

CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

Prepared by:
Finance Department

City of Concord, North Carolina
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2008

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October 31, 2008

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, 2008, 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 2008.

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. 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'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 Potter & Company, P.A. 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, 2008, 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 on the City of Concord's financial statements for the fiscal year ended June 30, 2008, and is 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

Finance

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 the 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 Charlotte-Gastonia-Concord MSA. The City, incorporated in 1796, is the County seat and covers an area of approximately 59.62 square miles with an approximate population of 71,071. The City is located approximately one mile northeast of the City of Charlotte, North Carolina, and is one of seven incorporated municipalities in the County.

The City is governed by the council-manager form of government. The seven-member non-partisan City Council is elected at large from districts for four-year alternating terms. The Mayor is elected at large and also serves a four-year term. The Council members serve as the City's policy making body, adopting an annual balanced budget, establishing legislative direction for the City, and hiring 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, stormwater and wastewater utilities, a general aviation airport, and a municipal golf course. The Cities of Concord and Kannapolis have entered into a joint inter-local agreement that established a fixed route public transportation service, Concord/Kannapolis Area Transit System that began in April of 2004. 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 those 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 Capital Project Ordinance. The Annual Budget Ordinance and Capital Project Ordinance 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 Capital Project Ordinance is used to establish a budget for a project that extends over more than one fiscal year. Capital Project's budget to actual comparisons for each governmental fund for which a capital project 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 – Due to its location in a region that has typically outperformed most of the country, Concord continued to enjoy a favorable economic environment in fiscal year 2008. However, recent economic events are a concern for the City. Local indicators point to anticipated reductions in revenue growth due to declines in consumer spending and the market effects on investment earnings. The City has projected little to no growth in the current fiscal year due to conservative budget estimates. The City's economy has benefited from the close proximity to Charlotte and access to major Interstate and US highways, as well as Charlotte-Douglas International Airport and major Norfolk-Southern Railway lines. This has led to increased economic growth and diversification. Principal products and services of major businesses include electrical devices, plastics, apparel, telecommunications, internet service, automotive products, beverages, food, cigarettes, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, motorsports, 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 close proximity to Charlotte (a regional trucking and manufacturing center with a major commercial international airport) and from access to Interstate 85, which has seven 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 continues to diversify with new types of industry to the mix. For example, Windshear, Inc. has constructed a 40,000 square foot facility for the first 180-mph rolling-road wind tunnel in North America. The \$40 million Windshear wind tunnel is the only one of its type in North

America, and only the third of this scale in the world. Slated as the most advanced racing wind tunnel in the world, it will provide a 180-mph rolling road under the vehicle's tires to accurately simulate actual racing conditions. The facility is available for all motorsports teams and auto manufacturers to rent, complementing other nearby research-and-development facilities in the heart of NASCAR country.

The City is engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate the City's future growth. The City, other local governments, and local business leaders cooperate in economic recruiting and development efforts. The Cabarrus Regional Partnership, which operates with a full-time staff, serves as the primary recruiting and marketing entity for economic development. Due to the availability of sites within commercial and industrial parks with all municipal services available located near major highways and interstates, the City expects continued economic development in the area once the economic conditions improve.

LONG TERM FINANCIAL PLANNING

Growth opportunities continue at the Concord Regional Airport. Plans are underway for a new common aircraft hangar, which will be built for an estimated \$2,500,000. Construction will also continue on the North Taxiway. The construction of the taxiway extension, estimated at \$1,500,000, will provide access to developments located at north end of the runway. As the Airport continues to grow, this taxiway will provide developers the opportunity to access the airport for their needs. The hangar and taxiway will be complete around April of 2009. These projects are vital to the local economy. Work will continue to obtain federal and state funds to complete additional runway projects. This also requires extensive lobbying efforts for there are many airports seeking to acquire limited Federal dollars. Most of the General Aviation airports seeking similar funds are doing so to pay for improvements to encourage growth. Concord is pursuing these funding sources to continue addressing existing development needs.

In the area of surface transportation, a new Transit Center is being designed to accommodate the buses from the joint Concord and Kannapolis RIDER Transit system. The facilities are being designed to meet LEED certification levels as a "green" building. Ridership in this system as well as the Concord Express connection between Concord and Charlotte continues to set new records on a monthly basis. Improvements to area roads are also planned as the City works to match Federal and State dollars to target key corridors such as Derita Road and George Liles Parkway.

In FY 2007 the City selected an architect to perform a space/needs study and design relating to the construction of Fire Station 9, to be located on City property at the intersection of Poplar Tent and Ivey Cline Roads. This is an area undergoing significant growth. The projected 19,000 square foot building is estimated to cost \$5.4 million with construction now underway. The new Fire & Life facility is projected to be complete in October of 2008.

The City has allocated funds for a skateboard park. The City plans to develop the park as part of the Parks and Recreation Department's Vision Statement which identifies the need to address resident's interest in a skateboard facility. The City's greenways continue to expand though out the community. Preliminary design of the Rocky River Greenway will begin this year as adequate funding was allocated in the FY 2008 budget to allow for the preliminary design of the project. The downtown greenway connection continues as the City plans to connect Mickey McGee Park and Harold McEachern Greenway to McCachern Blvd. which will be funded by a PARTF grant, NCDOT funds and a City match.

This City is investing in its electrical infrastructure to cover new growth in the western part of the City as well as to upgrade system capacity and reliability in existing areas. The City has extended 100 KV lines from Weddington Road to Ivey Cline Road and built a new substation at that location. This substation will supply power to new customers in that area including the recently completed \$40 million wind tunnel for testing race vehicles and production automobiles.

The City continues to plan for future needs related to the City's water resources. Revenue bonds have been issued to pay for an elevated storage tank and other improvements to provide coverage to growing areas in Concord. Additional water sources are being actively pursued. The City has reserved funds to aid in the construction of additional lines that will provide these needed water resources to the City using an interbasin transfer certificate which provides for 10 MDG from the Yadkin and 10 MGD from the Catawba River. The City will also continue to maximize conservation efforts with its customers.

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. North Carolina statute G.S. 159-30(c) authorizes the City to invest in U.S. Government Agency Securities, U.S. Treasury obligations, commercial paper, bankers' acceptances, certificates of deposits and the North Carolina Capital Management Trust (NCCMT), a SEC-registered mutual fund. The maturities of investments vary. Investment earnings include unrealized gains and losses from the implementation of the Governmental Accounting Standards Board ("GASB") Statement 31, which require certain investments to be recorded at market value. The City does not expect to realize these gains or losses because the City has historically held investments to maturity.

The objectives of the investment program are to first minimize investment risk and then to maximize investment yield. During the year, the majority of the City's funds were in the City's investment portfolio. Funds were also maintained in the North Carolina Capital Management Trust and Wachovia Bank for liquidity and diversity.

As of June 30, 2008, the City's cash resources were invested as follows:

U.S. Government agencies	51%
Commercial Paper	22%
NCCMT	20%
Other	<u>7%</u>
Total	<u>100%</u>

The average yield on investments at June 30, 2008 is estimated at 4.32% as compared to 3.57% for all taxable money market funds for the same period.

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 to the financial statements.

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 2008 year was determined as part of the December 31, 2006 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 and all other employees 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 officer's 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 82 retired employees receiving benefits, which are financed on a pay as you go basis.

Additional information on the City's pension arrangements and post employment 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, 2007. 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 nineteen consecutive years.

The 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 Accounting Manager Jessica Jones, and the entire accounting staff for their contribution and preparation of 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, Potter & Company, P.A., in their assistance of 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



Pam Hinson
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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett Mayor

W. Lamar Barrier Mayor Pro Tempore

Alfred M. Brown, Jr.
Randy Grimes
Hector H. Henry, II
David W. Phillips
Jim Ramseur
Ella Mae Small

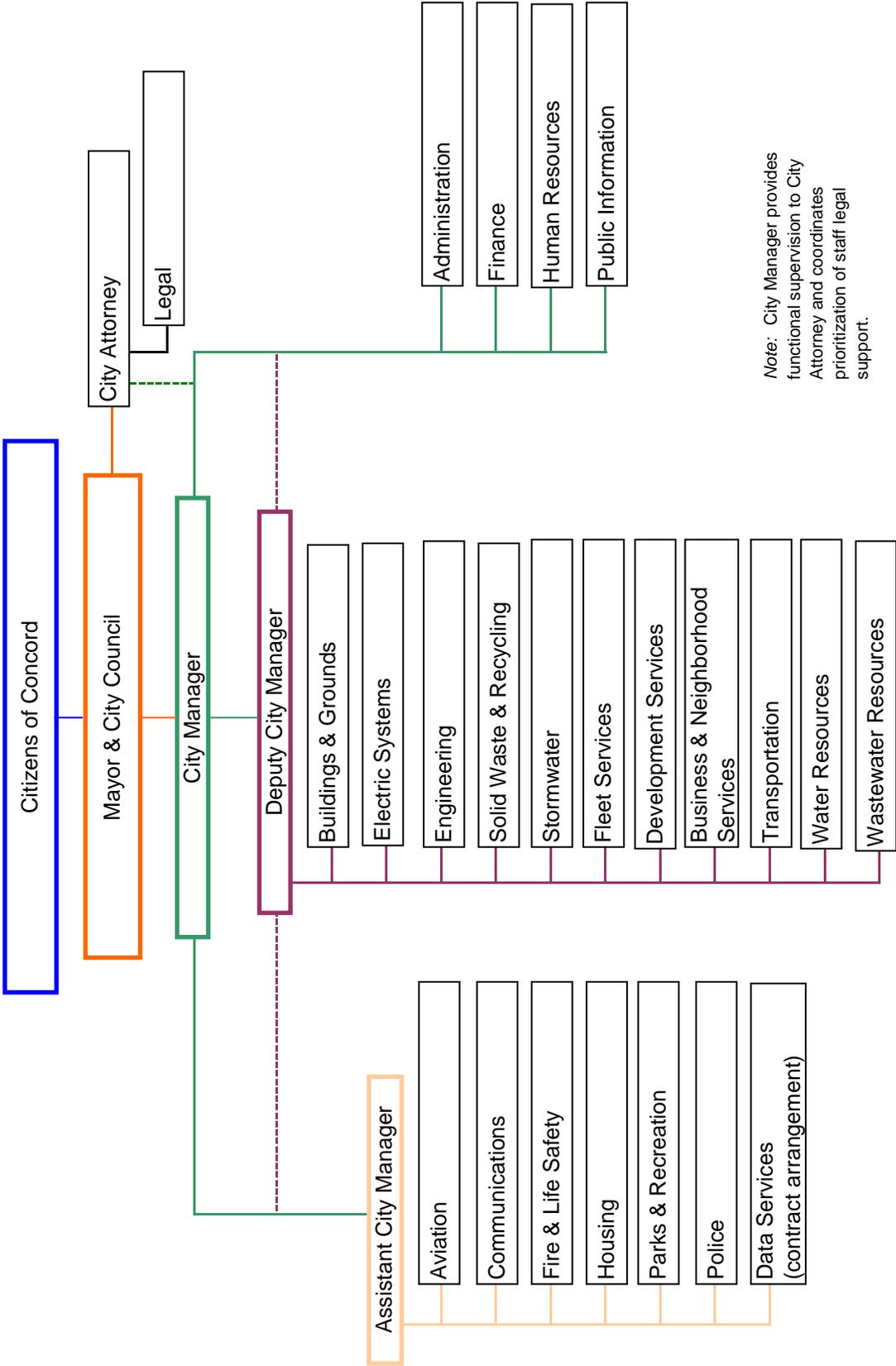
W. Brian Hiatt City Manager

Pam T. Hinson Finance Director

Albert Benshoff City Attorney

Kim Deason City Clerk

City Organization Chart



Note: City Manager provides functional supervision to City Attorney and coordinates prioritization of staff legal support.



POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and The 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, as of and for the year ended June 30, 2008, which collectively comprise the City of Concord's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Concord'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 another auditor 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 another auditor.

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 basic financial statements are free of material misstatement. The financial statements of City of Concord ABC Board were not audited in accordance with *Government Auditing Standards*. 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 provides a reasonable basis for our opinions.

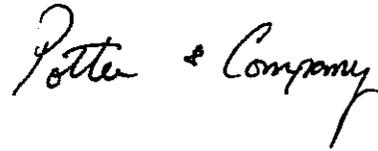
In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the City's component unit, each major fund, and the aggregate remaining fund information of the City of Concord, as of June 30, 2008, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2008 on our consideration of the City of Concord'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.

Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule and Other Postemployment Benefits (OPEB) Schedules of Funding Progress and Employer Contributions 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 this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Concord. The introductory section, the other supplementary information section, and the statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and State awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Concord. The other supplementary information and the schedule of expenditures of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of basic financial statements and, accordingly, we express no opinion on them.

October 30, 2008
Monroe, North Carolina

A handwritten signature in cursive script that reads "Potter & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

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, 2008. 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 \$656,189,555 (*net assets*). Of this amount, \$107,392,338 (*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 \$54,095,777. The growth is attributable to an increase in investments in capital assets net of related debt and cash and investment growth.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$59,272,923, an increase of \$11,371,900 in comparison with the prior year. Approximately 72 percent of this total amount or \$43,012,804 is available for spending at the government's discretion (*unreserved fund balance*). The increase in combined ending fund balances consisted of increases in other financing sources for debt issued during the year, increases in restricted intergovernmental revenues and finally an increase in ad valorem taxes collected.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$30,965,709 or 51 percent of total general fund expenditures.
- The City holds the following underlying bond ratings:

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

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 two parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statement.

The governmental fund 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 statement only reports assets and liabilities and is not reported on the government wide financial statement. Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

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, planning and community development and cultural and recreational. The business-type activities include electric, water, wastewater, aviation, transit, storm water and municipal golf course operation

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 29 through 31 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 two categories: governmental funds, and proprietary 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 provides 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 nineteen 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, which is considered to be a major fund. 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.

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, stormwater, aviation, golf course, transit 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. Because these operations benefit predominately business type rather than governmental activities, the internal service fund has been blended within the business-type activities in the government-wide financial statements.

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, stormwater, 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 42 through 49 of this report.

Fiduciary Funds

The City of Concord accounts for one fiduciary fund. Fiduciary Funds use accounting much like Proprietary fund types and are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Concord's programs. The Fiduciary Fund statement is located on page 50 of this document.

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 51 through 74 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 75 through 78 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major enterprise funds are presented immediately following the supplemental information. Combining and individual fund statements and schedules can be found on pages 81 through 98 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 141-142.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$656,189,555 as of June 30, 2008.

By far the largest portion of the City's net assets (83 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.

City of Concord's Net Assets
Table 1

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$64,755,031	\$52,663,102	\$79,012,280	\$75,872,148	\$143,767,311	\$128,535,250
Capital assets	338,510,403	310,218,174	353,469,371	334,168,347	691,979,774	644,386,521
Total Assets	<u>403,265,434</u>	<u>362,881,276</u>	<u>432,481,651</u>	<u>410,040,495</u>	<u>835,747,085</u>	<u>772,921,771</u>
Long-term liabilities outstanding	45,264,369	40,825,854	116,987,124	115,190,137	162,251,493	156,015,991
Other liabilities	4,485,159	3,788,904	12,820,878	10,899,185	17,306,037	14,688,089
Total liabilities	<u>49,749,528</u>	<u>44,614,758</u>	<u>129,808,002</u>	<u>126,089,322</u>	<u>179,557,530</u>	<u>170,704,080</u>
Net assets:						
Invested in capital assets, net of related debt	299,422,732	272,089,875	247,374,035	224,285,478	546,796,767	496,375,353
Restricted	2,000,450	1,732,787	-	-	2,000,450	1,732,787
Unrestricted	52,092,724	44,319,943	55,299,614	59,665,695	107,392,338	103,985,638
Total net assets	<u>\$353,515,906</u>	<u>\$318,142,605</u>	<u>\$302,673,649</u>	<u>\$283,951,173</u>	<u>\$656,189,555</u>	<u>\$602,093,778</u>

An additional portion of the City's net assets (less than 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$107,392,338) 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. The same situation held true for the prior fiscal year.

There was an increase of \$35,373,301 in net assets reported in connection with the City of Concord's governmental type activities. This large increase is associated with capital contributions of infrastructure for streets in the amount of \$33,015,000. Governmental-type activity's total liabilities increased \$5,134,770 as the City entered into an installment financing agreement. Unrestricted assets increased as more resources are not subject to external restrictions and the City's continued revenue growth.

During the current fiscal year, total net assets for business-type activities increased by \$18,722,476. Capital assets net of related debt account for the increase. Improvements to the electric, wastewater and water systems and airport expansions and improvements account for the increase in the City's business-type net assets.

City of Concord's Changes in Net Assets

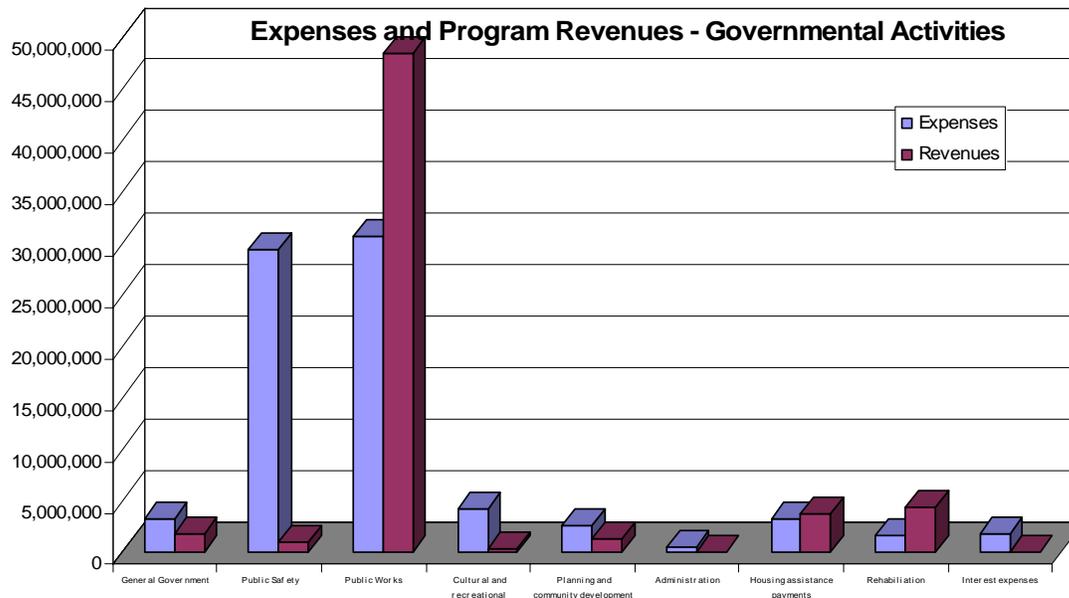
Table 2

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$5,624,817	\$4,705,207	\$111,210,708	\$106,050,872	\$116,835,525	\$110,756,079
Operating grants/ contributions	7,589,562	6,735,548	2,934,222	2,804,136	10,523,784	9,539,684
Capital grants/contributions	45,810,044	13,875,367	8,199,207	9,735,545	54,009,251	23,610,912
General revenues:						
Ad valorem taxes	37,881,901	34,049,377	-	-	37,881,901	34,049,377
Other taxes	13,899,527	13,034,399	-	-	13,899,527	13,034,399
Grants and contributions not restricted to specific programs	2,745,792	2,607,041	-	-	2,745,792	2,607,041
Investment earnings	2,439,936	2,318,298	2,648,596	2,630,486	5,088,532	4,948,784
Miscellaneous gain (loss)	646,073	2,327,114	63,531	688,937	709,604	3,016,051
Total revenues	116,637,652	79,652,351	125,056,264	121,909,976	241,693,916	201,562,327
Expenses:						
General government	3,217,768	4,240,566	-	-	3,217,768	4,240,566
Public safety	29,389,987	25,711,447	-	-	29,389,987	25,711,447
Public works	30,592,926	28,358,904	-	-	30,592,926	28,358,904
Cultural & recreational Planning & community development	4,263,979	4,097,842	-	-	4,263,979	4,097,842
Administration	2,612,748	2,214,193	-	-	2,612,748	2,214,193
Housing assistance payments	526,464	444,287	-	-	526,464	444,287
Rehabilitation	3,251,666	3,081,332	-	-	3,251,666	3,081,332
Professional services	1,586,145	2,529,418	-	-	1,586,145	2,529,418
Interest on long term debt	-	-	-	-	-	0
Electric	1,815,914	1,760,202	-	-	1,815,914	1,760,202
Water	-	-	57,480,622	54,551,657	57,480,622	54,551,657
Wastewater	-	-	16,915,149	14,559,911	16,915,149	14,559,911
Regional airport	-	-	13,381,789	12,598,417	13,381,789	12,598,417
Stormwater	-	-	13,106,629	9,948,799	13,106,629	9,948,799
Other nonmajor business-type activities	-	-	3,613,613	3,097,290	3,613,613	3,097,290
Total expenses	77,257,597	72,438,191	110,340,542	100,583,701	187,598,139	173,021,892
Increase in net assets before transfers	39,380,055	7,214,160	14,715,722	21,326,275	54,095,777	28,540,435
Transfers	(4,006,754)	(2,813,666)	4,006,754	2,813,666	-	-
Increase (decrease) in net assets	35,373,301	4,400,494	18,722,476	24,139,941	54,095,777	28,540,435
Net assets, July 1 (see Note 17)	318,142,605	313,742,111	283,951,173	259,811,232	602,093,778	573,553,343
Net assets, June 30	\$353,515,906	\$318,142,605	\$302,673,649	\$283,951,173	\$656,189,555	\$602,093,778

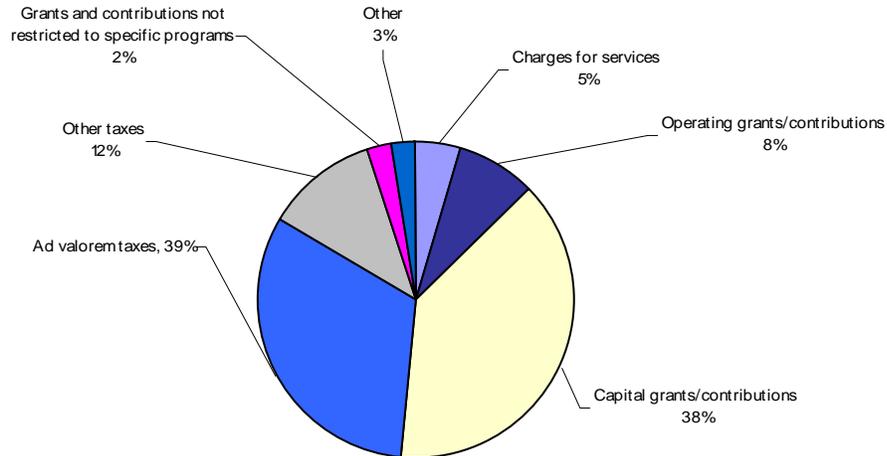
Governmental Activities

In fiscal year 2008, the net assets of governmental activities increased by \$35,373,301. This increase is the result of capital contributions for infrastructure associated with streets. Table 2 above, illustrates key elements of the increase in the governmental activities net assets. Listed below are a few points highlighting significant changes in net assets.

- Property taxes increased by \$3,832,524 (11%) during the year. This increase is due to normal population growth of around 4% and economic development within the City which attributed to a 7% increase in total assessed property values.
- Charges for services increased 19% due to growth in licenses, permits and inspection revenues. The majority of this growth is due to a 16% increase in privilege licenses revenues due to fee adjustments.
- Investment earnings increased \$121,638 (5%) due to additional funds available for investing.
- The General Government increase in expenses (6%) closely parallel inflation and growth in the demand for services that is required for the 4% increase in population. Public Safety increases are due to increases in expenses associated with projects.



Revenues by Source - Governmental Activities



Business-type Activities

Business type activities increased the City's net assets by \$18,722,476. The water and wastewater funds recorded capital contributions of \$3,413,162 and \$2,959,115 respectively, in the most recent fiscal year. Developers of subdivisions within the City's service area donated this water and wastewater infrastructure.

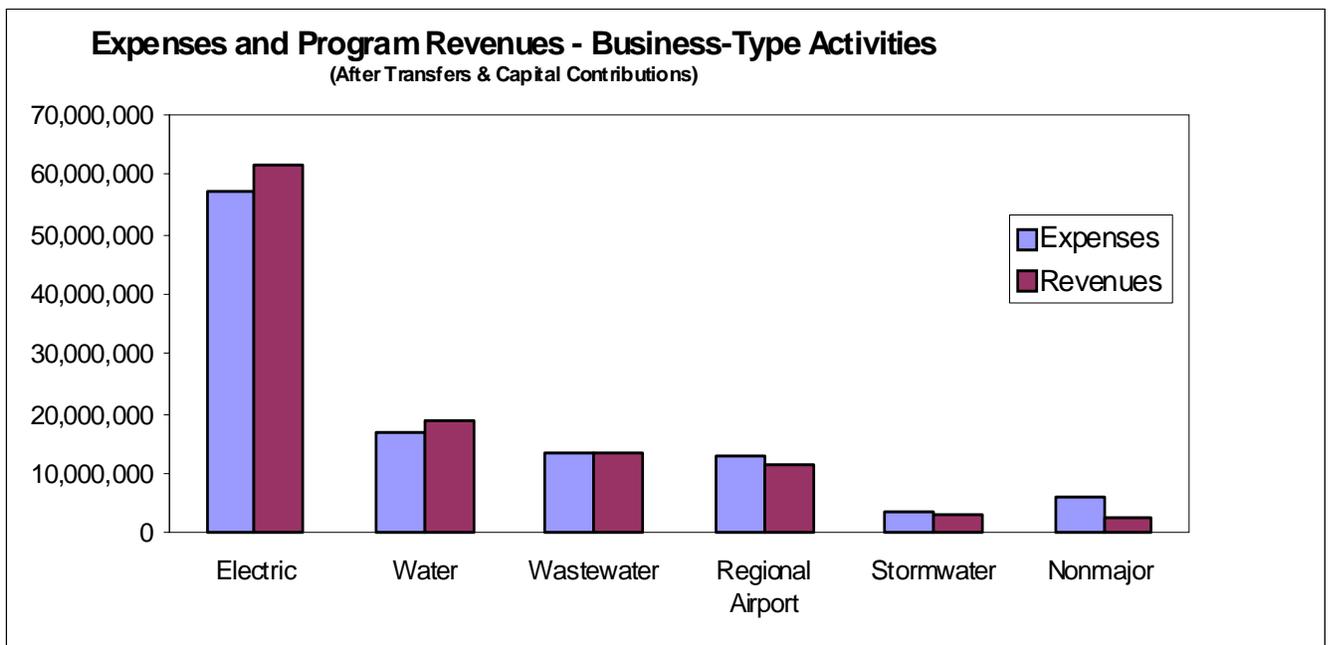
Key elements of the increase in business type activities, illustrated in table 2 located on page 18 are as follows:

- Charges for services for business-type activities increased by 5%, \$5,159,836.
 - The cities water and wastewater divisions' decreased 4% and 2.5% respectively, due to a severe drought in this region of the state. The City encouraged customers to conserve and use less water. Restrictions were adopted in September of 2007 which prohibited irrigation and other non essential uses of water. Consumption numbers declined during the drought period.
 - Aviation charges for service increased 22% when compared to the previous year. The Concord Regional Airport (CRA) continues to be one of the busiest general aviation airports in North Carolina. The airport has experienced strong customer demand from increased recreational flyers, motorsports industry employees and clientele. Due to large increases in the cost of fuel, the airport was able to generate a large increase in fuel related revenues. Although the revenues were up, the cost of fuel for resale affects the airports profit margins. The airport continues to work on fuel sales profit margins.
 - Stormwater charges for service increased 6% when compared to last year's collections. The Stormwater program has operated for two full years, and the billing has been fully implemented.
 - Electric charges for service increased 7% for fiscal year 2008. As consumption increases with the growth in population and development, the City will continue to

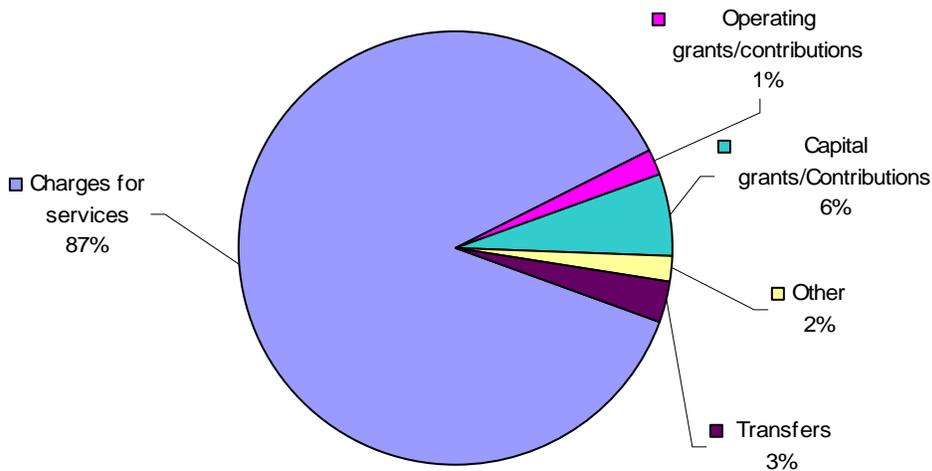
see increases in this revenue source. The City adjusts rates for fuel charges to adhere to the City's policy of maintaining retail rates that are competitive with those charged by Duke Energy Corporation; the main supplier for City power. The City continues to monitor the profit margin for the electric fund.

- Increases in operating expenses \$9,756,841 (10%) are closely related to inflation and growth in the demand for services that are required for the 4% increase in population, and should also be compared with the increase in revenue generated from charges for services of 5%. Electric operating expenses increased 5%. The City purchases the majority of power from Duke Energy, thus any increase in wholesale rates affect operation costs of this division. Water operating expenses increased 16% this year, due to an increase in chemical costs associated with increased treatment due to the drought in the area. As mentioned above, the airport operating expenses increased 32%; the majority of this increase was associated with the cost of fuel for resale.

