238,705	20,353,354
Revenue bonds	85,005,246	-	2,485,744	82,519,502
Total bond payable	<u>\$ 114,850,440</u>	<u>\$ -</u>	<u>\$ 4,880,778</u>	109,969,662
Compensated absences	<u>\$ 600,698</u>	<u>\$ 484,936</u>	<u>\$ 521,560</u>	564,074
Less current maturities				5,880,944
Long-term debt				<u>\$ 104,652,792</u>

The legal debt margin of the City at June 30, 2002 was \$399,991,692.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables and Transfers

A schedule of interfund receivables and payables at June 30, 2002 are as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 1,460,039
General fund	Internal service fund	327,354
General fund	Nonmajor governmental funds	4,725
Nonmajor governmental funds	General fund	148,087
Nonmajor governmental funds	Nonmajor enterprise funds	27,217
Pension trust fund	General fund	213,257
Electric fund	Nonmajor enterprise funds	607,715
Nonmajor enterprise funds	Electric fund	624
		<u>\$ 2,789,018</u>

A schedule of interfund transfers at June 30, 2002 is as follows:

Transfers To	Transfers From	Total
General fund	Nonmajor governmental funds	\$ 13,282
Public roadway capital project fund	General fund	1,073,697
Debt service fund	General fund	2,856,368
Debt service fund	Nonmajor governmental funds	673,587
Nonmajor governmental funds	Nonmajor governmental funds	1,260,586
Wastewater fund	Electric fund	1,449,920
Regional airport fund	Electric fund	1,613,440
Nonmajor enterprise funds	General fund	607,000
Nonmajor enterprise funds	Nonmajor enterprise funds	31,198
		<u>\$ 9,579,078</u>

Note 9. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

(1) Plan description:

The City of Concord and the ABC Board contributed to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(2) Funding policy:

Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.63%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.02% of annual covered payroll. The contribution requirements of members and of the City of Concord and the ABC Board are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2002, 2001 and 2000 were \$1,324,171, \$1,136,336, and \$1,097,518, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2002, 2001 and 2000 were \$26,703, \$22,418 and \$19,936, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

B. Law Enforcement Officers Special Separation Allowance:

(1) Plan description:

The City of Concord administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance 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 allowance 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 separate report was not issued for the plan.

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

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	122
Total	<u>127</u>

(2) Summary of significant accounting policies:

Basis of accounting - The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made for the General Fund.

Method used to value investments - No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(3) Contributions

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

The annual required contribution for the 2002 current year was determined as part of the December 31, 2001 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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

Annual required contribution	\$ 120,285
Interest on net pension obligation	9,681
Adjustment to annual required contribution	(7,031)
Annual pension cost	<u>122,935</u>
Contributions made	<u>62,217</u>
Increase in net pension obligation	60,718
Net pension obligation beginning of year	<u>152,539</u>
Net pension obligation end of year (included in the General Fund's account payable and accrued liabilities)	<u><u>\$ 213,257</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2000	\$ 67,837	98	\$ 137,864
June 30, 2001	78,722	81	152,539
June 30, 2002	122,935	51	213,257

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan 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 five 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. Contributions for the year ended June 30, 2002 were \$342,525, which consisted of \$244,976 from the City and \$97,549 from the law enforcement officers.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Deferred Revenues

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

	<u>Unavailable</u>	<u>Unearned</u>
Governmental funds:		
Reserve for taxes receivable	\$ 981,847	\$ -
Prepaid taxes, not yet earned	-	269,533
Prepaid privilege license, not yet earned	-	215
Other prepaid fees	-	75
	<u>\$ 981,847</u>	<u>\$ 269,823</u>
Proprietary funds:		
Tap fees, not yet collected	\$ -	\$ 291,819
Prepaid golf fees	-	828
	<u>\$ -</u>	<u>\$ 292,647</u>

Note 11. Commitments and Contingencies

The City had commitments on contracts of approximately \$5.4 million related primarily to construction in its Enterprise Funds.

The City participates in a number of federal and State of North Carolina awards. For the fiscal year ended June 30, 2002, these awards were subject to audit in accordance with *Government Auditing Standards* and the provisions of OMB Circular A-133 and the State Single Audit Implementation Act. The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the City expects they would be immaterial.

Note 12. Postemployment Benefits

In addition to providing pension benefits, the City makes available postemployment health benefits to retirees and other former employees of the City and their dependents. The City obtains health care coverage through private insurers. Currently 68 retirees are eligible for postretirement health benefits. For the year ended June 30, 2002, the City made payments for postretirement health benefit premiums of \$214,413 of which \$83,495 was collected from former employees.

Note 13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is fully insured through several insurance companies and is self funded for workers' compensation only. The City obtains general liability and public official liability coverage of \$1 million per occurrence, with a \$2 million aggregate limit. The City also obtained auto liability coverage of \$1 million for combined single limit and excess general liability of \$4 million. Property is insured through blanket coverage up to \$114 million. Employee health coverage is unlimited through CIGNA unless specified.

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

The City is exposed to various risks of loss related to injuries to employees. As of July 1, 2002, the City elected to cover workers' compensation claims up to an individual stop-loss of \$350,000 per employee after which an insurance company will pay any excess up to \$1 million for each occurrence.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. No provision for loss has been made as of June 30, 2002, as the City is not aware of any potential claims.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

City of Concord ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverages. The ABC Board also has liquor legal liability coverage. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

Note 14. Jointly Governed Organization

The City is a member of the Water and Wastewater Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor wastewater system and regional wastewater treatment plant. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Wastewater Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: Two members by the Cabarrus County Board of Commissioners, two members by the City of Concord City Council, two members by the City of Kannapolis City Council, one member by the Town of Harrisburg Town Council, one member by the Town of Mount Pleasant Board of Commissioners, and one member by the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions. The City of Concord paid WSACC approximately \$4.8 million for wastewater treatment and raw water charges during the year ended June 30, 2002. In addition, the City received debt service payments of \$387,763, on its loan receivables from WSACC.

Note 15. Stewardship, Compliance and Accountability

Deficit Fund Balance

North Carolina General Statutes prohibits the City from having a deficit fund in any fund. The Golf Course Fund, Debt Service Fund and Brownfield Coop Agreement Fund have deficit retained earnings or fund balances in the amount of \$5,112, \$2,611,040 and \$55, respectively. The deficit balance in the retained earnings for the Golf Course and the fund balance of the Debt Service Fund resulted from no operating transfers being made to finance debt service payments which were reserved upon the issuance of the original debt. These deficits will be reduced each year as future transfers are made to finance for debt service payments. The Brownfield Coop Agreement Fund's deficit fund balance is due to year end accrual of fund accounts payable. The payables will be paid in the next fiscal year and a reimbursement amount will be requested to eliminate the deficit balance.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 16. Conduit Debt Obligations

To provide for the acquisition, construction and equipping of a 124 unit low and moderate income multifamily residential rental facility, the City has issued \$5,740,000 in multifamily housing revenue bonds in December 2000. These bonds are limited obligations payable solely from the revenues and receipts of the loan. The bonds do not constitute a debt of a pledge of the faith and credit of the State of North Carolina or any political subdivision including the City of Concord, and accordingly have not been reported in the accompanying financial statements. As of June 30, 2002, all multifamily housing revenue bonds were outstanding.

Note 17. Change in Accounting Principles

On July 1, 2001, the City adopted Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In addition to the required Management's Discussion and Analysis, the City restated prior year's governmental activities net assets (formerly reported as fund balance) in the following amounts to convert to a full accrual basis on accounting:

Governmental fund balance per June 30, 2001 financial statements:

General fund	\$	29,814,192	
Special revenue funds		1,434,584	
Capital project funds		18,355,642	\$ 49,604,418
Assets reported in the General Fixed Asset Account Group		59,712,564	
Infrastructure assets recognized prior to June 30, 2001		451,117,387	
Accumulated depreciation as of June 30, 2001		(144,996,318)	365,833,633
Liabilities reported in the General Long-term Debt Account Group			(42,429,987)
Bond issuance cost, net of accumulated amortization at June 30, 2001			133,498
Deferred revenue for property tax receivables at June 30, 2001			1,155,114
Internal service fund assets and liabilities for governmental activities			187,142
Other items			61,931
Total net assets as of July 1, 2001	\$		374,545,749

Note 18. Subsequent Event

In August of 2002, the City issued two series of revenue bonds. Series A was issued for approximately \$26 million dollars to assist in the construction of new water lines and electric projects and to renovate the City's current utility plants. Series B was issued for approximately \$39 million to refund portions of the 1998 and 1995 revenue bonds.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED
SUPPLEMENTAL INFORMATION ANALYSIS OF FUNDING PROGRESS**

Last Six Fiscal Years

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)		Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1996	\$ 170,879	\$ 512,519	\$ 341,640	33	%	\$ 2,567,000	13 %
December 31, 1997	199,943	624,630	424,687	32		2,832,424	15
December 31, 1998	214,288	656,504	442,216	33		3,110,880	14
December 31, 1999	229,802	739,636	509,834	31		3,637,252	14
December 31, 2000	137,864	1,101,867	964,003	13		4,099,686	24
December 31, 2001	152,539	1,290,220	1,137,681	12		4,653,063	24

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED
 SUPPLEMENTAL INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTION
 Last Six Fiscal Years**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
1997	\$ 50,711	32 %
1998	52,248	53
1999	56,295	119
2000	70,356	71
2001	81,520	82
2002	120,285	52

Notes to the Required Schedules:

The information presented in the required supplemental schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2001
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	29 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Housing Assistance Fund - This fund is used to account for federal grants received to provide housing assistance payments for low income families.

Community Development Fund - This fund is used to account for federal grants under the Community Development Block Grant/Entitlement program.

Public Housing Drug Elimination Fund - This fund is used to account for federal grants received to provide assistance in eliminating drug related crime in public housing projects.

Brownfield Coop Agreement – This fund is used to account for federal grants received to provide assistance in expanding or redeveloping industrial and commercial property that has real or perceived environmental contamination.

Home Fund - This fund is used to account for federal grants received to expand the supply of decent, affordable housing for low and very low income families with emphasis on rental housing, build state and local capacity to carry out affordable housing programs and provide for coordinated assistance to participants and the development of affordable low income housing.

Urgent Repair Program Fund - This fund is used to account for federal grants received to provide repairs to eligible citizen's homes.

Municipal Service District Fund - This fund is used to account for taxes levied on behalf of and remitted to Concord Downtown Redevelopment Corporation for use in the promotion and improvement of the City's downtown area.

Transportation Fund - This fund is used to account for taxes designated by the Council to provide additional funding for construction and improvements of City's streets and road.

Capital Project Funds

Capital Projects Fund accounts for all resources used for the acquisition and/or construction of major capital facilities other than those financed by Enterprise Funds.

Parks and Recreation Fund - This fund is for the development of a new park and the renovation of several existing facilities.

Public Works Complex Fund - This fund is for the construction of the public works utility complex.

Debt Service Fund

Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of certain governmental funds.

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OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2002

ASSETS	Total Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Other Governmental Funds
Cash and investments	\$ 3,271,744	\$ 517,669	\$ -	\$ 3,789,413
Receivables:				
Accounts receivable, net	-	8,325	-	8,325
Ad valorem taxes, net	532	-	-	532
Due from other governmental agencies	146,013	-	-	146,013
Sales and gasoline tax refunds	916	3,282	-	4,198
Interest	14,481	-	-	14,481
Due from other funds	27,217	148,087	-	175,304
Other, net	143,075	-	-	143,075
Restricted assets- cash and investments	-	3,760	-	3,760
Total assets	\$ 3,603,978	\$ 681,123	\$ -	\$ 4,285,101
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 209,540	\$ -	-	\$ 209,540
Due to other governmental agencies	721,764	-	-	721,764
Due to other funds	4,725	-	1,460,039	1,464,764
Deferred revenues	706	-	-	706
Deposits	-	-	1,151,001	1,151,001
Total liabilities	936,735	-	2,611,040	3,547,775
Fund Balances				
Reserved by State statute	331,702	159,694	-	491,396
Unreserved:				
Undesignated	2,335,541	521,429	(2,611,040)	245,930
Total fund balance	2,667,243	681,123	(2,611,040)	737,326
Total liabilities and fund balance	\$ 3,603,978	\$ 681,123	\$ -	\$ 4,285,101

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2002

ASSETS	Housing Assistance	Community Development	Public Housing Drug Elimination	Brownfield Coop Agreement
Cash and investments	\$ 256,275	\$ 354,249	\$ 9,438	\$ -
Receivables:				
Ad valorem taxes, net	-	-	-	-
Due from other governmental agencies	72,235	1,383	-	4,674
Sales and gasoline tax refunds	752	109	-	51
Interest	-	-	-	-
Due from other funds	-	-	27,217	-
Other, net	143,075	-	-	-
Total assets	\$ 472,337	\$ 355,741	\$ 36,655	\$ 4,725
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 172,617	\$ 7,931	\$ 325	\$ 55
Due to other governmental agencies	1,236	325,176	8,763	-
Due to other funds	-	-	-	4,725
Deferred revenues	-	-	-	-
Total liabilities	173,853	333,107	9,088	4,780
Fund Balances (Deficit)				
Reserved by State statute	216,062	1,492	27,217	4,725
Unreserved:				
Undesignated	82,422	21,142	350	(4,780)
Total fund balance (deficit)	298,484	22,634	27,567	(55)
Total liabilities and fund balance	\$ 472,337	\$ 355,741	\$ 36,655	\$ 4,725

See Notes to Financial Statements.

