

**CITY OF CONCORD, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For the fiscal year ended June 30, 2007

Prepared by:  
Finance Department

City of Concord, North Carolina  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2007

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October 31, 2007

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, 2007, 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 2007.

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 McGladrey & Pullen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Concord for the fiscal year ended June 30, 2007, 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, 2007, and are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



**Finance Department**

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The independent audit of the financial statements of the City of Concord was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are contained in the compliance section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Concord's MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF THE CITY

The City of Concord is located in the north central portion of Cabarrus County, North Carolina (the "County"). The County is located in the east central part of the Metrolina Urban Region Charlotte-Gastonia-Concord MSA. The City, incorporated in 1796, is the County seat and covers an area of approximately 58.88 square miles with an approximate population of 68,249. 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 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 the services, as well as activities of all component units of the City.

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

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

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

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

## FACTORS AFFECTING FINANCIAL CONDITION

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

**LOCAL ECONOMY** – Concord continues to enjoy a favorable economic environment and local indicators point to continued stability and strength. 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, PreGel USA, Inc. is a company based in Italy that manufactures products for gelato and pastries used all over the world in 49 different countries. Semi-finished pastes and powders are produced at facilities in

Reggio Emilia, Italy using natural farm produce such as eggs, nuts and fruits. PreGel USA will construct a facility in Concord that will become the North American headquarters. PreGel is developing 20.5 acres in International Business Park and is constructing a \$16.6 million facility with offices, training facilities and storage in a 280,000 square foot building. The opening of the facility is planned for early 2008.

The City continues to experience rapid growth, as evidenced by local building permit records. Rapid expansion of the commercial sector has followed residential growth. Much of this growth is attributable to the City's position in the Charlotte metropolitan region. The City is engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate the City's anticipated 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.

## 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 and 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 FY 2006 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 begun the process of reserving 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 continues to plan a very expensive but critical project to upgrade electric system capacity and reliability. This project is known as the "100KV Project" and includes system upgrades along the Poplar Tent corridor and later continuing down Concord Parkway. This work has been necessitated by the growth that makes it imperative that the City utilize the additional capacity that

the City of Concord has developed in the western portion of the electric system to offset higher demands in other parts of the City. In addition, unanticipated growth in some areas of the system has necessitated accelerating projects planned for later years. The City will be extending the 100 KV lines from Weddington Road to Ivey Cline Road and building a new substation to accommodate a \$40 million wind tunnel facility for testing race cars and production automobiles. The electric improvements are projected to cost \$4.6 million. This project that will eventually allow the addition of new customers, but the cost will have to be covered now. It is anticipated a revenue bond issuance will be needed in FY 2007-08 to cover increased capital needs.

The City is planning for future needs relating to the City's water resources. A proposed elevated storage tank is anticipated to cost \$3,100,000 and will be placed in the rapidly growing North West area of Concord. Additional water resources are also currently being studied and evaluated. The City has reserved funds to aid in the construction of additional lines that will provide needed water resources to the City. Concord and Kannapolis received an interbasin transfer certificate which provides for 10 MDG from the Yadkin and 10 MGD from the Catawba River, but the City will continue to maximize conservation methods within the City.

## 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 investments 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, 2007, the City's cash resources were invested as follows:

U.S. Government agencies	41%
Commercial Paper	11%
NCCMT	43%
Other	<u>5%</u>
Total	<u>100%</u>

The average yield on investments at June 30, 2007 is estimated at 5.11% as compared to 4.68% 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 2007 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 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 87 retired employees receiving this benefit, 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, 2006. The

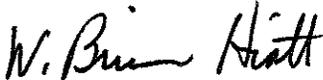
Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

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.

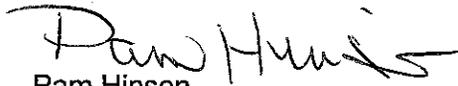
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Concord has received a Certificate of Achievement for the last eighteen 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 to this report. We also appreciate the cooperation and assistance of the other City departments, as well as the assistance of the City's independent auditor, McGladrey & Pullen, LLP, in preparing and assembling this report. In addition, we express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial activities of the City in a responsible and progressive manner.