The City's internal service fund is reported as a Business-type activity (proprietary fund) since enterprise funds are the largest users of the internal service fund's activities. The fund supports and assists these departments on a daily basis and is comprised of Utility Collections, Data Services, Billing, Customer Service, Engineering, Customer Care Services, Fleet, Purchasing, and Building and Grounds.



Revenues by Source - Business-type Activities



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 \$59,272,923, an increase of 24 percent in comparison with the prior year. Funds that are available for spending at the government's discretion (unreserved and undesignated) represent 72% of the City's ending fund balance. The remaining fund balance is reserved to indicate that it is not available for new spending because it has already been committed: 1) to liquidate purchase orders of the prior period (\$2,724,290), 2) to fund eligible Powell Bill expenses (\$1,621,037), 3) to reserve the amount required by state statute (\$11,155,284) and 4) for a variety of other restricted purposes (\$379,413).

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 \$30,965,709, while total fund balance for the general fund reached \$46,845,733; representing an increase of \$4,631,912. 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 51 percent of total general fund expenditures, while total fund balance represents 78 percent of that same amount. Key factors in the fund balance are as follows:

- Ad valorem taxes increased \$3,699,214 due to assessed value growth from several business developments within the City.

Other governmental fund balance increased \$6,739,988 due to an increase in the City's installment proceeds for financing capital projects, an increase in the City's capital reserves for future projects, and loan proceeds associated with a US Department of Housing and Urban Development project.

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, the wastewater fund and the regional airport fund at the end of the year were \$16,636,809, \$19,872,914, \$6,706,162 and \$10,003,020, respectively. The unrestricted net assets of all other enterprise funds were \$3,070,091. The total growth in net assets for the proprietary funds was \$18,722,476. Factors affecting the growth are addressed in more detail in the discussion of the City of Concord's business-type activities above.

GENERAL FUND BUDGETARY HIGHLIGHTS

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 \$2,053,459 or 3%. This does not represent a significant budgetary variance between original and final amended budget for the City. A few of the differences that do exist between the *original budget* and the *final amended budget* can be briefly summarized as follows:

- Total Ad Valorem was amended \$954,891 to reflect actual collections over original estimates.
- The original estimate for taxes was increased by \$1,361,200 to reflect the actual collections for sales tax disbursements.
- Transfers to other funds increased to reflect the actual transfer amount.
- Collections in excess of budget from the Powell Bill distribution in the amount of \$346,888 were added back to the street resurfacing expenditure during the year through a budget amendment.

At year-end, *actual* revenues exceeded *final amended budget* numbers by 2%. *Actual* expenditures were less than *final budgetary* figures by 13%, thus eliminating the need to draw upon existing fund balance.

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, 2008, totals \$691,979,774 (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 7 percent (a 9 percent increase for governmental activities and a 6 percent increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations and enhancements/improvements to the electric transmission lines in amount of \$5,577,099.
- Construction of airport runway extension and improvements totaling \$3,060,733.
- Purchase of land at the airport for future expansion costing \$3,289,909.
- Construction costs of \$1,151,859 to complete Cabarrus Avenue Roundabout project (Cabarrus Avenue improvements).
- Construction in progress of a new fire station #9 totaling \$2,395,887.
- Purchase of 2 new buses for the Concord/Kannapolis RIDER transit system totaling \$640,508.
- Purchase of vehicles and equipment for general fund totaling \$1,783,442.
- The extension of the distribution and transmission lines for the City's water system and upgrades/improvements to the system in the amount of \$6,943,075.
- The extension of the distribution and transmission lines for the City's wastewater system totaling \$5,463,323.

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements located on page 60.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 58,607,707	\$ 50,476,185	\$ 37,903,846	\$ 32,546,990	\$ 96,511,553	\$ 83,023,175
Construction in progress	3,175,830	261,052	35,895,483	28,694,098	39,071,313	28,955,150
Buildings and systems	40,131,063	39,961,313	50,830,464	50,171,430	90,961,527	90,132,743
Improvements other than buildings	2,430,708	2,386,376	336,985,118	320,450,166	339,415,826	322,836,542
Machinery and equipment	30,461,516	29,040,870	22,880,718	21,034,702	53,342,234	50,075,572
Infrastructure	480,633,841	442,102,187	-	-	480,633,841	442,102,187
Sub-total	615,440,665	564,227,983	484,495,629	452,897,386	1,099,936,294	1,017,125,369
Less Accum. Depreciation	(276,930,262)	(254,009,809)	(131,026,258)	(118,729,039)	(407,956,520)	(372,738,848)
Total	\$ 338,510,403	\$ 310,218,174	\$ 353,469,371	\$ 334,168,347	\$ 691,979,774	\$ 644,386,521

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$154,536,872 (principal). Of this amount, \$1,044,999 comprises debt backed by the full faith and credit of the City and \$98,735,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$42,125,000 and \$17,631,873 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds

Table 4

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation bonds	\$ 366,910	\$ 462,967	\$ 678,089	\$ 1,677,035	\$ 1,044,999	\$ 2,140,002
Installment purchases	6,576,873	1,664,792	11,055,000	3,918,750	17,631,873	5,583,542
Revenue Bonds	3,375,678	3,527,349	90,359,322	94,534,182	93,735,000	98,061,531
Installment notes	28,865,300	32,452,436	13,259,700	14,027,566	42,125,000	46,480,002
Total long-term debt	\$ 39,184,761	\$ 38,107,544	\$ 115,352,111	\$ 114,157,533	\$ 154,536,872	\$ 152,265,077

In the current fiscal year, the City of Concord's total debt increased by \$2,271,795 (1.5 percent). New debt is listed below:

- New debt in the amount of \$12,950,000 was issued as an installment financing agreement with First Charter (recently acquired by Fifth Third Bank) in May of 2008, to finance the construction of a fire station and airport improvements that includes land, taxiway construction, fuel farm addition and hangar construction. The agreement terms are annual principal installments of \$647,500 for 20 years plus interest at a rate of 4.44%.

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 (excess of the amount of debt legally authorized over the amount of debt outstanding) for the City is \$637,041,001. The current debt limitation for the City of Concord is \$672,850,084, which is significantly greater than 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 62 through 67 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Cabarrus County at June of 2008 was 5.8%, which is an increase from a rate of 4.8% in June of 2007. The state's unemployment rate for June of 2008 was 6.0%.
- Population has increased from 27,347 in 1990 to an estimated 71,071 as of July 1, 2007 (per the Office of State Budget and Management), which represents a growth rate of 160%. The City experienced a 4% growth in current year population when compared to the certified population estimate as of July 1, 2006.

- Although there are many uncertainties in the economy, inflationary trends in the region compare favorably to national indexes, and housing trends are declining at a rate less than the national average.
- In Cabarrus County, the economy has slowed down, fuel prices continue to soar, the entire region experienced a major drought and Concord is faced with the phased closing of the Philip Morris facility.
- In late June of 2007, Philip Morris announced it would cease operating its manufacturing facility in Concord by the end of 2010. The challenge ahead is preparing for the loss of this revenue. As a result, the tax rate approved after receiving the results of the Cabarrus County's revaluation took into account the projected minimum \$2.4 million loss in property tax revenues alone once operations are fully relocated in 2010. The water and wastewater funds will also see revenue losses due to the closing, though the impact on those funds will be less than the general fund.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2009. The amount available for appropriation in the general fund is \$30,965,709. Concord has no appropriation from fund balance for the 2009 fiscal year.

The tax base used in the fiscal year 2009 budget preparation represented a 27% increase in real property values from fiscal year 2008, which is attributed to the revaluation of property values by Cabarrus County. Cabarrus County performs reassessments of property values every four years. The tax rate will decrease to \$.4200 per \$100 for fiscal year 2009, a decrease of 2.75 cents from fiscal year 2008.

Wastewater and water rates and charges were increased for the 2009 budget year. The water rate structure is 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 water rate increase will result in a \$.86 cent monthly increase in the average residential bill based upon average consumption per household of 4,800 gallons.

The wastewater rate structure is 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 wastewater rates were increased by an average of \$1.06 cent monthly increase for the average residential customer's bill based upon average consumption per household of 4,800 gallons.

Increases in fuel costs and a 14% increase in chemical costs used to treat water are the major factors that are causing water operational costs to out pace revenues; thus resulting in the rate adjustments for fiscal year 2009. The reduction in revenues due to mandatory water conservation practices put into place during the drought that impacted much of the southeastern US impacted revenues in fiscal year 2008. While the region appears to be moving out of the drought, conservative revenue projections were used for fiscal year 2009. Major capital needs that are funded in the 2009 budget include continued future waterline projects, including the Stanly County/Albemarle water connection and various water line replacement projects.

Petroleum prices continue to rise; retail prices are in excess of \$3.70 per gallon and at times have exceeded \$4.00 per gallon. This has a great impact on an organization whose service structure is largely based on sending vehicles and equipment into neighborhoods on a daily basis. Basic municipal services such as police, fire, transportation, solid waste, water, wastewater, electric, stormwater, airport, buildings and grounds maintenance and parks and recreation are all dependant upon heavy use of fuel. The City has worked hard to become more

efficient but costs continue to rise directly through fuel purchases, and indirectly through the increase in contracted services and the price of construction materials such as asphalt.

Wastewater operations are also experiencing an increase in operation costs. The fiscal year's budget also includes a number of capital items including line replacements and slip lining projects in older parts of Concord. Funding is also included for upsizing and extensions that are needed to ensure that the City takes advantage of developer installed lines that benefit the City.

The City has signed a new purchased power contract with Duke Power that will be effective January 1, 2009. The volatility of the electric market due to the rising cost of fuel and the environmental debates over the use of coal and/or nuclear energy vs. promoting energy conservation has greatly impacted the negotiation of the contract. The new contract is market driven, thus the City's is preparing for increases in Duke's cost to build future generation and seek alternative energy sources. The Council has a goal to mirror Duke's retail rates, which are regulated by the North Carolina Utility Commission. The wholesale price the City pays has been going up at a faster rate than the retail rates, resulting in a disturbing trend.

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. This report may also be viewed on the City's internet located at the following address: <http://www.ci.concord.nc.us>.

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STATEMENT OF NET ASSETS
June 30, 2008

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 57,286,591	\$ 49,610,873	\$ 106,897,464	\$ 2,515,985
Receivables, net	7,226,668	14,754,752	21,981,420	-
Inventories	82,097	4,725,249	4,807,346	1,102,206
Prepaid expenses	42,925	9,570	52,495	63,053
Restricted assets - cash and investments	19,660	5,829,716	5,849,376	-
Loans receivable, noncurrent	-	487,981	487,981	-
Capital assets:				
Non-depreciable	61,783,537	73,799,329	135,582,866	20,000
Depreciable, net	276,726,866	279,670,042	556,396,908	287,413
Bond issuance costs, net	97,090	3,594,139	3,691,229	-
Total assets	403,265,434	432,481,651	835,747,085	3,988,657
LIABILITIES				
Accounts payable and accrued liabilities	3,460,275	10,449,003	13,909,278	428,974
Accrued interest payable	-	352,919	352,919	-
Unearned revenues	910,533	-	910,533	-
Deposits	114,351	2,018,956	2,133,307	-
Non-current liabilities:				
Due within one year:				
Long-term debt	5,640,503	7,621,145	13,261,648	-
Long-term installment purchases	586,197	602,500	1,188,697	-
Due in more than one year:				
Long-term debt	33,046,993	98,310,979	131,357,972	-
Long-term installment purchases	5,990,676	10,452,500	16,443,176	-
Total liabilities	49,749,528	129,808,002	179,557,530	428,974
NET ASSETS				
Invested in capital assets, net of related debt	299,422,732	247,374,035	546,796,767	307,413
Restricted:				
Streets and highways	1,621,037	-	1,621,037	-
Other	379,413	-	379,413	-
Unrestricted	52,092,724	55,299,614	107,392,338	3,252,270
Total net assets	\$ 353,515,906	\$ 302,673,649	\$ 656,189,555	\$ 3,559,683

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 3,217,768	\$ 1,851,370	\$ -	\$ -
Public safety	29,389,987	925,384	89,243	-
Public works	30,592,926	-	2,631,843	45,760,044
Cultural and recreational	4,263,979	268,988	-	50,000
Planning and community development	2,612,748	1,247,480	-	-
Administration	526,464	-	-	-
Housing assistance payments	3,251,666	4,438	3,755,232	-
Rehabilitation	1,586,145	1,327,157	1,113,244	-
Interest expense	1,815,914	-	-	-
Total governmental activities	77,257,597	5,624,817	7,589,562	45,810,044
Business-type activities:				
Electric	57,480,622	61,920,483	-	-
Water	16,915,149	18,692,941	-	3,413,162
Wastewater	13,381,789	13,478,931	-	2,959,115
Regional airport	13,106,629	11,406,644	-	1,826,930
Stormwater	3,613,613	3,325,017	-	-
Golf course	2,081,766	1,675,481	-	-
Housing	1,387,270	274,298	975,504	-
Transit	2,373,704	436,913	1,958,718	-
Total business-type activities	110,340,542	111,210,708	2,934,222	8,199,207
Total primary government	\$ 187,598,139	\$ 116,835,525	\$ 10,523,784	\$ 54,009,251
Component unit - City of Concord, ABC Board	\$ 6,864,409	\$ 7,235,008	\$ -	\$ -

General revenues:

Taxes:

Ad valorem

Local government sales tax

Grants and contributions not restricted to specific programs:

Intergovernmental

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - beginning (See Note 17)

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		
\$ (1,366,398)	\$ -	\$ (1,366,398)	\$ -	-
(28,375,360)	-	(28,375,360)	-	-
17,798,961	-	17,798,961	-	-
(3,944,991)	-	(3,944,991)	-	-
(1,365,268)	-	(1,365,268)	-	-
(526,464)	-	(526,464)	-	-
508,004	-	508,004	-	-
854,256	-	854,256	-	-
(1,815,914)	-	(1,815,914)	-	-
(18,233,174)	-	(18,233,174)	-	-
-	4,439,861	4,439,861	-	-
-	5,190,954	5,190,954	-	-
-	3,056,257	3,056,257	-	-
-	126,945	126,945	-	-
-	(288,596)	(288,596)	-	-
-	(406,285)	(406,285)	-	-
-	(137,468)	(137,468)	-	-
-	21,927	21,927	-	-
-	12,003,595	12,003,595	-	-
(18,233,174)	12,003,595	(6,229,579)	-	-
-	-	-	370,599	-
37,881,901	-	37,881,901	-	-
13,899,527	-	13,899,527	-	-
2,745,792	-	2,745,792	-	-
2,439,936	2,648,596	5,088,532	86,286	-
646,073	63,531	709,604	49,663	-
(4,006,754)	4,006,754	-	-	-
53,606,475	6,718,881	60,325,356	135,949	-
35,373,301	18,722,476	54,095,777	506,548	-
318,142,605	283,951,173	602,093,778	3,053,135	-
\$ 353,515,906	\$ 302,673,649	\$ 656,189,555	\$ 3,559,683	-

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2008

ASSETS	General Fund	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 39,755,111	\$ 17,531,480	\$ 57,286,591
Receivables:			
Ad valorem taxes, net	895,890	3,969	899,859
Due from other governmental agencies	336,158	110,866	447,024
Sales tax refunds	368,861	7,072	375,933
Interest	287,098	43,195	330,293
Due from other funds	4,748,496	-	4,748,496
Other, net	4,466,221	205,095	4,671,316
Inventories	82,097	-	82,097
Prepaid items	42,925	-	42,925
Restricted assets - cash and investments	9,635	10,025	19,660
Total assets	\$ 50,992,492	\$ 17,911,702	\$ 68,904,194
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 2,225,985	\$ 1,234,290	\$ 3,460,275
Due to other funds	-	4,246,253	4,246,253
Deferred revenues	1,806,423	3,969	1,810,392
Deposits	114,351	-	114,351
Total liabilities	4,146,759	5,484,512	9,631,271
Fund Balances (Deficits)			
Reserved by State Statute	11,155,284	380,095	11,535,379
Reserved for encumbrances	2,724,290	-	2,724,290
Reserved for streets, Powell Bill	1,621,037	-	1,621,037
Reserved for other specific uses	297,316	-	297,316
Reserved for inventories	82,097	-	82,097
Unreserved:			
Designated for subsequent year's expenditures - general fund	-	-	-
Undesignated			
General fund	30,965,709	-	30,965,709
Capital project funds	-	7,204,539	7,204,539
Special revenue funds	-	9,084,663	9,084,663
Debt service fund	-	(4,242,107)	(4,242,107)
Total fund balances (deficits)	46,845,733	12,427,190	59,272,923
Total liabilities and fund balances	\$ 50,992,492	\$ 17,911,702	\$ 68,904,194

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2008

Fund balances - total governmental funds		\$ 59,272,923
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	\$ 615,440,665	
Less accumulated depreciation	<u>276,930,262</u>	338,510,403
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>54,612</u>	97,090
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	(32,607,888)	
HUD Loan	(1,974,000)	
Governmental installment purchases	(6,576,873)	
Separation allowance	(820,407)	
OPEB Liability	(1,135,317)	
Accrued vacation payable	<u>(2,149,884)</u>	(45,264,369)
Deferred revenue in governmental funds is susceptible to full accrual on the entity-wide statements		
Deferred revenues		<u>899,859</u>
Net assets of governmental activities		<u><u>\$ 353,515,906</u></u>

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

Year Ended June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 37,843,480	\$ 68,263	\$ 37,911,743
Other taxes	13,899,527	-	13,899,527
Unrestricted intergovernmental revenues	2,745,792	-	2,745,792
Restricted intergovernmental revenues	2,766,051	5,650,799	8,416,850
Licenses and permits	2,055,273	-	2,055,273
Contributions	-	147,312	147,312
Investment earnings	2,083,485	356,451	2,439,936
Investment earnings, restricted	82,799	-	82,799
Program income	-	1,327,157	1,327,157
Other revenues	2,664,458	4,438	2,668,896
Total revenues	64,140,865	7,554,420	71,695,285
Expenditures			
Current:			
General government	3,021,404	-	3,021,404
Public safety	25,995,498	-	25,995,498
Public works	9,804,616	-	9,804,616
Cultural and recreational	3,870,407	-	3,870,407
Planning and community development	2,472,039	68,263	2,540,302
Administration	-	526,464	526,464
Housing assistance payments	-	3,251,666	3,251,666
Rehabilitation	-	1,586,145	1,586,145
Capital outlay	2,194,988	4,760,448	6,955,436
Debt service	1,070,113	5,068,580	6,138,693
Total expenditures	48,429,065	15,261,566	63,690,631
Excess (deficiency) of revenues over (under) expenditures	15,711,800	(7,707,146)	8,004,654
Other Financing Sources (Uses)			
Debt issued	-	7,374,000	7,374,000
Transfers from other funds	583,352	10,400,242	10,983,594
Transfers to other funds	(11,663,240)	(3,327,108)	(14,990,348)
Total other financing sources (uses)	(11,079,888)	14,447,134	3,367,246
Net change in fund balances	4,631,912	6,739,988	11,371,900
Fund Balances			
Beginning	42,213,821	5,687,202	47,901,023
Ending	\$ 46,845,733	\$ 12,427,190	\$ 59,272,923

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, 2008

Net change in fund balances - total governmental funds \$ 11,371,900

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	\$ 51,835,845	
Current year's depreciation	<u>23,451,815</u>	28,384,030

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

Principal payments		4,322,779
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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 law enforcement officers special separation allowance	(93,669)	
Change in OPEB liability	(1,135,317)	
Change in long-term compensated absences	<u>(158,312)</u>	(1,393,366)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (see Note 2)

(29,842)

Proceeds from debt issued

(7,374,000)

Basis of property disposed of during the year

91,800

Change in net assets of governmental activities

\$ 35,373,301

See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 35,661,500	\$ 36,400,000	\$ 36,918,557	\$ 518,557
Prior years	450,100	608,141	639,142	31,001
Penalties and interest	215,000	273,350	285,781	12,431
	<u>36,326,600</u>	<u>37,281,491</u>	<u>37,843,480</u>	<u>561,989</u>
Other taxes:				
Local government sales tax	12,411,224	13,772,424	13,899,527	127,103
Unrestricted intergovernmental revenues:				
Officers' fees	60,000	70,000	74,473	4,473
Utilities franchise tax	2,136,075	2,350,000	2,350,016	16
Beer and wine tax	283,300	314,680	314,382	(298)
Fire protection	6,500	6,500	6,921	421
	<u>2,485,875</u>	<u>2,741,180</u>	<u>2,745,792</u>	<u>4,612</u>
Restricted intergovernmental revenues:				
State Street-Aid allocations	1,951,200	2,298,088	2,298,088	-
Cabarrus County schools	122,196	157,641	127,764	(29,877)
Transportation (federal, state and local)	284,643	288,563	250,956	(37,607)
Other restricted intergovernmental revenues	-	-	89,243	89,243
	<u>2,358,039</u>	<u>2,744,292</u>	<u>2,766,051</u>	<u>21,759</u>
Licenses and permits:				
Vehicle licenses	382,260	382,260	396,098	13,838
Zoning permits	310,870	303,070	360,368	57,298
Cable franchise	470,985	61,912	61,912	-
Fire permits and inspections	151,600	172,100	203,903	31,803
Privilege license	820,000	1,000,000	974,339	(25,661)
Other	14,800	26,788	58,653	31,865
	<u>2,150,515</u>	<u>1,946,130</u>	<u>2,055,273</u>	<u>109,143</u>
Investment earnings	1,400,000	1,695,000	2,083,485	388,485
Investment earnings restricted	28,500	28,500	82,799	54,299
	<u>1,428,500</u>	<u>1,723,500</u>	<u>2,166,284</u>	<u>442,784</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general revenues:				
Public safety	\$ 293,799	\$ 682,621	\$ 593,717	\$ (88,904)
Environmental protection	744,000	1,064,500	1,247,480	182,980
Miscellaneous	279,701	489,510	554,273	64,763
Recreational	286,843	238,343	268,988	30,645
	1,604,343	2,474,974	2,664,458	189,484
Total revenues	58,765,096	62,683,991	64,140,865	1,456,874
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	147,451	152,131	144,403	7,728
Professional services	75,600	75,600	77,839	(2,239)
Operating expenditures	108,980	108,980	107,404	1,576
Governing body cost allocations	(175,958)	(175,958)	(174,694)	(1,264)
	156,073	160,753	154,952	5,801
City Manager's Office:				
Salaries and employee benefits	560,163	560,163	535,679	24,484
Professional services	316,034	316,034	231,828	84,206
Operating expenditures	72,226	74,504	75,860	(1,356)
Capital outlay	2,243	2,243	2,231	12
Administrative cost allocations	(408,714)	(408,714)	(423,377)	14,663
	541,952	544,230	422,221	122,009
Public Service Administration department:				
Salaries and employee benefits	191,787	191,787	200,100	(8,313)
Professional services	89,223	29,223	25,606	3,617
Operating expenditures	231,411	233,211	221,589	11,622
Capital outlay	7,500	5,700	3,898	1,802
Debt service	287,850	306,552	287,170	19,382
Administrative cost allocations	(578,243)	(578,243)	(658,346)	80,103
	229,528	188,230	80,017	108,213
Finance department:				
Salaries and employee benefits	769,179	769,179	730,036	39,143
Professional services	72,231	72,231	52,219	20,012
Operating expenditures	91,245	91,245	102,195	(10,950)
Capital outlay	14,452	14,452	(1,500)	15,952
Finance cost allocations	(468,814)	(468,814)	(438,771)	(30,043)
	478,293	478,293	444,179	34,114

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department				
Salaries and employee benefits	\$ 235,203	\$ 262,168	\$ 251,601	\$ 10,567
Professional services	19,450	10,450	12,563	(2,113)
Operating expenditures	111,435	122,735	121,995	740
Capital outlay	9,400	5,400	5,000	400
Cost allocations	4,974	6,674	8,105	(1,431)
	380,462	407,427	399,264	8,163
Legal department				
Salaries and employee benefits	359,075	359,075	360,037	(962)
Professional services	37,617	37,617	18,443	19,174
Operating expenditures	58,973	58,973	50,085	8,888
Cost allocations	(234,507)	(234,507)	(222,206)	(12,301)
	221,158	221,158	206,359	14,799
Human resources:				
Salaries and employee benefits	448,421	448,421	415,473	32,948
Professional services	58,000	58,000	76,382	(18,382)
Operating expenditures	127,032	127,032	96,664	30,368
Capital outlay	15,250	15,250	-	15,250
Human resources cost allocations	(322,079)	(322,079)	(297,055)	(25,024)
	326,624	326,624	291,464	35,160
Wellness center:				
Professional services	171,098	171,098	128,639	42,459
Operating expenditures	56,271	56,271	10,569	45,702
Wellness center cost allocations	(90,589)	(90,589)	(72,875)	(17,714)
	136,780	136,780	66,333	70,447
Nondepartmental				
Professional services	792	792	(6,544)	7,336
Operating expenditures	2,310,503	1,162,365	664,640	497,725
Capital outlay	-	-	6,959	(6,959)
Outside agencies	147,995	155,370	166,354	(10,984)
Cost allocations	491,697	491,697	428,964	62,733
	2,950,987	1,810,224	1,260,373	549,851
Total general government	5,421,857	4,273,719	3,325,162	948,557

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Police department:				
Salaries and employee benefits	\$ 9,701,445	\$ 9,865,125	\$ 9,726,352	\$ 138,773
Professional services	153,714	153,714	111,540	42,174
Operating expenditures	1,488,760	1,546,160	1,484,395	61,765
Capital outlay	754,216	714,216	523,110	191,106
Cost allocations	701,742	701,742	931,125	(229,383)
	<u>12,799,877</u>	<u>12,980,957</u>	<u>12,776,522</u>	<u>204,435</u>
Communications				
Salaries and employee benefits	936,107	938,607	943,654	(5,047)
Professional services	7,950	7,950	4,852	3,098
Operating expenditures	40,353	40,353	29,148	11,205
Cost allocations	3,837	3,837	3,882	(45)
	<u>988,247</u>	<u>990,747</u>	<u>981,536</u>	<u>9,211</u>
Fire department				
Salaries and employee benefits	9,334,576	9,334,576	9,373,014	(38,438)
Professional services	186,355	186,355	120,191	66,164
Operating expenditures	1,604,657	1,723,207	1,407,048	316,159
Capital outlay	1,356,698	976,698	806,069	170,629
Debt service	945,275	562,854	711,148	(148,294)
Cost allocations	501,667	501,667	620,377	(118,710)
	<u>13,929,228</u>	<u>13,285,357</u>	<u>13,037,847</u>	<u>247,510</u>
Code enforcement:				
Salaries and employee benefits	410,747	445,747	435,731	10,016
Operating expenditures	135,986	165,391	159,425	5,966
Cost allocations	16,191	16,191	21,711	(5,520)
	<u>562,924</u>	<u>627,329</u>	<u>616,867</u>	<u>10,462</u>
Emergency management:				
Salaries and employee benefits	241,410	194,510	185,818	8,692
Operating expenditures	92,418	50,768	48,689	2,079
	<u>333,828</u>	<u>245,278</u>	<u>234,507</u>	<u>10,771</u>
Radio shop:				
Salaries and employee benefits	222,257	222,257	206,186	16,071
Operating expenditures	120,397	492,520	173,455	319,065
Capital outlay	50,500	50,500	18,212	32,288
Cost allocations	6,939	6,939	8,905	(1,966)
	<u>400,093</u>	<u>772,216</u>	<u>406,758</u>	<u>365,458</u>
Total public safety	<u>29,014,197</u>	<u>28,901,884</u>	<u>28,054,037</u>	<u>847,847</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Traffic services:				
Salaries and employee benefits	\$ 296,453	\$ 300,720	\$ 304,476	\$ (3,756)
Operating expenditures	163,395	161,193	141,074	20,119
Capital outlay	80,000	80,000	81,144	(1,144)
Cost allocations	77,066	77,066	75,491	1,575
	616,914	618,979	602,185	16,794
Transportation signal:				
Salaries and employee benefits	166,861	166,861	172,226	(5,365)
Professional services	83,000	75,000	-	75,000
Operating expenditures	405,425	440,935	254,182	186,753
Capital outlay	148,114	103,569	9,488	94,081
Cost allocations	21,537	21,537	27,356	(5,819)
	824,937	807,902	463,252	344,650
Transportation:				
Salaries and employee benefits	1,431,973	1,524,311	1,345,916	178,395
Professional services	31,800	11,950	376	11,574
Operating expenditures	2,188,372	2,916,194	1,329,452	1,586,742
Capital outlay	432,909	360,024	348,320	11,704
Cost allocations	446,243	446,243	484,691	(38,448)
	4,531,297	5,258,722	3,508,755	1,749,967
Solid waste and recycling:				
Salaries and employee benefits	1,564,329	1,564,329	1,465,257	99,072
Professional services	33,230	33,230	182,608	(149,378)
Operating expenditures	3,369,498	3,369,498	3,061,228	308,270
Capital outlay	577,706	524,291	270,039	254,252
Cost allocations	466,026	466,026	551,865	(85,839)
	6,010,789	5,957,374	5,530,997	426,377
Cemetery:				
Salaries and employee benefits	350,916	355,196	354,222	974
Professional services	2,080	2,080	805	1,275
Operating expenditures	57,817	54,382	25,403	28,979
Capital outlay	169,070	232,551	71,454	161,097
Cost allocations	32,381	32,381	27,988	4,393
	612,264	676,590	479,872	196,718
Total public works	12,596,201	13,319,567	10,585,061	2,734,506