Statement 2

	Home	Urgent Repair Program	Municipal Service District	Transportation	Total Special Revenue Funds
\$	433,481	\$ 12,786	\$ 174	\$ 2,205,341	\$ 3,271,744
	-	-	532	-	532
	67,721	-	-	-	146,013
	4	-	-	-	916
	-	-	-	14,481	14,481
	-	-	-	-	27,217
	-	-	-	-	143,075
\$	501,206	\$ 12,786	\$ 706	\$ 2,219,822	\$ 3,603,978
\$	28,612	\$ -	\$ -	\$ -	\$ 209,540
	386,589	-	-	-	721,764
	-	-	-	-	4,725
	-	-	706	-	706
	415,201	-	706	-	936,735
	67,725	-	-	14,481	331,702
	18,280	12,786	-	2,205,341	2,335,541
	86,005	12,786	-	2,219,822	2,667,243
\$	501,206	\$ 12,786	\$ 706	\$ 2,219,822	\$ 3,603,978

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2002

	Parks and Recreation	Public Works Complex	Total Capital Projects Funds
ASSETS			
Cash and investments	\$ -	\$ 517,669	\$ 517,669
Receivables:			
Accounts receivable, net	-	8,325	8,325
Sales and gasoline tax refunds	-	3,282	3,282
Due from other funds	-	148,087	148,087
Restricted assets- cash and investments	-	3,760	3,760
Total assets	\$ -	\$ 681,123	\$ 681,123
FUND BALANCE			
Fund Balances			
Reserved by State statute	\$ -	\$ 159,694	\$ 159,694
Unreserved:			
Undesignated	-	521,429	521,429
Total fund balance	\$ -	\$ 681,123	\$ 681,123

See Notes to Financial Statements.

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2002

	Total Special Revenue Fund	Total Capital Projects Funds	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 80,773	\$ -	\$ -	\$ 80,773
Restricted intergovernmental revenues	2,787,226	-	-	2,787,226
Contributions	-	128,708	-	128,708
Investment earnings	84,227	13,405	2,414	100,046
Program income	402,797	-	-	402,797
Other revenues	200	2,527	-	2,727
Total revenues	3,355,223	144,640	2,414	3,502,277
Expenditures				
Current:				
Planning and community development	80,773	-	-	80,773
Administration	332,909	61,235	-	394,144
Housing assistance payments	2,676,489	-	-	2,676,489
Rehabilitation	760,562	-	-	760,562
Protective services	41,252	-	-	41,252
Capital outlay	196,506	62,004	-	258,510
Debt service	-	-	3,503,895	3,503,895
Total expenditures	4,088,491	123,239	3,503,895	7,715,625
Excess of revenues over (under) expendi	(733,268)	21,401	(3,501,481)	(4,213,348)
Other Financing Sources (Uses)				
Transfers from other funds	1,260,586	-	3,529,955	4,790,541
Transfers to other funds	(1,934,173)	(13,282)	-	(1,947,455)
Total other financing sources	(673,587)	(13,282)	3,529,955	2,843,086
Net change in fund balances	(1,406,855)	8,119	28,474	(1,370,262)
Fund Balances				
Beginning	4,074,098	673,004	(2,639,514)	2,107,588
Ending	\$ 2,667,243	\$ 681,123	\$ (2,611,040)	\$ 737,326

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

Year Ended June 30, 2002

	Housing Assistance	Community Development	Public Housing Drug Elimination	Brownfield Coop Agreement
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues, net of reimbursements	2,959,812	21,242	41,602	130,799
Investment earnings	11,014	-	-	-
Program income	7,332	153,639	-	-
Other revenues	200	-	-	-
Total revenues	2,978,358	174,881	41,602	130,799
Expenditures				
Current:				
Planning and community development	-	-	-	-
Administration	183,393	95,687	-	9,530
Housing assistance payments	2,676,489	-	-	-
Rehabilitation	-	273,498	-	122,618
Protective services	-	-	41,252	-
Capital outlay	-	-	-	-
Total expenditures	2,859,882	369,185	41,252	132,148
Excess of revenues over (under) expenditures	118,476	(194,304)	350	(1,349)
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	118,476	(194,304)	350	(1,349)
Fund Balances (deficit)				
Beginning	180,008	216,938	27,217	1,294
Ending	\$ 298,484	\$ 22,634	\$ 27,567	\$ (55)

See Notes to Financial Statements.

Statement 5

Home	Urgent Repair Program	Municipal Service District	Transportation	Total Special Revenue Fund
\$ -	\$ -	\$ 80,773	\$ -	\$ 80,773
(386,589)	20,360	-	-	2,787,226
-	-	-	73,213	84,227
241,826	-	-	-	402,797
-	-	-	-	200
(144,763)	20,360	80,773	73,213	3,355,223
-	-	80,773	-	80,773
44,299	-	-	-	332,909
-	-	-	-	2,676,489
332,409	32,037	-	-	760,562
-	-	-	-	41,252
-	-	-	196,506	196,506
376,708	32,037	80,773	196,506	4,088,491
(521,471)	(11,677)	-	(123,293)	(733,268)
117,500	-	-	1,143,086	1,260,586
-	-	-	(1,934,173)	(1,934,173)
117,500	-	-	(791,087)	(673,587)
(403,971)	(11,677)	-	(914,380)	(1,406,855)
489,976	24,463	-	3,134,202	4,074,098
\$ 86,005	\$ 12,786	\$ -	\$ 2,219,822	\$ 2,667,243

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2002

	Parks and Recreation	Public Works Complex	Total Capital Projects Funds
Revenues			
Contributions	\$ -	\$ 128,708	\$ 128,708
Investment earnings	-	13,405	13,405
Miscellaneous earnings	-	2,527	2,527
Total revenues	<u>-</u>	<u>144,640</u>	<u>144,640</u>
Expenditures			
Current			
Administration	-	61,235	61,235
Capital outlay	-	62,004	62,004
Total expenditures	<u>-</u>	<u>123,239</u>	<u>123,239</u>
Excess of revenues over expenditures	<u>-</u>	<u>21,401</u>	<u>21,401</u>
Other Financing Uses			
Transfers to other funds	(13,282)	-	(13,282)
Net change in fund balances	<u>(13,282)</u>	<u>21,401</u>	<u>8,119</u>
Fund Balances			
Beginning	13,282	659,722	673,004
Ending	<u>\$ -</u>	<u>\$ 681,123</u>	<u>\$ 681,123</u>

See Notes to Financial Statements.

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

The following funds have been established as Enterprise Funds:

Golf Course Fund - This fund is used to account for the operations of the City's municipal golf course.

Housing Department Fund - This fund is used to account for the operations of the City's housing department.

CIAP and Capital Project Funds – These funds are used to account for capital grants awarded to the City's housing department.

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2002

ASSETS	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Total Other Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 580,365	\$ -	\$ 580,365
Receivables:				
Accounts receivable, net	17,708	3,073	-	20,781
Sales and gasoline tax refunds	15,108	4,836	4,569	24,513
Interest	-	4,242	-	4,242
Due from other governmental agencies	-	-	74,966	74,966
Due from other funds	-	624	-	624
Inventories and prepaid expenses	338,878	10,474	-	349,352
Total current assets	371,694	603,614	79,535	1,054,843
Noncurrent assets:				
Capital assets	9,994,685	7,847,724	758,684	18,601,093
Less accumulated depreciation	(302,613)	(2,485,724)	-	(2,788,337)
Bond issuance and premium, net	467,726	-	-	467,726
Total noncurrent assets	10,159,798	5,362,000	758,684	16,280,482
Total assets	\$ 10,531,492	\$ 5,965,614	\$ 838,219	\$ 17,335,325
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts payable and accrued expenses	\$ 152,551	\$ 17,352	\$ -	\$ 169,903
Current portion of long-term debt	2,070	14,886	-	16,956
Accrued interest	50,965	-	-	50,965
Deferred revenue	828	-	-	828
Due to other funds	528,179	27,217	79,536	634,932
Total current liabilities	734,593	59,455	79,536	873,584
Noncurrent liabilities				
Long-Term Debt due after one year	10,354,292	-	-	10,354,292
Deposits	-	36,343	-	36,343
Total noncurrent liabilities	10,354,292	36,343	-	10,390,635
Total liabilities	11,088,885	95,798	79,536	11,264,219
Invested in capital assets, net of related debt	(196,564)	5,362,000	758,684	5,924,120
Unrestricted	(360,829)	507,816	(1)	146,986
Total net assets	(557,393)	5,869,816	758,683	6,071,106
Total liabilities and net assets	\$ 10,531,492	\$ 5,965,614	\$ 838,219	\$ 17,335,325

See Notes to Financial Statements.

OTHER ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN

FUND NET ASSETS

Year Ended June 30, 2002

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Total Other Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,111,308	\$ 255,207	\$ -	\$ 1,366,515
Other operating revenues	486,446	-	-	486,446
Total operating revenue	1,597,754	255,207	-	1,852,961
Operating Expenses				
General and administrative	-	347,328	-	347,328
Professional services	830,662	-	-	830,662
Utilities	-	172,382	-	172,382
Housing maintenance and repairs	167,842	250,711	-	418,553
Operating supplies	280,982	-	-	280,982
Other operating costs	231,572	-	-	231,572
Depreciation and amortization	91,867	197,489	-	289,356
Total operating expenses	1,602,925	967,910	-	2,570,835
Operating income (loss)	(5,171)	(712,703)	-	(717,874)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	428,911	229,021	657,932
Interest earned on investments	1,357	15,233	-	16,590
Interest expense	(616,182)	-	-	(616,182)
Gain (loss) on sale of capital assets	7,508	(4,300)	-	3,208
Other	3,275	20,234	-	23,509
Total nonoperating revenues	(604,042)	460,078	229,021	85,057
Income (loss) before capital contributions and transfers	(609,213)	(252,625)	229,021	(632,817)
Capital Contributions	-	16,951	246,402	263,353
Transfers In (Out)				
Transfers in	607,000	31,198	-	638,198
Transfers out	-	-	(31,198)	(31,198)
Transfers out	607,000	31,198	(31,198)	607,000
Change in net assets	(2,213)	(204,476)	444,225	237,536
Net Assets (Deficit):				
Beginning	(555,180)	6,074,292	314,458	5,833,570
Ending	\$ (557,393)	\$ 5,869,816	\$ 758,683	\$ 6,071,106

See Notes to Financial Statements.