Respectfully submitted,



W. Brian Hiatt  
City Manager



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, 2006

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



President



Executive Director

CITY OF CONCORD, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body

---

City Council

J. Scott Padgett

Mayor

Jim Ramseur

Mayor Pro Tempore

- W. Lamar Barrier
- Alfred M. Brown, Jr.
- Hector H. Henry, II
- David W. Phillips
- Jim Ramseur
- Ella Mae Small

W. Brian Hiatt

City Manager

Pam T. Hinson

Finance Director

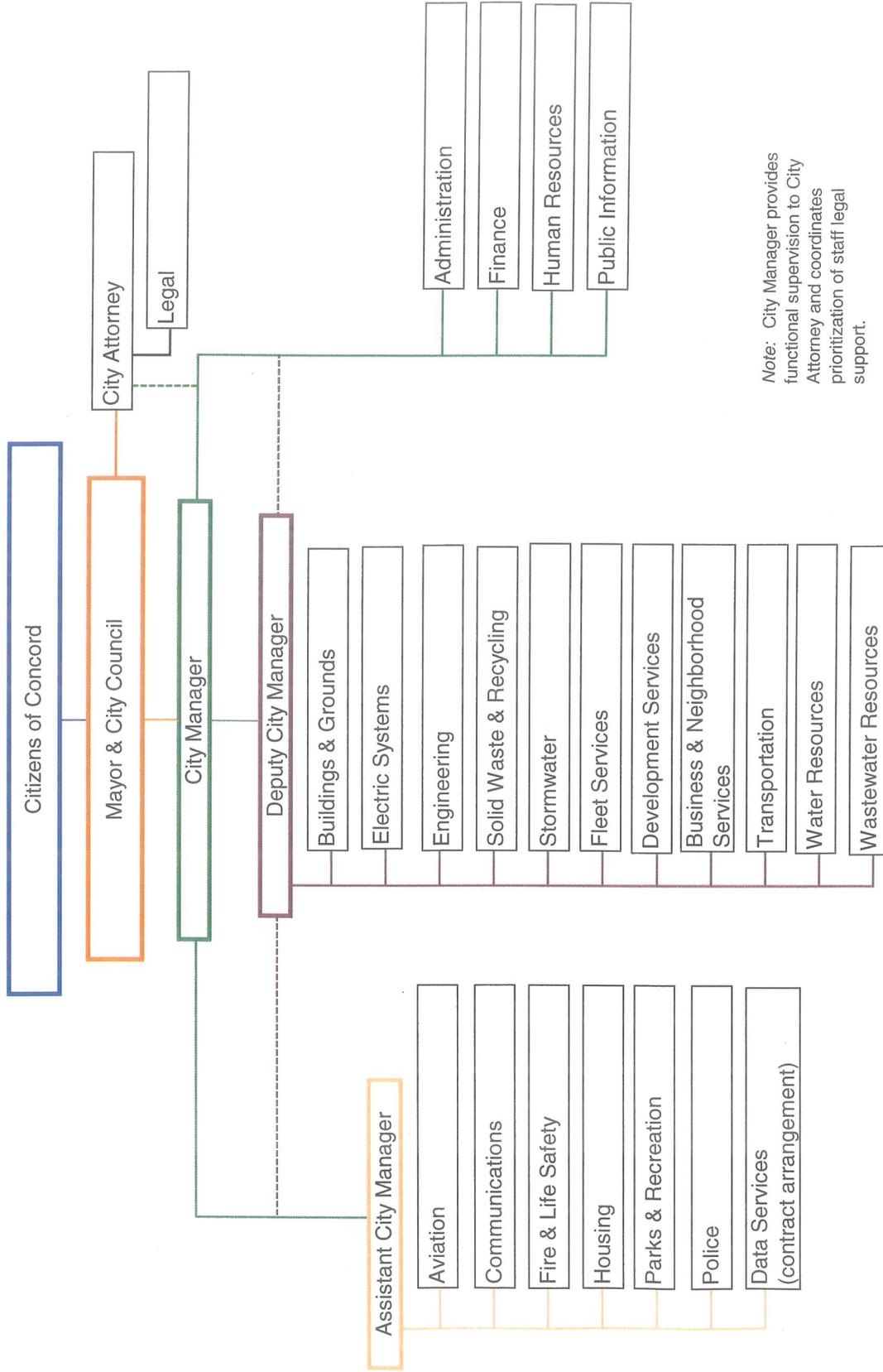
Albert Benschhoff

City Attorney

Jill B. Chunn

City Clerk

# City Organization Chart



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

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the "City"), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Concord ABC Board, the component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the City of Concord ABC Board were not audited in accordance with *Governmental 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 and the report of the other auditors provide 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, North Carolina, as of June 30, 2007, and the respective changes in financial position and cash flows, where appropriate, thereof and for the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the law enforcement officers' special separation allowance schedule of funding progress and schedule of employer contributions on pages 13 through 26 and 74 through 75, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
October 31, 2007