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,243,350	\$ 1,251,450	\$ 1,137,144	\$ 114,306
Professional services	282,882	207,882	185,819	22,063
Operating expenditures	1,043,687	1,103,887	860,745	243,142
Capital outlay	645,119	296,458	13,300	283,158
Debt service	71,795	71,795	71,795	-
Cost allocations	1,955,216	1,955,216	1,686,699	268,517
Total cultural and recreational	5,242,049	4,886,688	3,955,502	931,186
Planning and community development				
Planning department:				
Salaries and employee benefits	1,263,958	1,263,958	1,195,261	68,697
Professional services	405,471	437,359	453,512	(16,153)
Operating expenditures	955,769	460,769	336,059	124,710
Capital outlay	344,000	344,000	37,264	306,736
Incentive grants	641,505	641,505	412,308	229,197
Cost allocations	75,289	75,289	74,899	390
Total planning and community development	3,685,992	3,222,880	2,509,303	713,577
Total expenditures	55,960,296	54,604,738	48,429,065	6,175,673
Excess of revenues over expenditures	2,804,800	8,079,253	15,711,800	7,632,547
Other Financing Sources (Uses)				
Debt issued	1,079,500	-	-	-
Fund balance appropriated	4,429,653	3,060,365	-	3,060,365
Transfers from other funds	-	583,352	583,352	-
Transfers to other funds	(8,313,953)	(11,722,970)	(11,663,240)	(59,730)
Total other financing uses	(2,804,800)	(8,079,253)	(11,079,888)	3,000,635
Net change in fund balance	\$ -	\$ -	4,631,912	\$ 4,631,912
Fund Balance				
Beginning			42,213,821	
Ending			\$ 46,845,733	

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2008

ASSETS	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Current Assets				
Cash and investments	\$ 12,033,440	\$ 19,099,327	\$ 5,471,729	\$ 10,202,113
Receivables:				
Accounts receivable, net	7,207,625	1,940,698	1,445,573	1,664,088
Due from other governmental agencies	-	-	-	-
Sales tax refunds	334,265	280,265	42,201	33,484
Interest	111,951	125,242	39,362	18,978
Other receivables	-	-	-	-
Loan receivable, current	-	-	31,939	-
Inventories and prepaid expenses	3,793,661	574,765	71,558	57,545
Total current assets	23,480,942	22,020,297	7,102,362	11,976,208
Noncurrent Assets				
Restricted assets - cash and investments	1,347,101	2,267,133	2,215,482	-
Capital assets	116,680,673	120,866,134	86,123,934	76,860,481
Less accumulated depreciation	(47,649,347)	(34,441,461)	(23,706,179)	(11,671,258)
Bond issuance and premium, net	740,980	1,460,497	695,758	-
Loan receivable, noncurrent	-	-	487,981	-
Total noncurrent assets	71,119,407	90,152,303	65,816,976	65,189,223
Total assets	94,600,349	112,172,600	72,919,338	77,165,431
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	4,893,011	1,342,085	731,450	1,758,445
Current portion of long-term debt	1,567,503	2,661,425	1,763,142	1,180,050
Accrued interest	79,554	157,765	74,429	6,792
Due to other funds	-	-	-	-
Total current liabilities	6,540,068	4,161,275	2,569,021	2,945,287
Noncurrent Liabilities				
Long-term debt due after one year	22,213,822	41,174,936	22,329,754	13,613,272
Deposits	1,510,789	377,193	1,250	99,328
Total noncurrent liabilities	23,724,611	41,552,129	22,331,004	13,712,600
Total liabilities	30,264,679	45,713,404	24,900,025	16,657,887
NET ASSETS				
Invested in capital assets, net of related debt	47,698,861	46,586,282	41,313,151	50,504,524
Unrestricted (deficit)	16,636,809	19,872,914	6,706,162	10,003,020
Total net assets	\$ 64,335,670	\$ 66,459,196	\$ 48,019,313	\$ 60,507,544

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

Stormwater Fund	Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 1,980,605	\$ 672,008	\$ 49,459,222	\$ 151,651
345,350	6,052	12,609,386	-
-	978,315	978,315	-
6,905	6,881	704,001	103,855
11,246	3,917	310,696	-
-	518,282	518,282	521
-	-	31,939	-
494	62,615	4,560,638	174,181
<u>2,344,600</u>	<u>2,248,070</u>	<u>69,172,479</u>	<u>430,208</u>
-	-	5,829,716	-
55,367,892	23,230,875	479,129,989	5,365,640
(4,481,223)	(5,115,930)	(127,065,398)	(3,960,860)
-	696,904	3,594,139	-
-	-	487,981	-
<u>50,886,669</u>	<u>18,811,849</u>	<u>361,976,427</u>	<u>1,404,780</u>
<u>53,231,269</u>	<u>21,059,919</u>	<u>431,148,906</u>	<u>1,834,988</u>
67,465	939,067	9,731,523	717,480
64,408	617,815	7,854,343	369,302
-	34,379	352,919	-
-	502,243	502,243	-
<u>131,873</u>	<u>2,093,504</u>	<u>18,441,028</u>	<u>1,086,782</u>
4,848	9,094,039	108,430,671	332,808
-	30,396	2,018,956	-
<u>4,848</u>	<u>9,124,435</u>	<u>110,449,627</u>	<u>332,808</u>
<u>136,721</u>	<u>11,217,939</u>	<u>128,890,655</u>	<u>1,419,590</u>
50,886,669	8,979,768	245,969,255	1,404,780
2,207,879	862,212	56,288,996	(989,382)
<u>\$ 53,094,548</u>	<u>\$ 9,841,980</u>	<u>\$ 302,258,251</u>	<u>\$ 415,398</u>
		<u>415,398</u>	
		<u>\$ 302,673,649</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating Revenues				
Charges for services	\$ 61,096,920	\$ 17,100,357	\$ 12,533,882	\$ 11,342,082
Other operating revenues	823,563	1,592,584	945,049	64,562
Total operating revenue	61,920,483	18,692,941	13,478,931	11,406,644
Operating Expenses				
General and administrative	547,969	-	-	-
Professional services	-	-	-	-
Water plant and lakes	-	5,389,773	-	-
Water line operation and maintenance	-	6,040,864	-	-
Wastewater line and plant	-	-	9,912,594	-
Purchased power	40,640,316	-	-	-
Power line and plant	11,423,726	-	-	-
Airport operation and maintenance	-	-	-	11,013,468
Stormwater operation and maintenance	-	-	-	-
Utilities	-	-	-	-
Housing maintenance and repairs	-	-	-	-
Operating supplies	-	-	-	-
Other operating costs	-	-	-	-
Depreciation and amortization	3,690,080	3,469,016	2,433,236	1,529,389
Total operating expenses	56,302,091	14,899,653	12,345,830	12,542,857
Operating income (loss)	5,618,392	3,793,288	1,133,101	(1,136,213)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	-	-	-
Interest earned on loan	-	-	33,624	-
Interest earned on investments	992,137	974,050	378,645	165,163
Interest expense	(1,019,629)	(1,968,750)	(998,963)	(527,544)
Gain (loss) on sale of capital assets	(15,957)	6,105	28,195	-
Other	-	-	-	3,467
Total nonoperating revenues (expenses)	(43,449)	(988,595)	(558,499)	(358,914)
Income (loss) before capital contributions and transfers	5,574,943	2,804,693	574,602	(1,495,127)
Capital contributions	-	3,413,162	2,959,115	1,826,930
Transfers in	1,221,086	-	217,635	2,889,000
Transfers out	(1,050,000)	-	(731,816)	-
Transfers in (out)	171,086	-	(514,181)	2,889,000
Change in net assets	5,746,029	6,217,855	3,019,536	3,220,803
Net Assets (Deficit):				
Beginning	58,589,641	60,241,341	44,999,777	57,286,741
Ending	\$ 64,335,670	\$ 66,459,196	\$ 48,019,313	\$ 60,507,544

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

Stormwater Fund	Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 3,315,279	\$ 1,575,453	\$ 106,963,973	\$ 11,625,907
9,738	811,239	4,246,735	-
<u>3,325,017</u>	<u>2,386,692</u>	<u>111,210,708</u>	<u>11,625,907</u>
-	547,644	1,095,613	7,046,574
-	2,704,773	2,704,773	940,516
-	-	5,389,773	-
-	-	6,040,864	-
-	-	9,912,594	-
-	-	40,640,316	-
-	-	11,423,726	-
-	-	11,013,468	-
2,076,217	-	2,076,217	-
-	303,155	303,155	-
-	423,003	423,003	-
-	518,565	518,565	-
-	301,239	301,239	3,598,600
1,527,406	603,204	13,252,331	345,228
<u>3,603,623</u>	<u>5,401,583</u>	<u>105,095,637</u>	<u>11,930,918</u>
<u>(278,606)</u>	<u>(3,014,891)</u>	<u>6,115,071</u>	<u>(305,011)</u>
-	2,934,222	2,934,222	-
-	-	33,624	-
73,691	31,286	2,614,972	-
-	(425,008)	(4,939,894)	-
-	-	18,343	-
-	41,721	45,188	-
<u>73,691</u>	<u>2,582,221</u>	<u>706,455</u>	<u>-</u>
<u>(204,915)</u>	<u>(432,670)</u>	<u>6,821,526</u>	<u>(305,011)</u>
-	-	8,199,207	-
-	1,460,849	5,788,570	-
-	-	(1,781,816)	-
-	1,460,849	4,006,754	-
<u>(204,915)</u>	<u>1,028,179</u>	<u>19,027,487</u>	<u>(305,011)</u>
53,299,463	8,813,801		720,409
<u>\$ 53,094,548</u>	<u>\$ 9,841,980</u>		<u>\$ 415,398</u>
		<u>(305,011)</u>	
		<u>\$ 18,722,476</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Cash Flows From Operating Activities				
Receipts from customers	\$ 61,577,825	\$ 19,086,165	\$ 13,920,896	\$ 10,136,774
Payments to employees	(4,652,881)	(3,319,971)	(1,522,804)	(2,030,033)
Payments to suppliers	(48,098,920)	(7,282,606)	(7,928,107)	(8,273,924)
Net cash provided by (used in) operating activities	8,826,024	8,483,588	4,469,985	(167,183)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	-	-	-	-
Transfers in	1,221,086	-	217,635	2,889,000
Transfers out	(1,050,000)	-	(731,816)	-
Operating grants received	-	-	-	-
Net cash provided by (used in) noncapital financing activities	171,086	-	(514,181)	2,889,000
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(1,261,256)	(2,542,503)	(1,788,515)	(671,615)
Interest paid	(1,025,204)	(1,981,255)	(1,010,314)	(529,636)
Financing proceeds	-	-	-	7,550,000
Acquisition and construction of capital assets	(9,959,746)	(3,909,665)	(3,001,116)	(5,512,197)
Proceeds from the sale of capital assets	10,499	6,105	28,195	-
Other	-	-	-	-
Net cash used in capital and related financing activities	(12,235,707)	(8,427,318)	(5,771,750)	836,552
Cash Flows From Investing Activities				
Earnings on investments	1,005,620	974,071	411,601	168,709
Payments received on notes receivable	-	-	366,930	-
Net cash provided by investing activities	1,005,620	974,071	778,531	168,709
Net increase (decrease) in cash and cash equivalents	(2,232,977)	1,030,341	(1,037,415)	3,727,078
Cash and cash equivalents:				
Beginning	15,613,518	20,336,119	8,724,626	6,475,035
Ending	\$ 13,380,541	\$ 21,366,460	\$ 7,687,211	\$ 10,202,113

Noncash investing, capital and financing activities:

The City of Concord received noncash capital contributions in the Water, Wastewater, and Regional Airport Funds in the amount of \$8,199,207 representing donated capital assets.

Continued

Exhibit J
Page 1 and 2 of 4

Stormwater Fund	Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 3,405,633	\$ 2,322,527	\$ 110,449,820	\$ 11,613,187
(1,015,426)	(116,099)	(12,657,214)	(6,681,647)
(1,005,540)	(4,059,559)	(76,648,656)	(4,405,541)
1,384,667	(1,853,131)	21,143,950	525,999
-	(268,593)	(268,593)	-
-	1,460,849	5,788,570	-
-	-	(1,781,816)	-
-	2,934,222	2,934,222	-
-	4,126,478	6,672,383	-
-	(575,000)	(6,838,889)	-
-	(426,244)	(4,972,653)	-
-	-	7,550,000	-
(278,597)	(868,847)	(23,530,168)	(409,774)
-	-	44,799	-
-	41,721	41,721	-
(278,597)	(1,828,370)	(27,705,190)	(409,774)
62,445	27,999	2,650,445	-
-	-	366,930	-
62,445	27,999	3,017,375	-
1,168,515	472,976	3,128,518	116,225
812,090	199,032	52,160,420	35,426
\$ 1,980,605	\$ 672,008	\$ 55,288,938	\$ 151,651

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating income (loss)	\$ 5,618,392	\$ 3,793,288	\$ 1,133,101	\$ (1,136,213)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,690,080	3,469,016	2,433,236	1,529,389
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(342,658)	380,580	441,965	(1,269,870)
Due from other governmental agencies	-	12,644	-	-
Inventories and prepaid expenses	519,208	(104,197)	13,761	46,931
Increase (decrease) in:				
Accounts payable and accrued expenses	(841,263)	805,855	441,183	613,017
Vacation accrual	40,388	13,911	6,814	10,892
OPEB liability	50,835	84,725	-	33,890
Deposits	91,042	27,766	(75)	4,781
Deferred revenue	-	-	-	-
Net cash provided by (used in) operating activities	\$ 8,826,024	\$ 8,483,588	\$ 4,469,985	\$ (167,183)

See Notes to Financial Statements

Exhibit J
Page 3 and 4 of 4

Stormwater Fund	Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ (278,606)	\$ (3,014,891)	\$ 6,115,071	\$ (305,011)
1,527,406	603,204	13,252,331	345,228
80,616	15,890	(693,477)	(12,720)
-	(80,055)	(67,411)	-
-	(3,668)	472,035	7,047
30,929	615,565	1,665,286	165,490
24,322	(6,283)	90,044	20,954
-	16,945	186,395	305,011
-	162	123,676	-
-	-	-	-
\$ 1,384,667	\$ (1,853,131)	\$ 21,143,950	\$ 525,999

CITY OF CONCORD, NORTH CAROLINA

Exhibit K

AGENCY FUNDS

STATEMENT OF ASSETS AND LIABILITIES
June 30, 2008

ASSETS

Cash	\$ 2,523,320
Sales tax receivable	-
Other receivables	-
Total assets	<u>\$ 2,523,320</u>

LIABILITIES

Agency payable	<u>\$ 2,523,320</u>
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See Notes to Financial Statements

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.

BLENDED 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 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, 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 have 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, 1255 Concord Parkway North, Concord, North Carolina 28025.

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. Interfund services provided and used are not eliminated in the process of consolidation. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 and proprietary 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.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The government reports the following major governmental fund:

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.

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 enterprise fund operations.

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's 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 connecting new customers or reconnecting current customers to the water and wastewater systems. 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.

The government reports the following major proprietary funds:

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

Internal Service Fund: Internal service funds account for operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. The City's internal services include various administrative, engineering and maintenance functions.

Agency Fund: Agency funds are custodial in nature and do not involve the measurement of operating results. Agency fund is used to account for the activities of the Convention Center, Joe Cannon Trust, and the Employee's Self Funded insurance funds in which the City holds these funds on behalf of other entities.

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 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 90 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 current 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 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 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as receivable in these financial statements and are offset by deferred revenues.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Housing Assistance Fund, the General Capital Reserve Fund, the Municipal Service District Fund, the Transportation Improvement Fund, the Additional Vehicle Tax Fund, the Electric Operating Fund, the Water Operating Fund, the Wastewater Operating Fund, the Stormwater Operating Fund, the Golf Course Operating Fund, the Regional Airport Operating Fund, the Housing Department Operating Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Fund, the Cabarrus Avenue Roundabout Fund, the Brownfield Coop Agreement Fund, the Home Fund, the Section 108 Loan/BEDI Grant Fund, the Future Parks & Recreation Land Fund, the Housing Capital Fund Project, the Parks and Recreation Capital Project Fund, the Transportation Capital Project Fund, the General Fund Capital Project Fund, the Fire and Life Safety Capital Project Fund, the Wellness Center Capital Project Fund, the Oakwood Cemetery Capital Project Fund, the Future Water Connections Capital Project Fund, the Stormwater Capital Project Fund, the Fiber Project Capital Project Fund, the Transit Fund, the 2008 Debt Issuance Capital Project Fund, the 2002 and 2008 Revenue Bond Capital Projects Fund 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 budgets were necessary.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

A budget calendar is included in the North Carolina General Statutes, which prescribed 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.

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 in 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

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 Super NOW 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 banker’s acceptances; and the North Carolina Capital Management Trust (NCCMT), and 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 2005 certificates of participation and 2002 revenue bonds 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

AD VALOREM TAXES RECEIVABLE

In accordance with State statute (G.S. 105-347 and G.S. 159-13(a)), ad valorem taxes on property other than motor vehicles levied on July 1, the beginning of the fiscal year, are due September 1 (Lien Date); 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 historically experienced uncollectible accounts. This amount is estimated based on the aging of the related receivables uncollectible at year end.

INVENTORIES AND PREPAID ITEMS

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

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 \$5,000 and an estimated useful life in excess of one year. The minimum capitalization cost for infrastructure is \$100,000. 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. General infrastructure assets acquired prior to July 1, 2001, consist of roads, curbs and gutters, and bridges that were acquired, contributed or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical deflated replacement cost.

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 did not have any capitalized interest reported as part of the cost of capital assets under construction in fiscal year 2008.

Capital assets are depreciated using straight-line method over the following estimated useful lives:

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The City evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. Impaired capital assets that will no longer be used by the government are reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used by the government are measured using the method that best reflects the diminished service utility of the capital asset. Any insurance recoveries received as a result of impairment events or changes in circumstances resulting in the impairment of a capital asset are netted against the impairment loss.

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 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.

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

COMPENSATED ABSENCES

The vacation policies of the City and the ABC Board provide for the accumulation of up to thirty-six (36) days earned vacation leave 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 the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

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.

NET ASSETS AND FUND BALANCES

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

In the fund financial statements, governmental funds report reservations or restrictions of fund balance for amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 other specific uses – portion of fund balance that is available for appropriation but legally segregated for specific expenditures.

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 total fund balance available for appropriation that has been designated for the adopted 2008-2009 budget ordinance.

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 accrual as revenues and were reported as deferred revenue. The \$899,859 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 (\$29,842) 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 years ended June 30, 2008 and June 30, 2007.

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

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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 the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2008, the City's deposits had a carrying amount of \$25,055,133 and a bank balance of \$25,274,244. Of the bank balance, \$300,000 was covered by federal depository insurance and \$24,974,244 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$31,850 at June 30, 2008.

At June 30, 2008, the carrying amount of deposits for the ABC Board was \$2,509,485 and the bank balance was \$2,631,509. All of the bank balances were covered by federal depository insurance or collateralized deposits.

At June 30, 2008, the City's investment balances were as follows:

	Reported Value	Less than 6 Months	Reported 6 – 12 Months	Reported 1 – 3 Years
U. S. Government agencies	\$ 43,829,800	\$ 989,533	\$ 7,622,244	\$ 35,218,023
Taxable State agency bonds	6,300,000	6,300,000	-	-
Commercial paper	20,677,288	20,677,288	-	-
North Carolina Capital Management Trust – Cash Portfolio	19,376,089	N/A	N/A	N/A
Total	\$ 90,183,177	\$ 27,966,821	\$ 7,622,244	\$ 35,218,023

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the current holding period for commercial paper to six months or less and a target amount of ten million is held in the North Carolina Management Trust Cash Portfolio. Also, the City's investment policy requires investments to be purchased so that maturity dates are staggered and limits all securities to a final maturity of no more than three years. The investment program is managed so that investments and deposits can be converted to cash when needed with the primary objective being safety of the investment. The City maintains investments of funds, designed to emphasize safety, liquidity, and yield. The North Carolina State Education Assistance Authority (NCSEAA) instruments in the portfolio have final stated maturities ranging from 2015 to 2036. Historically they could be redeemed at par and the interest rate reset ever 7, 28, or 35 days making the effective maturity date the next reset date, until February 2008 when the auctions began failing. At that time the instruments became illiquid and there was no secondary market.

Credit Risk – The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issues nationally recognized statistical rating organizations (NRSROs). As of June 30, 2008, the City's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investor Service. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poors as of June 30, 2008. The City's investments in US Government Agencies (Federal Home Loan Bank and FNMA) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk – The City places no limit on the amount that the City may invest in any one issuer. More than 5 percent of the City's investments are in the Federal Home Loan Bank, FNMA Discount Notes, and North Carolina Education Assistance Securities. These investments are 24.1%, 21.0% and 6.9% respectively, of the City's total investments.

At June 30, 2008, the ABC Board did not have any investments.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables and Allowances for Doubtful 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	\$ -	\$ 12,609,386
Ad valorem taxes, net	899,859	-
Due from other governmental agencies	447,024	978,315
Sales tax refunds	375,933	807,856
Interest	330,293	310,696
Other, net	4,671,316	518,803
Due from (to) other funds	502,243	(502,243)
Loan receivable, current	-	31,939
	<u>\$ 7,226,668</u>	<u>\$ 14,754,752</u>

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

Governmental Activities, allowance for doubtful ad valorem taxes	<u>\$ 299,953</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 8,230</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 210,119</u>

Loans Receivable: During the year, the City had 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 ("WSAAC"). Interest ranges from 4.1% to 5.5%. Per the agreement, the WSACC agreed to assume the outstanding debt service requirements from general obligation bonds used to finance the purchase of related assets transferred. This obligation was paid off early during fiscal year 2008. The amount received is in escrow for future debt service. In addition, WSAAC assumed some of the 1995 Utility Systems Revenue Bonds to assist in the operations of WSAAC.

	WSACC Operational
Balance at June 30, 2008	\$ 519,920
Less current portion	31,939
Noncurrent portion	<u>\$ 487,981</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2008 was as follows:

	July 1, 2007	Increases	Decreases	June 30, 2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 50,476,185	\$ 8,223,322	\$ 91,800	\$ 58,607,707
Construction in progress	261,052	2,914,778	-	3,175,830
Total capital assets, not being depreciated	<u>50,737,237</u>	<u>11,138,100</u>	<u>91,800</u>	<u>61,783,537</u>
Capital assets, being depreciated:				
Buildings	39,961,313	169,750	-	40,131,063
Improvements other than buildings	2,386,376	44,332	-	2,430,708
Machinery and equipment	29,040,870	1,952,008	531,362	30,461,516
Infrastructure	442,102,187	38,531,654	-	480,633,841
Total capital assets, being depreciated	<u>513,490,746</u>	<u>40,697,744</u>	<u>531,362</u>	<u>553,657,128</u>
Accumulated depreciation:				
Buildings	8,265,886	1,510,665	-	9,776,551
Improvements other than buildings	1,322,684	104,315	-	1,426,999
Machinery and equipment	19,388,836	1,815,225	531,362	20,672,699
Infrastructure	225,032,403	20,021,610	-	245,054,013
Total accumulated depreciation	<u>254,009,809</u>	<u>23,451,815</u>	<u>531,362</u>	<u>276,930,262</u>
Total capital assets, being depreciated, net	<u>259,480,937</u>	<u>\$ 17,245,929</u>	<u>\$ -</u>	<u>276,726,866</u>
Government activities capital assets, net	<u>\$ 310,218,174</u>			<u>\$ 338,510,403</u>

	July 1, 2007	Increases	Decreases	June 30, 2008
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 32,546,990	\$ 7,064,810	\$ 1,707,954	\$ 37,903,846
Construction in progress	28,694,098	11,120,955	3,919,570	35,895,483
Total capital assets, not being depreciated	<u>61,241,088</u>	<u>18,185,765</u>	<u>5,627,524</u>	<u>73,799,329</u>
Capital assets, being depreciated:				
Buildings	50,171,430	659,034	-	50,830,464
Improvements other than buildings	320,450,166	16,534,952	-	336,985,118
Machinery and equipment	21,034,702	2,316,555	470,539	22,880,718
Total capital assets, being depreciated	<u>391,656,298</u>	<u>19,510,541</u>	<u>470,539</u>	<u>410,696,300</u>
Accumulated depreciation:				
Buildings	20,370,026	1,846,412	-	22,216,438
Improvements other than buildings	84,251,905	8,920,872	-	93,172,777
Machinery and equipment	14,107,108	1,974,018	444,083	15,637,043
Total accumulated depreciation	<u>118,729,039</u>	<u>12,741,302</u>	<u>444,083</u>	<u>131,026,258</u>
Total capital assets, being depreciated, net	<u>272,927,259</u>	<u>\$ 6,769,239</u>	<u>\$ 26,456</u>	<u>279,670,042</u>
Business-type activities capital assets, net	<u>\$ 334,168,347</u>			<u>\$ 353,469,371</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

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

Governmental activities:	
General government	\$ 128,949
Public safety	2,299,898
Public works	20,687,738
Culture & recreational	304,194
Planning and community development	31,036
Total depreciation expense – governmental activities	<u>\$ 23,451,815</u>
Business-type activities:	
Electric	\$ 3,514,867
Water	3,256,094
Wastewater	2,131,348
Regional airport	1,431,912
Stormwater	1,527,406
Other nonmajor business-type activities	534,446
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	345,229
Total depreciation expense – business-type activities	<u>\$ 12,741,302</u>

Activity for the ABC Board for the year ended June 30, 2008, was as follows:

	July 1, 2007	Increases	Decreases	June 30, 2008
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	259,642	49,081	-	308,723
Machinery and equipment	237,848	97,113	-	334,961
Total capital assets, being depreciated	548,568	146,194	-	694,762
Accumulated depreciation	365,202	42,147	-	407,349
Total capital assets, being depreciated, net	183,366	\$ 104,047	\$ -	287,413
Component unit capital assets, net	<u>\$ 203,366</u>			<u>\$ 307,413</u>

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	\$ 1,918,119	\$ 9,568,637
Accrued payroll and payroll related liabilities	1,096,262	699,859
Accrued sales tax payable	-	116,077
Other accrued liabilities	445,894	64,430
	<u>\$ 3,460,275</u>	<u>\$ 10,449,003</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt

Installment purchases: The City has various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 1 year and 29 years in duration, depending upon the assets acquired. Interest rates range between 2.58% and 5.15%. 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	\$ 4,502,241	\$ 8,641,935
Less accumulated depreciation	512,359	157,960
	\$ 3,989,882	\$ 8,483,975

Installment purchases payable at June 30, 2008 are comprised of the following individual issues:

Governmental activities:

\$410,875, fire truck purchase in fiscal year 2004 due in annual installments of \$82,175 through November 2009; interest 2.58%, to be paid from General Fund	\$ 82,175
\$794,543, fire truck purchase in August 2005 due in annual installments of \$31,511 to \$112,386 through September 2013; interest 3.17%, to be paid from General Fund	503,213
\$900,036, two fire trucks purchased in November 2006 due in annual installments of \$72,136 to \$121,636 through November 2014; interest 3.61%, to be paid from General Fund	726,485
\$5,400,000, contract for construction of fire station in fiscal year 2008 due in annual installments of \$270,000 through 2026; interest 4.44%, to be paid from General Fund	5,265,000
	\$ 6,576,873

Business-type activities:

\$4,500,000, contract for construction of aviation hangar in fiscal year 2004 due in annual installments of \$225,000; interest 5.01%, payable from Regional Airport Fund	\$ 3,693,750
\$7,550,000, contract for construction of aviation projects in fiscal year 2008 due in annual installments of \$377,500; interest 4.44%, payable from Regional Airport Fund	7,361,250
	\$ 11,055,000

Annual debt service requirements to maturity for installment purchases are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 586,197	\$ 272,938	\$ 602,500	\$ 501,990
2010	509,881	251,872	602,500	474,535
2011	518,147	231,619	602,500	446,501
2012	526,697	211,004	602,500	418,361
2013	439,497	190,929	602,500	389,977
2014-2018	1,359,319	737,662	3,012,500	1,531,694
2019-2023	1,422,135	434,714	3,012,500	830,868
2024-2026	1,215,000	135,010	2,017,500	200,724
	\$ 6,576,873	\$ 2,465,748	\$ 11,055,000	\$ 4,794,650

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

General obligation 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, 2008 are comprised of the following individual issues:

Governmental activities:

\$920,756, 1992 Refunding Serial Bonds due in annual installments of \$32,000 to \$56,000 through June 1, 2009; interest from 3.5% to 6.4%	\$	31,910
\$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%		335,000
	\$	<u>366,910</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%	\$	408,089
\$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		35,000
\$4,320,000, 1996 Water and Wastewater Refunding Serial Bonds due in installments of \$235,000 to \$410,000 through March 1, 2009; interest from 4.3% to 5.0%		235,000
	\$	<u>678,089</u>

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
2009	\$ 131,910	\$ 21,037	\$ 678,089	\$ 39,583
2010	150,000	13,395	-	-
2011	85,000	4,845	-	-
	<u>\$ 366,910</u>	<u>\$ 39,277</u>	<u>\$ 678,089</u>	<u>\$ 39,583</u>

Revenue Bonds: The City also issued bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. Portions of the Revenue Bonds were used to construct governmental activity assets and therefore, will be repaid by governmental revenue sources. Revenue bonds outstanding at June 30, 2008 are as follows:

Governmental activities:

\$4,002,453 (of \$35,295,000), 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%	\$	964,467
\$2,515,740 (of \$39,350,000 issue), Utilities Systems Revenue Bonds Series 2002B due in annual installments of \$107,310 to \$360,830 through December 1, 2022; interest of 3.65%		2,411,211
	\$	<u>3,375,678</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loan and installment notes: Loan and installment notes payable at June 30, 2008 are comprised of the following individual issues:

Governmental activities:

\$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 quarterly at 3.5% to 5.125% financed through First Concord Corporation, to be paid from General Fund	\$	14,710,300
\$16,105,000 of \$17,000,000 issue, 2005 Certificates of Participation due in annual installments of \$640,000 to \$650,000 through June 1, 2030, plus interest due semiannually at 3% to 5% financed through First Concord Corporation, to be paid from General Fund		14,155,000
	<u>\$</u>	<u>28,865,300</u>

Business-type activities:

\$6,703,330, 2001 Certificates of Participation due in annual installments of \$160,858 to \$564,242 through June 1, 2021, plus interest due semi-annually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from Regional Airport Fund	\$	3,594,700
\$10,895,500 of \$27,000,000 issue, 2005 Certificates of Participation due in annual installments of \$100,000 to \$950,000 through 2021, plus interest due semiannually at 3% to 5% financed through First Concord Corporation, to be paid from Golf Course Fund		9,665,000
	<u>\$</u>	<u>13,259,700</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
2009	\$ 3,251,954	\$ 1,362,131	\$ 1,063,048	\$ 543,745
2010	3,204,646	1,221,033	1,075,358	504,207
2011	3,204,646	1,082,312	1,095,357	460,103
2012	1,423,471	930,515	791,530	416,456
2013	1,423,471	872,551	811,530	388,137
2014-2018	6,329,392	3,521,880	5,270,594	1,319,311
2019-2023	5,542,720	1,699,457	3,152,283	303,164
2014-2028	3,205,000	720,225	-	-
2029-2030	1,280,000	86,400	-	-
	<u>\$ 28,865,300</u>	<u>\$ 11,496,504</u>	<u>\$ 13,259,700</u>	<u>\$ 3,935,123</u>

Loan payable: The City of Concord entered into a loan agreement with the US Department of Housing and Urban Development for a Section 108 loan guarantee that will be loaned to The Oaks at Stephens Place to finance the construction of The Oaks Wellness Center, a public facility. The owner and developer of the project will make payments to the city for the annual debt service. In addition, the loan requires pledge of five years of the Community Development Block Grant revenues in the event the owner/developer is unable to make the debt service requirements.