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2002

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Total Other Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,583,080	\$ 253,687	\$ 49,252	\$ 1,886,019
Payments to employees	-	(90,056)	-	(90,056)
Payments to suppliers	(1,555,756)	(683,093)	149,559	(2,089,290)
Net cash provided by (used in) operating activities	27,324	(519,462)	198,811	(293,327)
Cash Flows From Noncapital Financing Activities				
Transfers in	607,000	31,198	-	638,198
Transfers out	-	-	(31,198)	(31,198)
Operating grants received	-	428,911	229,021	657,932
Net cash provided by (used in) noncapital financing activities	607,000	460,109	197,823	1,264,932
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt	(7,069)	-	-	(7,069)
Interest paid	(616,182)	-	-	(616,182)
Acquisition and construction of capital assets	(569,214)	-	(643,036)	(1,212,250)
Proceeds from the sale of capital assets	12,065	4,745	-	16,810
Capital contributions	-	16,951	246,402	263,353
Other	3,275	20,234	-	23,509
Net cash provided by (used in) capital and related financing activities	(1,177,125)	41,930	(396,634)	(1,531,829)
Cash Flows Provided by Investing Activities				
Earnings on investments	1,357	14,212	-	15,569
Net decrease in cash and cash equivalents	(541,444)	(3,211)	-	(544,655)
Cash and cash equivalents:				
Beginning	541,444	583,576	-	1,125,020
Ending	\$ -	\$ 580,365	\$ -	\$ 580,365

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2002

	Golf Course Fund	Housing Department Operating Fund	CIAP and Capital Project Funds	Total Other Enterprise Funds
Operating income (loss)	\$ (5,171)	\$ (712,703)	\$ -	\$ (717,874)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	91,867	197,489	197,489	486,845
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(3,935)	(1,520)	(2,327)	(7,782)
Due from other governmental agencies	-	-	51,579	51,579
Inventories and prepaid expenses	(273,889)	-	-	(273,889)
Increase (decrease) in:				
Accounts payable and accrued expenses	(34,791)	(24,653)	(14,327)	(73,771)
Vacation accrual	-	14,886	-	14,886
Due to other funds	263,982	-	(33,603)	230,379
Deposits	-	7,039	-	7,039
Deferred revenue	(10,739)	-	-	(10,739)
Net cash provided by (used in) operating activities	\$ 27,324	\$ (519,462)	\$ 198,811	\$ (293,327)

See Notes to Financial Statements.

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**Capital Assets used in the
Operation of Governmental Funds**

CITY OF CONCORD, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNCTION AND ACTIVITY

June 30, 2002

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General Government				
Governing body	\$ -	\$ -	\$ -	\$ 8,031
Administration	4,321,068	9,661,031	273,673	3,756,752
Finance	-	-	-	91,002
Tax office	-	-	-	20,454
Legal	-	-	-	2,113
Human resources	-	-	-	99,248
Total general government	4,321,068	9,661,031	273,673	3,977,600
Public Safety				
Communications	-	-	-	2,333,202
Police	48,130	626,412	110,922	4,113,791
Fire	220,443	3,555,228	105,118	7,227,368
Sign shop	-	-	-	64,432
Total public safety	268,573	4,181,640	216,040	13,738,793
Public Works				
Streets	19,516,862	-	76,177	1,770,374
Sanitation	-	3,498,290	-	2,097,416
Stormwater	-	-	-	562,381
Transportation	50,987	-	-	-
Total public works	19,567,849	3,498,290	76,177	4,430,171
Cultural and Recreational				
Parks and recreational	2,006,611	2,715,780	1,747,898	790,638
Planning and Community Development				
Planning and zoning	110,542	-	8,485	579,747
Section 8, Housing Assistance	-	-	-	94,181
Community development	-	-	-	27,079
Total planning and community development	110,542	-	8,485	701,007
Total capital assets	\$ 26,274,643	\$ 20,056,741	\$ 2,322,273	\$ 23,638,209

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 8,031
10,662,963	10,215,347	38,890,834
-	-	91,002
-	-	20,454
-	-	2,113
-	-	99,248
10,662,963	10,215,347	39,111,682
-	-	2,333,202
-	-	4,899,255
-	-	11,108,157
-	-	64,432
-	-	18,405,046
376,653,771	-	398,017,184
-	-	5,595,706
68,179,003	-	68,741,384
452,821	-	503,808
445,285,595	-	472,858,082
-	-	7,260,927
138,750	-	837,524
-	-	94,181
-	-	27,079
138,750	-	958,784
\$ 456,087,308	\$ 10,215,347	\$ 538,594,521

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

Year Ended June 30, 2002

Function/Activity	June 30, 2001	Additions	Retirements	June 30, 2002
General Government				
Governing body	\$ 8,031	\$ -	\$ -	\$ 8,031
Administration	25,741,191	13,152,679	3,036	38,890,834
Finance	116,078	4,409	29,485	91,002
Tax office	16,232	4,222	-	20,454
Legal	-	2,113	-	2,113
Human resources	105,686	11,057	17,495	99,248
Total general government	25,987,218	13,174,480	50,016	39,111,682
Public Safety				
Communications	2,459,878	44,013	170,689	2,333,202
Police	4,975,217	278,456	354,418	4,899,255
Fire	9,257,746	1,850,411	-	11,108,157
Sign shop	62,645	1,787	-	64,432
Total public safety	16,755,486	2,174,667	525,107	18,405,046
Public Works				
Streets	385,349,758	12,760,225	92,799	398,017,184
Sanitation	5,755,393	133,218	292,905	5,595,706
Stormwater	68,636,322	146,133	41,071	68,741,384
Transportation	307,302	196,506	-	503,808
Total public works	460,048,775	13,236,082	426,775	472,858,082
Cultural and Recreational				
Parks and recreational	7,257,212	143,756	140,041	7,260,927
Planning and Community Development				
Planning and zoning	700,356	137,168	-	837,524
Section 8, Housing Assistance	53,824	45,557	5,200	94,181
Community development	27,079	-	-	27,079
Total planning and community development	781,259	182,725	5,200	958,784
Total capital assets	\$510,829,950	\$ 28,911,710	\$ 1,147,139	\$ 538,594,521

Supplemental Information

- Budget to actual comparison for other major and nonmajor governmental funds, enterprise funds and internal service fund of the primary government.
- Schedule of Ad Valorem Tax Receivable
- Analysis of Current Tax Levy
- Schedule of Cash and Investment Balances
- Supplemental Financial Data Schedule for Section 8 Programs

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HOUSING ASSISTANCE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

Year Ending June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 2,517,734	\$ 2,888,813	\$ 2,959,812	\$ 70,999
Investment earnings	-	-	11,014	11,014
Program income	-	-	7,332	7,332
Contributions	-	23,000	-	(23,000)
Other revenues	-	-	200	200
Total revenues	2,517,734	2,911,813	2,978,358	66,545
Expenditures				
Administration	241,646	321,175	183,393	137,782
Housing assistance payments	2,276,088	2,591,628	2,676,489	(84,861)
Total expenditures	2,517,734	2,912,803	2,859,882	52,921
Excess of revenues over (under) expenditures	-	(990)	118,476	119,466
Other Financing Sources				
Appropriated fund balance	-	990	-	(990)
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	118,476	\$ 118,476
Fund Balance				
Beginning			180,008	
Ending			\$ 298,484	

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B97-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 363,000	\$ 404,423	\$ (41,423)	\$ 363,000
Program income	133,438	133,438	-	133,438
Total revenues	496,438	537,861	(41,423)	496,438
Expenditures				
Administration	96,993	94,952	2,388	97,340
Capital outlay	347	-	-	-
Rehabilitation	399,098	399,098	-	399,098
Total expenditures	496,438	494,050	2,388	496,438
Excess of revenues over (under) expenditures	\$ -	\$ 43,811	\$ (43,811)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B98-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 329,000	\$ 353,484	\$ (24,484)	\$ 329,000
Program income	119,009	119,009	-	119,009
Total revenues	448,009	472,493	(24,484)	448,009
Expenditures				
Administration	81,615	79,125	2,490	81,615
Capital outlay	7,987	7,987	-	7,987
Rehabilitation	358,407	351,240	7,167	358,407
Total expenditures	448,009	438,352	9,657	448,009
Excess of revenues over (under) expenditures	\$ -	\$ 34,141	\$ (34,141)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B99-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 332,000	\$ 188,357	\$ 103,991	\$ 292,348
Program income	76,062	76,062	-	76,062
Total revenues	408,062	264,419	103,991	368,410
Expenditures				
Administration	81,612	36,738	44,874	81,612
Rehabilitation	326,450	224,791	62,007	286,798
Total expenditures	408,062	261,529	106,881	368,410
Excess of revenues over (under) expenditures	\$ -	\$ 2,890	\$ (2,890)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B00-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 333,000	\$ 80,139	\$ (16,842)	\$ 63,297
Program income	170,882	170,882	-	170,882
Total revenues	503,882	251,021	(16,842)	234,179
Expenditures				
Administration	100,776	3,875	43,650	47,525
Rehabilitation	403,106	104,816	81,838	186,654
Total expenditures	503,882	108,691	125,488	234,179
Excess of revenues over (under) expenditures	\$ -	\$ 142,330	\$ (142,330)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B01-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 409,000	\$ -	\$ -	\$ -
Program income	153,000	-	153,639	153,639
Total revenues	562,000	-	153,639	153,639
Expenditures				
Administration	108,975	-	2,285	2,285
Rehabilitation	453,025	-	122,486	122,486
Total expenditures	562,000	-	124,771	124,771
Excess of revenues over expenditures	\$ -	\$ -	\$ 28,868	\$ 28,868

PUBLIC HOUSING DRUG ELIMINATION FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ending June 30, 2002**

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 173,105	\$ 94,832	\$ 41,602	\$ 136,434
Expenditures				
Capital outlay	38,185	20,675	-	20,675
Public services	19,085	27,055	-	27,055
Protective services	115,835	51,083	41,252	92,335
Total expenditures	<u>173,105</u>	<u>98,813</u>	<u>41,252</u>	<u>140,065</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (3,981)</u>	<u>350</u>	<u>\$ (3,631)</u>
Fund Balance				
Beginning			<u>27,217</u>	
Ending			<u>\$ 27,567</u>	

BROWNFIELD COOP AGREEMENT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ending June 30, 2002**

	Project Budget	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 250,000	\$ 114,133	\$ 130,799	\$ 244,932
Expenditures				
Administration	17,450	6,484	9,530	16,014
Rehabilitation	232,550	106,355	122,618	228,973
Total expenditures	250,000	112,839	132,148	244,987
Excess of revenues over (under) expenditures	\$ -	\$ 1,294	(1,349)	\$ (55)
Fund Balance (Deficit)				
Beginning			<u>1,294</u>	
Ending			<u><u>\$ (55)</u></u>	

HOME FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Total Project Estimates	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursement	\$ 774,691	\$ 820,792	\$ (386,589)	\$ 434,203
Program income	671,820	423,331	241,826	665,157
Other income	14,134	-	-	-
Total revenues	1,460,645	1,244,123	(144,763)	1,099,360
Expenditures				
Administration	205,888	161,589	44,299	205,888
Rehabilitation	1,562,257	782,558	332,409	1,114,967
Total expenditures	1,768,145	951,327	376,708	1,320,855
Excess (deficiency) of revenues over expenditures	(307,500)	292,796	(521,471)	(221,495)
Other Financing Sources				
Transfers in	307,500	190,000	117,500	307,500
Excess of revenues and other financing sources over (under) expenditures	\$ -	\$ 489,976	(403,971)	\$ 86,005
Fund Balance				
Beginning			<u>489,976</u>	
Ending			<u>\$ 86,005</u>	

URGENT REPAIR PROGRAM FUND

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ -	\$ -	\$ 20,360	\$ 20,360
Expenditures				
Rehabilitation	9,515	9,515	32,037	(22,522)
Excess of expenditures over revenues	(9,515)	(9,515)	(11,677)	2,162
Other Financing Sources				
Appropriated fund balance	9,515	9,515	-	9,515
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ -	(11,677)	\$ 11,677
Fund Balance				
Beginning			24,463	
Ending			<u>\$ 12,786</u>	

MUNICIPAL SERVICE DISTRICT FUND

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 73,692	\$ 80,776	\$ 80,773	\$ (3)
Expenditures				
Community development	73,692	80,776	80,773	3
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

TRANSPORTATION FUND

STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ending June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ -	\$ 75,000	\$ -	\$ (75,000)
Investment earnings	40,000	58,072	73,213	15,141
Total revenues	40,000	133,072	73,213	(59,859)
Expenditures				
Capital outlay	1,670,000	1,923,117	196,506	1,726,611
Deficiency of revenues over expenditures	(1,630,000)	(1,790,045)	(123,293)	(1,786,470)
Other Financing Sources (Uses)				
Appropriated fund balance	1,436,546	2,552,374	-	(2,552,374)
Transfers in	1,093,670	1,184,169	1,143,086	(41,083)
Transfers out	(900,216)	(1,946,498)	(1,934,173)	12,325
Total other financing sources	1,630,000	1,790,045	(791,087)	(2,581,132)
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ -	(914,380)	\$ (4,367,602)
Fund Balance				
Beginning			3,134,202	
Ending			<u>\$ 2,219,822</u>	