## 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, 2007. 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 \$599,229,502 (*net assets*). Of this amount, \$103,985,638 (*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 \$25,676,159. 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 \$47,901,023, an increase of \$4,848,861 in comparison with the prior year. Approximately 65 percent of this total amount or \$30,911,809 is available for spending at the government's discretion (*unreserved fund balance*). The increase in combined ending fund balances was primarily due to an increase in other financing sources for debt issued during the year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$27,675,793 or 60 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-	A+

### OVERVIEW OF FINANCIAL STATEMENTS

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

### BASIC FINANCIAL STATEMENTS

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

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

The remaining statements (Exhibits C through K) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund 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 operations.

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

The government-wide financial statements can be found on pages 27 through 29 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 provide a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or fewer financial resources available to finance the City's programs.

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

The City maintains twelve 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, 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, 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 40 through 47 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 48 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 49 through 73 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 beginning on page 74 and 75 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 79 through 96 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 131-132.

## 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 \$599,229,502 as of June 30, 2007.

By far the largest portion of the City's net assets (82 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	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$52,663,102	\$47,924,846	\$75,872,148	\$70,159,539	\$128,535,250	\$118,084,385
Capital assets	307,229,985	313,628,113	334,168,347	320,210,033	641,398,332	633,838,146
Total Assets	<u>359,893,087</u>	<u>361,552,959</u>	<u>410,040,495</u>	<u>390,369,572</u>	<u>769,933,582</u>	<u>751,922,531</u>
Long-term liabilities outstanding	40,825,854	43,751,372	115,190,137	121,428,646	156,015,991	165,180,018
Other liabilities	3,788,904	4,059,476	10,899,185	9,129,694	14,688,089	13,189,170
Total liabilities	<u>44,614,758</u>	<u>47,810,848</u>	<u>126,089,322</u>	<u>130,558,340</u>	<u>170,704,080</u>	<u>178,369,188</u>
Net assets:						
Invested in capital assets, net of related debt	269,225,599	284,946,314	224,285,478	203,872,073	493,511,077	488,818,387
Restricted	1,732,787	1,401,030	-	-	1,732,787	1,401,030
Unrestricted	44,319,943	27,394,767	59,665,695	55,939,159	103,985,638	83,333,926
Total net assets	<u>\$315,278,329</u>	<u>\$313,742,111</u>	<u>\$283,951,173</u>	<u>\$259,811,232</u>	<u>\$599,229,502</u>	<u>\$573,553,343</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 (\$103,985,638) 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.

Establishment of a new Stormwater fund resulted in major changes in the net assets for business and governmental type activities. Stormwater assets were a part of the governmental activities in the prior year and beginning in fiscal year 2006, these assets were transferred to the new business-type activities section in the amount of \$53,902,090 net book value at date of transfer.

There was an increase of \$1,536,218 in net assets reported in connection with the City of Concord's governmental-type activities. Governmental-type activity's total liabilities declined \$3,196,090 as the City continues to reduce outstanding debt and limits current borrowing. Unrestricted assets also increased as more resources are not subject to external restrictions. Other factors in the increase include additional funding associated with rate increases in taxes and privilege licenses.

The business-type's total net assets increased by \$24,139,941 during the current fiscal year. Capital assets net of related debt account for 84% of the total increase. Improvements to the electric, wastewater and water systems and an airport runway expansion and improvements account for the increase in the City's business-type net assets.