Governmental Activities:

\$1,974,000, Section 108 loan guarantee issued June 2008 due in annual installments of \$98,700	\$1,974,000
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Advance Refunding: On June 1, 1998, the City defeased certain revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On June 30, 2008, \$18,475,000 of bonds outstanding are considered defeased.

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, 2007	Additions	Reductions	June 30, 2008
Governmental activities:				
Installment purchases	\$ 1,664,792	\$ 5,400,000	\$ 487,919	\$ 6,576,873
Less current maturities				586,197
Long-term installment purchases				<u>\$ 5,990,676</u>
Bond payables:				
General obligation bonds	\$ 462,967	-	\$ 96,057	\$ 366,910
Installment notes	32,452,436	-	3,587,136	28,865,300
Revenue bonds	3,527,349	-	151,671	3,375,678
Total bond payable	<u>\$ 36,442,752</u>	<u>\$ -</u>	<u>\$ 3,834,864</u>	32,607,888
HUD loan	\$ -	\$ 1,974,000	\$ -	1,974,000
Compensated absences	<u>\$ 1,991,572</u>	<u>\$ 1,385,174</u>	<u>\$ 1,226,862</u>	2,149,884
Separation allowance	<u>\$ 726,738</u>	<u>\$ 93,669</u>	<u>\$ -</u>	820,407
OPEB liability	<u>\$ -</u>	<u>\$ 1,135,317</u>	<u>\$ -</u>	1,135,317
Less current maturities:				
General obligation bonds				131,910
HUD loan				98,700
Installment notes				3,251,954
Revenue bonds				158,547
Compensated absences				1,999,392
Long-term debt				<u>\$ 33,046,993</u>
Business-type activities:				
Installment purchase	<u>\$ 3,918,750</u>	<u>\$ 7,550,000</u>	<u>\$ 413,750</u>	\$ 11,055,000
Less current maturities				602,500
Long-term installment purchases				<u>\$ 10,452,500</u>
Bond payables:				
General obligation bonds	1,677,035	-	998,946	678,089
Installment notes	14,027,566	-	767,866	13,259,700
Revenue bonds	94,534,182	-	4,174,860	90,359,322
Total bond payable	<u>\$ 110,238,783</u>	<u>\$ -</u>	<u>\$ 5,941,672</u>	104,297,111
Compensated absences	<u>\$ 1,032,604</u>	<u>\$ 980,226</u>	<u>\$ 869,223</u>	1,143,607
OPEB liability	<u>\$ -</u>	<u>\$ 491,406</u>	<u>\$ -</u>	491,406
Less current maturities				
General obligation bonds				678,089
Installment notes				1,063,048
Revenue bonds				4,816,453
Compensated absences				1,063,555
Long-term debt				<u>\$ 98,310,979</u>

The legal debt margin of the City at June 30, 2008 was \$637,041,001.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Objective of the interest rate swap: As a means to lower its borrowing costs and increase its savings, when compared against fixed-rate refunding bonds at the time of issuance in August 2002, the City entered into an interest rate swap in connection with its \$39,350,000 Variable Rate Utilities Systems Refunding Revenue Bonds, Series 2002B. The intention of the swap agreement was to effectively change the City's interest rate on the bonds to a synthetic fixed rate of 3.65%.

Terms: The bonds and the related swap agreement mature on December 1, 2022 and the swap's notional amount of \$38,600,000 matches the \$38,600,000 variable-rate bonds. The swap was entered into at the same time the bonds were issued, August 2002. Starting in fiscal year 2003 the notional value of the swap and the principal amount of the debt began to decline. Under the swap the City pays the counterparty a fixed payment of 3.65% and receives a variable payment computed at 68 percent of the London Interbank Offered Rate (LIBOR). Conversely, the bonds variable-rate coupons are reset weekly by a marketing agent.

Fair value: Because interest rates have decreased since the execution of the swap, the swap has a negative fair value of \$1,514,385 as of June 30, 2008. Because the coupons on the City's variable-rate bonds are adjusted weekly to the changing interest rates, the bonds do not have a corresponding fair value increase. The mark-to-market valuations were established by market quotations from the counterparty representing estimates of the amounts that would be paid for replacement transactions.

Credit risk: As of June 30, 2008, the City is exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive; the City would no longer be exposed to credit risk. The swap counterparty was rated Aa3 by Moody's Investors Service (Moody's) and AA- by Standard and Poor's (S&P). To mitigate the potential for credit risk, if the counterparty's credit rating falls below Baa1 by Moody's and below BBB+ by S&P and its exposure exceeds \$5,000,000 the fair value of the swap will be collateralized by the counterparty with U.S. government securities. Collateral would be posted with a third party custodian.

Basis risk: The swap exposes the City to basis risk should the relationship between LIBOR and the rates on the City's bonds diverge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the rate on the City's bonds and the floating rate received on the swap (68% of LIBOR). On June 30, 2008, the rate on the City's Bonds was 1.75%, whereas 68% of LIBOR was 1.6745 %.

Termination risk: The City or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. An additional termination event occurs if the counterparty ratings fall below Baa2 (Moody's) or BBB (S&P) or the City's ratings fall below A2 (Moody's) or A (S&P). Any termination must have the consent of the bond's insurer. If at the time of termination the swap has a negative fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt: Using rates of June 30, 2008 debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for the term of the bonds, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bond		Swap, Net	Total
	Principal	Interest		
2009	\$ 245,000	\$ 1,372,126	\$ 631,538	\$ 2,248,664
2010	255,000	1,363,001	627,435	2,245,436
2011	1,365,000	1,333,436	623,135	3,321,571
2012	1,420,000	1,282,610	600,308	3,302,918
2013	1,475,000	1,229,776	576,530	3,281,306
2014-2018	15,345,000	4,778,671	2,320,473	22,444,144
2019-2023	17,610,000	1,658,378	908,248	20,176,626
Total	\$ 37,715,000	\$ 13,017,998	\$ 6,287,667	\$ 57,020,665

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, 2008 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 4,246,253
General Fund	Nonmajor enterprise funds	502,243
		<u>\$ 4,748,496</u>

Interfund balances listed above represent cash transactions advanced to other funds and subsequent reimbursements.

A schedule of interfund transfers at June 30, 2008 is as follows:

Transfers To	Transfers From	Total
General fund	Nonmajor governmental funds	\$ 583,352
Nonmajor governmental funds	General fund	8,439,279
Nonmajor enterprise funds	General fund	1,167,326
Wastewater fund	General fund	217,635
Regional airport fund	General fund	1,839,000
Regional airport fund	Electric fund	1,050,000
Electric fund	Wastewater fund	731,816
Electric fund	Nonmajor governmental funds	489,270
Nonmajor enterprise funds	Nonmajor governmental funds	293,523
Nonmajor governmental funds	Nonmajor governmental funds	1,960,963
		<u>\$ 16,772,114</u>

Interfund transfers listed above represent funds used for payment of capital projects and debt service.

Note 9. Pension Plan Obligations

A. Local Governmental Employee's Retirement System

(1) Plan description:

The City of Concord and the ABC Board contribute 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, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

(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 4.89% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.07% 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, 2008, 2007 and 2006 were \$1,807,830, \$1,718,397, and \$1,531,033, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$35,919, \$33,737, and \$31,295, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

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, 2006, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	143
Total	<u>152</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 from the General Fund, which is maintained on a modified accrual basis of accounting.

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

(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 2008 current year was determined as part of the December 31, 2006 actuarial valuations 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 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

Actual pension cost and 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	\$ 213,871
Interest on net pension obligation	52,688
Adjustment to annual required contribution	<u>(44,657)</u>
Annual pension cost	221,902
Employer contributions made during the year	<u>128,233</u>
Increase in net pension obligation	93,669
Net pension obligation beginning of year	<u>726,738</u>
Net pension obligation end of year (included in the General Fund's long-term debt)	<u>\$ 820,407</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2006	\$ 227,288	56	\$ 640,016
June 30, 2007	209,320	59	726,738
June 30, 2008	221,902	58	820,407

(4) Funded Status and Funding Progress

As of December 31, 2006, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,293,806. The covered payroll (annual payroll of active employees covered by the plan) was \$6,359,818, and the ratio of the UAAL to the covered payroll was 36 percent.

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

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. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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, 2008 were \$444,781, which consisted of \$324,762 from the City and \$120,019 from the law enforcement officers.

D. Supplemental Retirement Income Plan for City Employees (non-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 all active full-time employees of the City that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding policy – The City of Concord’s policy is to contribute an amount equal to three percent of each employee’s salary, and all amounts contributed are vested immediately. Also, the city’s employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2008 were \$1,521,830, which consisted of \$916,729 from the City and \$605,101 from the employees.

Note 10. Other Postemployment Benefits

Plan Description. Under the terms of a City resolution, the City administers a Health Care Plan. As of July 1, 2004, this plan provided postemployment healthcare benefits to retirees of the City provided they have ten (10) years of service with the City of Concord. The City will pay the portion of health coverage as listed below until the retiree is eligible for Medicare. Also, the City’s retirees can purchase coverage for their dependents at the City’s group rates. The City has chosen to fund the health care benefits on a pay as you go basis.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Funding Policy:

Employees with a date of hire prior to July 1, 2004: Retirees with at least 10 years of service with the City will be provided the same level of coverage as active employees.

Employees with a date of hire after or on July 1, 2004: Retirees with at least 25 years of creditable service with the City will be provided with the same level of coverage as active employees. Those with at least 10 years of service but less than 25 years of service shall receive one-half (1/2) of the benefit provided to retiring employees with at least 25 years of service.

The City also provides dental coverage to the City's retirees; however the retiree must pay the full premium cost.

Membership of the Health Care Plan consisted of the following at December 31, 2007, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees and dependents receiving benefits	82	-	-
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	533	133	138
Total	<u>615</u>	<u>133</u>	<u>138</u>

The current ARC rate is 5.81% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 0.33% and 0.79% of covered payroll, respectively. For the year ended June 30, 2008, the City made payments for postretirement health benefit premiums of \$517,206 of which \$128,203 was collected from retirees for dependent coverage. The City's obligation to contribute to the Health Care Plan is established and may be amended by the City Council.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the fund the retiree was employed in at retirement date. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The City's annual OPEB cost (expense) is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 2,015,726
Interest on net obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>2,015,726</u>
Contributions made	<u>(389,003)</u>
Increase (decrease) in net OPEB obligation	1,626,723
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	<u>\$ 1,626,723</u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 2,015,726	19.3%	\$ 1,626,723

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Funded Status and Funding Progress. As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and, thus the unfunded actuarial accrued liability (UAAL) was \$18,088,200. The covered payroll (annual payroll of active employees covered by the plan) was \$34,691,076, and the ratio of the UAAL to the covered payroll was 52.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include factors such as changes in economic or demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status) and changes in the plan provisions or applicable law. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past experiences and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2007 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 11.00 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using market value of investments. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2007, was 30 years.

Note 11. 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:

	Unavailable	Unearned
Governmental funds:		
Reserve for taxes receivable	\$ 899,859	\$ -
Prepaid taxes, not yet earned	-	141,177
Prepaid privilege licenses, not yet earned	-	705,111
Other prepaid fees	-	64,245
	\$ 899,859	\$ 910,533

Note 12. Commitments and Contingencies

The City had commitments on contracts of approximately \$11.2 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 ended June 30, 2008, 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 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 omission; and natural disasters. The City is fully insured through several insurance companies and is self-funded for workers' compensation and health benefits. The City obtains general liability coverage of \$1 million per occurrence, with a \$4 million aggregate limit. The City obtains public official

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

liability coverage of \$1 million per occurrence, with a \$4 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 \$148,215,947. Employee health coverage is self insured through Blue Cross Blue Shield of North Carolina unless specified.

The City is exposed to various risks of loss related to injuries to employees. As of July 1, 2008, the City elected to cover workers' compensation claims up to an individual stop-loss of \$450,000 per employee for firefighters, police officers, and electric, light and power employees after which an insurance company will pay an excess up to \$1million for each occurrence. The remaining employees are covered up to an individual stop-loss of \$400,000.

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.

The City's travelers package provides up to \$5 million in flood coverage for locations that are not located within a Federal Emergency Management Agency ("FEMA") flood zone. This coverage excludes locations that are included in FEMA areas designated as "A" or "V." The City does not have any property located within this designation at year end.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. Employees that have access to funds are bonded under a blanket bond for \$250,000. The finance officer and tax collector are each individually bonded for \$250,000 each.

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 coverage. The ABC Board also had 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 Cities 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 City of Harrisburg City Council, one member by the City 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 \$6.1 million for wastewater treatment and raw water charges during the year ended June 30, 2008. In addition, the City received debt service payments of \$366,930, 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 balance in any fund. The Cabarrus Avenue Roundabout Capital Project Fund had deficit net assets in the amount of \$41,914. The deficit balance in the net assets for the Cabarrus Avenue Roundabout fund resulted from transferring activity from the Transportation Improvement Fund to a capital project fund several years ago and not all revenues were transferred over at that time. This project is complete and the fund will be closed back into the Transportation Improvement Fund closing out the Cabarrus Avenue Roundabout project.

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 issued \$5,740,000 in multifamily housing revenue bonds in December 2002. 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. During the year ending June 30, 2008, the developer paid off the outstanding balance of \$5,740,000.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 17. Prior Period Adjustment

During the year ended June 30, 2008, it was discovered by City of Concord personnel that capital contributions related to fixed assets for the year ended June 30, 2007 were understated. These revenues are only reported as part of the government-wide statements, and did not impact the fund financials. Accordingly, an adjustment of \$2,864,276 had been made during the year to increase the beginning net assets at June 30, 2007 to the appropriate amount.

Net assets, July 1, 2007, as originally stated – governmental activities	\$ 315,278,329
Increase to net assets by amounts not reported in 2007	2,864,276
Net assets, July 1, 2007, as restated	<u>\$ 318,142,605</u>

Note 18. Subsequent Events

The City of Concord issued Utility Systems Revenue Bonds in July 2008 for \$27,365,000 for the construction of electric substations, waterlines and wastewater lines. The debt service will begin in fiscal year 2009 with an interest payment of \$1,032,992 and principal payments will begin in fiscal year 2010. Annual debt service payments will be \$500,000 to \$1,715,000 through fiscal year 2036.

The North Carolina State Education Assistance Agency instruments in the portfolio having final stated maturities ranging from 2015 to 2036; have been called effective July 2008 resolving the matter of illiquid investments for the City.

In June 2008, the City entered into a Section 108 loan guarantee with HUD for \$1,974,000 (see Note 7 for details). As part of this overall transaction, land owned by the general fund was sold in March 2008 to the owner/developer of The Oaks Wellness Center (project for which the loan was entered into for) for \$141,830. A promissory note was signed by the owner/developer for \$141,830 which is due on or before March 7, 2013. Annual payments of accrued interest only may be made in the amount of \$9,220 each year commencing March 7, 2009 until interest and principal is paid in full by March 7, 2013. The entire outstanding principal balance is due in full by March 7, 2013. The City of Concord reports revenues using the economic resources measurement and modified accrual basis of accounting. Meaning, revenues are recognized when they are “measurable” and “available.” Available means collectible within the current period or soon thereafter. The City considers all revenues available if they are collected within 90 days after year end, except property taxes. Therefore no recognition of revenue was realized in fiscal year ended June 30, 2008 as the revenues may not be paid until maturity date of March 7, 2013. Revenues will be recorded as they are received.

Note 19. Pronouncements Issued, Not Yet Effective

In November 2006, the GASB issued Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. GASB 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. GASB 49 specifies five obligating events, which upon the occurrence of one such event, the government is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are required. In government-wide and proprietary fund financial statements, the liability should be recorded at the current value of the costs the government expects to incur to perform the work. GASB 49 also requires re-measurement of the liability (and its components) when new information indicates increases or decreases in estimated outlays. GASB 49 is effective for financial statements for period beginning after December 15, 2007 (the City’s fiscal year ended June 30, 2009). The City has not yet determined the impact that implementation of GASB 49 will have on its financial statements.

In June 2007, the GASB issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. GASB 51 requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. Additionally, GASB 51 establishes a specified-conditions approach to recognizing intangible assets that are internally generated and establishes criteria for when such expenditures should be capitalized. GASB 51 is effective for periods beginning after June 15, 2009 (the City’s fiscal year ended June 30, 2010) and generally requires its provisions to be applied retroactively. The City has not yet determined the impact that implementation of GASB 51 will have on its financial statements.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED
SUPPLEMENTAL INFORMATION SCHEDULE 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, 2002	213,257	1,504,093	1,290,836	14 %	5,004,653	26 %
December 31, 2003	-	1,694,753	1,694,753	-	5,194,849	33
December 31, 2004	-	1,919,004	1,919,004	-	5,446,096	35
December 31, 2005	-	1,772,024	1,772,024	-	5,651,459	31
December 31, 2006	-	1,952,278	1,952,278	-	6,167,187	32
December 31, 2007	-	2,293,806	2,293,806	-	6,359,818	36

**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
2003	143,631	62 %
2004	163,152	(18)
2005	193,167	67
2006	219,154	58
2007	200,607	61
2008	213,871	61

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 last actuarial valuation follows.

Valuation date	December 30, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	4.5% to 12.3%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
 SUPPLEMENTAL INFORMATION SCHEDULE OF FUNDING PROGRESS
 Last Three 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, 2005	-	18,700,188	18,700,188	- %	31,090,816	60 %
December 31, 2006	-	20,318,847	20,318,847	-	34,379,482	59
December 31, 2007	-	18,088,200	18,088,200	-	34,691,076	52

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
 SUPPLEMENTAL INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTION
 Fiscal Year Ended June 30, 2008**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2008	2,015,726	19 %

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 last actuarial valuation follows.

Valuation date	December 30, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Projected salary increases*	1.00%-5.00%
Year of ultimate trend rate	2016
*Includes inflation at	3.75%
Cost-of-living adjustments	None

Nonmajor Governmental Funds

Special Revenue Funds

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.

Section 108 Loan/BEDI Grant Fund - This fund is used to account for loan and grant money received from HUD to finance the construction of The Oaks Wellness Center.

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.

Future Parks & Recreation Land Fund - This fund is used to account for funds reserved for future Parks & Recreation land purchases.

General Capital Reserve Fund - This fund is used to account for funds reserved for future capital purchases.

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

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

Cabarrus Avenue Roundabout Fund - This fund is used to account for the use of state and local funds to improve the Cabarrus Avenue Roundabout roadway project.

Additional Vehicle Tax Fund - This fund is used to account for funds restricted for Transit operations.

Capital Project Funds

Police Station - This fund is used to account for all resources used for the construction of police stations in the City.

Parks - This fund is used to account for all resources used for the construction and improvements to the City's parks.

Transportation - This fund is used to account for all resources used for the construction and improvements of the City's streets.

General Fund Capital Projects Fund - This fund is used to account for all resources used for various construction projects related to General Fund departments.

Fire and Life Safety - This fund is used to account for the construction of Fire Stations and other major capital improvements in the City.

Wellness Center - This fund is used to account for all resources used for the construction of a wellness center in the City.

Oakwood Cemetery - This fund is used to account for all resources used for the construction and improvements at Oakwood Cemetery.

Debt Service Fund

Debt Service Fund - This fund is used to account 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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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2008

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 9,482,238	\$ 8,049,242	\$ -	\$ 17,531,480
Receivables:				
Ad valorem taxes, net	3,969	-	-	3,969
Due from other governmental agencies	110,866	-	-	110,866
Sales tax refunds	5,472	1,600	-	7,072
Interest	43,195	-	-	43,195
Other, net	205,095	-	-	205,095
Restricted assets - cash and investments	-	10,025	-	10,025
Total assets	\$ 9,850,835	\$ 8,060,867	\$ -	\$ 17,911,702
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 271,364	\$ 844,702	\$ 118,224	\$ 1,234,290
Due to other funds	122,370	-	4,123,883	4,246,253
Deferred revenues	3,969	-	-	3,969
Total liabilities	397,703	844,702	4,242,107	5,484,512
Fund Balances (Deficit)				
Reserved by State statute	368,469	11,626	-	380,095
Unreserved:				
Undesignated	9,084,663	7,204,539	(4,242,107)	12,047,095
Total fund balance (deficit)	9,453,132	7,216,165	(4,242,107)	12,427,190
Total liabilities and fund balance	\$ 9,850,835	\$ 8,060,867	\$ -	\$ 17,911,702

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2008

ASSETS	Housing Assistance	Community Development	Brownfield Coop Agreement	Section 108 Loan/BEDI Grant	Home
Cash and investments	\$ 1,100,161	\$ 12,247	\$ -	\$ 1,965,129	\$ 530,159
Receivables:					
Ad valorem taxes, net	-	-	-	-	-
Due from other governmental agencies	-	-	-	-	110,866
Sales tax refunds	756	48	-	-	5
Interest	6,837	-	-	-	-
Other, net	107,015	-	-	-	-
Total assets	\$ 1,214,769	\$ 12,295	\$ -	\$ 1,965,129	\$ 641,030
LIABILITIES AND FUND BALANCES					
Accounts payable and accrued liabilities	\$ 159,487	\$ 7,323	\$ -	\$ -	\$ 79,193
Due to other funds	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Total liabilities	159,487	7,323	-	-	79,193
Fund Balances (Deficit)					
Reserved by State statute	114,608	48	-	-	110,871
Unreserved:					
Undesignated	940,674	4,924	-	1,965,129	450,966
Total fund balance (deficit)	1,055,282	4,972	-	1,965,129	561,837
Total liabilities and fund balance	\$ 1,214,769	\$ 12,295	\$ -	\$ 1,965,129	\$ 641,030

Statement 2

Future Parks & Recreation Land	General Capital Reserve	Municipal Service District	Transportation Improvement	Cabarrus Avenue Roundabout	Additional Vehicle Tax	Total Special Revenue Funds
\$ 370,489	\$ 3,372,951	\$ 361	\$ 2,097,697	\$ -	\$ 33,044	\$ 9,482,238
-	-	3,969	-	-	-	3,969
-	-	-	-	-	-	110,866
-	-	-	-	4,663	-	5,472
2,300	20,959	-	12,971	-	128	43,195
-	-	-	22,287	75,793	-	205,095
\$ 372,789	\$ 3,393,910	\$ 4,330	\$ 2,132,955	\$ 80,456	\$ 33,172	\$ 9,850,835
\$ -	\$ -	\$ 361	\$ 25,000	\$ -	\$ -	\$ 271,364
-	-	-	-	122,370	-	122,370
-	-	3,969	-	-	-	3,969
-	-	4,330	25,000	122,370	-	397,703
2,300	20,959	3,969	35,258	80,456	-	368,469
370,489	3,372,951	(3,969)	2,072,697	(122,370)	33,172	9,084,663
372,789	3,393,910	-	2,107,955	(41,914)	33,172	9,453,132
\$ 372,789	\$ 3,393,910	\$ 4,330	\$ 2,132,955	\$ 80,456	\$ 33,172	\$ 9,850,835

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2008

ASSETS	Police Station	Parks	Transportation	General Fund Capital Projects
Cash and investments	\$ 2,848,169	\$ 825,758	\$ 520,755	\$ 60,000
Receivables:				
Sales tax receivable	-	785	-	-
Other, net	-	-	-	-
Restricted assets - cash and investments	10,025	-	-	-
Total assets	\$ 2,858,194	\$ 826,543	\$ 520,755	\$ 60,000
LIABILITIES AND FUND BALANCES				
Accounts payable and accrued liabilities	\$ -	\$ 14,310	\$ 118,417	\$ -
Due to other funds	-	-	-	-
Total liabilities	-	14,310	118,417	-
Fund Balances (Deficit)				
Reserved by State statute	10,025	785	-	-
Unreserved:				
Undesignated	2,848,169	811,448	402,338	60,000
Total fund balances (deficit)	2,858,194	812,233	402,338	60,000
Total liabilities and fund balances	\$ 2,858,194	\$ 826,543	\$ 520,755	\$ 60,000

Statement 3

Fire and Life Safety	Wellness Center	Oakwood Cemetery	Total Capital Projects Funds
\$ 3,359,714	\$ 276,956	\$ 157,890	\$ 8,049,242
815	-	-	1,600
-	-	-	-
-	-	-	10,025
\$ 3,360,529	\$ 276,956	\$ 157,890	\$ 8,060,867
\$ 626,089	\$ 85,886	\$ -	\$ 844,702
-	-	-	-
626,089	85,886	-	844,702
816	-	-	11,626
2,733,624	191,070	157,890	7,204,539
2,734,440	191,070	157,890	7,216,165
\$ 3,360,529	\$ 276,956	\$ 157,890	\$ 8,060,867

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS

Year Ended June 30, 2008

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 68,263	\$ -	\$ -	\$ 68,263
Restricted intergovernmental revenues	5,650,799	-	-	5,650,799
Contributions	-	147,312	-	147,312
Investment earnings	258,543	97,908	-	356,451
Program income	1,327,157	-	-	1,327,157
Other revenues	4,438	-	-	4,438
Total revenues	7,309,200	245,220	-	7,554,420
Expenditures				
Current:				
Planning and community development	68,263	-	-	68,263
Administration	526,464	-	-	526,464
Housing assistance payments	3,251,666	-	-	3,251,666
Rehabilitation	1,586,145	-	-	1,586,145
Capital outlay	980,330	3,780,118	-	4,760,448
Debt service	-	-	5,068,580	5,068,580
Total expenditures	6,412,868	3,780,118	5,068,580	15,261,566
Excess (deficiency) of revenues over (under) expenditures	896,332	(3,534,898)	(5,068,580)	(7,707,146)
Other Financing Sources (Uses)				
Debt issued	1,974,000	5,400,000	-	7,374,000
Transfers from other funds	5,780,441	1,021,667	3,598,134	10,400,242
Transfers to other funds	(3,327,108)	-	-	(3,327,108)
Total other financing sources	4,427,333	6,421,667	3,598,134	14,447,134
Net change in fund balances	5,323,665	2,886,769	(1,470,446)	6,739,988
Fund Balances (Deficit)				
Beginning	4,129,467	4,329,396	(2,771,661)	5,687,202
Ending	\$ 9,453,132	\$ 7,216,165	\$ (4,242,107)	\$ 12,427,190

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

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

Year Ended June 30, 2008

	Housing Assistance	Community Development	Brownfield Coop Agreement	Section 108 Loan/BEDI Grant	Home
Revenues					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	3,755,232	457,018	29,845	-	626,381
Investment earnings	45,945	-	-	-	-
Program income	-	140,488	-	-	588,604
Other income	4,438	-	-	-	-
Total revenue	3,805,615	597,506	29,845	-	1,214,985
Expenditures					
Current:					
Planning & community development	-	-	-	-	-
Administration	340,508	88,300	-	-	96,862
Housing assistance payments	3,251,666	-	-	-	-
Rehabilitation	-	497,456	29,845	8,871	1,049,973
Capital outlay	-	-	-	-	-
Total expenditures	3,592,174	585,756	29,845	8,871	1,146,835
Excess (deficiency) of revenues over (under) expenditures	213,441	11,750	-	(8,871)	68,150
Other Financing Sources (Uses)					
Debt issued	-	-	-	1,974,000	-
Transfers from other funds	-	-	-	-	45,000
Transfers to other funds	-	-	-	-	-
Total other financing sources	-	-	-	1,974,000	45,000
Net change in fund balances	213,441	11,750	-	1,965,129	113,150
Fund Balances (Deficit)					
Beginning	841,841	(6,778)	-	-	448,687
Ending	\$ 1,055,282	\$ 4,972	\$ -	\$ 1,965,129	\$ 561,837

Statement 5

Future Parks & Recreation Land	General Capital Reserve	Municipal Service District	Transportation Improvement	Cabarrus Avenue Roundabout	Additional Vehicle Tax	Total Special Revenue Funds
\$ -	\$ -	\$ 68,263	\$ -	\$ -	\$ -	\$ 68,263
-	-	-	21,600	760,723	-	5,650,799
17,529	93,910	-	96,135	-	5,024	258,543
-	-	-	292,245	-	305,820	1,327,157
-	-	-	-	-	-	4,438
17,529	93,910	68,263	409,980	760,723	310,844	7,309,200
-	-	68,263	-	-	-	68,263
-	-	-	794	-	-	526,464
-	-	-	-	-	-	3,251,666
-	-	-	-	-	-	1,586,145
-	-	-	25,000	955,330	-	980,330
-	-	68,263	25,794	955,330	-	6,412,868
17,529	93,910	-	384,186	(194,607)	310,844	896,332
-	-	-	-	-	-	1,974,000
597,000	3,300,000	-	1,838,441	-	-	5,780,441
(405,938)	-	-	(1,649,107)	(978,540)	(293,523)	(3,327,108)
191,062	3,300,000	-	189,334	(978,540)	(293,523)	4,427,333
208,591	3,393,910	-	573,520	(1,173,147)	17,321	5,323,665
164,198	-	-	1,534,435	1,131,233	15,851	4,129,467
\$ 372,789	\$ 3,393,910	\$ -	\$ 2,107,955	\$ (41,914)	\$ 33,172	\$ 9,453,132

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND NET ASSETS

Year Ended June 30, 2008

	Police Station	Parks	Transportation	General Fund Capital Projects
Revenues				
Contributions	\$ -	\$ 50,000	\$ 97,312	\$ -
Investment earnings	61,363	-	-	-
Total revenues	61,363	50,000	97,312	-
Expenditures				
Capital outlay	70,924	567,061	374,199	-
Total expenditures	70,924	567,061	374,199	-
Excess (deficiency) of revenues over expenditures	(9,561)	(517,061)	(276,887)	-
Other Financing Sources				
Debt issued	-	-	-	-
Transfers in	-	637,749	278,965	60,000
Total other financing sources	-	637,749	278,965	60,000
Net change in fund balances	(9,561)	120,688	2,078	60,000
Fund Balances (Deficit)				
Beginning	2,867,755	691,545	400,260	-
Ending	\$ 2,858,194	\$ 812,233	\$ 402,338	\$ 60,000

Statement 6

Fire and Life Safety	Wellness Center	Oakwood Cemetery	Total Capital Projects Funds
\$ -	\$ -	\$ -	\$ 147,312
36,545	-	-	97,908
36,545	-	-	245,220
2,657,511	110,423	-	3,780,118
2,657,511	110,423	-	3,780,118
(2,620,966)	(110,423)	-	(3,534,898)
5,400,000	-	-	5,400,000
41,283	3,670	-	1,021,667
5,441,283	3,670	-	6,421,667
2,820,317	(106,753)	-	2,886,769
(85,877)	297,823	157,890	4,329,396
\$ 2,734,440	\$ 191,070	\$ 157,890	\$ 7,216,165

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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.