PARKS AND RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Contributions	\$ 35,000	\$ 35,000	\$ -	\$ 35,000
Investment earnings	115,354	115,354	-	115,354
Total revenues	150,354	150,354	-	150,354
Expenditures				
Capital outlay:				
Administrative	20,682	20,682	-	20,682
Gibson Field	62,040	62,040	-	62,040
Academy Center	108,548	108,548	-	108,548
Hartsell Park and Gym	78,518	78,518	-	78,518
Beverly Hills Park	33,754	33,754	-	33,754
Poplar Tent Park	458,180	458,180	-	458,180
Les Myers Park Renovation	131,279	131,279	-	131,279
Caldwell Park Renovation	468,221	468,221	-	468,221
Total expenditures	1,361,222	1,361,222	-	1,361,222
Deficiency of revenues over expenditures	(1,210,868)	(1,210,868)	-	(1,210,868)
Other Financing Sources				
Operating transfer in	289,150	289,150	-	289,150
Operating Transfer out	(13,282)	-	(13,282)	(13,282)
Loan proceeds	935,000	935,000	-	935,000
Total other financing sources	1,210,868	1,224,150	(13,282)	1,210,868
Excess of revenues and other financing sources over expenditures	\$ -	\$ 13,282	(13,282)	\$ -
Fund Balance				
Beginning			13,282	
Ending			\$ -	

PUBLIC WORKS COMPLEX CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2002**

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Contributions	\$ -	\$ 56,657	\$ 128,708	\$ 185,365
Investment earnings	87,005	294,730	13,405	308,135
Miscellaneous earnings	5,920	2,626	2,527	5,153
Total revenues	92,925	354,013	144,640	498,653
Expenditures				
Administrative	504,798	169,757	61,235	230,992
Capital outlay	3,590,580	3,526,987	62,004	3,588,991
Total expenditures	4,095,378	3,696,744	123,239	3,819,983
Excess (deficiency) of revenues over expenditures	(4,002,453)	(3,342,731)	21,401	(3,321,330)
Other Financing Sources				
Bond proceeds	4,002,453	4,002,453	-	4,002,453
Excess of revenues and other financing sources over expenditures	\$ -	\$ 659,722	21,401	\$ 681,123
Fund Balance				
Beginning			<u>659,722</u>	
Ending			<u>\$ 681,123</u>	

ELECTRIC OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Changes for services	\$ 43,108,241	\$ 42,808,241	\$ 43,278,624	\$ 470,383
Other operating revenues	315,000	672,028	679,177	7,149
Total operating revenues	43,423,241	43,480,269	43,957,801	477,532
Operating Expenditures				
Administration	407,303	376,973	310,272	66,701
Purchased power	26,887,000	26,818,024	26,760,194	57,830
Power line and plant	11,308,329	11,358,579	8,621,338	2,737,241
Total operating expenditures	38,602,632	38,553,576	35,691,804	2,861,772
Nonoperating Revenues (Expenditures)				
Capital outlay	(817,245)	(989,236)	(675,187)	314,049
Interest earned on investments	300,000	300,000	458,122	158,122
Debt service and capital lease payments	(2,170,897)	(2,174,097)	(1,912,462)	261,635
Appropriated Fund Balance	855,893	1,000,000	-	(1,000,000)
Other income	75,000	-	725	725
Total nonoperating expenditures	(1,757,249)	(1,863,333)	(2,128,802)	(265,469)
Income before transfers	3,063,360	3,063,360	6,137,195	3,073,835
Transfers Out				
To Regional Airport Fund	(1,613,440)	(1,613,440)	(1,613,440)	-
To Sewer Fund	(1,449,920)	(1,449,920)	(1,449,920)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	3,073,835	\$ 3,073,835
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,477,072)	
Capital outlay			675,187	
Debt service			1,018,407	
Change in net assets			\$ 2,290,357	

1998 REVENUE BONDS CAPITAL PROJECT FUND - ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 53,114	\$ 1,095,473	\$ 49,908	\$ 1,145,381
Miscellaneous revenues	-	41,674	9,770	51,444
	<u>53,114</u>	<u>1,137,147</u>	<u>59,678</u>	<u>1,196,825</u>
Expenditures				
Administrative	1,475,669	496,150	327,310	823,460
Capital outlay:				
Public Works/Utility Complex	4,787,439	4,704,092	82,672	4,786,764
Delivery #1 Fifth Breaker/Line	45,838	45,838	-	45,838
Delivery #3 Transmission	4,281,415	4,146,005	49,019	4,195,024
Concord Mills Mall Substation	1,215,542	1,215,542	-	1,215,542
Distribution Substations	1,351,144	1,174,303	7,787	1,182,090
International Business Park	134,663	81,477	53,185	134,662
Delivery #3 Circuits 3 and 4	1,334,090	-	642,934	642,934
Total expenditures	<u>14,625,800</u>	<u>11,863,407</u>	<u>1,162,907</u>	<u>13,026,314</u>
Deficiency of revenues over expenditures	<u>(14,572,686)</u>	<u>(10,726,260)</u>	<u>(1,103,229)</u>	<u>(11,829,489)</u>
Other Financing Sources				
Bond proceeds	14,572,686	14,572,686	-	14,572,686
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 3,846,426</u>	<u>(1,103,229)</u>	<u>\$ 2,743,197</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			810,796	
Change in net assets			<u>\$ (292,433)</u>	

WATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 9,500,000	\$ 8,369,360	\$ 8,416,488	\$ 47,128
Other operating revenues	932,750	1,667,257	1,545,564	(121,693)
Total operating revenues	10,432,750	10,036,617	9,962,052	(74,565)
Operating Expenditures				
Water plants and lakes	4,423,592	4,174,584	3,525,091	649,493
Water line operation and maintenance	4,766,325	4,365,937	3,688,436	677,501
Total operating expenditures	9,189,917	8,540,521	7,213,527	1,326,994
Nonoperating Revenues (Expenditures)				
Interest earned on investments	160,000	185,000	275,897	90,897
Capital outlay	(402,383)	(815,703)	(525,260)	290,443
Debt service	(3,562,250)	(3,562,250)	(3,497,761)	64,489
Loss on sale of capital assets	-	-	(10,297)	(10,297)
Miscellaneous revenues	2,000	2,000	448	(1,552)
Appropriated Fund Balance	2,559,800	2,694,857	-	(2,694,857)
Total nonoperating expenditures	(1,242,833)	(1,496,096)	(3,756,973)	(2,260,877)
Loss before capital contributions	-	-	(1,008,448)	(1,008,448)
Capital Contributions	-	-	2,989,781	2,989,781
Excess of revenues over expenditures	\$ -	\$ -	1,981,333	\$ 1,981,333
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,254,159)	
Capital outlay			525,260	
Debt service			1,766,974	
Change in net assets			\$ 2,019,408	

1998 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 1,904,449	\$ 728,342	\$ 33,619	\$ 761,961
Miscellaneous revenues	85,560	3,732	6,501	10,233
Total revenues	1,990,009	732,074	40,120	772,194
Expenditures				
Administrative	940,357	266,625	204,569	471,194
Capital outlay:				
Public Works/Utility Complex	1,795,290	1,764,035	31,002	1,795,037
Water Pump Station at Coddle	428,812	356,112	-	356,112
Corning/Midland Waterline	724,123	724,123	-	724,123
Concord Mills Boulevard	277,841	277,841	-	277,841
Mills Mall Loop	970,072	970,072	-	970,072
Highway 73 East Water Tank	907,528	257,239	44,130	301,369
Water Plant to Odell School	1,338,652	1,334,953	3,700	1,338,653
Poplar Tent/Pitts School	346,631	346,631	-	346,631
Utility Complex Water Line	108,066	108,066	-	108,066
Cabarrus Ave at Corban	91,539	91,539	-	91,539
DOT Relocation - Highway 24/27	262,325	262,325	-	262,325
Morris Glen	33,337	33,337	-	33,337
Rama Woods	62,062	62,062	-	62,062
Branchview Drive Extension	275,506	275,506	-	275,506
Sycamore Property	431,263	391,006	18,322	409,328
Crisco Road	42,368	42,368	-	42,368
Wolf Meadow	79,058	79,058	-	79,058
Replacement tanks	40,000	-	-	-
DOT - RR Bridge Relocation	139,484	139,484	-	139,484
Speedway Tank Loop	248,261	248,316	-	248,316
Christenbury/Beard Line	148,609	148,609	-	148,609
Water System Flow Improvement	90,083	90,083	-	90,083
Belt road	70,305	-	70,305	70,305
NC 29 Widening	326,758	-	326,758	326,758
Westside bypass	424,000	-	-	-
Zion Church Waterline	221,452	221,452	-	221,452
Rock Hill pump station	51,135	-	51,135	51,135
Cox Mill road	193,725	-	193,608	193,608
Weddington Road	383,121	383,121	-	383,121
Old Airport Road Waterline	52,556	52,556	-	52,556
Total expenditures	11,504,319	8,926,519	943,529	9,870,048
Deficiency of revenues over expenditures	(9,514,310)	(8,194,445)	(903,409)	(9,097,854)

1998 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 From Inception and for the Year Ended June 30, 2002**

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Other Financing Sources				
Bond proceeds	\$ 9,514,310	\$ 9,514,310	\$ -	\$ 9,514,310
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 1,319,865	(903,409)	\$ 416,456
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			723,459	
Change in net assets			<u>\$ (179,950)</u>	

2002 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Expenditures				
Administrative	\$ 240,000	\$ -	\$ 187,881	\$ 187,881
Capital Outlay:				
Peak Shaving Generator	550,000	-		-
Hillgrove Treatment Plant	3,923,433	1,948,514	1,713,565	3,662,079
Highway 73 East Tank	1,244,000	-	128,862	128,862
Coddle Creek Plant Upgrade	5,850,845	261,261	3,381,222	3,642,483
Exposition Center Water Line	1,793,944	-	695,932	695,932
Eastfield Water Line	7,197,869	-	184,927	184,927
Total expenditures	20,800,091	2,209,775	6,292,389	8,502,164
Other Financing Sources				
Bond proceeds	20,800,091	-	-	-
Deficiency of other financing sources over expenditures	\$ -	\$ (2,282,475)	(6,292,389)	\$ (8,502,164)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			6,292,389	
Change in net assets			\$ -	

WASTEWATER OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 8,519,591	\$ 7,519,591	\$ 7,554,739	35,148
Other operating revenues	497,500	842,613	891,691	49,078
Total operating revenues	9,017,091	8,362,204	8,446,430	84,226
Operating Expenditures				
Wastewater line and plant	8,280,667	7,538,343	7,297,417	240,926
Nonoperating Revenues (Expenditures)				
Interest earned on investments	40,000	98,500	141,916	43,416
Loan repayments	391,486	391,486	391,487	1
Capital outlay	(134,975)	(784,883)	(590,868)	194,015
Debt service	(3,126,581)	(3,126,581)	(3,011,262)	115,319
Loss on sale of capital assets	-	6,050	(7,803)	(13,853)
Miscellaneous revenues	-	20,640	20,640	-
Appropriated Fund Balance	643,726	1,121,007	-	(1,121,007)
Total nonoperating expenditures	(2,186,344)	(2,273,781)	(3,055,890)	(782,109)
Loss before capital contributions and transfers in	(1,449,920)	(1,449,920)	(1,906,877)	(456,957)
Capital Contributions	-	-	3,279,582	3,279,582
Transfers In				
From Electric Fund	1,449,920	1,449,920	1,449,920	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	2,822,625	\$ 2,822,625
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,640,768)	
Capital outlay			590,868	
Debt service			1,465,486	
Principal payments received on notes			(253,433)	
Change in net assets			\$ 2,984,778	