City of Concord's Changes in Net Assets

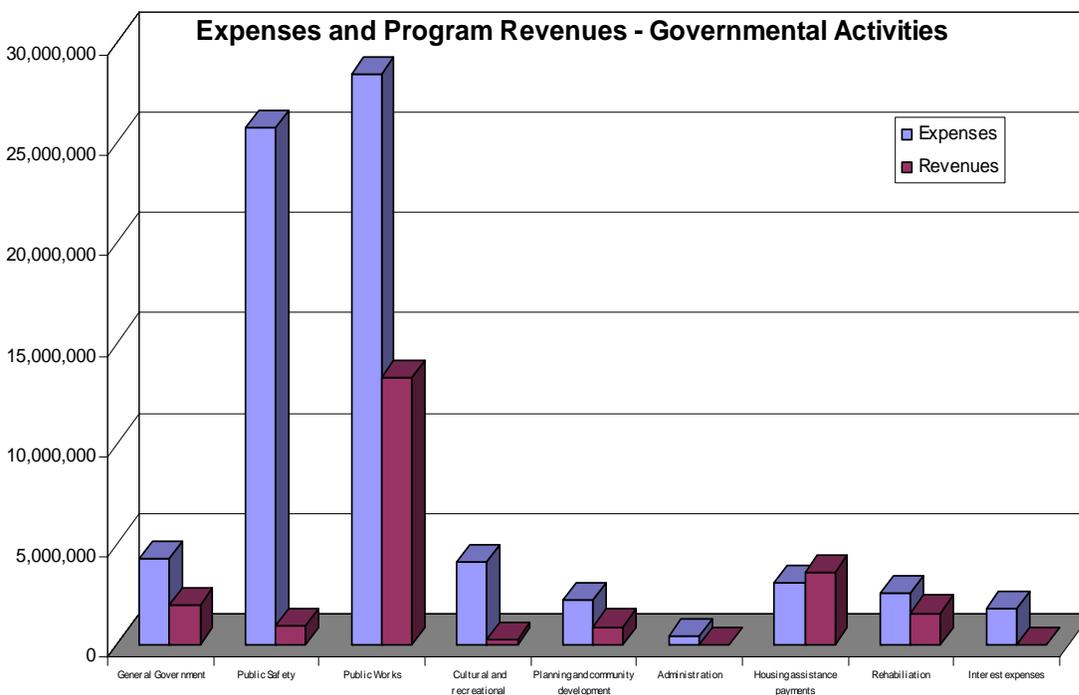
Table 2

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$4,705,207	\$3,892,663	\$106,050,872	\$97,928,480	\$110,756,079	\$101,821,143
Operating grants/ contributions	6,735,548	6,455,832	2,804,136	2,139,688	9,539,684	8,595,520
Capital grants/contributions	11,011,091	20,750,187	9,735,545	6,605,150	20,746,636	27,355,337
General revenues:						
Ad valorem taxes	34,049,377	31,727,866	-	-	34,049,377	31,727,866
Other taxes	13,034,399	12,634,031	-	-	13,034,399	12,634,031
Grants and contributions not restricted to specific programs	2,607,041	2,761,579	-	-	2,607,041	2,761,579
Investment earnings	2,318,298	1,709,502	2,630,486	1,966,270	4,948,784	3,675,772
Miscellaneous gain(loss)	2,327,114	1,313,009	688,937	1,011,282	3,016,051	2,324,291
<b>Total revenues</b>	<b>76,788,075</b>	<b>81,244,669</b>	<b>121,909,976</b>	<b>109,650,870</b>	<b>198,698,051</b>	<b>190,895,539</b>
<b>Expenses:</b>						
General government	4,240,566	4,788,163	-	-	4,240,566	4,788,163
Public safety	25,711,447	23,013,748	-	-	25,711,447	23,013,748
Public works	28,358,904	26,382,096	-	-	28,358,904	26,382,096
Cultural & recreational Planning & community development	4,097,842	3,686,163	-	-	4,097,842	3,686,163
Administration	2,214,193	3,504,571	-	-	2,214,193	3,504,571
Housing assistance payments	444,287	513,157	-	-	444,287	513,157
Rehabilitation	3,081,332	3,177,960	-	-	3,081,332	3,177,960
Interest on long term debt	2,529,418	3,027,682	-	-	2,529,418	3,027,682
Electric	1,760,202	2,108,260	-	-	1,760,202	2,108,260
Water	-	-	54,551,657	49,358,049	54,551,657	49,358,049
Wastewater	-	-	14,559,911	13,532,054	14,559,911	13,532,054
Regional airport	-	-	12,598,417	12,393,861	12,598,417	12,393,861
Stormwater	-	-	9,948,799	9,849,839	9,948,799	9,849,839
Other nonmajor business-type activities	-	-	3,097,290	3,045,795	3,097,290	3,045,795
<b>Total expenses</b>	<b>72,438,191</b>	<b>70,201,800</b>	<b>100,583,701</b>	<b>93,491,692</b>	<b>173,021,892</b>	<b>163,693,492</b>
Increase in net assets before transfers	4,349,884	11,042,869	21,326,275	16,159,178	25,676,159	27,202,047
Transfers	(2,813,666)	(55,380,810)	2,813,666	55,380,810	-	-
Increase (decrease) in net assets	1,536,218	(44,337,941)	24,139,941	71,539,988	25,676,159	27,202,047
Net assets, July 1	313,742,111	358,080,052	259,811,232	188,271,244	573,553,343	546,351,296
<b>Net assets, June 30</b>	<b>\$315,278,329</b>	<b>\$313,742,111</b>	<b>\$283,951,173</b>	<b>\$259,811,232</b>	<b>\$599,229,502</b>	<b>\$573,553,343</b>