Transit Fund - This fund is used to account for the operations of the City's transit system.

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NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2008

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 299,781	\$ 372,227	\$ 672,008
Receivables:				
Accounts receivable, net	5,827	175	50	6,052
Due from other governments	-	2,884	975,431	978,315
Sales tax refunds	-	6,877	4	6,881
Interest	2,000	1,917	-	3,917
Other	518,282	-	-	518,282
Inventories and prepaid expenses	42,760	19,855	-	62,615
Total current assets	568,869	331,489	1,347,712	2,248,070
Noncurrent assets:				
Capital assets	9,411,359	9,774,177	4,045,339	23,230,875
Less accumulated depreciation	(276,182)	(3,650,301)	(1,189,447)	(5,115,930)
Bond issuance and premium, net	696,904	-	-	696,904
Total noncurrent assets	9,832,081	6,123,876	2,855,892	18,811,849
Total assets	10,400,950	6,455,365	4,203,604	21,059,919
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	83,230	45,889	809,948	939,067
Current portion of long-term debt	590,000	27,815	-	617,815
Accrued interest	34,379	-	-	34,379
Due to other funds	502,243	-	-	502,243
Total current liabilities	1,209,852	73,704	809,948	2,093,504
Noncurrent liabilities				
Long-term debt due after one year	9,075,000	19,039	-	9,094,039
Deposits	-	30,396	-	30,396
Total noncurrent liabilities	9,075,000	49,435	-	9,124,435
Total liabilities	10,284,852	123,139	809,948	11,217,939
NET ASSETS (DEFICIT)				
Invested in capital assets, net of related debt	-	6,123,876	2,855,892	8,979,768
Unrestricted	116,098	208,350	537,764	862,212
Total net assets	\$ 116,098	\$ 6,332,226	\$ 3,393,656	\$ 9,841,980

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS

Year Ended June 30, 2008

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,118,660	\$ 274,298	\$ 182,495	\$ 1,575,453
Other operating revenues	556,821	-	254,418	811,239
Total operating revenue	1,675,481	274,298	436,913	2,386,692
Operating Expenses				
General and administrative	-	523,784	23,860	547,644
Professional services	930,204	-	1,774,569	2,704,773
Utilities	-	303,155	-	303,155
Maintenance and repairs	124,027	298,976	-	423,003
Operating supplies	222,013	-	296,552	518,565
Other operating costs	304,360	-	(3,121)	301,239
Depreciation and amortization	70,398	257,524	275,282	603,204
Total operating expenses	1,651,002	1,383,439	2,367,142	5,401,583
Operating income (loss)	24,479	(1,109,141)	(1,930,229)	(3,014,891)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	975,504	1,958,718	2,934,222
Interest earned on investments	20,861	10,425	-	31,286
Interest expense	(425,008)	-	-	(425,008)
Other	34,002	7,719	-	41,721
Total nonoperating revenues (expenses)	(370,145)	993,648	1,958,718	2,582,221
Income (loss) before transfers	(345,666)	(115,493)	28,489	(432,670)
Transfers in	892,088	-	568,761	1,460,849
Transfers in	892,088	-	568,761	1,460,849
Change in net assets	546,422	(115,493)	597,250	1,028,179
Net Assets (Deficit):				
Beginning	(430,324)	6,447,719	2,796,406	8,813,801
Ending	\$ 116,098	\$ 6,332,226	\$ 3,393,656	\$ 9,841,980

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2008

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,688,909	\$ 272,789	\$ 360,829	\$ 2,322,527
Payments to employees	-	(116,099)	-	(116,099)
Payments to suppliers	(1,637,720)	(984,616)	(1,437,223)	(4,059,559)
Net cash used by operating activities	51,189	(827,926)	(1,076,394)	(1,853,131)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	45,228	-	(313,821)	(268,593)
Transfers in	892,088	-	568,761	1,460,849
Operating grants received	-	975,504	1,958,718	2,934,222
Net cash provided by noncapital financing activities	937,316	975,504	2,213,658	4,126,478
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(575,000)	-	-	(575,000)
Interest paid	(426,244)	-	-	(426,244)
Acquisition and construction of capital assets	(40,584)	(63,226)	(765,037)	(868,847)
Other	34,002	7,719	-	41,721
Net cash used in capital and related financing activities	(1,007,826)	(55,507)	(765,037)	(1,828,370)
Cash Flows Provided by Investing Activities				
Earnings on investments	19,321	8,678	-	27,999
Net increase in cash and cash equivalents	-	100,749	372,227	472,976
Cash and cash equivalents:				
Beginning	-	199,032	-	199,032
Ending	\$ -	\$ 299,781	\$ 372,227	\$ 672,008

Continued

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2008

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating income (loss)	\$ 24,479	\$ (1,109,141)	\$ (1,930,229)	\$ (3,014,891)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	70,398	257,524	275,282	603,204
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	13,428	751	1,711	15,890
Due from other governmental agencies	-	(2,260)	(77,795)	(80,055)
Inventories and prepaid expenses	2,675	(6,343)	-	(3,668)
Increase (decrease) in:				
Accounts payable and accrued expenses	(59,791)	20,719	654,637	615,565
Vacation accrual	-	(6,283)	-	(6,283)
OPEB liability	-	16,945	-	16,945
Deposits	-	162	-	162
Net cash provided by (used in) operating activities	\$ 51,189	\$ (827,926)	\$ (1,076,394)	\$ (1,853,131)

**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, 2008

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General Government				
Governing body	\$ -	\$ -	\$ -	\$ 5,429
Administration	3,068,539	26,351,322	290,695	6,340,650
Finance	-	-	-	387,370
Tax office	-	-	-	29,970
Legal	-	-	-	2,113
Human resources	-	-	-	35,340
Total general government	3,068,539	26,351,322	290,695	6,800,872
Public Safety				
Communications	-	-	-	1,641,877
Police	48,130	3,488,997	110,922	5,973,695
Fire	344,570	3,631,361	200,190	11,665,755
Sign shop	-	51,608	-	221,277
Total public safety	392,700	7,171,966	311,112	19,502,604
Public Works				
Streets	51,837,894	222,711	69,949	409,704
Sanitation	-	3,498,290	-	2,838,175
Cemeteries	-	-	-	80,811
Transportation	50,987	-	-	709
Total public works	51,888,881	3,721,001	69,949	3,329,399
Cultural and Recreational				
Parks and recreation	2,820,035	2,761,766	1,750,467	473,237
Planning and Community Development				
Planning and zoning	437,552	-	8,485	313,951
Section 8, Housing Assistance	-	125,008	-	41,453
Total planning and community development	437,552	125,008	8,485	355,404
Total capital assets	\$ 58,607,707	\$ 40,131,063	\$ 2,430,708	\$ 30,461,516

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 5,429
20,187,701	-	56,238,907
-	-	387,370
-	-	29,970
-	-	2,113
-	204,599	239,939
<u>20,187,701</u>	<u>204,599</u>	<u>56,903,728</u>
-	-	1,641,877
-	-	9,621,744
-	2,872,466	18,714,342
-	-	272,885
<u>-</u>	<u>2,872,466</u>	<u>30,250,848</u>
453,871,636	-	506,411,894
-	-	6,336,465
-	73,765	154,576
6,435,754	25,000	6,512,450
<u>460,307,390</u>	<u>98,765</u>	<u>519,415,385</u>
-	-	7,805,505
138,750	-	898,738
-	-	166,461
138,750	-	1,065,199
<u>\$ 480,633,841</u>	<u>\$ 3,175,830</u>	<u>\$ 615,440,665</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2008

Function/Activity	June 30, 2007	Additions	Retirements/ Transfers	June 30, 2008
General Government				
Governing body	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	56,134,667	298,734	194,494	56,238,907
Finance	388,870	(1,500)	-	387,370
Tax office	24,970	5,000	-	29,970
Legal	2,113	-	-	2,113
Human resources	129,516	110,423	-	239,939
Total general government	56,685,565	412,657	194,494	56,903,728
Public Safety				
Communications	1,623,665	18,212	-	1,641,877
Police	9,220,367	594,035	192,658	9,621,744
Fire	15,264,991	3,463,579	14,228	18,714,342
Sign shop	272,885	-	-	272,885
Total public safety	26,381,908	4,075,826	206,886	30,250,848
Public Works				
Streets	461,059,475	45,407,913	55,494	506,411,894
Sanitation	6,232,714	270,039	166,288	6,336,465
Cemeteries	83,122	71,454	-	154,576
Transportation	5,532,120	980,330	-	6,512,450
Total public works	472,907,431	46,729,736	221,782	519,415,385
Cultural and Recreational				
Parks and recreation	7,225,144	580,361	-	7,805,505
Planning and Community Development				
Planning and zoning	861,474	37,264	-	898,738
Section 8, Housing Assistance	166,461	-	-	166,461
Total planning and community development	1,027,935	37,264	-	1,065,199
Total capital assets	\$ 564,227,983	\$ 51,835,844	\$ 623,162	\$ 615,440,665

Supplemental Information

- Budget to actual comparison for other major and nonmajor governmental funds, enterprise funds and internal service fund of the primary government
- Statement of changes in assets and liabilities - agency funds
- Schedule of Ad Valorem Tax Receivable
- Analysis of Current Tax Levy
- Schedule of Cash and Investment Balances
- Schedule of Business-Type Activities Capital Assets

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HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,509,542	\$ 3,509,542	\$ 3,755,232	\$ 245,690
Investment earnings	6,000	6,000	45,945	39,945
Program income	13,000	13,000	-	(13,000)
Other income	-	-	4,438	4,438
Total revenues	3,528,542	3,528,542	3,805,615	277,073
Expenditures				
Administration	302,189	302,189	340,508	(38,319)
Housing assistance payments	3,226,353	3,226,353	3,251,666	(25,313)
Total expenditures	3,528,542	3,528,542	3,592,174	(63,632)
Excess of revenues over expenditures	\$ -	\$ -	213,441	\$ 213,441
Fund Balance				
Beginning			841,841	
Ending			<u>\$ 1,055,282</u>	

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B07-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 395,115	\$ -	\$ 54,783	54,783
Program income	140,678	-	140,488	140,488
Total revenues	535,793	-	195,271	195,271
Expenditures				
Administration	107,158	-	4,122	4,122
Rehabilitation	428,635	-	179,289	179,289
Total expenditures	535,793	-	183,411	183,411
Excess of revenues over expenditures	\$ -	\$ -	\$ 11,860	\$ 11,860

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B05-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues	\$ 437,917	\$ 340,516	\$ 82,944	423,460
Program income	88,000	88,360	-	88,360
Total revenues	525,917	428,876	82,944	511,820
Expenditures				
Administration	105,183	12,595	82,831	95,426
Rehabilitation	420,734	415,354	528	415,882
Total expenditures	525,917	427,949	83,359	511,308
Excess of revenues over expenditures	\$ -	\$ 927	\$ (415)	\$ 512

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B04-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 463,000	\$ 274,579	\$ 188,421	463,000
Program income	259,807	259,813	-	259,813
Total revenues	722,807	534,392	188,421	722,813
Expenditures				
Administration	144,561	144,873	-	144,873
Rehabilitation	578,246	390,367	187,573	577,940
Total expenditures	722,807	535,240	187,573	722,813
Deficiency of revenues over expenditures	\$ -	\$ (848)	\$ 848	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B06-MC37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues	\$ 394,782	\$ 179,946	\$ 130,870	310,816
Program income	60,000	99,565	-	99,565
Total revenues	454,782	279,511	130,870	410,381
Expenditures				
Administration	90,956	31,236	1,347	32,583
Rehabilitation	363,826	255,132	130,066	385,198
Total expenditures	454,782	286,368	131,413	417,781
Deficiency of revenues over expenditures	\$ -	\$ (6,857)	\$ (543)	\$ (7,400)

BROWNFIELD COOP AGREEMENT

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues	\$ 200,000	\$ 160,741	\$ 29,845	\$ 190,586
Total revenues	200,000	160,741	29,845	190,586
Expenditures				
Administration	45,000	31,666	-	31,666
Rehabilitation	155,000	129,075	29,845	158,920
Total expenditures	200,000	160,741	29,845	190,586
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

SECTION 108 LOAN/BEDI GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,000,000	\$ -	\$ -	\$ -
Total revenues	1,000,000	-	-	-
Expenditures				
Rehabilitation	2,974,000	-	8,871	8,871
Total expenditures	2,974,000	-	8,871	8,871
Excess (deficiency) of revenues over expenditures	(1,974,000)	-	(8,871)	(8,871)
Other Financing Sources (Uses)				
Debt issued	1,974,000	-	1,974,000	1,974,000
Transfers In	99,930	-	-	-
Transfers Out	(99,930)	-	-	-
Total other financing sources	1,974,000	-	1,974,000	1,974,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	1,965,129	\$ 1,965,129
Fund Balance				
Beginning			-	
Ending			\$ 1,965,129	

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,831,881	\$ 794,181	\$ 626,381	\$ 1,420,562
Program income	1,540,684	1,218,369	588,604	1,806,973
Total revenues	3,372,565	2,012,550	1,214,985	3,227,535
Expenditures				
Administration	501,383	328,453	96,862	425,315
Rehabilitation	3,286,182	1,610,410	1,049,973	2,660,383
Total expenditures	3,787,565	1,938,863	1,146,835	3,085,698
Excess (deficiency) of revenues over expenditures	(415,000)	73,687	68,150	141,837
Other Financing Sources				
Transfers In	415,000	375,000	45,000	420,000
Total other financing sources	415,000	375,000	45,000	420,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ 448,687	113,150	\$ 561,837
Fund Balance				
Beginning			<u>448,687</u>	
Ending			<u>\$ 561,837</u>	

FUTURE PARKS & RECREATION LAND FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Other income	\$ -	\$ 17,615	\$ 17,529	\$ 35,144
Excess of revenues over expenditures	-	17,615	17,529	35,144
Other Financing Sources				
Transfers from other funds	1,147,000	696,583	597,000	1,293,583
Transfers to other funds	(1,147,000)	(550,000)	(405,938)	(955,938)
Total other financing sources (uses)	-	146,583	191,062	337,645
Excess of revenues and other financing sources over expenditures	\$ -	\$ 164,198	208,591	\$ 372,789
Fund Balance				
Beginning			164,198	
Ending			\$ 372,789	

GENERAL CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment Earnings	\$ -	\$ -	\$ 93,910	\$ 93,910
Other Financing Sources (Uses)				
Transfer from General Fund	-	3,300,000	3,300,000	-
Appropriation to Fund Balance	-	(3,300,000)	-	3,300,000
Total other financing sources (uses)	-	-	3,300,000	3,300,000
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ -	3,393,910	\$ 3,393,910
Fund Balance				
Beginning			-	
Ending			<u>\$ 3,393,910</u>	

MUNICIPAL SERVICE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 69,812	\$ 69,812	\$ 68,263	\$ (1,549)
Expenditures				
Community development	69,812	69,812	68,263	1,549
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

TRANSPORTATION IMPROVEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ -	\$ -	\$ 21,600	\$ 21,600
Investment earnings	30,000	30,000	96,135	66,135
Program income	250,000	250,000	292,245	42,245
Total revenues	280,000	280,000	409,980	129,980
Expenditures				
Contract services	744	744	794	(50)
Capital outlay	185,975	197,850	25,000	172,850
Total expenditures	186,719	198,594	25,794	172,800
Deficiency of revenues over expenditures	93,281	81,406	384,186	302,780
Other Financing Sources (Uses)				
Appropriated fund balance	317,298	334,538	-	(334,538)
Transfers in	1,593,806	1,838,441	1,838,441	-
Transfers out	(2,004,385)	(2,254,385)	(1,649,107)	605,278
Total other financing sources	(93,281)	(81,406)	189,334	270,740
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	573,520	\$ 573,520
Fund Balance				
Beginning			1,534,435	
Ending			<u>\$ 2,107,955</u>	

CABARRUS AVENUE ROUNDABOUT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 2,950,660	\$ 2,189,936	\$ 760,723	\$ 2,950,659
Total revenues	<u>2,950,660</u>	<u>2,189,936</u>	<u>760,723</u>	<u>2,950,659</u>
Expenditures				
Capital outlay	5,304,161	4,348,830	955,330	5,304,160
Total expenditures	<u>5,304,161</u>	<u>4,348,830</u>	<u>955,330</u>	<u>5,304,160</u>
Deficiency of revenues over expenditures	(2,353,501)	(2,158,894)	(194,607)	(2,353,501)
Other Financing Sources				
Transfers In	3,332,041	3,332,041	-	3,332,041
Transfers Out	(978,540)	-	(978,540)	(978,540)
Total other financing sources	<u>2,353,501</u>	<u>3,332,041</u>	<u>(978,540)</u>	<u>2,353,501</u>
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 1,173,147</u>	<u>\$ (1,173,147)</u>	<u>\$ -</u>

ADDITIONAL VEHICLE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 250,000	\$ 290,000	\$ 305,820	\$ 15,820
Investment earnings	-	5,500	5,024	(476)
Total revenues	<u>250,000</u>	<u>295,500</u>	<u>310,844</u>	<u>15,344</u>
Other Financing Uses				
Transfers out	(250,000)	(295,500)	(293,523)	1,977
Total other financing uses	<u>(250,000)</u>	<u>(295,500)</u>	<u>(293,523)</u>	<u>1,977</u>
Total of revenues and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>17,321</u>	<u>\$ 17,321</u>
Fund Balance				
Beginning			<u>15,851</u>	
Ending			<u>\$ 33,172</u>	

PARKS AND RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Contributions	\$ 350,000	\$ 300,000	\$ 50,000	\$ 350,000
Restricted intergovernmental revenues	632,224	-	-	-
Total operating revenues	982,224	300,000	50,000	350,000
Operating Expenditures				
Village Greenway	407,165	301,870	104,178	406,048
Downtown Connector Greenway	1,658,032	-	446,086	446,086
Rocky River Greenway	248,191	-	16,797	16,797
Total operating expenditures	2,313,388	301,870	567,061	868,931
Deficiency of revenues over expenditures before transfers	(1,331,164)	(1,870)	(517,061)	(518,931)
Transfers In	1,331,164	693,415	637,749	1,331,164
Excess of revenues and transfers over expenditures	\$ -	\$ 691,545	\$ 120,688	\$ 812,233

TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Revenues				
Contributions	\$ 97,312	\$ -	\$ 97,312	97,312
Total operating revenues	97,312	-	97,312	97,312
Operating Expenditures				
Brookwood	250,000	124,740	-	124,740
Sidewalks	350,000	-	118,418	118,418
Burrage Rd Bridge Replacement	19,850	-	-	-
Resurfacing	281,427	-	255,781	255,781
Total operating expenditures	901,277	124,740	374,199	498,939
Deficiency of revenues over expenditures before transfers	(803,965)	(124,740)	(276,887)	(401,627)
Transfer In	803,965	525,000	278,965	803,965
Excess of revenues and transfers over expenditures	\$ -	\$ 400,260	\$ 2,078	\$ 402,338

GENERAL FUND CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Expenditures				
Capital outlay	\$ 60,000	\$ -	\$ -	\$ -
Total expenditures	60,000	-	-	-
Deficiency of revenues over expenditures before transfers	(60,000)	-	-	-
Transfer In	60,000	-	60,000	60,000
Excess of revenues and transfers over expenditures	\$ -	\$ -	\$ 60,000	\$ 60,000

FIRE AND LIFE SAFETY CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Expenditures				
Land	\$ 300,000	\$ -	\$ 6,030	\$ 6,030
Total operating expenditures	300,000	-	6,030	6,030
Deficiency of revenues over expenditures before transfers	(300,000)	-	(6,030)	(6,030)
Transfer In	300,000	120,000	180,000	300,000
Excess of revenues and transfers over expenditures	\$ -	\$ 120,000	\$ 173,970	\$ 293,970

Change in net assets:

Fire and Life Safety Capital Project Fund	\$ 173,970
2008 Debt Issuance Capital Project Fund (Statement 50)	<u>2,646,347</u>
	<u>\$ 2,820,317</u>

WELLNESS CENTER CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Expenditures				
Capital outlay	\$ 301,493	\$ -	\$ 110,423	\$ 110,423
Total operating expenditures	301,493	-	110,423	110,423
Deficiency of revenues over expenditures before transfers	(301,493)	-	(110,423)	(110,423)
Transfer In	301,493	297,823	3,670	301,493
Excess of revenues and transfers over expenditures	\$ -	\$ 297,823	\$ (106,753)	\$ 191,070

OAKWOOD CEMETERY CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Expenditures				
Capital outlay	\$ 157,890	\$ -	\$ -	\$ -
Total operating expenditures	157,890	-	-	-
Deficiency of revenues over expenditures before transfers	(157,890)	-	-	-
Transfer In	157,890	157,890	-	157,890
Excess of revenues and transfers over expenditures	\$ -	\$ 157,890	\$ -	\$ 157,890

ELECTRIC OPERATING FUND

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 59,842,864	\$ 59,842,864	\$ 61,096,920	\$ 1,254,056
Other operating revenues	590,747	666,520	823,563	157,043
Total operating revenues	60,433,611	60,509,384	61,920,483	1,411,099
Operating Expenditures				
Administration	832,739	723,934	547,969	175,965
Purchased power	40,845,000	40,845,000	40,640,316	204,684
Power line and plant	15,463,351	15,997,779	11,423,726	4,574,053
Total operating expenditures	57,141,090	57,566,713	52,612,011	4,954,702
Nonoperating Revenues (Expenditures)				
Capital outlay	(1,297,939)	(1,312,972)	(597,072)	715,900
Interest earned on investments	860,000	860,000	990,004	130,004
Debt service and capital lease payments	(2,288,992)	(2,288,992)	(2,280,885)	8,107
Appropriated Fund Balance	484,410	360,023	-	(360,023)
Gain on sale of capital assets	-	-	(15,957)	(15,957)
Other income	-	-	-	-
Total nonoperating expenditures	(2,242,521)	(2,381,941)	(1,903,910)	478,031
Income before capital contributions and transfers	1,050,000	560,730	7,404,562	6,843,832
Transfers In (Out)				
Transfers in	-	489,270	1,221,086	731,816
Transfers out	(1,050,000)	(1,050,000)	(1,050,000)	-
Excess of revenues over expenditures and transfers	\$ -	\$ -	7,575,648	\$ 7,575,648
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,690,080)	
Capital outlay			597,072	
Debt service			1,261,256	
Change in net assets			\$ 5,743,896	
Change in net assets:				
Electric Operating Fund			\$ 5,743,896	
2002 Revenue Bonds Capital Project Fund (Statement 33)			2,133	
2008 Revenue Bonds Capital Project Fund (Statement 34)			-	
			\$ 5,746,029	

2002 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, 2008

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Interest earned on investments	\$ 245,276	\$ 134,691	\$ 2,133	\$ 136,824
	<u>245,276</u>	<u>134,691</u>	<u>2,133</u>	<u>136,824</u>
Expenditures				
Capital Outlay:				
100 KV - Substation J	1,171,274	1,171,274	-	1,171,274
100 KV - Substation K	2,295,534	2,291,708	3,825	2,295,533
100 KV - Substation E	2,889,237	2,420,996	369,634	2,790,630
Sub C Conversion	178,552	178,551	-	178,551
Sub H Conversion	9,204	4,504	-	4,504
100 KV loop construction	130,928	17,802	920	18,722
Sub L Substation	309,269	121,721	30,731	152,452
Debt service reserve	4,872,797	-	-	-
Total expenditures	<u>11,856,795</u>	<u>6,206,556</u>	<u>405,110</u>	<u>6,611,666</u>
Deficiency of revenues over expenditures	<u>(11,611,519)</u>	<u>(6,071,865)</u>	<u>(402,977)</u>	<u>(6,474,842)</u>
Other Financing Sources				
Capital contributions	-	536,252	-	536,252
Operating Transfer In	1,635,215	1,635,215	-	1,635,215
Bond proceeds	9,976,304	9,629,929	-	9,629,929
	<u>11,611,519</u>	<u>11,801,396</u>	<u>-</u>	<u>11,801,396</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 5,729,531</u>	<u>(402,977)</u>	<u>\$ 5,326,554</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>405,110</u>	
Change in net assets			<u>\$ 2,133</u>	

2008 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, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital Outlay:				
100 KV - Substation K	\$ -	\$ 3,703	\$ (3,825)	\$ (122)
100 KV - Substation E	-	3,047	16,466	19,513
100 KV loop construction	-	920	(920)	-
Sub L Substation	1,352,000	159,400	581,302	740,702
Substation O	6,200,000	1,804,173	3,731,118	5,535,291
Sub A C & D switchgear	1,740,000	-	738,954	738,954
Cost of issuance	800,000	9,020	84,981	94,001
Total expenditures	10,092,000	1,980,263	5,148,076	7,128,339
Deficiency of revenues over expenditures	(10,092,000)	(1,980,263)	(5,148,076)	(7,128,339)
Other Financing Sources				
Bond proceeds	10,092,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (1,980,263)	(5,148,076)	\$ (7,128,339)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			5,148,076	
Change in net assets			\$ -	

WATER OPERATING FUND

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 17,169,357	\$ 17,156,557	\$ 17,100,357	\$ (56,200)
Other operating revenues	1,594,000	1,478,815	1,592,584	113,769
Total operating revenues	18,763,357	18,635,372	18,692,941	57,569
Operating Expenditures				
Water plants and lakes	6,367,549	6,799,469	5,389,773	1,409,696
Water line operation and maintenance	6,273,279	6,315,194	6,040,864	274,330
Total operating expenditures	12,640,828	13,114,663	11,430,637	1,684,026
Nonoperating Revenues (Expenditures)				
Interest earned on investments	500,000	756,420	966,026	209,606
Capital outlay	(4,298,046)	(1,652,646)	(795,974)	856,672
Debt service	(4,526,216)	(4,526,216)	(4,511,253)	14,963
Gain on sale of capital assets	-	-	6,105	6,105
Miscellaneous revenue	-	-	-	-
Appropriated Fund Balance	2,201,733	3,083,133	-	(3,083,133)
Total nonoperating expenditures	(6,122,529)	(2,339,309)	(4,335,096)	(1,995,787)
Income before capital contributions and transfers	-	3,181,400	2,927,208	(254,192)
Transfers In (Out)				
From General Fund	-	-	-	-
To Project Fund	-	(3,181,400)	(3,181,400)	-
Capital Contributions	-	-	3,413,162	3,413,162
Excess of revenues, capital contributions over expenditures	\$ -	\$ -	3,158,970	\$ 3,158,970
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,469,016)	
Capital outlay			795,974	
Debt service			2,542,503	
Change in net assets			\$ 3,028,431	
Change in net assets:				
Water Operating Fund			\$ 3,028,431	
2002 Revenue Bonds Capital Project Fund (Statement 36)			8,024	
2008 Revenue Bonds Capital Project Fund (Statement 37)			-	
Future Water Connections Capital Project Fund (Statement 38)			3,181,400	
			\$ 6,217,855	