1998 REVENUE BONDS CAPITAL PROJECT FUND - WASTEWATER FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 557,654	\$ 396,001	\$ 21,277	\$ 396,001
Miscellaneous revenues	85,560	2,433	4,240	6,673
Total revenues	643,214	398,434	25,517	402,674
Expenditures				
Administrative	774,642	260,422	171,838	432,260
Capital outlay:				
Public Works/Utility Complex	1,795,291	1,764,033	31,002	1,795,035
Woodcreek	4,745	4,745	-	4,745
Morris Glen	299,513	289,751	-	289,751
Rama Woods	155,679	155,679	-	155,679
Branchview Drive Extension	225,352	177,927	-	177,927
Crisco Road	28,952	28,952	-	28,952
Mills Group (On Site)	955,003	955,003	-	955,003
Mills Group (Off Site)	321,958	321,958	-	321,958
System Rehabilitation	343,391	343,391	-	343,391
Cannon Mills Plant 2 Replacement	192,448	192,448	-	192,448
Elm Ave. to Academy Replacement	13,926	13,926	-	13,926
Franklin Ave. Replacement	103,208	103,208	-	103,208
Irish Buff Creek Outfall	68,126	68,126	-	68,126
3 Mile/Hahn/Virginia Replacement	11,839	11,839	-	11,839
New Hanover Outfall	84,614	84,614	-	84,614
Union Cemetery Outfall	134,221	134,221	-	134,221
Caldwell Creek Outfall	88,089	88,089	-	88,089
Victory Lane Outfall	314,823	287,847	26,972	314,819
Speedway Blvd. Wastewater Main	120,995	120,995	-	120,995
Archibald Wastewater	12,709	12,709	-	12,709
Pitts School South Area	15,000	15,000	-	15,000
Belt Road	258,330	16,608	241,722	258,330
Morris Road Pumpstation	32,509	-	32,509	32,509
Highland Ridge Pumpstation	13,593	-	13,593	13,593
WW Flower Park	8,325	8,325	-	8,325
Wilshire Drive Replacement	64,704	-	64,704	64,704
Poplar Tent & Pitts School	160,000	-	-	-
Weddington Road	467,180	467,180	-	467,180
Total expenditures	7,069,165	5,926,996	582,340	6,509,336
Deficiency of revenues over expenditures	(6,425,951)	(5,528,562)	(556,823)	(6,106,662)

1998 REVENUE BONDS CAPITAL PROJECT FUND - WASTEWATER FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual Prior Years	Current Year	Total to Date
Other Financing Sources				
Bond proceeds	\$ 6,425,951	\$ 6,425,951	\$ -	\$ 6,425,951
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 897,389</u>	<u>(556,823)</u>	<u>\$ 319,289</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>397,482</u>	
Change in net assets			<u>\$ (159,341)</u>	

GOLF COURSE OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,441,909	\$ 1,161,909	\$ 1,111,308	\$ (50,601)
Other operating revenues	607,146	607,146	486,446	(120,700)
Total operating revenues	2,049,055	1,769,055	1,597,754	(171,301)
Operating Expenditures				
Professional services	915,576	915,576	830,662	84,914
Operating supplies	265,941	282,090	280,982	1,108
Maintenance	181,848	171,442	167,842	3,600
Other operating costs	293,635	285,879	231,572	54,307
Total operating expenditures	1,657,000	1,654,987	1,511,058	143,929
Nonoperating Revenues (Expenditures)				
Interest earned on investment	2,000	2,000	1,005	(995)
Capital outlay	(43,639)	(44,754)	(27,268)	17,486
Debt service	(10,772)	(11,670)	(11,669)	1
Gain on sale of capital assets	7,075	7,075	7,508	433
Miscellaneous revenue	5,870	5,870	3,275	(2,595)
Total nonoperating expenditures	(39,466)	(41,479)	(27,149)	14,330
Income before transfers	352,589	72,589	59,547	(13,042)
Transfers in (out)				
Transfers in	327,000	607,000	607,000	-
Transfers among golf course funds	(679,589)	(679,589)	(643,516)	36,073
Excess of revenues over expenditures and transfers out	\$ -	\$ -	23,031	\$ 23,031
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(55,305)	
Capital outlay			27,268	
Debt service			7,068	
Change in net assets			\$ 2,062	

REGIONAL AIRPORT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 5,492,620	\$ 5,492,620	\$ 4,661,698	\$ (830,922)
Other operating revenues	33,600	33,600	14,754	(18,846)
Total operating revenues	5,526,220	5,526,220	4,676,452	(849,768)
Operating Expenditures				
Salaries and benefits	1,231,164	1,209,627	1,178,146	31,481
Professional services	117,000	156,103	144,182	11,921
Operating supplies	2,568,000	2,590,000	1,713,808	876,192
Other operating costs	435,267	572,718	355,701	217,017
Maintenance	361,500	316,924	216,406	100,518
Insurance and fidelity bonds	306,100	286,100	271,060	15,040
Excise tax	450,000	450,000	371,741	78,259
Total operating expenditures	5,469,031	5,581,472	4,251,044	1,330,428
Nonoperating Revenues (Expenditures)				
Interest earned on investment	-	-	4,839	4,839
Capital outlay	(1,786,400)	(3,108,431)	(112,537)	2,995,894
Debt service	(685,707)	(707,798)	(466,882)	240,916
Gain on sale of capital assets	-	-	468,104	468,104
Miscellaneous revenues	-	18,211	53,236	35,025
Appropriated Fund Balance	-	26,416	-	(26,416)
Total nonoperating expenditures	(2,472,107)	(3,771,602)	(53,240)	3,718,362
Income (loss) before capital contributions and transfers	(2,414,918)	(3,826,854)	372,168	4,199,022
Capital Contributions	2,100,000	3,511,936	1,113,719	(2,398,217)
Transfers In (Out)				
Among Regional Airport Funds	(1,448,522)	(1,448,522)	(1,448,522)	-
From Electric Fund	1,613,440	1,613,440	1,613,440	-
From General Fund	150,000	150,000	-	(150,000)
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	1,650,805	\$ 1,650,805
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(922,777)	
Capital outlay			112,537	
Debt service			368,528	
Change in net assets			\$ 1,209,093	

HOUSING DEPARTMENT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 327,500	\$ 327,500	\$ 255,207	\$ (72,293)
Operating Expenditures				
Administrative	226,070	284,963	347,328	(62,365)
Utilities	230,500	212,000	172,382	39,618
Housing maintenance and repairs	185,000	246,198	250,711	(4,513)
Total operating expenditures	641,570	743,161	770,421	(27,260)
Nonoperating Revenues (Expenditures)				
Operating subsidy	330,814	428,911	428,911	-
Provision for operating reserve	(54,684)	(54,684)	-	54,684
Interest earned on investments	23,540	23,540	15,233	(8,307)
Miscellaneous	14,400	14,400	20,234	5,834
Capital outlay	-	(27,704)	-	27,704
Loss on sale of capital asset	-	-	(4,300)	(4,300)
Total nonoperating revenues	314,070	384,463	460,078	75,615
Loss before contributed capital and transfers	-	(31,198)	(55,136)	(23,938)
Contributed capital	-	-	16,951	16,951
Transfers in	-	31,198	31,198	-
Deficiency of revenues over expenditures	\$ -	\$ -	(6,987)	\$ (6,987)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(197,489)	
Change in net assets			\$ (204,476)	

COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay	\$ 529,566	\$ 283,164	\$ 246,402	\$ 529,566
Other Financing Sources				
Federal grants	529,566	283,164	246,402	529,566
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			246,402	
Change in net assets			<u>\$ 246,402</u>	

CAPITAL PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
 From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay	\$ 247,648	\$ 15,647	\$ 213,470	\$ 229,117
Other Financing Sources (Uses)				
Federal grants	323,198	106,844	229,021	335,865
Among Housing Department Funds	(75,550)	(75,550)	-	(75,550)
Excess of other financing sources over expenditures	-	15,647	15,551	31,198
Transfers out	-	-	(31,198)	(31,198)
Excess of other financing sources over expenditures and transfers	\$ -	\$ 15,647	(15,647)	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			213,470	
Change in net assets			<u>\$ 197,823</u>	

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 1,350,470	\$ 1,339,038	\$ 11,432
Professional services	71,700	63,614	8,086
Other expenses	599,411	288,531	310,880
Capital outlay	41,005	41,005	-
Debt service	75,139	75,138	1
Building and grounds allocation	(2,137,725)	(1,824,752)	(312,973)
	-	(17,426)	17,426
Data Services			
Professional services	608,707	605,502	3,205
Other expenses	204,585	166,466	38,119
Capital outlay	172,000	22,269	149,731
Debt service	37,269	37,263	6
Data services allocation	(1,022,561)	(863,404)	(159,157)
	-	(31,904)	31,904
Fleet Services			
Salaries and benefits	651,665	618,977	32,688
Professional services	10,000	7,110	2,890
Other expenses	899,249	678,385	220,864
Capital outlay	2,000	1,550	450
Debt service	39,734	39,733	1
Fleet services allocation	(1,602,648)	(1,363,892)	(238,756)
	-	(18,137)	18,137
Engineering			
Salaries and benefits	1,195,387	1,194,574	813
Professional services	46,329	24,413	21,916
Other expenses	237,976	83,484	154,492
Capital outlay	39,733	28,643	11,090
Debt service	63,309	44,593	18,716
Engineering allocation	(1,582,734)	(1,391,022)	(191,712)
	-	(15,315)	15,315
Customer Service			
Salaries and benefits	515,962	515,917	45
Professional services	170	170	-
Other expenses	45,599	40,479	5,120
Capital outlay	4,400	-	4,400
Customer service allocation	(566,131)	(570,533)	4,402
	\$ -	\$ (13,967)	\$ 13,967

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2002

	Budget	Actual	Variance - Favorable (Unfavorable)
Billing			
Salaries and benefits	\$ 588,753	\$ 588,350	403
Professional services	25,491	22,491	3,000
Other expenses	197,443	183,119	14,324
Capital Outlay	97,646	93,861	3,785
Debt service	12,448	12,447	1
Billing allocation	(921,781)	(818,561)	(103,220)
	-	81,707	(81,707)
Call Center			
Salaries and benefits	208,388	202,389	5,999
Other expenses	26,647	17,095	9,552
Capital Outlay	8,132	4,060	4,072
Debt service	18,002	18,001	1
Billing allocation	(261,169)	(236,510)	(24,659)
	-	5,035	(5,035)
Warehouse Operations			
Salaries and benefits	450,758	449,016	1,742
Professional services	1,243	243	1,000
Other expenses	71,503	63,557	7,946
Capital outlay	18,922	15,083	3,839
Debt service	7,002	7,002	-
Warehouse allocation	(549,428)	(554,932)	5,504
	-	(20,031)	20,031
Utilities Collection			
Salaries and benefits	184,670	176,509	8,161
Professional services	300	-	300
Other expenses	29,169	25,479	3,690
Capital outlay	4,400	4,222	178
Debt service	-	-	-
Utilities collection allocation	(218,539)	(206,716)	(11,823)
	-	(506)	506
Excess of revenues over expenditures	\$ -	(30,544)	\$ 30,544
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		450,835	
Capital outlay		(210,693)	
Debt service principal payments		(198,862)	
Change in net assets		\$ 10,736	

FIRST CONCORD

**SCHEDULE OF REVENUES, EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)**

From Inception and for the Year Ended June 30, 2002

	Total Project Estimates	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 480,856	\$ 250,000	\$ -	\$ 250,000
Investment earnings	1,463,381	1,475,559	358,111	1,833,670
Miscellaneous earnings	27,509	29,915	-	29,915
Other revenues	2,811	1,880	-	1,880
Total revenue	1,974,557	1,757,354	358,111	2,115,465
Expenditures				
Debt service	18,836,847	13,359,209	5,605,639	18,964,848
Cost of issuance	1,620,016	1,103,027	-	1,103,027
Administration	605,164	649,264	-	649,264
Capital outlay:				
Weddington Road	7,350,989	7,319,632	4,064	7,323,696
Kings Grant Road	2,019,636	2,019,636	-	2,019,636
Equipment Purchase	2,932,997	2,931,872	-	2,931,872
Lake Concord Road Widening	5,678,072	465,752	3,042,795	3,508,547
International Drive Turnlane	293,062	37,942	70,736	108,678
Pitt School Turnlane	432,717	49,691	345,192	394,883
Roberta Church Turnlane	42,728	89	41,421	41,510
Central Drive Turnlane	1,730,633	223,822	1,109,316	1,333,138
Green Street Turnlane	57,294	-	57,294	57,294
Treatment Plant Turnlane	84,732	-	84,732	84,732
Roberta Road Intersection	398,164	59,237	211,502	270,739
Old Charlotte Intersection	391,721	298,951	50,453	349,404
Rock Hill Church Intersection	142,647	131,147	-	131,147
Municipal Parking Deck	3,850,000	171,409	3,566,755	3,738,164
Fire Station #7	2,611,986	497,964	1,056,703	1,554,667
Fire Station #8	2,338,014	200,104	1,524,634	1,724,738
Poplar Tent Park	1,017,000	608,882	212,272	821,154
Les Myers Park	1,311,000	443,143	857,437	1,300,580
Caldwell Park	1,550,388	904,791	638,184	1,542,975
Hartsell Recreation Center Addition	231,507	217,632	13,482	231,114
Academy Addition	336,593	296,466	34,631	331,097
Branchview Greenway	472,656	804	13,557	14,361
Academy Creek Greenway	300,000	5,598	1,783	7,381
Passive Civic Park	461,712	-	-	-