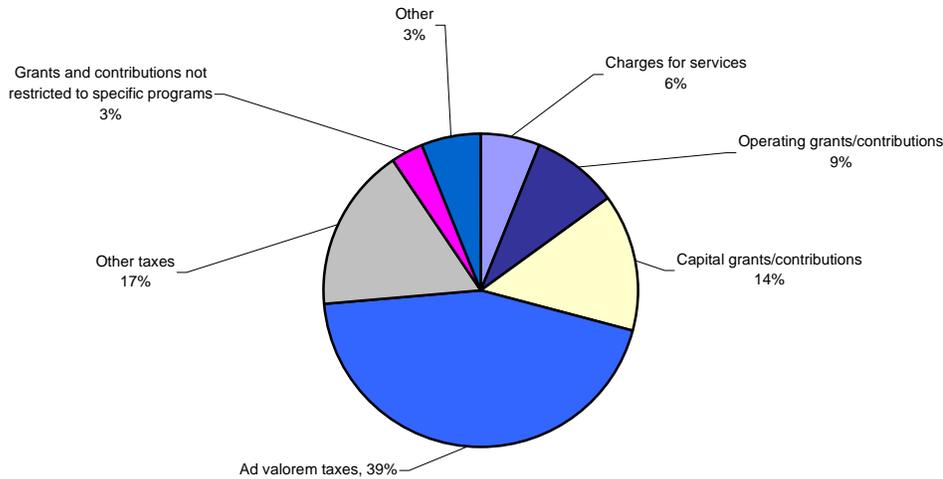
## Governmental Activities

Net assets of governmental activities increased by \$1,536,218 in fiscal year 2007. This increase is the result of a reduction in transfers to other funds. The large decrease in 2006 was the result of a transfer of assets from the City's General fund into the Stormwater fund. The City chose to remove the Stormwater activity from the General fund and create a Stormwater fund to account for stormwater activities. 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 \$2,321,511 (7%) during the year. This increase is due to normal population growth and economic development within the City and a modest tax increase of \$.0175.
- Charges for services increased 20% due to growth in licenses, permits and inspection revenues. The majority of this growth is due to a 31% increase in privilege licenses revenues due to fee adjustments.
- Investment earnings increased \$608,796 (36%) due to the continuing rise in interest rates and additional funds available for investing.
- The General Government increase in expenses (3.5%) closely parallel inflation and growth in the demand for services that is required for the 7.5% increase in population.