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, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 104,836	\$ 506,694	\$ 8,024	\$ 514,718
Other revenue	254,000	254,000	-	254,000
	<u>358,836</u>	<u>760,694</u>	<u>8,024</u>	<u>768,718</u>
Expenditures				
Administrative	629,937	620,438	19,499	639,937
Capital Outlay:				
Capitalized Interest	663,789	663,788	-	663,788
Cost of issuance	9,667	9,667	-	9,667
Peak Shaving Generator	340,809	340,808	-	340,808
Hillgrove Treatment Plant	3,993,424	3,993,423	-	3,993,423
Highway 73 East Tank	1,104,508	1,104,508	-	1,104,508
Coddle Creek Plant Upgrade	5,868,288	5,868,288	-	5,868,288
Exposition Center Water Line	1,707,808	1,707,808	-	1,707,808
AMR Meter Project	982,162	982,162	-	982,162
Eastfield Water Line	3,881,811	3,881,811	-	3,881,811
Total expenditures	<u>19,182,203</u>	<u>19,172,701</u>	<u>19,499</u>	<u>19,192,200</u>
Loss before other financing sources	<u>(18,823,367)</u>	<u>(18,412,007)</u>	<u>(11,475)</u>	<u>(18,423,482)</u>
Other Financing Sources				
Capital contributions	50,000	50,000	-	50,000
Bond proceeds	18,773,367	15,913,415	-	15,913,415
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (2,448,592)</u>	<u>(11,475)</u>	<u>\$ (2,460,067)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>19,499</u>	
Change in net assets			<u>\$ 8,024</u>	

2008 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, 2008**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital Outlay:				
Meter replacement program	\$ 3,200,000	\$ -	\$ 2,749,276	\$ 2,749,276
Westside tank design & construction	4,500,000	-	-	-
Coddle Creek sludge removal	2,000,000	-	344,916	344,916
NC widening A&B	1,400,000	-	-	-
George Liles waterline	1,600,000	-	-	-
Total expenditures	12,700,000	-	3,094,192	3,094,192
Deficiency of revenues over expenditures	(12,700,000)	-	(3,094,192)	(3,094,192)
Other Financing Sources				
Bond proceeds	12,700,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(3,094,192)	\$ (3,094,192)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			3,094,192	
Change in net assets			\$ -	

FUTURE WATER CONNECTIONS CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Capital outlay	\$ 3,181,400	\$ -	\$ -	\$ -
Total operating expenditures	<u>3,181,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures before transfers	<u>(3,181,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer In	<u>3,181,400</u>	<u>-</u>	<u>3,181,400</u>	<u>3,181,400</u>
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>3,181,400</u>	<u>\$ 3,181,400</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>-</u>	
Change in net assets			<u>\$ 3,181,400</u>	

WASTEWATER OPERATING FUND

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 12,330,343	\$ 12,314,343	\$ 12,533,882	\$ 219,539
Restricted intergovernmental revenues	-	-	-	-
Other operating revenues	1,170,100	921,125	945,049	23,924
Total operating revenues	13,500,443	13,235,468	13,478,931	243,463
Operating Expenditures				
Wastewater line and plant	10,456,001	10,313,526	9,912,594	400,932
Total operating expenditures	10,456,001	10,313,526	9,912,594	400,932
Nonoperating Revenues (Expenditures)				
Interest earned on investments	192,000	305,000	378,645	73,645
Loan repayments	280,341	280,341	400,554	120,213
Capital outlay	(3,131,607)	(3,367,937)	(1,858,112)	1,509,825
Debt service	(2,803,798)	(2,803,798)	(2,787,478)	16,320
Gain on sale of capital assets	-	28,195	28,195	-
Other income	-	-	-	-
Appropriated Fund Balance	2,418,622	2,418,622	-	(2,418,622)
Total nonoperating expenditures	(3,044,442)	(3,139,577)	(3,838,196)	(698,619)
Loss before capital contributions and transfers in	-	(217,635)	(271,859)	(54,224)
Capital Contributions	-	-	2,959,115	2,959,115
Transfers In (Out)				
From General Fund	-	217,635	217,635	-
To Electric Fund	-	-	(731,816)	(731,816)
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	2,173,075	\$ 2,173,075
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,433,236)	
Capital outlay			1,858,112	
Debt service			1,788,515	
Principal payments received on notes			(366,930)	
Change in net assets			\$ 3,019,536	
Change in net assets:				
Wastewater Operating Fund			\$ 3,019,536	
2008 Revenue Bonds Capital Project Fund (Statement 40)			-	
			\$ 3,019,536	

2008 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, 2008**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital Outlay:				
Reedy Creek/Rocky River PS	\$ 4,000,000	\$ -	\$ 1,143,003	\$ 1,143,003
Total expenditures	4,000,000	-	1,143,003	1,143,003
Deficiency of revenues over expenditures	(4,000,000)	-	(1,143,003)	(1,143,003)
Other Financing Sources				
Bond proceeds	4,000,000	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(1,143,003)	\$ (1,143,003)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>1,143,003</u>	
Change in net assets			<u><u>\$ -</u></u>	

REGIONAL AIRPORT OPERATING FUND

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 9,033,416	\$ 11,033,416	\$ 11,342,082	\$ 308,666
Other operating revenues	59,320	65,971	64,562	(1,409)
Total operating revenues	9,092,736	11,099,387	11,406,644	307,257
Operating Expenditures				
Airport operation and maintenance	8,625,388	11,156,150	11,013,468	142,682
Total operating expenditures	8,625,388	11,156,150	11,013,468	142,682
Nonoperating Revenues (Expenditures)				
Interest earned on investments	98,000	98,000	113,468	15,468
Financing proceeds	7,550,000	-	-	-
Capital outlay	(11,825,720)	(7,557,276)	(3,652,450)	3,904,826
Debt service	(1,151,063)	(841,645)	(839,048)	2,597
Miscellaneous revenues	8,000	8,000	3,467	(4,533)
Appropriated Fund Balance	2,718,384	2,687,966	-	(2,687,966)
Total nonoperating expenditures	(2,602,399)	(5,604,955)	(4,374,563)	1,230,392
Income (loss) before capital contributions and transfers	(2,135,051)	(5,661,718)	(3,981,387)	1,680,331
Capital Contributions	485,095	3,406,095	1,826,930	(1,579,165)
Transfers In (Out)				
From Electric Fund	2,550,000	2,889,000	2,889,000	-
Among Airport Funds	(900,044)	(633,377)	(632,345)	1,032
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	102,198	\$ 102,198
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,170,170)	
Capital outlay			3,652,450	
Debt service			478,750	
Change in net assets			\$ 3,063,228	
Change in net assets:				
Regional Airport Operating Fund			\$ 3,063,228	
2008 Debt Issuance Capital Project Fund (Statement 50)			50,679	
First Concord Capital Project Fund (Statement 51)			106,896	
			\$ 3,220,803	

STORMWATER OPERATING FUND

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

Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 3,050,706	\$ 3,050,706	\$ 3,315,279	\$ 264,573
Other operating revenues	11,500	11,500	9,738	(1,762)
Total operating revenues	3,062,206	3,062,206	3,325,017	262,811
Operating Expenditures				
Stormwater operation and maintenance	2,900,677	2,550,677	2,076,217	474,460
Total operating expenditures	2,900,677	2,550,677	2,076,217	474,460
Nonoperating Revenues (Expenditures)				
Capital outlay	(392,736)	(392,736)	(278,597)	114,139
Interest earned on investments	8,000	8,000	73,691	65,691
Debt service and capital lease payments	-	-	-	-
Appropriated Fund Balance	223,207	223,207	-	(223,207)
Total nonoperating expenditures	(161,529)	(161,529)	(204,906)	(43,377)
Income before capital contributions and transfers	-	350,000	1,043,894	693,894
Transfers Out				
To Project Fund	-	(350,000)	(350,000)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	693,894	\$ 693,894
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,527,406)	
Capital outlay			278,597	
Change in net assets			\$ (554,915)	
Change in net assets:				
Stormwater Operating Fund			\$ (554,915)	
Stormwater Capital Project Fund (Statement 43)			350,000	
			\$ (204,915)	

STORMWATER CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Capital outlay	\$ 350,000	\$ -	\$ -	\$ -
Total operating expenditures	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures before transfers	<u>(350,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer In	350,000	-	350,000	350,000
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>350,000</u>	<u>\$ 350,000</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net assets			<u><u>\$ 350,000</u></u>	

GOLF COURSE OPERATING FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,300,839	\$ 1,300,839	\$ 1,118,660	\$ (182,179)
Other operating revenues	563,555	563,555	556,821	(6,734)
Total operating revenues	1,864,394	1,864,394	1,675,481	(188,913)
Operating Expenditures				
Professional services	892,060	892,060	930,204	(38,144)
Operating supplies	256,759	256,759	222,013	34,746
Maintenance	45,570	45,570	124,027	(78,457)
Other operating costs	432,738	432,738	304,360	128,378
Total operating expenditures	1,627,127	1,627,127	1,580,604	46,523
Nonoperating Revenues (Expenditures)				
Capital outlay	(75,000)	(75,000)	(40,584)	34,416
Interest earned on investments	-	-	20,861	20,861
Miscellaneous revenue	10,034	10,034	34,002	23,968
Total nonoperating revenues	(64,966)	(64,966)	14,279	79,245
Income before transfers	172,301	172,301	109,156	(63,145)
Transfers in (out)				
From general fund	829,187	829,187	892,088	62,901
Among golf course funds	(1,001,488)	(1,001,488)	(1,001,244)	244
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,430)	
Capital outlay			40,585	
Change in net assets			\$ 39,155	
Change in net assets:				
Golf Course Operating Fund			\$ 39,155	
First Concord Capital Project Fund (Statement 51)			507,267	
			\$ 546,422	

HOUSING DEPARTMENT OPERATING FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 300,000	\$ 300,000	\$ 274,298	\$ (25,702)
Restricted intergovernmental revenues	-	-	-	-
Total operating revenues	300,000	300,000	274,298	(25,702)
Operating Expenditures				
Administrative	471,619	892,593	523,784	368,809
Utilities	330,104	330,104	303,155	26,949
Housing maintenance and repairs	237,353	237,353	298,976	(61,623)
Total operating expenditures	1,039,076	1,460,050	1,125,915	334,135
Nonoperating Revenues (Expenditures)				
Operating subsidy	618,076	1,039,050	912,278	(126,772)
Interest earned on investments	10,000	10,000	10,425	425
Miscellaneous	11,000	11,000	7,719	(3,281)
Appropriated Fund Balance	-	-	-	-
Total nonoperating revenues	639,076	1,060,050	930,422	(129,628)
Income before transfer in	(100,000)	(100,000)	78,805	178,805
Transfer among funds	100,000	100,000	-	(100,000)
Excess of revenues and transfers over expenditures	\$ -	\$ -	78,805	\$ 78,805
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(257,524)	
Change in net assets			\$ (178,719)	
Change in net assets:				
Housing Operating Fund			\$ (178,719)	
Housing Capital Project Fund (Statement 46)			63,226	
			\$ (115,493)	

HOUSING CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay	\$ 737,342	\$ 915,426	\$ -	\$ 915,426
Other Financing Sources (Uses)				
Federal grants	839,342	1,648,021	63,226	1,711,247
Excess of other financing sources over expenditures	102,000	732,595	63,226	795,821
Transfers Out				
Housing Department Operating Fund	(102,000)	(1,803,274)	-	(1,803,274)
Excess of other financing sources over expenditures and transfers	\$ -	\$ (1,070,679)	63,226	\$ (1,007,453)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net assets			<u>\$ 63,226</u>	

TRANSIT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 803,593	\$ 650,727	\$ 182,495	\$ 833,222
Restricted intergovernmental revenues	320,372	320,372	254,418	574,790
Total operating revenues	1,123,965	971,099	436,913	1,408,012
Operating Expenditures				
Administrative	268,084	246,820	23,860	270,680
Professional services	7,149,887	5,233,994	1,774,569	7,008,563
Operating supplies	906,868	594,722	296,552	891,274
Miscellaneous	4,135	5,777	(3,121)	2,656
Total operating expenditures	8,328,974	6,081,313	2,091,860	8,173,173
Nonoperating Revenues (Expenditures)				
Operating subsidy	11,919,726	6,894,825	1,958,718	8,853,543
Capital outlay	(7,182,303)	(3,280,302)	(765,037)	(4,045,339)
Interest earned on investments	750	750	-	750
Deficiency of revenues over expenditures before transfers	(2,466,836)	(1,494,941)	(461,266)	(1,956,207)
Transfer In	2,466,836	1,925,211	568,761	2,493,972
Excess of revenues and transfers over expenditures	\$ -	\$ 430,270	107,495	\$ 537,765
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(275,282)	
Capital outlay			765,037	
Change in net assets			\$ 597,250	

INTERNAL SERVICE FUND

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

Year Ended June 30, 2008

	Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 1,909,104	\$ 1,914,500	\$ (5,396)
Professional services	1,425	390	1,035
Other expenses	614,748	501,082	113,666
Capital outlay	260,838	138,528	122,310
Building and grounds allocation	(2,786,115)	(2,385,172)	(400,943)
	-	169,328	(169,328)
Data Services			
Salaries and benefits	69,900	75,032	(5,132)
Professional services	870,832	800,737	70,095
Other expenses	424,518	402,226	22,292
Capital outlay	205,379	107,440	97,939
Data services allocation	(1,570,629)	(1,398,969)	(171,660)
	-	(13,534)	13,534
Fleet Services			
Salaries and benefits	759,039	822,533	(63,494)
Professional services	7,800	7,800	-
Other expenses	1,473,719	1,740,224	(266,505)
Capital outlay	74,800	72,441	2,359
Fleet services allocation	(2,315,358)	(2,576,317)	260,959
	-	66,681	(66,681)
Engineering			
Salaries and benefits	1,670,254	1,656,451	13,803
Professional services	81,660	62,004	19,656
Other expenses	205,776	158,639	47,137
Capital outlay	34,737	26,101	8,636
Engineering allocation	(1,992,427)	(1,885,258)	(107,169)
	-	17,937	(17,937)
Call Center			
Salaries and benefits	328,056	325,789	2,267
Other expenses	66,629	45,564	21,065
Capital outlay	9,375	4,926	4,449
Call center allocation	(404,060)	(375,800)	(28,260)
	-	479	(479)

(Continued)

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 Year Ended June 30, 2008

	Budget	Actual	Variance - Favorable (Unfavorable)
Billing			
Salaries and benefits	\$ 596,991	\$ 643,657	\$ (46,666)
Professional services	1,500	-	1,500
Other expenses	284,266	261,132	23,134
Capital outlay	48,089	42,385	5,704
Billing allocation	(930,846)	(910,272)	(20,574)
	<u>-</u>	<u>36,902</u>	<u>(36,902)</u>
Customer Service			
Salaries and benefits	807,563	859,361	(51,798)
Professional services	8,500	8,531	(31)
Other expenses	379,237	328,406	50,831
Capital outlay	9,375	4,926	4,449
Customer service allocation	(1,204,675)	(1,162,546)	(42,129)
	<u>-</u>	<u>38,678</u>	<u>(38,678)</u>
Warehouse Operations			
Salaries and benefits	492,784	513,623	(20,839)
Professional services	1,000	-	1,000
Other expenses	121,958	69,846	52,112
Capital outlay	8,000	8,100	(100)
Warehouse allocation	(623,742)	(576,541)	(47,201)
	<u>-</u>	<u>15,028</u>	<u>(15,028)</u>
Utilities Collection			
Salaries and benefits	210,896	235,628	(24,732)
Professional services	56,000	61,054	(5,054)
Other expenses	99,916	91,481	8,435
Capital outlay	9,375	4,926	4,449
Utilities collection allocation	(376,187)	(355,032)	(21,155)
	<u>-</u>	<u>38,057</u>	<u>(38,057)</u>
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>369,556</u>	<u>\$ (369,556)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		(345,228)	
Capital outlay		409,773	
Change in net assets before capital contributions		<u>\$ (305,011)</u>	
Change in net assets:			
Internal Service Fund		\$ (305,011)	
Fiber Optic Capital Project Fund (Statement 49)		-	
		<u>\$ (305,011)</u>	

FIBER PROJECT CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2008**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Expenditures				
Fiber project phase	\$ 244,000	\$ -	\$ -	\$ -
Total operating expenditures	<u>244,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over expenditures before transfers	<u>(244,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Transfer In	244,000	244,000	-	244,000
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 244,000</u>	<u>-</u>	<u>\$ 244,000</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net assets			<u>\$ -</u>	

2008 DEBT ISSUANCE CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Investment earnings	\$ -	\$ -	\$ 87,224	\$ 87,224
Total revenue	-	-	87,224	87,224
Expenditures				
Cost of issuance	15,000	-	15,300	15,300
Capital outlay:				-
Fire Station #9	5,600,000	544,594	2,643,830	3,188,424
North Taxiway	1,500,000	-	846,362	846,362
Fuel Farm	150,000	-	-	-
Hangar In Common	2,500,000	-	-	-
Land	3,385,000	-	3,287,924	3,287,924
Total expenditures	13,150,000	544,594	6,793,416	7,338,010
Deficiency of revenues over expenditures	(13,150,000)	(544,594)	(6,706,192)	(7,250,786)
Other Financing Sources				
Transfers in	200,000	338,717	(138,717)	200,000
Bond proceeds	12,950,000	-	12,950,000	12,950,000
Total other financing sources	13,150,000	338,717	12,811,283	13,150,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ (205,877)	6,105,091	\$ 5,899,214
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Business-type activities			4,141,935	
Financing proceeds - Business-type activities			(7,550,000)	
Change in net assets			\$ 2,697,026	
The change in net assets is allocated as follows:				
Fire & Life Safety Capital Project Fund			\$ 2,646,347	
Regional Airport Fund			50,679	
			\$ 2,697,026	

FIRST CONCORD CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,010,182	\$ 1,010,181	\$ -	\$ 1,010,181
Contribution	5,700	5,700	-	5,700
Investment earnings	501,018	1,180,014	62,380	1,242,394
Miscellaneous earnings	2,765	18,951	1,943	20,894
Total revenue	1,519,665	2,214,846	64,323	2,279,169
Expenditures				
Debt service	35,154,793	27,819,057	6,428,700	34,247,757
Cost of issuance	1,011,752	357,316	-	357,316
Administration	-	2,600	-	2,600
Capital outlay:				
Lake Concord Road Widening	6,483,344	6,483,344	-	6,483,344
International Drive Turnlane	463,935	446,544	-	446,544
Pitt School Turnlane	432,717	432,717	-	432,717
Roberta Church Turnlane	42,509	42,509	-	42,509
Central Drive Turnlane	1,578,292	1,578,292	-	1,578,292
Green Street Turnlane	57,294	57,294	-	57,294
Treatment Plant Turnlane	84,732	84,732	-	84,732
Roberta Road Intersection	424,167	424,167	-	424,167
Old Charlotte Intersection	391,561	391,561	-	391,561
Rock Hill Church Intersection	142,647	142,647	-	142,647
Municipal Parking Deck	3,769,950	3,769,949	-	3,769,949
Fire Station #7	2,591,493	2,591,493	-	2,591,493
Fire Station #8	2,402,535	2,402,535	-	2,402,535
Poplar Tent Park	930,257	930,257	-	930,257
Les Myers Park	1,300,580	1,300,580	-	1,300,580
Caldwell Park	1,545,553	1,545,553	-	1,545,553
Hartsell Recreation Center Addition	231,114	231,114	-	231,114
Academy Addition	331,097	331,097	-	331,097
McEachern Greenway	1,151,347	1,147,013	-	1,147,013
Village Greenway	-	-	475	475
JW McGee Junior Park	916,154	916,153	-	916,153

(Continued)

FIRST CONCORD CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 From Inception and for the Year Ended June 30, 2008

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Hangar E	1,696,047	1,696,047	-	1,696,047
Corporate Hangars	1,241,152	1,228,271	-	1,228,271
Police Headquarters	14,737,000	14,477,059	70,924	14,547,983
Communication equipment	1,164,326	1,160,722	-	1,160,722
Total expenditures	80,276,348	71,990,623	6,500,099	78,490,722
Deficiency of revenues over expenditures	(78,756,683)	(69,775,777)	(6,435,776)	(76,211,553)
Other Financing Sources				
Transfers in	36,772,930	29,487,078	5,231,722	34,718,800
Bond proceeds	41,983,753	42,252,894	-	42,252,894
Total other financing sources	78,756,683	71,739,972	5,231,722	76,971,694
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ 1,964,195	(1,204,054)	\$ 760,141
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Governmental activities			70,924	
Debt service principal payments			4,355,000	
Depreciation and amortization			(2,435,420)	
Change in net assets			\$ 786,450	
The change in First Concord net assets is allocated as follows:				
Debt Service Fund			\$ (1,470,446)	
Police Station Capital Project Fund			(9,561)	
Governmental activities			1,652,294	
Golf Course Fund			507,267	
Regional Airport Fund			106,896	
			\$ 786,450	

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2008

	Balance July 1, 2007	Addition	Deduction	Balance June 30, 2008
Joe Cannon Trust:				
Assets:				
Cash	\$ 8,988	\$ 47,170	\$ 47,897	\$ 8,261
Liabilities:				
Agency payable	\$ 8,988	\$ 47,170	\$ 47,897	\$ 8,261
Concord Convention Center:				
Assets:				
Cash	\$ (745,213)	\$ 745,110	\$ 29,866	\$ (29,969)
Sales tax receivable	6,016	-	6,016	-
Other receivable	739,197	-	739,197	-
Total assets	\$ -	\$ 745,110	\$ 775,079	\$ (29,969)
Liabilities:				
Agency payable	\$ -	\$ -	\$ 29,969	\$ (29,969)
Employee's Insurance Fund:				
Assets:				
Cash	\$ 1,733,293	\$ 5,740,804	\$ 4,929,069	\$ 2,545,028
Liabilities:				
Agency payable	\$ 1,733,293	\$ 5,740,804	\$ 4,929,069	\$ 2,545,028
Total agency funds:				
Assets:				
Cash	\$ 997,068	\$ 6,533,084	\$ 5,006,832	\$ 2,523,320
Sales tax receivable	6,016	-	6,016	-
Other receivable	739,197	-	739,197	-
Total assets	\$ 1,742,281	\$ 6,533,084	\$ 5,752,045	\$ 2,523,320
Liabilities:				
Agency payable	\$ 1,742,281	\$ 5,787,974	\$ 5,006,935	\$ 2,523,320

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2008

Fiscal Year	Uncollected Balance June 30, 2007	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2008
2007-2008	\$ -	\$ 37,819,888	\$ 37,086,369	\$ 733,519
2006-2007	685,249	-	469,317	215,932
2005-2006	202,515	-	75,271	127,244
2004-2005	153,730	-	42,214	111,516
2003-2004	29,964	-	57,504	(27,540)
2002-2003	711	-	11,661	(10,950)
2001-2002	(1,088)	-	11,878	(12,966)
2000-2001	62,878	-	6,165	56,713
1999-2000	(8,126)	-	2,814	(10,940)
1998-1999	18,935	-	1,651	17,284
1997-1998	15,255	-	15,255	-
	<u>\$ 1,160,023</u>	<u>\$ 37,819,888</u>	<u>\$ 37,780,099</u>	<u>1,199,812</u>
Less allowance for uncollectible ad valorem taxes receivable				299,953
Ad valorem taxes receivable				<u><u>\$ 899,859</u></u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 37,557,693	\$ 67,982	
Penalties, collected	100,326	62	
Taxes written off	52,853	16	
Total collections and credits	<u>\$ 37,710,872</u>	<u>\$ 68,060</u>	\$ 37,778,932
Interest billed and collected during the year			185,680
Taxes written off			(52,869)
Total Ad valorem taxes			<u><u>\$ 37,911,743</u></u>

ANALYSIS OF CURRENT LEVY
Year Ended June 30, 2008

Fiscal Year	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 7,655,494,079	0.4475	\$ 34,258,336	\$ 34,258,336	\$ -
Current year's rate, Motor vehicles	398,538,090	0.4475	1,783,397	-	1,783,397
Prior year taxes, Motor vehicles	225,882,515	0.4475	1,010,533	-	1,010,533
Penalties		-	93,619	93,619	-
Discoveries/additional listings:					
Current year taxes, City wide	213,166,257	0.4475	953,919	953,919	-
Current year's rate, Motor vehicles	2,428,531	0.4475	10,848	-	10,848
Prior year taxes, Motor vehicles	3,313,150	0.4475	14,789	-	14,789
Penalties		-	68,692	68,692	-
Abatements:					
Current year's rate, City wide	(74,170,950)	0.4475	(331,915)	(331,915)	-
Current year's rate, Motor vehicles	(7,321,144)	0.4475	(32,762)	-	(32,762)
Prior year taxes, Motor vehicles	(6,704,483)	0.4475	(29,999)	-	(29,999)
Penalties		-	(51,085)	(51,085)	-
Total for year	\$ 8,410,626,045		37,748,372	34,991,566	2,756,806
Less uncollected tax at June 30, 2008			729,944	438,806	291,138
Current year's taxes collected			\$ 37,018,428	\$ 34,552,760	\$ 2,465,668
Current levy collection percentage			98.07%	98.75%	89.44%
Distribution of levy:					
General Fund			\$ 37,748,372		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2008

	Reported Value	Fair Value
Cash		
On hand	\$ 31,850	\$ 31,850
Demand deposits	20,686,022	20,686,022
Certificates of deposit	4,369,111	4,369,111
Total cash	<u>25,086,983</u>	<u>25,086,983</u>
Investments		
North Carolina Capital Management Trust	19,376,089	19,386,263
Bankers Acceptance	989,533	993,380
FNMA Discount Notes	18,964,605	19,665,098
Federal Home Loan	21,757,974	21,892,938
Commercial Paper	20,677,288	20,834,060
US Treasury Bond	2,117,688	2,075,186
State Government Securities	6,300,000	6,300,000
Total investments	<u>90,183,177</u>	<u>91,146,925</u>
Total cash and investments	<u>\$ 115,270,160</u>	<u>\$ 116,233,908</u>
Distribution by Fund		
General Fund:		
Unrestricted	\$ 39,755,111	
Restricted	<u>9,635</u>	\$ 39,764,746
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		1,100,161
Community Development Fund		12,247
Section 108 Loan/BEDI Grant Fund		1,965,129
Home		530,159
Future Parks & Recreation Land		370,489
General Capital Reserve		3,372,951
Municipal Service District		361
Transportation Improvement Fund		2,097,697
Additional Vehicle Tax		33,044
Capital Project Funds:		
Police Station:		
Unrestricted	2,848,169	
Restricted	<u>10,025</u>	2,858,194
Parks (Unrestricted)		825,758
Transportation (Unrestricted)		520,755
General Fund Capital Project Fund (Unrestricted)		60,000
Fire and Life Safety (Unrestricted)		3,359,714
Wellness Center (Unrestricted)		276,956
Oakwood Cemetery (Unrestricted)		157,890

(Continued)

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2008

Distribution by Fund (Continued)		
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 12,033,440	
Restricted	<u>1,347,101</u>	\$ 13,380,541
Water Fund:		
Unrestricted	19,099,327	
Restricted	<u>2,267,133</u>	21,366,460
Wastewater Fund:		
Unrestricted	5,471,729	
Restricted	<u>2,215,482</u>	7,687,211
Regional Airport Fund (Unrestricted)		10,202,113
Stormwater Fund (Unrestricted)		1,980,605
Housing Department Fund (Unrestricted)		299,781
Transit Fund (Unrestricted)		372,227
Internal Service Fund (Unrestricted)		151,651
Agency Fund		<u>2,523,320</u>
Total reported value		<u><u>\$ 115,270,160</u></u>

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2008

	July 1, 2007	Increases	Decreases	June 30, 2008
Electric Fund				
Capital assets, not being depreciated:				
Land	\$ 891,160	\$ 459,884	\$ -	\$ 1,351,044
Construction in progress	6,010,114	5,167,261	210,524	10,966,851
Total capital assets, not being depreciated	<u>6,901,274</u>	<u>5,627,145</u>	<u>210,524</u>	<u>12,317,895</u>
Capital assets, being depreciated:				
Buildings	4,965,639	36,145	-	5,001,784
Improvements other than buildings	88,896,239	3,990,749	-	92,886,988
Machinery and equipment	6,134,350	516,232	176,576	6,474,006
Total capital assets, being depreciated	<u>99,996,228</u>	<u>4,543,126</u>	<u>176,576</u>	<u>104,362,778</u>
Accumulated depreciation:				
Buildings	3,077,587	157,823	-	3,235,410
Improvements other than buildings	36,532,717	2,703,174	-	39,235,891
Machinery and equipment	4,674,296	653,870	150,120	5,178,046
Total accumulated depreciation	<u>44,284,600</u>	<u>3,514,867</u>	<u>150,120</u>	<u>47,649,347</u>
Total capital assets, being depreciated, net	<u>55,711,628</u>	<u>1,028,259</u>	<u>26,456</u>	<u>56,713,431</u>
Electric Fund capital assets, net	<u>\$ 62,612,902</u>	<u>\$ 6,655,404</u>	<u>\$ 236,980</u>	<u>\$ 69,031,326</u>
Water Fund				
Capital assets, not being depreciated:				
Land	\$ 814,060	\$ 3,188,124	\$ 1,248,070	\$ 2,754,114
Construction in progress	14,883,793	-	-	14,883,793
Total capital assets, not being depreciated	<u>15,697,853</u>	<u>3,188,124</u>	<u>1,248,070</u>	<u>17,637,907</u>
Capital assets, being depreciated:				
Buildings	11,394,336	133,071	-	11,527,407
Improvements other than buildings	84,266,471	5,011,663	-	89,278,134
Machinery and equipment	2,194,545	265,146	37,005	2,422,686
Total capital assets, being depreciated	<u>97,855,352</u>	<u>5,409,880</u>	<u>37,005</u>	<u>103,228,227</u>
Accumulated depreciation:				
Buildings	6,639,356	493,117	-	7,132,473
Improvements other than buildings	23,279,977	2,513,406	-	25,793,383
Machinery and equipment	1,303,039	249,571	37,005	1,515,605
Total accumulated depreciation	<u>31,222,372</u>	<u>3,256,094</u>	<u>37,005</u>	<u>34,441,461</u>
Total capital assets, being depreciated, net	<u>66,632,980</u>	<u>2,153,786</u>	<u>-</u>	<u>68,786,766</u>
Water Fund capital assets, net	<u>\$ 82,330,833</u>	<u>\$ 5,341,910</u>	<u>\$ 1,248,070</u>	<u>\$ 86,424,673</u>