FIRST CONCORD

**SCHEDULE OF REVENUES, EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 From Inception and for the Year Ended June 30, 2002**

	Total Project Estimates	Actual		Total to Date
		Prior Years	Current Year	
Golf course land	2,004,020	2,004,020	-	2,004,020
Golf course construction	6,496,809	6,497,009	-	6,497,009
HIC-C	1,374,697	1,374,697	-	1,374,697
Hangar in common	1,444,016	1,444,016	-	1,444,016
T-Hangar	1,440,234	1,436,253	-	1,436,253
Hanger E	2,000,000	1,385,534	310,513	1,696,047
Corporate Hangers	1,400,000	813,072	357,565	1,170,637
Hangar D	1,994,099	1,994,099	-	1,994,099
Business Park	1,658,046	1,658,046	-	1,658,046
Maintenance Hangar	1,608,224	1,608,224	-	1,608,224
Paving	109,698	109,698	-	109,698
Other improvements	-	424,659	-	424,659
Total expenditures	78,628,118	52,745,391	19,210,660	71,956,051
Deficiency of revenues over expenditures	(76,653,561)	(50,988,037)	(18,852,549)	(69,840,586)
Other Financing Sources				
Transfers in	17,164,809	7,135,888	6,695,691	13,831,579
Bond proceeds	59,488,752	59,416,304	-	59,416,304
Total other financing sources	76,653,561	66,552,192	6,695,691	73,247,883
Excess of revenues and other financing sources over expenditures	\$ -	\$ 15,564,155	(12,156,858)	\$ 3,407,297
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Governmental activities			13,288,277	
Capital outlay - Business-type activities			316,744	
Debt service principal payments			2,955,000	
Depreciation and amortization			(1,274,281)	
Change in net assets			\$ 3,128,882	

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2002

Fiscal Year	Uncollected Balance June 30, 2001	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2002
2001 - 2002	\$ -	\$ 25,719,073	\$ 25,068,758	\$ 650,315
2000 - 2001	998,015	-	630,408	367,607
1999 - 2000	219,930	-	90,242	129,688
1998 - 1999	115,510	-	66,202	49,308
1997 - 1998	39,803	-	12,037	27,766
1996 - 1997	28,475	-	8,268	20,207
1995 - 1996	18,487	-	2,906	15,581
1994 - 1995	11,499	-	1,777	9,722
1993 - 1994	19,841	-	1,277	18,564
1992 - 1993	36,824	-	1,568	35,256
1991 - 1992	34,021	-	34,021	-
	<u>\$ 1,522,405</u>	<u>\$ 25,719,073</u>	<u>\$ 25,917,464</u>	<u>1,324,014</u>
Less allowance for uncollectible ad valorem taxes receivable				342,167
Ad valorem taxes receivable				<u><u>981,847</u></u>
			Municipal Service District Fund	
		General Fund	Fund	
Reconciliation to revenue:				
Taxes, ad valorem		\$ 25,704,943	\$ 79,096	
Penalties collected		54,445	1,606	
Taxes written off		77,306	68	
Total collections and credits		<u>\$ 25,836,694</u>	<u>\$ 80,770</u>	\$ 25,917,464
Refunds and discounts				(206,052)
Interest billed and collected during the year				152,974
Taxes written off				(77,374)
Total Ad valorem taxes				<u><u>\$ 25,787,012</u></u>

ANALYSIS OF CURRENT TAX LEVY
Year Ended June 30, 2002

	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 5,242,105,334	0.45	\$ 23,589,474	\$ 23,589,474	\$ -
Current year's rate, Motor vehicles	258,972,667	0.45	1,165,377	-	1,165,377
Prior year taxes, Motor vehicles	177,784,889	0.45	800,032	-	800,032
Penalties		-	35,636	35,636	-
Discoveries/additional listings:					
Current year taxes, City wide	42,743,778	0.45	192,347	192,347	-
Current year's rate, Motor vehicles	864,667	0.45	3,891	-	3,891
Prior year taxes, Motor vehicles	2,917,334	0.45	13,128	-	13,128
Abatements:					
Current year's rate, City wide	(21,950,223)	0.45	(98,776)	(98,776)	-
Prior year taxes, City wide	(3,720,889)	0.45	(16,744)	(16,744)	-
Current year's rate, Motor vehicles	(4,562,889)	0.45	(20,533)	-	(20,533)
Prior year taxes, Motor vehicles	(5,271,334)	0.45	(23,721)	-	(23,721)
Total for year	\$ 5,689,883,334		25,640,111	23,701,937	1,938,174
Less uncollected tax at June 30, 2002			650,218	417,536	232,682
Current year's taxes collected			\$ 24,989,893	\$ 23,284,401	\$ 1,705,492
Current levy collection percentage			97.46%	98.24%	87.99%
Distribution of levy:					
General Fund			\$ 25,640,111		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2002

	Reported Value	Fair Value
Cash		
On hand	\$ 22,843	\$ 22,843
Demand deposits	75,158	75,158
Certificates of deposit	1,553,447	1,553,447
Total cash	1,651,448	1,651,448
Investments		
North Carolina Capital Management Trust	23,109,166	23,109,166
FNMA Discount Notes	2,989,070	3,044,688
U. S. Treasury Strips	1,382,120	1,382,120
Federal Home Loan	8,061,550	8,052,500
Commercial Paper	9,813,217	9,898,784
Banker Acceptance	1,982,583	1,988,916
Federal Farm Credit Bank	10,000,000	10,001,250
Government National Mortgage Association	2,599	4,017
Money Market Funds, held in trust	234	234
Total investments	57,340,539	57,481,675
Total cash and investments	\$ 58,991,987	\$ 59,133,123
Distribution by Fund		
General Fund		\$ 26,438,755
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		256,275
Community Development		354,249
Public Housing Drug Elimination		9,438
Home		433,481
Urgent Repair Program		12,786
Municipal Service District		174
Transportation Fund		2,205,341
Capital Project Funds:		
Public Roadway:		
Unrestricted	2,547,983	
Restricted	4,301,744	6,849,727
Public Works Complex:		
Unrestricted	517,669	
Restricted	3,760	521,429
Enterprise Funds:		
Electric Fund:		
Unrestricted	11,840,557	
Restricted	2,395,254	14,235,811

SCHEDULE OF CASH AND INVESTMENT BALANCES (Continued)
June 30, 2002

Distribution by Fund (Continued)		
Water Fund:		
Unrestricted	774,073	
Restricted	798,213	1,572,286
	<hr/>	
Wastewater Fund:		
Unrestricted	3,930,238	
Restricted	6,307	3,936,545
	<hr/>	
Regional Airport Fund:		
Unrestricted	1,132,478	
Restricted	452,847	1,585,325
	<hr/>	580,365
Housing Department Fund - Unrestricted		580,365
Total reported value		<hr/> <hr/> \$ 58,991,987

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 PROGRAMS
Year Ended June 30, 2002

Line Item	Account Description	Total
Assets:		
Current Assets:		
Cash:		
111	Cash - unrestricted	\$ 256,275
100	Total cash	<u>256,275</u>
Accounts and notes receivable:		
121	Accounts receivable - PHA Projects	72,235
125	Accounts receivable - miscellaneous	143,827
120	Total receivables	<u>216,062</u>
150	Total current assets	<u>472,337</u>
190	Total Assets	<u><u>\$ 472,337</u></u>
Liabilities and Equity:		
Liabilities:		
Current Liabilities:		
312	Accounts payable (greater than or equal to 90 days)	\$ 2,858
321	Accrued wage/payroll taxes payable	2,548
322	Accrued compensated absences	5,607
331	Accounts payable - HUD PHA programs	162,840
310	Total current liabilities	<u>173,853</u>
300	Total liabilities	<u>173,853</u>
Equity:		
Contributed Capital:		
512	Undesignated Fund Balance	298,484
513	Total equity	<u>298,484</u>
600	Total liabilities and equity	<u><u>\$ 472,337</u></u>

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 PROGRAMS (Continued)
For the Year Ended June 30, 2002

Line Item	Account Description	Voucher Program 14.855
Revenues:		
706	HUD PHA grants	\$ 2,959,812
711	Investment income - unrestricted	5,274
714	Fraud recovery	3,690
715	Other income	9,582
700	Total revenues	<u>2,978,358</u>
Expenses:		
Administrative:		
911	Administrative salaries	114,994
912	Auditing fees	2,000
915	Employee benefit contributions	26,014
916	Other operating - administrative	40,385
969	Total operating expenses	<u>183,393</u>
970	Excess of operating revenues over operating expenses	<u>2,794,965</u>
973	Housing assistance payments	<u>2,676,489</u>
900	Total expenses	<u>2,859,882</u>
1000	Excess of revenue over expenses	<u>118,476</u>
1103	Beginning equity	<u>180,008</u>
	Ending equity	<u>\$ 298,484</u>
1113	Maximum ACC	2,252,203
1114	Prorata maximum ACC	701,599
1115	Contingency reserve	763,940
1116	Total ACC available	<u>3,717,742</u>
1120	Gross number of units	6,408
1121	Number of unit months leased	5,801

GENERAL REVENUES BY SOURCES (1)**Last Ten Fiscal Years**

Fiscal Year	Ad Valorem Taxes	Other Taxes	Intergovernmental	Licenses and Permits	Investment Earnings	Other	Total
1993	\$ 6,552,495	\$ 2,527,687	\$ 5,598,533	\$ 227,140	\$ 334,883	\$ 500,104	\$ 15,740,842
1994	7,087,471	2,723,849	5,958,169	213,077	257,193	667,269	16,907,028
1995	13,289,041	2,909,596	5,914,050	314,877	557,107	754,933	23,739,604
1996	9,151,620	4,123,258	6,106,864	428,859	692,568	942,428	21,445,597
1997	12,260,848 (2)	3,277,607	6,386,457	531,976	843,213	1,060,840	24,360,941
1998	14,455,461	4,553,302	7,372,902	668,739	684,280	2,924,767	30,659,451
1999	25,257,541 (3)	5,580,693	7,479,726	837,125	1,340,896	2,399,393	42,895,374
2000	20,326,627	6,872,624	8,465,829	945,442	1,562,820	1,904,079	40,077,421
2001	23,579,177	8,936,432	9,338,374	908,844	1,825,950	1,799,135	46,387,912
2002	25,787,012	7,985,401	7,363,722	945,704	1,291,565	2,000,410	45,373,814

(1) Includes General, Special Revenue and Capital Projects Funds.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

CITY OF CONCORD, NORTH CAROLINA

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years**

Fiscal Year	General Government	Public Safety	Public Works	Cultural and Recreational	Planning and Community Development	Administration	Housing Assistance Payments
1993	\$ 1,853,887	\$ 8,040,575	\$ 4,186,317	\$ 1,835,231	\$ 696,753	\$ 245,209	\$ 1,111,314
1994	1,897,390	7,833,344	4,196,724	1,968,220	725,117	250,795	1,126,760
1995	3,925,160	7,713,772	3,825,316	2,014,519	798,011	260,809	1,060,060
1996	4,126,480	8,828,176	4,625,812	2,316,844	827,126	231,245	1,154,236
1997	6,917,596	9,735,661	4,806,881	2,318,512	1,006,747	244,972	1,124,398
1998	3,031,140	10,675,497	6,974,713	2,411,488	1,132,798	246,124	1,318,229
1999	3,083,074	12,102,053	5,490,801	1,547,630	1,616,000	294,664	1,581,389
2000	2,451,277	13,995,533	6,029,347	2,356,494	1,648,904	420,118	1,974,644
2001	2,999,180	15,510,669	6,652,657	2,705,964	1,682,892	276,225	1,689,147
2002	3,422,366	17,450,440	6,311,292	3,030,065	3,113,589	394,144	2,676,489

(1) Includes General, Special Revenue and Capital Projects Funds.