## Revenues by Source - Governmental Activities



## Business-type Activities

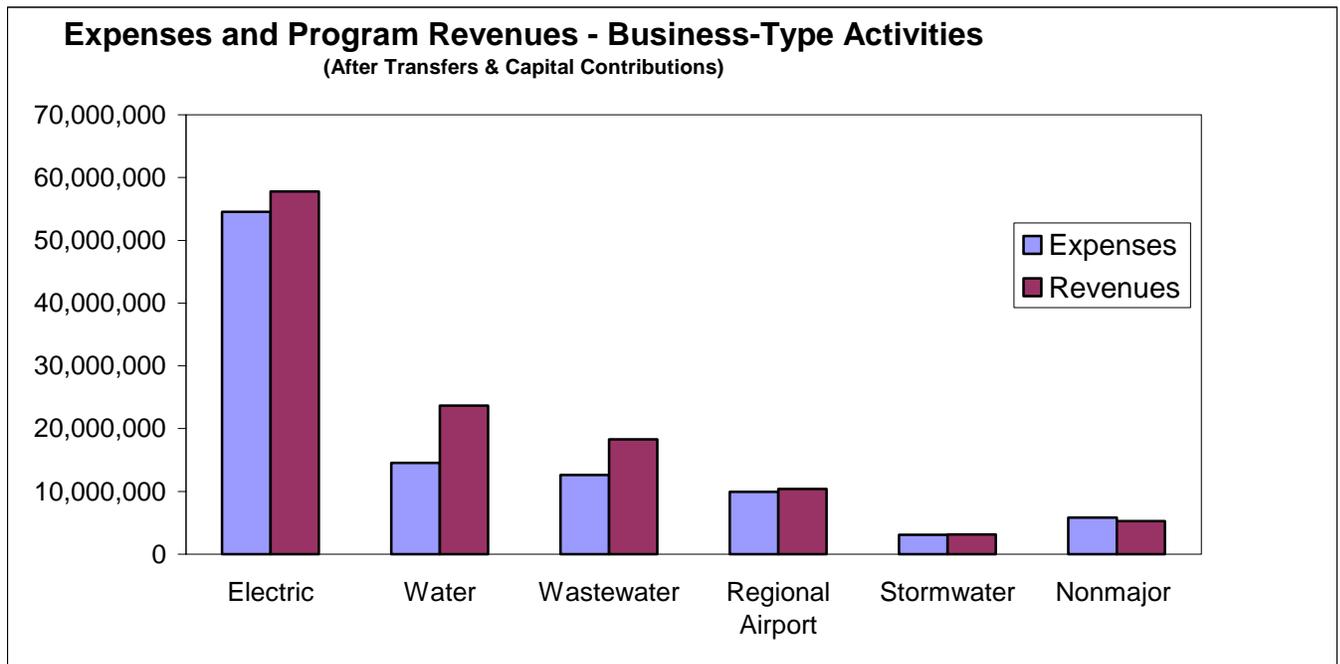
Business-type activities increased the City's net assets by \$24,139,941. The water and wastewater funds recorded capital contributions of \$4,198,657 and \$4,462,244 respectively, in the most recent fiscal year. Developers of subdivisions within the City's service area donated this water and wastewater infrastructure.

Key elements of the increase in business-type activities, illustrated in table 2 located on page 19 are as follows.

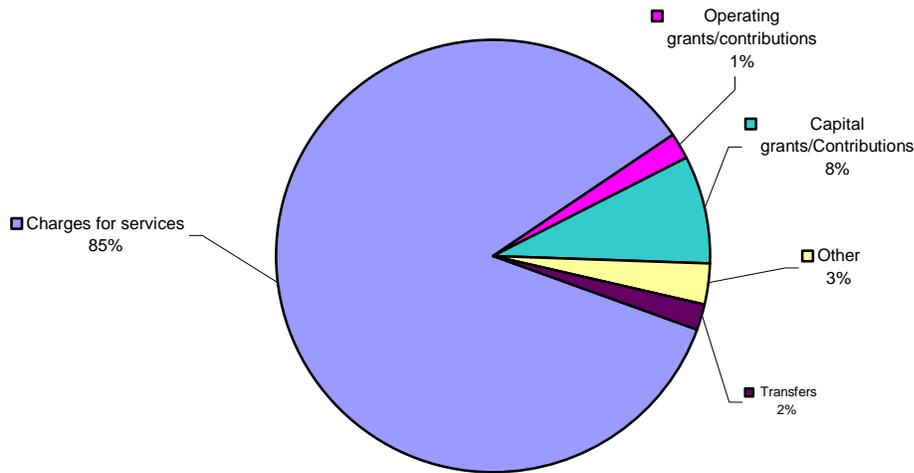
- Charges for services for business-type activities increased by 8.3%, \$8,122,392. The City's water and wastewater divisions account for a 10.5% increase which is the result of an increase in rates. The monthly average residential wastewater rate increased \$.99 cent and the monthly average residential water rate increased by \$.88. The City has approximately 32,600 water customers and 29,050 wastewater customers, which represents a 5% increase when compared to the previous year numbers. Rate adjustments and customer growth as well as continued development attribute to the increase in revenues collected. Additional charges for services include fees charged for development of water and wastewater infrastructure. Aviation charges for service increased 4% 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. The airport continues to work on fuel sales profit margins. Stormwater charges for service almost doubled when compared to last year's collections. The Stormwater program operated for a full year, and the billing has been fully implemented. Electric charges for service increased 5.5% for fiscal year 2007. 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.