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2008

	July 1, 2007	Increases	Decreases	June 30, 2008
Wastewater Fund				
Capital assets, not being depreciated:				
Land	\$ 1,008,614	\$ -	\$ -	\$ 1,008,614
Construction in progress	1,909,332	1,744,952	1,875,141	1,779,143
Total capital assets, not being depreciated	<u>2,917,946</u>	<u>1,744,952</u>	<u>1,875,141</u>	<u>2,787,757</u>
Capital assets, being depreciated:				
Buildings	5,115,272	-	-	5,115,272
Improvements other than buildings	70,463,245	5,867,858	-	76,331,103
Machinery and equipment	1,772,187	222,562	104,947	1,889,802
Total capital assets, being depreciated	<u>77,350,704</u>	<u>6,090,420</u>	<u>104,947</u>	<u>83,336,177</u>
Accumulated depreciation:				
Buildings	2,715,137	46,353	-	2,761,490
Improvements other than buildings	17,676,821	1,896,589	-	19,573,410
Machinery and equipment	1,287,820	188,406	104,947	1,371,279
Total accumulated depreciation	<u>21,679,778</u>	<u>2,131,348</u>	<u>104,947</u>	<u>23,706,179</u>
Total capital assets, being depreciated, net	<u>55,670,926</u>	<u>3,959,072</u>	<u>-</u>	<u>59,629,998</u>
Wastewater Fund capital assets, net	<u>\$ 58,588,872</u>	<u>\$ 5,704,024</u>	<u>\$ 1,875,141</u>	<u>\$ 62,417,755</u>
Regional Airport Fund				
Capital assets, not being depreciated:				
Land	\$ 17,993,249	\$ 3,292,273	\$ 459,884	\$ 20,825,638
Construction in progress	5,721,636	4,147,361	1,664,682	8,204,315
Total capital assets, not being depreciated	<u>23,714,885</u>	<u>7,439,634</u>	<u>2,124,566</u>	<u>29,029,953</u>
Capital assets, being depreciated:				
Buildings	20,542,352	250,590	-	20,792,942
Improvements other than buildings	22,610,850	1,664,682	-	24,275,532
Machinery and equipment	2,750,743	11,311	-	2,762,054
Total capital assets, being depreciated	<u>45,903,945</u>	<u>1,926,583</u>	<u>-</u>	<u>47,830,528</u>
Accumulated depreciation:				
Buildings	4,288,947	867,332	-	5,156,279
Improvements other than buildings	4,015,212	427,511	-	4,442,723
Machinery and equipment	1,935,187	137,069	-	2,072,256
Total accumulated depreciation	<u>10,239,346</u>	<u>1,431,912</u>	<u>-</u>	<u>11,671,258</u>
Total capital assets, being depreciated, net	<u>35,664,599</u>	<u>494,671</u>	<u>-</u>	<u>36,159,270</u>
Regional Airport Fund capital assets, net	<u>\$ 59,379,484</u>	<u>\$ 7,934,305</u>	<u>\$ 2,124,566</u>	<u>\$ 65,189,223</u>

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2008

	July 1, 2007	Increases	Decreases	June 30, 2008
Stormwater Fund				
Capital assets, not being depreciated:				
Land	\$ 114,283	\$ -	\$ -	\$ 114,283
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>114,283</u>	<u>-</u>	<u>-</u>	<u>114,283</u>
Capital assets, being depreciated:				
Buildings	5,116	-	-	5,116
Improvements other than buildings	54,213,361	-	-	54,213,361
Machinery and equipment	756,535	278,597	-	1,035,132
Total capital assets, being depreciated	<u>54,975,012</u>	<u>278,597</u>	<u>-</u>	<u>55,253,609</u>
Accumulated depreciation:				
Buildings	469	512	-	981
Improvements other than buildings	2,747,178	1,380,192	-	4,127,370
Machinery and equipment	206,170	146,702	-	352,872
Total accumulated depreciation	<u>2,953,817</u>	<u>1,527,406</u>	<u>-</u>	<u>4,481,223</u>
Total capital assets, being depreciated, net	<u>52,021,195</u>	<u>(1,248,809)</u>	<u>-</u>	<u>50,772,386</u>
Stormwater Fund capital assets, net	<u>\$ 52,135,478</u>	<u>\$ (1,248,809)</u>	<u>\$ -</u>	<u>\$ 50,886,669</u>
Nonmajor Enterprise Funds				
Capital assets, not being depreciated:				
Land	\$ 11,725,624	\$ 124,529	\$ -	\$ 11,850,153
Construction in progress	169,223	61,381	169,223	61,381
Total capital assets, not being depreciated	<u>11,894,847</u>	<u>185,910</u>	<u>169,223</u>	<u>11,911,534</u>
Capital assets, being depreciated:				
Buildings	8,148,715	239,228	-	8,387,943
Machinery and equipment	7,426,342	1,022,707	152,011	8,297,038
Total capital assets, being depreciated	<u>15,575,057</u>	<u>1,261,935</u>	<u>152,011</u>	<u>16,684,981</u>
Accumulated depreciation:				
Buildings	3,648,530	281,275	-	3,929,805
Machinery and equipment	4,700,596	598,400	152,011	5,146,985
Total accumulated depreciation	<u>8,349,126</u>	<u>879,675</u>	<u>152,011</u>	<u>9,076,790</u>
Total capital assets, being depreciated, net	<u>7,225,931</u>	<u>382,260</u>	<u>-</u>	<u>7,608,191</u>
Nonmajor Enterprise Funds capital assets, net	<u>\$ 19,120,778</u>	<u>\$ 568,170</u>	<u>\$ 169,223</u>	<u>\$ 19,519,725</u>
Business-type activities capital assets, net	<u>\$ 334,168,347</u>	<u>\$ 24,955,004</u>	<u>\$ 5,653,980</u>	<u>\$ 353,469,371</u>

Statistical Section

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

	<u>Page</u>
Financial Trends These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	156
Revenue Capacity These tables contain information to help the reader assess the factors affecting the city's ability to generate its electric revenues and property taxes.	166
Debt Capacity These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	174
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	181
Operating Information These tables contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	184

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

CITY OF CONCORD, NORTH CAROLINA

**NET ASSETS BY COMPONENT,
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 336,721,224	\$ 326,719,238	\$ 326,920,735	\$ 309,986,003
Restricted	13,166,835	3,199,679	1,726,972	14,161,024
Unrestricted	20,621,655	27,947,308	27,409,054	33,933,025
Total governmental activities net assets	<u>\$ 370,509,714</u>	<u>\$ 357,866,225</u>	<u>\$ 356,056,761</u>	<u>\$ 358,080,052</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 118,483,339	\$ 111,465,919	\$ 131,359,965	\$ 134,962,615
Restricted	3,652,621	12,846,101	9,724,792	8,430,158
Unrestricted	26,711,060	36,101,647	34,559,284	44,878,471
Total business-type activities net assets	<u>\$ 148,847,020</u>	<u>\$ 160,413,667</u>	<u>\$ 175,644,041</u>	<u>\$ 188,271,244</u>
Primary government				
Invested in capital assets, net of related debt	\$ 455,204,563	\$ 438,185,157	\$ 458,280,700	\$ 444,948,618
Restricted	16,819,456	16,045,780	11,451,764	22,591,182
Unrestricted	47,332,715	64,048,955	61,968,338	78,811,496
Total primary government activities net assets	<u>\$ 519,356,734</u>	<u>\$ 518,279,892</u>	<u>\$ 531,700,802</u>	<u>\$ 546,351,296</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. This will become a ten (10) year schedule.

Table 1

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 284,946,314	\$ 269,225,599	\$ 299,422,732
1,401,030	1,732,787	2,000,450
27,394,767	47,184,219	52,092,724
<u>\$ 313,742,111</u>	<u>\$ 318,142,605</u>	<u>\$ 353,515,906</u>
\$ 202,771,280	\$ 224,285,478	\$ 247,374,035
-	-	-
57,039,952	59,665,695	55,299,614
<u>\$ 259,811,232</u>	<u>\$ 283,951,173</u>	<u>\$ 302,673,649</u>
\$ 487,717,594	\$ 493,511,077	\$ 546,796,767
1,401,030	1,732,787	2,000,450
84,434,719	106,849,914	107,392,338
<u>\$ 573,553,343</u>	<u>\$ 602,093,778</u>	<u>\$ 656,189,555</u>

CITY OF CONCORD, NORTH CAROLINA

**CHANGES IN NET ASSETS
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Expenses				
Governmental activities:				
General government	\$ 4,399,011	\$ 4,546,553	\$ 4,557,587	\$ 4,876,678
Public safety	19,032,754	20,091,084	21,523,893	22,594,274
Public works	23,266,498	24,824,155	26,934,935	27,309,037
Cultural & recreational	3,121,121	3,280,271	3,525,572	3,465,415
Planning & community development	3,446,174	3,710,036	3,214,575	3,459,007
Administration	403,673	433,935	477,794	540,718
Housing assistance Payments	2,676,489	3,151,869	3,149,939	3,231,539
Rehabilitation	760,562	953,413	603,691	897,186
Professional Services	-	-	23,183	49,974
Protective Services	41,252	58,334	-	-
Interest on long-term debt	2,027,985	2,850,591	1,525,505	1,685,824
Total governmental activities expenses	<u>59,175,519</u>	<u>63,900,241</u>	<u>65,536,674</u>	<u>68,109,652</u>
Business-type activities:				
Electric	39,070,593	41,331,094	43,493,600	45,875,830
Water	11,198,473	11,327,235	12,884,358	12,335,344
Wastewater	10,483,961	10,595,555	12,004,226	12,619,272
Regional airport	5,272,175	6,602,063	7,102,300	8,476,592
Stormwater *	-	-	-	-
Other non major business-type	4,783,574	3,137,548	3,919,178	4,897,152
Total business-type activities expenses	<u>70,808,776</u>	<u>72,993,495</u>	<u>79,403,662</u>	<u>84,204,190</u>
Total primary government expenses	<u>\$ 129,984,295</u>	<u>\$ 136,893,736</u>	<u>\$ 144,940,336</u>	<u>\$ 152,313,842</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 828,383	\$ 1,475,431	\$ 1,734,293	\$ 1,664,787
Public safety	545,127	513,134	581,284	579,516
Public works	89,459	65,789	33,353	38,964
Cultural and recreational	308,377	239,248	257,311	254,378
Planning and community development	236,596	268,738	292,747	270,777
Housing assistance	7,332	13,642	14,822	21,694
Rehabilitation	395,465	451,471	194,718	525,269
Operating grants and contributions	5,101,793	6,543,489	6,174,770	6,604,130
Capital grants and contributions	10,581,284	5,181,108	14,746,573	13,276,425
Total governmental activities program revenues	<u>18,093,816</u>	<u>14,752,050</u>	<u>24,029,871</u>	<u>23,235,940</u>

(Continued)

Table 2
Page 1 of 2

<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 4,788,163	\$ 4,240,566	\$ 3,217,768
23,013,748	25,711,447	29,389,987
26,382,096	28,358,904	30,592,926
3,686,163	4,097,842	4,263,979
3,504,571	2,214,193	2,612,748
513,157	444,287	526,464
3,177,960	3,081,332	3,251,666
3,027,682	2,529,418	1,586,145
-	-	-
-	-	-
2,108,260	1,760,202	1,815,914
<u>70,201,800</u>	<u>72,438,191</u>	<u>77,257,597</u>

49,358,049	54,551,657	57,480,622
13,532,054	14,559,911	16,915,149
12,393,861	12,598,417	13,381,789
9,849,839	9,948,799	13,106,629
3,045,795	3,097,290	3,613,613
5,312,094	5,827,627	5,842,740
<u>93,491,692</u>	<u>100,583,701</u>	<u>110,340,542</u>
<u>\$ 163,693,492</u>	<u>\$ 173,021,892</u>	<u>\$ 187,598,139</u>

\$ 1,724,914	\$ 1,957,522	\$ 1,851,370
615,923	717,881	925,384
-	-	-
261,141	266,775	268,988
629,386	890,214	1,247,480
32,107	14,085	4,438
629,192	858,730	1,327,157
6,455,832	6,735,548	7,589,562
<u>20,750,187</u>	<u>13,875,367</u>	<u>45,810,044</u>
<u>31,098,682</u>	<u>25,316,122</u>	<u>59,024,423</u>

CITY OF CONCORD

**CHANGES IN NET ASSETS
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Business-type activities:				
Charges for services				
Electric	\$ 43,957,801	\$ 46,526,293	\$ 48,828,093	\$ 50,625,078
Water	9,962,052	11,645,255	13,875,415	15,171,631
Wastewater	8,446,430	9,361,373	10,981,818	11,032,814
Regional airport	4,676,452	5,186,380	5,898,965	7,112,333
Stormwater *	-	-	-	-
Other non major business-type	1,852,961	1,830,160	1,778,627	1,824,525
Operating grants and contributions	657,932	702,066	3,570,403	2,015,190
Capital grants and contributions	7,646,435	7,476,831	6,614,817	7,937,240
Total business-type activities program revenues	<u>77,200,063</u>	<u>82,728,358</u>	<u>91,548,138</u>	<u>95,718,811</u>
Total primary government program revenue	<u>\$ 95,293,879</u>	<u>\$ 97,480,408</u>	<u>\$ 115,578,009</u>	<u>\$ 118,954,751</u>
Net (Expenses)/Revenue				
Governmental activities	\$ (41,081,703)	\$ (49,148,191)	\$ (41,506,803)	\$ (44,873,712)
Business-type activities	6,391,287	9,734,863	12,144,476	11,514,621
Total primary government net expense	<u>\$ (34,690,416)</u>	<u>\$ (39,413,328)</u>	<u>\$ (29,362,327)</u>	<u>\$ (33,359,091)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Ad Valorem taxes	\$ 25,611,830	\$ 26,486,974	\$ 27,085,722	\$ 30,055,475
Other taxes	7,985,401	8,098,765	11,227,814	11,721,923
Operating grants and contributions	2,336,785	3,072,778	2,794,866	2,729,405
Investment earnings	1,718,652	555,721	230,081	915,247
Miscellaneous gain (loss)	-	(913,044)	1,157,108	840,042
Transfers	(607,000)	(796,492)	(2,798,252)	634,911
Total governmental activities	<u>37,045,668</u>	<u>36,504,702</u>	<u>39,697,339</u>	<u>46,897,003</u>
Business-type activities				
Investment earnings	1,760,084	1,203,038	639,566	1,381,335
Miscellaneous gain (loss)	-	(167,746)	(351,920)	366,158
Transfers	607,000	796,492	2,798,252	(634,911)
Total business-type activities	<u>2,367,084</u>	<u>1,831,784</u>	<u>3,085,898</u>	<u>1,112,582</u>
Total primary government	<u>\$ 39,412,752</u>	<u>\$ 38,336,486</u>	<u>\$ 42,783,237</u>	<u>\$ 48,009,585</u>
Change in Net Assets				
Governmental activities	\$ (4,036,035)	\$ (12,643,489)	\$ (1,809,464)	\$ 2,023,291
Business-type activities	8,758,371	11,566,647	15,230,374	12,627,203
Total primary government	<u>\$ 4,722,336</u>	<u>\$ (1,076,842)</u>	<u>\$ 13,420,910</u>	<u>\$ 14,650,494</u>

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. This will become a ten (10) year schedule.

* Beginning in FY06 Stormwater is a business type fund. Prior to that it is shown in the General Fund.

Table 2
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<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 55,127,472	\$ 57,784,175	\$ 61,920,483
17,390,495	19,484,661	18,692,941
12,700,502	13,824,857	13,478,931
8,997,417	9,329,042	11,406,644
1,810,605	3,140,958	3,325,017
1,901,989	2,487,179	2,386,692
2,139,688	2,804,136	2,934,222
6,605,150	9,735,545	8,199,207
106,673,318	118,590,553	122,344,137
<u>\$ 137,772,000</u>	<u>\$ 143,906,675</u>	<u>\$ 181,368,560</u>
\$ (39,103,118)	\$ (47,122,069)	\$ (18,233,174)
13,181,626	18,006,852	12,003,595
<u>\$ (25,921,492)</u>	<u>\$ (29,115,217)</u>	<u>\$ (6,229,579)</u>
\$ 31,727,866	\$ 34,049,377	\$ 37,881,901
12,634,031	13,034,399	13,899,527
2,761,579	2,607,041	2,745,792
1,709,502	2,318,298	2,439,936
1,313,009	2,327,114	646,073
(55,380,810)	(2,813,666)	(4,006,754)
<u>(5,234,823)</u>	<u>51,522,563</u>	<u>53,606,475</u>
1,966,270	2,630,486	2,648,596
1,011,282	688,937	63,531
55,380,810	2,813,666	4,006,754
58,358,362	6,133,089	6,718,881
<u>\$ 53,123,539</u>	<u>\$ 57,655,652</u>	<u>\$ 60,325,356</u>
\$ (44,337,941)	\$ 4,400,494	\$ 35,373,301
71,539,988	24,139,941	18,722,476
<u>\$ 27,202,047</u>	<u>\$ 28,540,435</u>	<u>\$ 54,095,777</u>

CITY OF CONCORD, NORTH CAROLINA

**FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General Fund				
Reserved	\$ 1,411,680	\$ 7,145,160	\$ 8,172,614	\$ 8,308,384
Unreserved	18,097,594	16,208,148	21,644,578	19,948,744
Total general funds	<u>\$ 19,509,274</u>	<u>\$ 23,353,308</u>	<u>\$ 29,817,192</u>	<u>\$ 28,257,128</u>
All Other Governmental funds				
Reserved	\$ 432,213	\$ 829,431	\$ 934,740	\$ 552,950
Unreserved, reported in:				
Special revenue funds	1,241,892	(1,215,811)	652,760	2,335,541
Capital projects funds	6,064,880	1,731,623	18,202,726	6,234,835
Debt service funds	-	-	-	(2,611,040)
Total all other governmental funds	<u>\$ 7,738,985</u>	<u>\$ 1,345,243</u>	<u>\$ 19,790,226</u>	<u>\$ 6,512,286</u>

Table 3

Fiscal Year						
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
\$ 8,178,127	\$ 11,132,252	\$ 12,180,389	\$ 11,566,311	\$ 14,538,028	\$ 15,880,024	
18,849,387	17,171,540	19,425,095	24,307,105	27,675,793	30,965,709	
\$ 27,027,514	\$ 28,303,792	\$ 31,605,484	\$ 35,873,416	\$ 42,213,821	\$ 46,845,733	
535,286	\$ 1,214,546	\$ 13,809,540	\$ 777,171	\$ 2,451,186	\$ 380,095	
2,610,695	3,022,478	4,940,707	1,034,851	3,057,941	9,084,663	
3,614,027	1,664,011	1,602,900	3,716,367	2,949,736	7,204,539	
(1,543,890)	(4,259,168)	(2,917,940)	(2,928,767)	(2,771,661)	(4,242,107)	
\$ 5,216,118	\$ 1,641,867	\$ 17,435,207	\$ 2,599,622	\$ 5,687,202	\$ 12,427,190	

CITY OF CONCORD, NORTH CAROLINA

**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues				
Taxes	\$ 25,257,541	\$ 20,326,627	\$ 23,579,177	\$ 25,787,012
Other taxes	5,580,693	6,872,624	8,936,432	7,985,401
Unrestricted intergovernmental revenues	3,204,917	3,833,803	4,075,870	2,208,077
Restricted Intergovernmental revenues	4,274,809	4,632,026	5,290,374	5,155,645
Licenses, fees, and permits	837,125	945,442	908,844	945,704
Contributions, net of refunds	(9,157)	110,000	-	128,708
Investment earnings	1,305,924	1,456,325	1,635,775	1,250,417
Investment earnings restricted	34,972	106,495	190,355	41,148
Program income	282,968	164,765	268,393	402,797
Other revenues	2,125,582	1,629,314	1,526,786	1,468,905
Total revenues	42,895,374	40,077,421	46,412,006	45,373,814
Expenditures				
General government	3,083,074	2,451,277	2,999,180	3,422,366
Public safety	12,102,053	13,995,533	15,510,669	17,450,440
Public works	5,490,801	6,029,347	6,652,657	6,311,292
Cultural and recreational	1,547,630	2,356,494	2,705,964	3,030,065
Planning and community development	1,616,000	1,648,904	1,682,892	3,113,589
Administration	294,664	420,118	276,225	394,144
Housing assistance payments	1,581,389	1,974,644	1,689,147	2,676,489
Rehabilitation	502,003	423,092	736,203	760,562
Professional services	-	-	-	-
Protective services	113,590	128,924	76,563	41,252
Public services	21,426	87,743	12,238	-
Public facilities improvements	3,375	-	-	-
Capital outlay	10,129,283	11,474,543	10,547,291	16,720,834
Debt service				
Interest	572,077	1,047,205	813,032	750,310
Principal	1,533,458	1,999,752	2,719,883	4,930,478
Total expenditures	38,590,823	44,037,576	46,421,944	59,601,821
Excess of revenues over (under) expenditures	4,304,551	(3,960,155)	(9,938)	(14,228,007)
Other Financing Sources (Uses)				
Proceeds of installment purchase contracts	-	2,307,200	-	-
Debt issued	11,000,000	-	25,470,794	-
Refunding bonds issued	-	-	-	-
Operating transfers from component unit	91,732	98,771	-	-
Transfers in	1,025,645	2,904,859	2,617,794	5,877,520
Transfers out	(1,466,645)	(3,873,450)	(3,172,783)	(6,484,520)
Total Other Financing Sources (Uses)	10,650,732	1,437,380	24,915,805	(607,000)
Net change in fund balances	\$ 14,955,283	\$ (2,522,775)	\$ 24,905,867	\$ (14,835,007)
Debt service as a percentage of non capital expenditures	7.40%	9.36%	9.85%	13.25%

Table 4

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 26,363,349	\$ 27,034,919	\$ 29,944,032	\$ 31,590,195	\$ 34,215,412	\$ 37,911,743
8,098,765	11,227,814	11,721,923	12,634,031	13,034,399	13,899,527
2,190,806	2,468,473	2,216,581	2,370,415	2,563,097	2,745,792
7,382,635	6,622,348	7,543,542	7,294,501	8,301,691	8,416,850
1,548,846	1,901,077	1,810,650	1,860,604	2,124,094	2,055,273
496,272	(11,962)	-	-	-	147,312
555,721	230,081	915,247	1,709,502	2,318,298	2,439,936
12,244	11,900	22,562	20,460	71,580	82,799
465,113	209,540	546,963	661,299	872,815	1,327,157
1,136,437	1,306,182	1,782,727	2,641,356	3,908,482	2,668,896
48,250,188	51,000,372	56,504,227	60,782,363	67,409,868	71,695,285
3,359,490	3,174,553	3,557,999	3,536,022	2,854,944	3,021,404
18,563,975	20,229,685	21,063,625	21,492,133	24,200,346	25,995,498
6,340,360	7,755,198	7,721,365	7,704,046	9,271,991	9,804,616
3,025,981	3,321,160	3,252,320	3,489,498	3,900,738	3,870,407
3,637,961	3,201,518	3,433,787	3,487,888	2,194,719	2,540,302
433,935	477,794	540,718	513,157	444,287	526,464
3,151,869	3,149,939	3,231,539	3,177,960	3,081,332	3,251,666
953,413	603,691	897,186	3,027,682	2,529,418	1,586,145
39,112	23,183	49,974	1,662	-	-
19,222	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,675,625	4,294,814	5,469,582	13,545,494	6,313,426	6,955,436
402,852	268,950	686,309	1,010,025	560,949	1,815,914
4,573,707	4,410,482	4,244,702	5,101,402	5,296,127	4,322,779
50,177,502	50,910,967	54,149,106	66,086,969	60,648,277	63,690,631
(1,927,314)	89,405	2,355,121	(5,304,606)	6,761,591	8,004,654
-	-	-	794,543	900,936	5,400,000
198,027	410,875	16,105,000	-	-	1,974,000
-	-	-	-	-	-
-	-	-	-	-	-
5,438,734	3,370,872	7,492,150	6,526,804	8,118,956	10,983,594
(6,235,226)	(6,169,124)	(6,857,239)	(8,005,270)	(10,932,622)	(14,990,348)
(598,465)	(2,387,377)	16,739,911	(683,923)	(1,912,730)	3,367,246
\$ (2,525,779)	\$ (2,297,972)	\$ 19,095,032	\$ (5,988,529)	\$ 4,848,861	\$ 11,371,900

11.18%

10.04%

10.13%

11.63%

10.78%

10.82%

**NUMBER OF ELECTRIC CUSTOMERS BY TYPE,
Last Three Fiscal Years**

Fiscal Year	Residential	Commercial	Industrial	Total
2006	21,888	3,816	77	25,781
2007	22,874	3,997	72	26,943
2008	23,441	4,002	71	27,514

Note: This information was not available prior to FY06. This will become a ten (10) year schedule.

ELECTRIC RATES
Last Three Fiscal Years

	Fiscal Year		
	2006	2007	2008
<i>Residential Customers</i>			
Basic charges	\$ 7.87	\$ 7.87	\$ 7.87
Energy Charges per kWh (July - October)			
First 350	0.068348	0.070193	0.073572
Over 350	0.072245	0.074090	0.072121
Energy Charges per kWh (November - June)			
First 350	0.068348	0.070193	0.073572
Over 350	0.071791	0.073636	0.064837
<i>Commercial Customers</i>			
Basic Facilities Charge	10.88	10.88	15.75
Demand Charge per kW (over 30 kW of billing demand)	3.48	3.48	3.27
Energy Charge			
First 125 kWh per kW billing demand per month			
First 3,000	0.097250	0.099095	0.095361
Next 87,000	0.051491	0.053336	0.055878
Over 90,000	0.037937	0.039782	0.053880
Next 275 kWh per kW billing demand per month			
First 6,000	0.052794	0.054639	0.053179
Next 134,000	0.051580	0.053425	0.046879
Over 140,000	0.047676	0.049521	0.044880
All over 400 kWh per kW billing demand	0.045303	0.047148	0.043880
<i>Industrial Customers</i>			
Basic Facilities Charge	16.35	16.35	15.75
Demand Charge per kW (over 30 kW of billing demand)	3.45	3.45	3.07
Energy Charge			
First 125 kWh per kW billing demand per month			
First 3,000	0.096114	0.097959	0.088579
Next 87,000	0.052940	0.054785	0.051467
Over 90,000	0.037489	0.039334	0.049590
Next 275 kWh per kW billing demand per month			
First 140,000	0.049088	0.050933	0.043008
Over 140,000	0.442900	0.046135	0.041129
All over 400 kWh per kW billing demand	0.042383	0.044228	0.040189

Note: This information was not available prior to FY06. This will become a ten (10) year schedule.

**TEN LARGEST ELECTRIC CUSTOMERS,
June 30, 2008**

Customer	2008	
	Electric Revenue	Percentage of Total Electric Revenue
Concord Mills LLC	\$ 1,717,639	2.81 %
Legrand	1,483,950	2.42
Perdue Farms Inc	1,300,964	2.13
City of Concord	1,275,841	2.08
Cabarrus County Schools	1,225,262	2.00
Rocky River Water Treatment Plant	909,642	1.49
S&D Coffee	767,731	1.25
Cabarrus Plastics Mfg	723,554	1.18
Northeast Medical Center	733,143	1.20
Windstream	621,996	1.02
Total	<u>\$ 10,759,722</u>	<u>17.58 %</u>

Note: Information on the ten largest electric customers for nine years ago was not available. In future years, this comparative information will be presented as it becomes available.