(2) Capital Projects Funds were not being utilized in 1993.

Table 2

Rehabilitation	Public Services	Public Facilities Improvements	Protective Services	Capital Outlay	Debt Service	Totals
				(2)		
\$ 362,489	\$ 79,777	\$ 815	\$ 23,276	\$ -	\$ 102,184	\$ 18,537,827
458,808	60,968	1,325	232,264	8,575	100,161	18,860,451
268,243	89,968	34,645	208,706	184,200	1,298,691	21,682,100
271,579	45,221	44,744	192,258	856,924	1,421,178	24,941,823
356,165	30,927	32,524	60,419	769,445	1,841,653	29,245,900
589,756	11,000	2,443	40,156	1,775,464	4,549,765	32,758,573
502,003	21,426	3,375	113,590	10,129,283	2,105,535	38,590,823
423,092	87,743	-	128,924	9,746,141	3,063,391	42,325,608
736,203	11,585	-	76,563	10,547,291	3,532,915	46,421,291
760,562	41,252	-	-	16,720,834	5,680,788	59,601,821

CITY OF CONCORD, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy		Current Tax Collections	Percent of Levy Collected		Delinquent Tax Collections	Total Tax Collections
1993	\$ 6,705,766		\$ 6,504,225	97.0	% \$	116,471	\$ 6,620,696
1994	7,160,356		6,943,028	97.0		177,912	7,120,940
1995	12,411,426	(2)	12,185,553	98.2		217,503	12,403,056
1996	9,315,562		9,035,356	97.0		210,888	9,246,244
1997	12,455,165	(1)	12,039,342	96.7		312,643	12,351,985
1998	14,634,954	(1)	14,226,166	97.2		305,993	14,532,159
1999	25,395,470	(3)	24,904,224	98.1		353,317	25,257,541
2000	20,628,680		19,899,697	96.5		428,176	20,327,873
2001	23,837,784		22,839,769	95.8		805,173	23,644,942
2002	25,719,073		25,068,758	97.5		848,706	25,917,464

(1) Increase due to annexation.

(2) Increase due to discoveries for several years on the City's largest taxpayer.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

Table 3

Percent of Total Tax Collected to Tax Levy		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
98.7	% \$	546,592	8.2 %
99.4		606,860	8.5
99.9		615,230	5.0
99.3		684,548	7.3
99.2		788,032	6.3
99.3		890,827	6.1
99.5		380,640	1.5
98.5		1,005,564	4.9
99.2		1,157,029	4.9
100.8		1,324,014	5.1

TAXABLE PROPERTY ASSESSED VALUE
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property		Public Service Companies	Total Assessed Value	Ratio of Assessed Value to Estimated Value (2)
1993	1,263,037,445	357,530,324		37,948,859	1,658,516,628	-
1994	1,331,371,899	402,056,399	(3)	40,226,371	1,773,654,669	-
1995	1,362,681,391	736,760,357	(4)	40,283,399	2,139,725,147	-
1996	1,470,303,756	578,264,032		40,956,447	2,089,524,235	-
1997	2,039,226,552	716,077,938	(1)	54,342,532	2,809,647,022	-
1998	2,040,104,999	1,066,777,777	(5)	62,191,757	3,169,074,533	-
1999	3,920,178,069	1,418,026,978	(6)	77,816,637	5,416,021,684	-
2000	3,338,326,673	1,462,334,330		75,546,547	4,876,207,550	-
2001	3,678,123,184	1,539,619,200		79,395,905	5,297,138,289	-
2002	3,954,204,079	1,632,640,703		103,038,552	5,689,883,334	-

(1) Increase due to annexation.

(2) At the last revaluation in 1992, the ratio of assessed value to estimated actual value was 100%. While there should be some increase in estimated actual value each year, the City has no means to accurately measure the change in ratio of assessed value to estimated actual value. North Carolina law requires that the revaluation of property be completed every eight years.

(3) Increase due to N.C.G.S. 105-330 authorizing counties to bill and collect personal property taxes for licensed motor vehicles before vehicle registration can be renewed.

(4) Increase due to discoveries for several years on the City's largest taxpayer.

(5) Increase due to expansion of City's largest taxpayer

(6) Increase due to settlement of discoveries of City's largest taxpayer.

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City of Concord	Cabarrus County	Total
1993	0.40	0.58	0.98
1994	0.40	0.58	0.98
1995	0.46	0.62	1.08
1996	0.44	0.56	1.00
1997	0.44	0.61	1.05
1998	0.46	0.66	1.12
1999	0.46	0.70	1.16
2000	0.42	0.59	1.01
2001	0.45	0.56	1.01
2002	0.45	0.56	1.01

**PROPERTY TAX LEVIES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years**

Fiscal Year	City of Concord	Cabarrus County*	Total
1993	\$ 6,705,766	\$ 26,709,438	\$ 33,415,204
1994	7,160,356	27,558,082	34,718,438
1995	12,411,426 (1)	36,557,964	48,969,390
1996	9,315,562	33,258,185	42,573,747
1997	12,455,165 (2)	36,273,701	48,728,866
1998	14,634,954	44,047,896	58,682,850
1999	24,829,090 (3)	63,851,333	88,680,423
2000	20,628,680	57,858,576	78,487,256
2001	23,837,784	63,486,700	87,324,484
2002	25,719,073	63,540,114	89,259,187

(1) Increase due to discoveries for several years on the City's largest taxpayer.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

* Source: Cabarrus County Tax Department

PRINCIPAL TAXPAYERS

June 30, 2002

Taxpayer	Type of Business	2002 Assessed Valuation	Percent of Total Assessed Valuation	Tax Levy
Philip Morris, Inc.	Tobacco	\$ 1,110,345,689	21.07 %	\$ 4,996,556
Concord Mills LTS Partnership	Developer/Mall	144,255,600	2.74	649,015
Charlotte Motor Speedway	Racing/restaurant	129,923,690	2.47	584,657
Concord Telephone Company	Utility (telephone)	61,710,697	1.17	277,698
Pass & Seymour, Inc.	Electrical manufacturer	43,489,430	0.83	195,702
Hendrick Motorsports, Inc.	Motorsports	26,725,918	0.51	120,269
S&D Coffee Company	Manufacturer/ Distributor	24,311,878	0.47	109,403
Bell/Sysco Food Services, Inc.	Food Distributor	22,452,568	0.45	101,037
Fieldcrest Cannon	Towel & Sheet Manufacturer	20,439,044	0.39	91,976
Carolina Mall Co.	Shopping Center	20,037,390	0.38	90,168
		<u>\$ 1,603,691,904</u>	<u>30.48 %</u>	<u>\$ 7,216,481</u>

**COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2002**

Total assessed value		<u>\$ 5,689,883,334</u>
Debt limit: 8% of total assessed value (1)		\$ 455,190,667
Gross debt:		
Outstanding general obligation bonds	\$ 8,060,000	
Notes payable	49,997,490	
Installment purchase notes	<u>3,813,291</u>	
	61,870,781	
Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>6,671,806</u>	<u>55,198,975</u>
Legal debt margin		<u><u>\$ 399,991,692</u></u>

(1) Mandated by N. C. General Statute 159-55(c)

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**

Last Ten Fiscal Years

Fiscal Year	Population Estimate*	Taxable Property Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio Net Bonded Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
1993	\$ 30,803	\$ 1,658,516,628	\$ 18,250,000	\$ 17,381,465	\$ 868,535	0.05 %	\$ 28
1994	32,400	1,773,654,669	17,815,000	16,997,598	817,402	0.05	25
1995	33,017	2,139,725,147	(1) 16,410,000	15,648,445	761,555	0.04	23
1996	41,784	2,089,524,235	15,950,000	14,323,074	1,626,926	0.08	39
1997	42,431	2,809,647,022	(2) 14,760,001	13,250,890	1,509,111	0.05	36
1998	45,168	3,169,074,533	13,320,001	11,927,254	1,392,747	0.04	31
1999	46,488	5,416,021,684	(3) 11,900,000	10,622,165	1,277,835	0.02	27
2000	50,564	4,876,207,550	10,600,000	9,428,375	1,171,625	0.02	23
2001	56,280	5,297,138,289	9,320,000	8,253,135	1,066,865	0.02	19
2002	58,710	5,689,883,334	8,060,000	7,096,806	963,194	0.02	16

(1) Increase due to discoveries for several years on the City's largest taxpayer.

(2) Increase due to annexation.

(3) Increase due to settlement of discoveries of City's largest taxpayer.

* Source: Office of State Budget and Management and City Annexation Records

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES**

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Debt Service Expenditures by Enterprise Funds	Total Debt Service (A)	Total General Expenditures (A)	Ratio of Debt Service to Total General Expenditures
1993	\$ 1,380,000	\$ 1,120,204	\$ (2,398,020)	\$ 102,184	\$ 18,537,827	0.6 %
1994	1,355,000	1,057,455	(2,312,294)	100,161	18,860,451	0.5
1995	1,405,000	1,038,545	(2,341,659)	101,886	21,682,100	0.5
1996	1,395,000	966,335	(2,248,236)	113,099	24,941,823	0.5
1997	1,535,000	816,086	(2,150,063)	201,023	29,245,900	0.7
1998	1,440,000	801,760	(2,039,664)	202,096	32,758,573	0.6
1999	1,420,000	726,415	(1,951,920)	194,495	38,590,823	0.5
2000	1,300,000	656,539	(1,776,953)	179,586	42,325,608	0.4
2001	1,280,000	591,307	(1,699,020)	172,287	46,421,291	0.4
2002	1,260,000	523,625	(1,618,274)	165,351	59,601,821	0.3

(A) Governmental Fund Types

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2002

Jurisdiction	Net General Obligation Debt Outstanding (1)	Percentage Applicable to City of Concord Taxpayers	Amount Applicable to City of Concord Taxpayers
City of Concord	\$ 8,060,000	100.00 %	\$ 8,060,000
Cabarrus County (2)	60,400,000	51.82	31,299,280
Total			\$ 39,359,280

(1) Includes general obligation debt expected to be paid from property tax revenues.

(2) Source: Cabarrus County Finance Department

**REVENUE BOND COVERAGE
UTILITY DEPARTMENT
Last Nine Fiscal Years (1)**

Fiscal Year	Gross Revenues (2)	Operating Expenses (3)	Net Revenues Available for Revenue Bond Debt Service	Debt Service Requirements (4)			Coverage
				Principal	Interest	Total	
1994	\$ 37,928,935	\$ 29,834,677	\$ 8,094,258	\$ 825,000	\$ 2,065,760	\$ 2,890,760	2.80
1995	40,150,088	30,272,681	9,877,407	845,000	2,042,772	2,887,772	3.42
1996	45,850,021	33,879,543	11,970,478	870,000	3,308,607	4,178,607	2.86
1997	47,282,344	34,299,682	12,982,662	905,000	3,273,291	4,178,291	3.11
1998	49,544,867	36,741,960	12,802,907	940,000	1,895,447	2,835,447	4.52
1999	52,946,809	41,564,653	11,382,156	1,750,000	2,698,907	4,448,907	2.56
2000	60,776,843	43,428,038	17,348,805	1,845,000	4,450,364	6,295,364	2.76
2001	65,353,419	45,910,251	19,443,168	2,825,000	6,016,915	8,841,915	2.20
2002	63,347,022	50,959,787	12,387,235	2,950,000	5,885,931	8,835,931	1.40

- (1) Information is presented for all years revenue bonds are outstanding.
- (2) Total operating revenues plus investment earnings exclusive of revenue bond investment earnings.
- (3) Total operating expenses exclusive of depreciation and amortization.
- (4) Includes principal and interest of revenue bonds only.