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

Fiscal Year	Real Property			Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (3)
	Residential Property (1)	Commercial Property (2)	Industrial Property (2)				
1999	3,920,178,069	na	na	1,418,026,978	77,816,637	5,416,021,684	0.46
2000	3,338,326,673	na	na	1,462,334,330	75,546,547	4,876,207,550	0.42
2001	3,678,123,184	na	na	1,539,619,200	79,395,905	5,297,138,289	0.45
2002	3,954,204,079	na	na	1,632,640,703	103,038,552	5,689,883,334	0.45
2003	2,517,687,558	908,619,850	658,199,300	1,612,753,738	105,896,665	5,803,157,111	0.45
2004	2,505,076,501	945,109,900	680,144,410	1,704,945,305	92,385,143	5,927,661,259	0.45
2005	2,711,722,859	1,316,477,080	1,026,374,420	1,725,103,531	99,477,808	6,879,155,698	0.43
2006	3,145,193,005	1,335,093,953	1,037,318,170	1,709,254,154	95,850,302	7,322,709,584	0.43
2007	3,221,672,614	1,412,619,284	1,052,816,970	1,801,060,832	98,426,970	7,586,596,670	0.4475
2008	4,475,275,680	1,484,084,314	1,107,189,190	1,245,849,849	98,227,012	8,410,626,045	0.4475

Source: Cabarrus County Tax Office

- (1) Tax Exempt Property is subtracted from Residential Property
- (2) Commercial and Industrial Property estimates are as of January 1, 2006
- (3) Per \$100 of value

**DIRECT AND OVERLAPPING PROPERTY TAX RATES,
Last Ten Fiscal Years
(rate per \$100 of assessed value)**

Fiscal Year	Basic Rate	Overlapping Rates	
		Cabarrus County	Total
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
2003	0.45	0.56	1.01
2004	0.45	0.56	1.01
2005	0.43	0.53	0.96
2006	0.43	0.63	1.06
2007	0.4475	0.6289	1.0764
2008	0.4475	0.63	1.0775

Source: Cabarrus County Tax Office

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2008			1999		
	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed	Taxable Assessed	Rank	Percentage of Total City Taxable Assessed
	Value		Value %	Value		Value %
Phillip Morris	\$ 4,867,372	1	13.91 %	\$ 5,040,718	1	20.23 %
Concord Mills Mall Limited Partnership	813,335	2	2.32	-		-
Charlotte Motor Speedway LLC	733,502	3	2.10	366,523	2	1.47
Hendrick Motorsports Inc	580,631	4	1.04	-		-
JQH-Concord Development	214,482	5	0.70	-		-
Windstream	213,151	6	0.61	165,484	4	0.66
S&D Coffee Co.	144,687	7	0.38	-		-
Pass & Seymour, Inc	143,465	8	0.41	169,937	3	0.68
BFI Waste Systems of America	130,084	9	0.37	-		-
Shea Homes	126,696	10	0.37	-		-
Carolina Mall	-		-	158,094	5	0.63
Fieldcrest Cannon	-		-	73,071	6	0.29
CMS Development Corp.	-		-	72,353	7	0.29
Nolim Group	-		-	64,423	8	0.26
Troutman Land Investors	-		-	57,849	9	0.23
Concord LR Limited Partnership	-		-	56,461	10	0.28
Total	\$ 7,967,405		22.21 %	\$ 6,224,913		25.02 %

Source: Cabarrus County Tax Office

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 25,395,470	\$ 24,870,417	97.9%	\$ 507,773	\$ 25,378,190	99.9%
2000	20,628,680	19,899,697	96.5%	739,970	20,639,667	100.1%
2001	23,837,784	22,839,769	95.8%	948,256	23,788,025	99.8%
2002	25,719,073	25,068,758	97.5%	691,412	25,760,170	100.2%
2003	26,200,348	25,573,728	97.6%	662,516	26,236,244	100.1%
2004	26,821,016	26,168,438	97.6%	623,863	26,792,301	99.9%
2005	29,739,025	29,143,606	98.0%	505,304	29,648,910	99.7%
2006	31,617,094	31,020,263	98.1%	473,991	31,494,254	99.6%
2007	34,290,995	33,605,746	98.0%	469,317	34,075,063	99.4%
2008	37,819,888	37,086,369	98.1%	-	37,086,369	98.1%

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CITY OF CONCORD, NORTH CAROLINA

**RATIOS OF OUTSTANDING DEBT BY TYPE,
Last Ten Fiscal Years
(dollars in thousands, except per capita)**

Fiscal Year	Governmental activities				Business type activities			
	General				General			
	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes
1999	\$ 2,037	\$ 1,278	\$ 4,002	\$ 11,220	\$ 649	\$ 10,622	\$ 88,856	\$ 20,448
2000	3,039	1,172	4,002	10,255	1,174	9,428	87,370	19,415
2001	4,548	1,067	3,901	31,652	1,340	8,253	85,005	21,592
2002	3,185	963	3,795	29,513	628	7,097	82,520	20,353
2003	1,706	861	4,071	27,659	354	5,959	111,124	19,160
2004	1,464	759	3,944	25,436	28	4,846	105,887	17,799
2005	895	659	3,811	39,198	4,371	3,751	102,309	16,925
2006	1,214	560	3,672	35,856	4,144	2,700	98,561	15,174
2007	1,665	463	3,527	32,452	3,919	1,677	94,534	14,028
2008	6,577	367	3,376	28,865	11,055	678	90,359	13,260

Table 12

Total Primary Government	Percentage of Personal Income	Per Capita
\$ 139,112	4.20%	\$ 2,768
135,855	3.83%	2,427
157,358	4.06%	2,775
148,054	3.67%	2,565
170,894	4.15%	2,925
160,163	3.81%	2,706
171,919	3.87%	2,886
161,881	3.41%	2,680
152,265	2.95%	2,446
154,537	2.88%	2,390

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING,
Last Ten Fiscal Years**

General Bonded Debt Outstanding				Percentage of Total Taxable Assessed Value (1)	Per Capita (2)
Fiscal Year	Gross Bonded Debt	Debt Payable From Enterprise Revenue	Net Bonded Debt		
1999	\$ 11,900,000	\$ 10,622,165	\$ 1,277,835	0.03%	\$ 25.43
2000	10,600,000	9,428,375	1,171,625	0.03%	20.93
2001	9,320,000	8,253,135	1,066,865	0.03%	18.81
2002	8,060,000	7,096,806	963,194	0.02%	16.69
2003	6,820,000	5,959,390	860,610	0.02%	14.73
2004	5,604,999	4,845,522	759,477	0.02%	12.83
2005	4,410,000	3,750,568	659,432	0.01%	11.07
2006	3,260,000	2,699,527	560,473	0.01%	9.28
2007	2,140,002	1,677,035	462,967	0.01%	7.44
2008	1,044,999	678,089	366,910	0.01%	5.68

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

(1) See Table 5 for property value data.

(2) Population data can be found in Table 14.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2008

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Debt paid with property taxes			
City of Concord (1)	\$ 1,044,999	100%	\$ 1,044,999
Cabarrus County (2)	316,382,248	100%	<u>316,382,248</u>
Total			<u><u>\$ 317,427,247</u></u>

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

(2) Source: Cabarrus County Finance Department

CITY OF CONCORD, NORTH CAROLINA

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

(dollars in thousands, with the exception of the calculation for the current year)

	1999	2000	2001	2002
Debt Limit	\$ 433,282	\$ 390,097	\$ 423,771	\$ 455,191
Total net debt applicable to limit	36,379	35,609	60,689	55,199
Legal debt margin	\$ 396,903	\$ 354,488	\$ 363,082	\$ 399,992
Total net debt applicable to the limit as a percentage of debt limit	8%	9%	14%	12%

Table 15

Fiscal Year									
2003	2004	2005	2006	2007	2008				
\$ 464,253	\$ 474,213	\$ 550,332	\$ 585,817	\$ 606,928	\$ 672,850				
49,841	45,561	62,048	41,775	38,499	35,809				
\$ 414,412	\$ 428,652	\$ 488,284	\$ 544,042	\$ 568,429	\$ 637,041				
11%	10%	11%	7%	6%	5%				

Legal Debt Margin Calculation for Fiscal Years

Total assessed value	<u>\$ 8,410,626,045</u>
Debt limit (8% of assessed value)	<u>672,850,084</u>
Debt applicable to limit:	
General Obligation bonds	1,044,999
Installment purchase notes	17,631,873
Installment notes	42,125,000
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(24,992,789)</u>
Total net debt applicable to limit	<u>35,809,083</u>
Legal Debt Margin	<u>\$ 637,041,001</u>
Net debt as a % of assessed values	0.43%

**PLEGGED-REVENUE COVERAGE,
Last Eight Fiscal Years
(dollars in thousands)**

Water Revenue Bonds							
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2001	\$ 10,563	\$ 8,519	\$ 2,044	\$ 1,117	\$ 2,575	0.55	
2002	9,962	9,715	247	1,169	2,745	0.06	
2003	11,645	9,834	1,811	1,351	2,052	0.53	
2004	13,875	10,749	3,126	1,330	2,254	0.87	
2005	15,172	10,232	4,940	1,479	2,184	1.35	
2006	17,390	13,532	3,858	1,944	2,108	0.95	
2007	19,485	14,560	4,925	2,038	2,027	1.21	
2008	18,693	16,869	1,824	2,114	1,931	0.45	

Wastewater Revenue Bonds							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2001	\$ 9,049	\$ 8,402	\$ 647	\$ 897	\$ 1,714	0.25	
2002	8,446	9,155	(709)	966	1,673	(0.27)	
2003	9,361	9,352	9	1,234	1,088	0.00	
2004	10,982	10,633	349	1,116	1,210	0.15	
2005	11,033	11,270	(237)	1,171	1,157	(0.10)	
2006	12,701	12,394	307	1,223	1,102	0.13	
2007	13,825	12,598	1,227	1,363	1,041	0.51	
2008	13,479	13,345	134	1,552	855	0.06	

Electric Revenue Bonds							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2001	\$ 48,930	\$ 34,547	\$ 14,383	\$ 709	\$ 1,540	6.40	
2002	43,958	38,521	5,437	740	1,508	2.42	
2003	46,526	40,354	6,172	905	1,096	3.08	
2004	48,828	42,318	6,510	857	1,193	3.18	
2005	50,625	44,719	5,906	663	1,153	3.25	
2006	55,127	49,358	5,769	1,064	1,110	2.65	
2007	57,784	54,552	3,232	1,109	1,064	1.49	
2008	61,920	57,322	4,598	1,158	1,009	2.12	

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. This will become a ten (10) year schedule.

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years**

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
1999	50,258	\$ 3,310,044	\$ 27,736	18,469	1.9%
2000	55,977	3,545,395	29,279	18,237	2.6%
2001	56,710	3,871,172	29,579	19,088	4.1%
2002	57,726	4,029,671	29,499	20,900	5.6%
2003	58,417	4,116,291	29,431	21,763	5.5%
2004	59,185	4,199,579	30,572	22,446	7.7%
2005	59,561	4,441,339	31,871	23,906	4.6%
2006	60,402	4,752,216	33,161	23,684	4.1%
2007	62,246	5,157,773	33,717	26,483	3.9%
2008 (5)	64,653	5,364,084	34,391	28,579	6.4%

- (1) U.S. Census Bureau.
- (2) Bureau of Economic Analysis. Information only available at the County level.
- (3) Cabarrus County School Board Accountability Office
- (4) Based on monthly average per Employment Security Commission of N.C.
- (5) Information not yet available for personal income. Estimated amounts based on 4% increase from prior year.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2008			1999		
	Employees *	Rank	Percentage of Total City Employment	Employees *	Rank	Percentage of Total City Employment
Carolina Medical Center-NorthEast	4,324	1	6.08%	-		-
Cabarrus County Schools	3,951	2	5.56%	-		-
Phillip Morris	2,600	3	3.66%	1,802	2	2.57%
Kannapolis City Schools	925	4	1.30%	-		-
City of Concord	898	5	1.20%	-		-
Cabarrus County	763	6	1.07%	-		-
Connexions	750	7	1.06%	-		-
Shoe Show	650	8	0.91%	-		-
Windstream	650	9	0.91%	-		-
North Carolina Government	550	10	0.77%	-		-
Fieldcrest Cannon Inc	-		-	6,860	1	9.80%
PMI (Plastics Manufacture, Inc.)	-		-	817	3	1.17%
Terry Products	-		-	530	4	0.76%
Bangle Brothers	-		-	370	5	0.53%
Arrowood Mills	-		-	275	6	0.39%
S & D Coffee	-		-	231	7	0.33%
Pacer Manufacturing Co	-		-	210	8	0.30%
LeGrand	-		-	200	9	0.29%
Fun Tees	-		-	200	10	0.29%
	<u>16,061</u>		<u>22.52%</u>	<u>11,495</u>		<u>16.43%</u>

Source: Cabarrus County Finance
 * Labor Force www.cabarrusedc.com

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**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM,
Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund							
General Government							
Public Service Administration	2.00	2.00	2.00	2.00	2.00	2.00	2.00
City Manager's Office	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Human Resources	6.75	5.75	5.88	6.00	7.00	7.00	8.00
Finance	13.00	12.19	12.00	12.00	12.75	13.00	13.00
Tax	3.00	4.00	3.00	4.00	4.00	4.75	5.00
Legal	1.25	1.25	2.63	3.01	4.00	4.00	5.00
Non-Departmental	-	-	-	-	-	-	-
Public Safety							
Police	143.00	148.00	154.00	154.50	160.00	161.50	175.25
Code Enforcement	-	-	-	-	-	7.00	7.00
Communications	24.50	20.50	20.50	20.50	20.94	20.94	22.50
Radio Shop	-	4.00	3.70	3.70	4.20	4.70	4.70
Fire & Life Safety	154.35	154.35	154.65	154.65	154.65	159.63	184.10
Transportation							
Street & Traffic	20.00	20.00	20.00	20.00	23.50	26.00	27.00
Powell Bill	-	-	-	-	-	-	-
Traffic Services	6.00	6.00	6.00	6.00	5.00	5.83	6.00
Traffic Signals	3.00	3.00	2.66	1.75	2.50	3.00	3.00
Solid Waste & Recycling	32.00	32.00	31.33	31.00	32.49	34.00	37.00
Cemeteries	-	-	-	8.00	8.00	8.00	8.00
Other Public Works							
Economic Development							
Business & Neighborhood Services	24.36	24.00	19.50	18.50	15.50	8.50	9.00
Transportation (Contract)	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Development Services	-	-	5.00	6.00	9.00	9.00	10.00
Culture & Recreation							
Parks and recreation	18.02	19.34	19.37	19.37	20.81	21.00	22.75
Parks and recreation Aquatics (seasonal staff)	-	-	-	-	-	-	-
Total FTE General Fund	457.23	462.38	468.22	476.98	492.34	505.85	555.30

(Continued)

**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM,
Last Seven Fiscal Years**

	Fiscal Year						
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<i>Other Funds</i>							
Municipal Service District Fund	-	-	-	-	-	-	-
Home Consortium Fund	1.50	1.50	1.00	1.00	1.50	1.50	1.50
Transportation Improvement Fund	-	-	-	-	-	-	-
CDBG	1.50	1.50	1.50	1.50	2.00	1.50	1.50
Addl. \$5 Vehicle Tax (Transit Fund)	-	-	-	-	-	-	-
Stormwater	14.00	14.00	13.66	15.00	15.00	18.00	21.00
Electric							
Electric Administration	2.00	2.00	2.00	2.00	2.00	2.00	3.00
Purchased Power	-	-	-	-	-	-	-
Powerlines Maintenance	16.00	15.00	14.00	14.00	14.00	14.00	13.00
Tree Trimming	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Electric Construction	41.00	42.00	42.00	36.00	36.00	34.00	34.00
Peak Shaving	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Electric Engineering	-	-	-	6.00	6.00	6.00	6.00
Utility Locate Services	-	-	-	-	-	4.50	5.00
Water Resources							
Hillgrove Water Treatment Plant	16.50	16.50	14.50	14.50	14.50	14.50	14.50
Coddle Creek Water Treatment Plant	15.50	15.50	15.50	15.50	15.50	15.50	15.50
Waterlines Operations & Maintenance	31.00	31.00	33.00	33.00	36.50	37.00	37.00
Public Transit							
Rider Transit System	-	-	-	-	-	-	-
Wastewater Resources	29.00	29.00	29.00	29.00	29.00	29.50	31.00
Golf Course (contract)	-	-	-	-	-	-	-
Internal Services							
Utility Collections	5.00	4.00	5.00	5.00	5.00	5.00	5.00
Data Services	-	-	-	1.00	1.00	1.00	1.00
Billing	17.00	17.00	16.00	16.00	15.00	14.00	13.00
Customer Service	14.00	14.00	14.00	14.00	15.00	15.00	17.00
Engineering	26.63	28.00	28.00	28.00	27.00	27.92	28.00
Fleet Services	15.00	14.00	13.00	13.00	14.00	14.00	14.00
Purchasing	11.00	11.00	9.00	9.00	9.00	9.00	9.00
Customer Care Center	6.15	6.15	6.15	6.15	6.15	6.90	7.95
Buildings & Grounds	43.54	43.12	42.75	37.75	37.43	38.69	41.50
Aviation	33.00	33.00	36.33	36.33	36.33	37.59	38.50
Public Housing	10.00	11.81	12.00	12.00	13.00	16.00	16.00
Total FTE Other Fund	360.32	361.08	359.39	356.73	361.91	374.10	385.95
Total	817.55	823.46	827.61	833.71	854.25	879.95	941.25

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. This will become a ten (10) year schedule.

Source: City of Concord Budget Department

CITY OF CONCORD, NORTH CAROLINA

**OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Police				
Physical arrests	N/A	5,697	6,165	6,658
Parking violations	N/A	N/A	N/A	N/A
Traffic violations	N/A	6,410	6,955	8,468
Communications				
Calls received	62,954	66,123	64,810	74,783
Fire				
Emergency responses	N/A	6,689	5,950	6,421
Fires extinguished	N/A	318	323	292
Inspections	N/A	3,269	3,386	2,258
Education classes conducted	N/A	875	960	879
Customer Care Center				
Calls answered	N/A	N/A	N/A	N/A
Solid Waste & Recycling				
Refuse collected (tons per day) (1)	161	200	60	58
Recyclables collected (tons per day) (1)	7	65	12	19
Other Public Works				
Street resurfacing (miles)	N/A	29	35	23
Potholes repaired	N/A	436	318	400
NCDOT signalized street lights	N/A	N/A	N/A	N/A
NCDOT road (Non Interstate)	N/A	N/A	N/A	N/A
Economic Development				
Single family residential (4)	1,055	605	686	617
Single family attached in units	N/A	N/A	49	3
Two family residential in units (4)	20	1	7	2
Commercial building permits issued	202	248	160	122
Parks and recreation				
% Cost recovery Adult programs	N/A	N/A	N/A	35
Youth participation	N/A	N/A	N/A	N/A
Rec center attendance	N/A	N/A	N/A	N/A
Stormwater				
Accounts	N/A	N/A	N/A	N/A
Electric				
Accounts	N/A	21,925	23,141	23,819
Average megawatt hours daily use (3)	N/A	1,708	1,726	1,860
Substations	11	12	12	12
Water				
Accounts	N/A	23,617	24,984	26,117
Water Main Breaks	N/A	N/A	N/A	N/A
Average daily consumption (mgd)	N/A	N/A	N/A	N/A
Peak daily consumption (mgd)	N/A	N/A	N/A	N/A

(Continued)

Table 20
Page 1 of 2

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
6,236	6,864	7,223	4,914	7,749	10,113
N/A	N/A	1,393	1,163	2,990	3,879
7,508	7,501	9,011	8,461	15,775	16,293
81,465	82,151	88,082	89,180	101,130	107,265
6,534	6,284	6,291	6,304	6,870	7,310
365	290	325	390	404	378
2,927	4,409	2,857	3,155	3,648	5,137
729	725	775	918	927	389
N/A	9,416	115,832	127,747	136,958	151,419
85	71	91	86	93	92
8	8	9	8	9	11
38	6	26	8	9.83	11
377	585	370	226	199	60
N/A	N/A	N/A	N/A	92	78
N/A	N/A	N/A	N/A	86.75	89
543	607	693	1,007	524	614
7	8	44	N/A	53	146
1	2	1	2	1	1
117	175	130	118	27	128
71	80	86	89	87	90
2,843	3,186	5,488	10,220	10,367	9,127
61,237	64,755	66,700	68,751	71,625	73,227
N/A	N/A	N/A	25,477	26,639	28,935
24,224	24,537	24,933	26,194	26,945	27,514
1,878	1,992	2,083	2,132	2,132	2,272
12	12	12	12	12	14
26,930	27,836	28,993	31,130	32,629	33,988
N/A	N/A	N/A	N/A	73	65
N/A	N/A	N/A	N/A	10.67	10.3
N/A	N/A	N/A	N/A	12.73	11.2

CITY OF CONCORD, NORTH CAROLINA

**OPERATING INDICATORS BY FUNCTION/PROGRAM,
Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Transit				
Average daily use	N/A	N/A	N/A	N/A
Days of operation	N/A	N/A	N/A	N/A
Wastewater				
Accounts	N/A	20,374	21,673	22,807
Average daily treatment (thousands of gallons)	N/A	N/A	7,111	8,128
Golf Course				
Total Green Fee Rounds (5)	35,463	34,462	30,236	30,338
Cart Fee Rounds	34,103	31,138	26,160	24,981
Tournaments hosted	N/A	54	51	48
Aviation				
Avgas (annual gallons)	N/A	N/A	N/A	285,305
Jeta (annual gallons)	N/A	N/A	N/A	1,425,787
Operations = take off & landing (2)	N/A	N/A	N/A	65,141
Tax Base listings				
T Hanger	N/A	N/A	N/A	63
HIC	N/A	N/A	N/A	25
Tiedown	N/A	N/A	N/A	34
Corporate	N/A	N/A	N/A	3
Ground	N/A	N/A	N/A	4
Office	N/A	N/A	N/A	11
Public Housing				
Units in use	174	174	174	174
Housing Choice Vouchers	534	534	534	534

Note: Information obtained from various departmental staff in the City of Concord.

- (1) For fiscal year ending 97-00 number include commercial industrial tonnages
- (2) Control tower hours of operation 0700-0000
- (3) From Annual EIA 861 which is based on calendar year information
- (4) Beginning in FY 99 Residential subdivided into Single Family, Two Family, Multi-Family
- (5) Green Fee rounds have been converted to 18 hole rounds

Table 20
Page 2 of 2
(Continued)

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
N/A	602	893	1,122	1,202	1,239
N/A	54	260	270	304	307
23,210	24,181	25,417	27,550	29,050	30,423
8,363	8,541	8,159	8,048	8,071	7,741
27,727	30,210	29,920	31,657	35,018	33,663
23,736	29,001	27,226	27,571	29,978	27,760
48	60	51	63	73	67
291,936	355,297	330,900	309,740	277,269	278,882
1,579,367	1,746,389	1,904,926	1,858,589	1,926,918	2,093,295
66,782	68,914	67,416	63,084	64,660	70,519
65	64	67	65	67	67
22	26	30	29	40	41
34	36	38	34	42	51
5	5	5	5	6	6
5	7	8	7	8	8
17	15	18	18	18	23
174	174	174	174	174	174
534	534	534	534	534	534

CITY OF CONCORD, NORTH CAROLINA

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAMS,
Last Ten Fiscal Years**

Function/Program	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Police				
Stations	1	1	1	1
Patrol Units	N/A	N/A	N/A	90
Fire				
Stations	6	6	7	8
Fire Units	10	10	13	14
Solid Waste & Recycling				
Refuse collection trucks	N/A	N/A	N/A	N/A
Other Public Works				
Paved streets (miles)	260	266	276	283
Signalized Street	N/A	N/A	N/A	N/A
Control Beacons	N/A	N/A	N/A	N/A
Parks and recreation				
Facilities (City owned):				
Parks (acreage)	N/A	N/A	6	13
Playgrounds	5	5	5	14
Gymnasiums	3	3	3	3
Basketball courts	6	7	7	9
Tennis courts	9	11	15	14
Playing fields	4	11	13	28
Swimming pool	1	1	1	1
Green Way	N/A	N/A	N/A	N/A
Walking Trails	N/A	N/A	N/A	N/A
Stormwater				
Storm Sewers (miles)	N/A	N/A	N/A	N/A
Electric				
Substations	11	12	12	12
Water				
Water Mains (miles)	N/A	N/A	N/A	N/A
Fire hydrants	N/A	N/A	N/A	N/A
Storage capacity (millions of gallons)	11	11	11	13
Transit				
Buses	N/A	N/A	N/A	N/A
Wastewater				
Sanitary sewers (miles)	N/A	N/A	N/A	N/A
Treatment capacity (thousands of gallons)	N/A	2,595,450	2,966,569	3,052,661
Golf Course	1	1	1	1
Aviation				
Terminal	1	1	1	1
T Hangars	33	33	67	67
Corporate Hangar	N/A	N/A	N/A	2
Hanger in Common	1	2	3	4
Acreage approximately	N/A	N/A	N/A	N/A
Public Housing				
Units	174	174	174	174

Source: City of Concord Finance Department

Table 21

Fiscal Year					
<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1	1	1	1	1	1
98	104	110	116	116	120
8	8	8	8	8	8
14	14	14	14	14	14
N/A	N/A	N/A	N/A	23	23
285	293	300	308	311.55	321
12	12	13	13	13	13
N/A	N/A	N/A	8	6	6
13	13	83	101	101	101
14	14	14	14	14	14
3	3	3	3	3	3
9	9	9	9	9	9
14	14	14	14	14	14
28	28	28	28	28	28
1	1	1	1	1	1
N/A	1	1	2	2	2
N/A	3	3	3	3	3
N/A	N/A	N/A	N/A	N/A	86.18
12	12	12	12	12	14
N/A	N/A	N/A	N/A	628	658
N/A	N/A	N/A	N/A	3910	4219
14	14	14	14	14	14
N/A	N/A	8	8	8	8
455	458	462	475	500	516
3,117,292	2,978,056	2,937,536	2,946,068	3,340,866	2,825,589
1	1	1	1	1	1
1	1	1	1	1	1
67	67	67	67	67	67
2	2	2	2	2	2
5	5	5	6	6	7
N/A	N/A	N/A	N/A	585	625
174	174	174	174	174	174

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, as of and for the year ended June 30, 2008, which collectively comprises the City of Concord's basic financial statements, and have issued our report thereon dated October 30, 2008. We did not audit the financial statements of the City of Concord ABC Board. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of the City of Concord ABC Board were not audited in accordance with *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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Concord's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

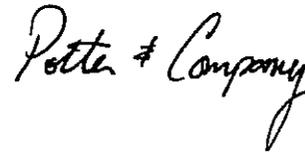
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.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

Compliance and Other Matters

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

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

October 30, 2008
Monroe, North Carolina

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited the compliance of the City of Concord, 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, 2008. 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; and 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 programs for the year ended June 30, 2008.

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

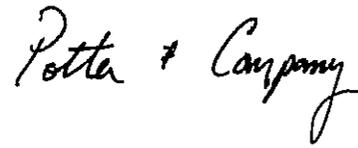
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal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

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

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

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

October 30, 2008
Monroe, North Carolina

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POTTER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Compliance

We have audited the compliance of the City of Concord, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2008. The City of Concord's major State 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 State 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; and applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City 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 State programs for the year ended June 30, 2008.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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

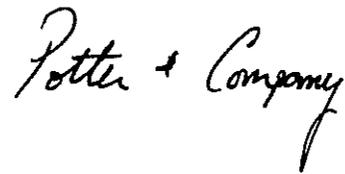
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State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

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

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

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

October 30, 2008
Monroe, North Carolina

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CITY OF CONCORD, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2008**

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-04-MC-37-0012	\$ 187,569	\$ -	\$ -
	14.218	B-05-MC-37-0012	82,944	-	414
	14.218	B-06-MC-37-0012	130,870	-	543
	14.218	B-07-MC-37-0012	54,783	-	128,628
			456,166	-	129,585
HOME Program - Program Income	14.239	M-02-DC-370209	35,904	-	1,200
	14.239	M-03-DC-370209	150,900	-	1,500
	14.239	M-04-DC-370209	214,847	-	15,684
	14.239	M-05-DC-370209	210,307	-	119,794
	14.239	M-06-DC-370209	178	-	236,564
	14.239	M-07-DC-370209	14,246	-	145,712
			626,382	-	520,454
Public Housing: Operating subsidy	14.850	A-3249	932,143	-	-
Public Housing Capital Fund	14.852	NC19P00850105	1,845	-	-
	14.852	NC19P00850106	61,381	-	-
			63,226	-	-
Section 8, Housing Assistance Payments for Housing Vouchers	14.871	A-3344-V	3,598,447	-	-
Ross Homeownership Grant	14.870	NC008RHH003A005	96,896	-	-
	14.870	NC008RFS018A005	38,116	-	-
			135,012	-	-
Neighborhood Networks Grant	14.875	NC008RNN027A006	23,060	-	-

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
Year Ended June 30, 2008

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:					
Apron Expansion	20.106	36237.29.9.1	\$ 6,230	\$ -	\$ 692
Extend Runway 20 Taxiway PH IV	20.106	36237.29.9.2	752,236	-	83,582
Extend Runway 20 Taxiway PH IV	20.106	36237.29.9.4	1,787	-	199
Extend Runway 20 Phase V	20.106	36237.29.10.3	624,339	-	69,371
SMS Pilot Project	20.106	36237.29.12.4	63,000	-	7,000
Pipe Installation under Runway	20.106	36244.41.3.1	-	43,425	4,825
Retrofit ARFF Unit	20.106	36244.41.4.1	-	35,989	3,999
			<u>1,447,592</u>	<u>79,414</u>	<u>169,668</u>
Transit Planning and Research	20.514	TCSP-1004	-	760,723	391,136
Federal Transit:					
Metropolitan Planning Grant	20.505	39225.1.3	-	209,782	52,446
Urbanized Area Grant	20.505	04-08-016	-	29,336	7,334
Federal Transit Grant	20.507	FTA-NC-90-2333-00	1,826,675	395,911	527,775
			<u>1,826,675</u>	<u>635,029</u>	<u>587,555</u>
U.S. Department of Environmental Protection Agency:					
Direct Program:					
Brownfield's Coop Agreement	66.811	BP-97408803-0	29,845	-	-
			<u>29,845</u>	<u>-</u>	<u>-</u>
Total federal awards			<u>9,138,548</u>	<u>1,475,166</u>	<u>1,798,398</u>
State Financial Assistance:					
Department of Transportation:					
Powell Bill	N/A		-	2,127,701	-
			<u>-</u>	<u>2,127,701</u>	<u>-</u>
Total state awards			<u>-</u>	<u>2,127,701</u>	<u>-</u>
Total federal and state awards			<u>\$ 9,138,548</u>	<u>\$ 3,602,867</u>	<u>\$ 1,798,398</u>

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, 2008**

(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 accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *The State Single Audit Implementation Act*. 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:				
Special revenue funds:				
Housing assistance	\$ 3,755,232	\$ -	\$ -	\$ 3,755,232
Community development	457,018	-	-	457,018
Brownfield Coop	29,845	-	-	29,845
Home	626,381	-	-	626,381
Cabarrus Avenue Roundabout	760,723	-	-	760,723
Enterprise funds:				
Regional Airport	-	-	1,826,930	1,826,930
Housing Department	-	975,504	-	975,504
Transit	-	1,958,718	-	1,958,718
Total federal	5,629,199	2,934,222	1,826,930	10,390,351
State assistance:				
General fund	2,638,287	-	-	2,638,287
Total state	2,638,287	-	-	2,638,287
	\$ 8,267,486	\$ 2,934,222	\$ 1,826,930	\$ 13,028,638

*CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2008*

Type of auditors' report issued on compliance for major State programs: Unqualified

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

Identification of major State programs:

Program Name

Powell Bill

Federal Transit Grant – State Maintenance Assistance for Urban and Small Urban Program

Transit Planning and Research

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Awards Findings and Questioned Costs

None reported.

*CITY OF CONCORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2008*

Finding: **None reported.**