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Per Capita Income	(3) School Enrollment*	Unemployment Rate*		
1993	30,803	\$ 14,600	14,479	4.7	%	**
1994	32,400	22,462	14,486	4.1		**
1995	33,017	20,957	15,066	3.7		**
1996	41,784	21,200	16,451	3.3		**
1997	42,431	21,702	17,159	2.6		**
1998	45,168	22,304	17,844	2.3		**
1999	46,488	28,071	18,469	1.9		**
2000	50,564	23,895	18,237	2.6		**
2001	56,280	27,514	19,088	4.1		**
2002	58,710	N/A	20,900	5.6		**

(1) Office of State Budget and Management and City Annexation Records

(2) Bureau of Economic Analysis website - www.BEA.doc.gov

(3) Per Cabarrus County Schools

* County Figures; separate figures for the City are not available

** Based on monthly average per Employment Security Commission of N. C.

N/A Not available

CITY OF CONCORD, NORTH CAROLINA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Total Assessed Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
1993	\$ 1,658,516,628	91	\$ 18,443,210	287	\$ 19,179,849
1994	1,784,906,243	111	22,236,718	388	28,937,066
1995	2,139,725,147	76	22,731,523	374	28,984,743
1996	2,089,524,235	195	17,591,261	429	41,117,857
1997	2,809,647,022	179	16,110,000	663	57,762,783
1998	3,169,074,533	98	72,436,799	668	69,446,842
1999	5,416,021,684	202	106,101,215	1,055	93,856,395
2000	4,876,207,550	248	94,712,388	605	60,901,240
2001	5,297,138,289	160	86,361,433	762	60,286,147
2002	5,689,883,334	166	68,174,372	867	54,282,599

(1) Assessed value from Table 4

(2) Source: Banking Division, State of North Carolina Department of Commerce

N/A Not Available

Table 14

<u>Multifamily Construction</u>		
<u>Number</u>	<u>Value</u>	<u>Bank Deposits (2) (in Thousands)</u>
7 (60 Units)	\$ 1,567,364	\$ 588,418
10 (54 Units)	4,978,222	608,630
33 (320 Units)	5,522,000	586,561
36 (292 Units)	14,130,872	555,012
30 (247 Units)	9,096,500	658,283
31 (9 Units)	2,060,000	697,295
71 (904 Units)	24,994,654	N/A
23 (447 Units)	5,121,240	N/A
123	5,798,200	1,141,225
4 (7 Units)	10,951,916	N/A

MISCELLANEOUS STATISTICAL DATA
June 30, 2002

Date of Incorporation 1796	<u>Population</u>	
Date of City Charter 1798	2002 Residents	
Form of Government, Council-Manager	Population	58,710
	Male	49%
	Female	51%
<u>Land Area</u>	Population by race:	
52.5 Square Miles	White	79%
	Black	15%
	Other Races	6%
<u>Elevation</u>	Age (Estimated):	
704 Feet Above Sea Level	(1-19)	16,060
	(20-34)	13,179
	(35-64)	20,526
	(65+)	6,211
<u>Climate</u>	Household size 2.61 per unit	
Average January Temperature	Census Households:	
High 49 degrees/Low 27 degrees	1990	11,671
Average July temperature	2000	20,962
High 90 degrees/Low 67 degrees		
<u>Transportation</u>	<u>Registered Voters</u>	
Major Highways:	August 1, 2002	35,779
Interstate 85	August 1, 2001	34,863
U. S. Routes 29 and 601	August 1, 2000	35,485
U. S. Routes 73 and 49	September 1, 1999	33,817
Rail:	September 1, 1998	31,836
The City is served by Southern Railway Company	September 1, 1997	30,126
Air:	July 1, 1996	28,732
Charlotte Douglas International Airport is	June 1, 1995	21,040
approximately 25 miles from the City	June 1, 1994	19,446
Concord Regional Airport - scheduled service		
Ground:	<u>Economy</u>	
Greyhound and Trailways bus services	Labor Force, June 2002	69,575
Privately-owned taxicab service	Employed Residents, June 2002	65,678
Charlotte Area Transit Service (CATS)	Unemployed Residents, June 2002	3,897
	Unemployment Rate, June 2002	5.6%

MISCELLANEOUS STATISTICAL DATA (Continued)

June 30, 2002

<u>Fire Protection</u>		<u>Motels/Hotels</u>	<u>Units</u>
Stations	8	Affordable Efficiency Suites	29
Firemen and officers (exclusive of volunteer firemen)	138	Colonial Inn	65
Administration	17	Concord Hotel	35
		Days Inn Concord	80
		Hampton Inn at Copperfield	102
		Hampton Inn at Speedway	125
<u>Police Protection</u>		Hawthorne Suites	84
Station	1	Holiday Inn Express at Concord Parkway	95
Policemen and officers	129	Holiday Inn Express at Speedway	79
Administration	19	Mayfair Motel	54
		Rodeway Inn	32
<u>Communications</u>		Sleep Inn at Copperfield	82
Televisions: All major networks plus Cablevision		Sleep Inn at Gateway	119
Local Newspaper: Independent Tribune		Wingate Inn	93
Cabarrus Neighbors Regional Newspaper: Charlotte Observer		<u>Public Recreation</u>	
		Acreage approximately	120.0
		Facilities (City-owned):	
<u>Miles of Streets</u>		Parks	13
Paved	281.25	Playgrounds	14
Unpaved	0.12	Gymnasiums	3
		Basketball Courts	9
		Tennis Courts	14
<u>Education</u>		Playing Fields	28
Public Schools:		Swimming Pools	1
Elementary	15	<u>Utilities</u>	
Middle School	5	Telephone Concord Telephone Company	
High School	4	Electric City of Concord	
Long School Exceptional Childrens Center	1	Electric Duke Energy Corporation	
Parochial and Private Schools	4	Gas Public Service Company	
Higher Education:		Water City of Concord	
Located within the City is the Rowan-Cabarrus Community College, Cabarrus College of Health Sciences, Louise Harkey School of Nursing and Barber Scotia College		Sewer City of Concord	

MISCELLANEOUS STATISTICAL DATA (Continued)

June 30, 2002

<u>Housing</u>		<u>Scope of Government</u>	
Estimated Housing Units	22,485	Full-time City Employees	800
Single-family housing units	14,179	Part-time City Employees	35
Condominium apartment units	1,523		
Rental apartment units	6,783	<u>Financial Institutions</u>	
		Commercial Banks	8
Average Assessed Value of Single-family housing units	\$ 110,306		
Average Assessed Value of Condominium Apartments	\$ 99,222		
Average Rent, One-Bedroom Apartments	\$ 654		
Average Rent, Two-Bedroom Apartments	\$ 736		
Average Rent, Three-Bedroom Apartments	\$ 970		
Public Housing Units	174		
Publicly-Assisted Housing Units	400		
<u>Medical Facilities</u>	<u>Beds</u>		
Hospitals:			
Northeast Medical	457		
Nursing Homes:			
St. Andrews Center	56		
Universal Health Care	120		
Brian Center	110		
Five Oaks Nursing Center	184		
Avante' at Concord	120		



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

To the Honorable Mayor and City Council
City of Concord
Concord, North Carolina

We have audited the basic financial statements of the City of Concord, North Carolina, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We did not audit the financial statements of the City of Concord ABC Board. Those financial 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 City of Concord ABC Board is based solely on the report of the other auditors.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Concord's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the internal control over financial reporting that we have reported to management of City of Concord in a separate letter dated September 13, 2002.

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

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 13, 2002

McGladrey & Pullen, LLP
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firm of RSM International,
an affiliation of independent
accounting and consulting firms.



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

To the Honorable Mayor and City Council
City of Concord
Concord, North Carolina

Compliance

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2002. The City of Concord's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

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

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

McGladrey & Pullen, LLP
is an independent member
firm of RSM International,
an affiliation of independent
accounting and consulting firms.

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

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 13, 2002



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE
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 City Council
City of Concord
Concord, North Carolina

Compliance

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to its major State program for the year ended June 30, 2002. The City of Concord's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

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

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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

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McGladrey & Pullen, LLP

Greensboro, North Carolina
September 13, 2002

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Financial Assistance					
U. S. Department of Housing and Urban Development:					
Direct Programs:					
Community Development Block Grant/Entitlement	14.218	B-97-MC-37-0012	\$ 2,388	\$ -	\$ -
	14.218	B-98-MC-37-0012	9,657	-	-
	14.218	B-99-MC-37-0012	106,881	-	-
	14.218	B-00-MC-37-0012	125,488	-	-
	14.218	B-01-MC-37-0012	124,771	-	-
			369,185	-	-
Home Program - Program Income	14.239	M-98-SG-37-0104	19	-	-
	14.239	M-99-SG-37-0104	37,468	-	-
	14.239	M-00-SG-37-0104	58,722	-	-
	14.239	M-01-SG-37-0104	280,499	-	117,500
			376,708	-	117,500
Public Housing: Operating subsidy	14.850	A-3249	428,911	-	-
Comprehensive Improvement	14.852	NC19P00850101	31,198	-	-
Comprehensive Improvement Assistance	14.852	NC19P00850100	213,470	-	-
	14.852	NC19P00891199	246,402	-	-
			491,070	-	-
Public Housing Drug Elimination	14.854	NC19DEP0080200	41,252	-	-
Section 8, Housing Assistance Payments for Housing Vouchers	14.855	A-3344-V	2,676,489	-	-
U.S. Department of Justice					
Direct Program:					
COPS Universal Hiring Award	16.710	2000 UMWX0155	111,274	-	37,091

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2001

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U. S. Department of Transportation					
Passed through North Carolina Department of Transportation:					
Airport Program:					
Airport Construction	20.106	9.9266012	427,982	-	47,554
Runway Construction	20.106	9.9966000	-	85,736	9,736
Land Reimbursement	20.106	9.9766990	500,000	100,000	25,000
			927,982	185,736	82,290
Federal Transit: Metropolitan Planning Grant	20.505	-	20,000	146,370	38,467
Governor's Highway Safety Program	20.600		-	2,000	-
Local Law Enforcement Block Grant	20.600	1999-CM-WX-2669	24,235	-	2,693
			24,235	2,000	2,693
U.S. Department of Environmental Protection Agency					
Direct Program:					
Brownfield's Coop Agreement	66.811	BP-97408300-0	132,148	-	-
Total federal awards			5,599,254	334,106	278,041
State Financial Assistance					
Department of Transportation:					
Powell Bill	N/A		-	1,468,557	-
North Carolina Department of Cultural Resources:					
Parks and Rec. Trust Fund	N/A		-	250,000	385,184
North Carolina Housing Finance Agency:					
Urgent Repair Program	N/A	URP9808	-	32,037	-
Total state awards			-	1,750,594	385,184
Total federal and state awards			\$ 5,599,254	\$ 2,084,700	\$ 663,225

See Notes to Schedule of Expenditures of Federal and State Awards.

CITY OF CONCORD, NORTH CAROLINA

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2002**

(1) General

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the City of Concord, North Carolina and is presented on the modified cash 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

(2) Relationship to Basic Financial Statements

Federal and state financial assistance revenues are reported in the City's basic financial statements as follows:

	Intergovernmental Revenues	Operating Grants	Capital Contributions	Total
Federal assistance:				
General fund	\$ 365,395	\$ -	\$ -	\$ 365,395
Special revenue funds:				
Housing assistance	2,959,812	-	-	2,959,812
Community development	21,242	-	-	21,242
Drug elimination	41,602	-	-	41,602
Brownfield Coop	130,799	-	-	130,799
Home	(386,589)	-	-	(386,589)
Enterprise funds:				
Regional Airport	-	-	927,982	927,982
Housing Department	-	428,911	-	428,911
Total federal	3,132,261	428,911	927,982	4,489,154
State assistance:				
General fund	1,908,024	-	-	1,908,024
Special revenue fund:				
Urgent Repair	20,360	-	-	20,360
Enterprise funds:				
Regional Airport	-	-	185,736	185,736
Total state	1,928,384	-	185,736	2,114,120
	\$ 5,060,645	\$ 428,911	\$ 1,113,718	\$ 6,603,274

CITY OF CONCORD, NORTH CAROLINA

**SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2002**

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness identified? yes no
- ◆ Reportable condition identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal program:

- ◆ Material weakness identified? yes no
- ◆ Reportable condition identified that are not considered to be material weakness? yes none reported

Type of auditor's report issued on compliance for major federal program: Unqualified

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 program:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.239	Home Program
14.850	Public Housing
20.106	Airport Program

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee qualified as low-risk auditee? yes no

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF COMPLIANCE FINDINGS AND QUESTIONED COSTS (Continued)
Year Ended June 30, 2002

State Award

Internal control over major State program:

- ◆ Material weakness identified? yes no
- ◆ Reportable condition identified that are not considered to be material weakness yes none reported

Type of auditor's report issued on compliance for major State program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes no

Identification of major State program: Department of Transportation, Powell Bill

Section II. Financial Statement Findings

None reported

Section III. Federal and State Award Findings and Questioned Costs

None reported

CITY OF CONCORD, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2002**

There were no prior year audit findings.