- Increases in operating expenses \$7,092,009 (7.6%) are closely related to inflation and growth in the demand for services that are required for the 7.5% increase in population, and should also be compared with the increase in revenue generated from charges for services. Electric operating expenses increased 10.5%. 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 7.5% this year, due to an increase in capital outlay.

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 \$47,901,023, an increase of 11 percent in comparison with the prior year. Funds that are available for spending at the government's discretion (unreserved and undesignated) represent 65% 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 (\$1,929,653), 2) to fund eligible Powell Bill expenses (\$1,367,852), 3) to reserve the amount required by state statute (\$13,326,774) and 4) for a variety of other restricted purposes (\$364,935).

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 \$27,675,793, while total fund balance for the general fund reached \$42,213,821, representing an increase of \$6,340,405. 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 60 percent of total general fund expenditures, while total fund balance represents 91 percent of that same amount. Key factors in the fund balance are as follows:

- Ad valorem taxes increased \$2,630,219 due to normal assessed value growth and also due to a small tax increase.
- Investment earnings increased \$965,269 due to additional funds available for investment and the continued rise in interest rates.
- The City received \$1,277,932 in proceeds from the sale of fixed assets.

Other governmental fund balance decreased \$1,491,544 due an increase in the City's capital projects, such as the Police Station, Parks, Fire Station, Wellness Center and Cemetery Improvements.

## **Proprietary Funds**

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

Unrestricted net assets of the electric fund, the water fund and the wastewater fund at the end of the year were \$19,742,349, \$22,318,506 and \$11,217,618, respectively. The unrestricted net assets of the regional airport fund, and all other enterprise funds were \$7,007,047. The total growth in net assets for the proprietary funds was \$24,139,941. 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 \$4,402,011 or 8%. 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:

- Collections in excess of budget from the Powell Bill distribution in the amount of \$327,607 were added back to the street resurfacing expenditure during the year through a budget amendment.
- The City sold land on Weddington Road for the amount of \$2,000,000; the budget was amended to reflect this land sale.
- The City issued debt in the amount of \$901,000 for the purchase of two fire trucks. The budget was amended after the installment financing agreement was approved.
- City Council approved funding for a Wellness Center in the amount of \$268,900.

At year-end, *actual* revenues exceeded *final amended budget* numbers by 4%. *Actual* expenditures were less than *final budgetary* figures by 9%, 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, 2007, totals \$641,398,332 (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 1 percent (a 2 percent decrease for governmental activities and a 4 percent increase for business-type activities).

Major capital asset transactions during the year included the following:

- Purchase of two new fire trucks on installment financing in the amount of \$901,000.
- Construction of electric substations and enhancements/improvements to the electric transmission lines in amount of \$6,266,224.
- Construction of airport runway extension and improvements totaling \$5,953,410.
- Construction continued on the Cabarrus Avenue Roundabout project (Cabarrus Avenue improvements) in the amount of \$1,737,636.
- Construction continued on new police headquarters in the amount of \$1,845,359.
- The extension of the distribution and transmission lines for the City's water system and upgrades/improvements to the system in the amount of \$4,904,345.
- The extension of the distribution and transmission lines for the City's wastewater system totaling \$4,567,649.

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements located on page 61.

Capital Assets  
Table 3

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 32,732,183	\$ 33,479,647	\$ 32,546,990	\$ 30,746,406	\$ 65,279,173	\$ 64,226,053
Construction in progress	955,216	17,144,397	28,588,022	34,640,403	29,543,238	51,784,800
Buildings and systems	39,795,090	25,282,886	50,277,506	44,873,238	90,072,596	70,156,124
Improvements other than buildings	2,375,901	2,350,572	320,450,166	298,414,275	322,826,067	300,764,847
Machinery and equipment	27,715,923	25,342,101	21,034,702	19,726,256	48,750,625	45,068,357
Infrastructure	457,665,481	442,188,908	-	-	457,665,481	442,188,908
Sub-total	561,239,794	545,788,511	452,897,386	428,400,578	1,014,137,180	974,189,089
Less Accum. Depreciation	(254,009,809)	(232,160,398)	(118,729,039)	(108,190,545)	(372,738,848)	(340,350,943)
Total	\$ 307,229,985	\$ 313,628,113	\$ 334,168,347	\$ 320,210,033	\$ 641,398,332	\$ 633,838,146

## Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$152,265,077 (principal). Of this amount, \$2,140,002 comprises debt backed by the full faith and credit of the City and \$98,061,531 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$46,480,002 and \$5,583,542 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds  
Table 4

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation bonds	\$ 462,967	\$ 560,473	\$ 1,677,035	\$ 2,699,527	\$ 2,140,002	\$ 3,260,000
Installment purchases	1,664,792	1,214,493	3,918,750	4,143,750	5,583,542	5,358,243
Revenue Bonds	3,527,349	3,672,143	94,534,182	98,560,914	98,061,531	102,233,057
Installment notes	32,452,436	35,856,373	14,027,566	15,173,627	46,480,002	51,030,000
Total long-term debt	\$ 38,107,544	\$ 41,303,482	\$ 114,157,533	\$ 120,577,818	\$ 152,265,077	\$ 161,881,300

The City of Concord's total debt decreased by \$9,616,223 (6 percent) during the current fiscal year. New debt is listed below:

- New debt was issued as an Installment Financing Agreement with Banc of America in November of 2006 to purchase two fire trucks. The agreement terms are \$900,936 for 7 years at a rate of 3.61%.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is \$568,428,789. The current debt limitation for the City of Concord is \$606,927,734, 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 61 through 67 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The unemployment rate for Cabarrus County at June of 2007 was 4.5%, which is a small increase from a rate of 4.1% in June of 2006. The state's unemployment rate for June of 2007 was 4.9%.
- Population has increased from 27,347 in 1990 to an estimated 68,249 in 2007 (per the State of North Carolina's Planning Office), which represents a growth rate of 150%. The City experienced a 7.5% growth in population when compared to the certified population estimate for 2006.
- Inflationary trends in the region compare favorably to national indices and housing trends continue to be positive.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2008. The amount available for appropriation in the general fund is \$27,675,793. Concord has appropriated \$2,500,000 of this amount for the 2008 fiscal year. This appropriation was needed for one time funding of capital projects and capital outlay.

The tax base used in the fiscal year 2008 budget preparation represented a 7% increase in real property values from fiscal year 2007, which is attributed to the anticipated growth in development and current listed values. There will be no increase in the City's tax rate in fiscal year 2008.

Wastewater and water rates and charges were increased for the 2008 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 \$.68 cent monthly increase in the average residential bill.

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 \$1.05 cent monthly increase for the average residential customer's bill.

Increases in fuel costs and a 12% 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 2008. Major capital needs that are funded in the 2008 budget include continued implementation of the radio read meter replacement project and water line replacement projects.

Wastewater operations are also experiencing an increase in operation costs. The fiscal year's budget also includes line replacements and sloop 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.

There is no increase recommended in the stormwater fee in the upcoming budget. It is recommended that the fee remain at \$4.30 per Equivalent Residential Unit.

## **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>.

**STATEMENT OF NET ASSETS**  
**June 30, 2007**

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 42,456,871	\$ 46,481,804	\$ 88,938,675	\$ 2,306,356
Receivables, net	8,700,093	13,908,749	22,608,842	-
Inventories	77,207	5,210,740	5,287,947	1,005,155
Prepaid expenses	48,352	3,161	51,513	35,010
Restricted assets - cash and investments	1,277,421	5,714,042	6,991,463	-
Loans receivable, noncurrent	-	657,097	657,097	-
Capital assets:				
Non-depreciable	33,687,399	61,135,012	94,822,411	20,000
Depreciable, net	273,542,586	273,033,335	546,575,921	183,366
Bond issuance costs, net	103,158	3,896,555	3,999,713	-
<b>Total assets</b>	<b>359,893,087</b>	<b>410,040,495</b>	<b>769,933,582</b>	<b>3,549,887</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	3,010,498	8,618,228	11,628,726	496,752
Accrued interest payable	-	385,677	385,677	-
Unearned revenues	648,486	-	648,486	-
Deposits	129,920	1,895,280	2,025,200	-
Non-current liabilities:				
Due within one year:				
Long-term debt	5,326,819	7,259,992	12,586,811	-
Long-term installment purchases	352,918	225,000	577,918	-
Due in more than one year:				
Long-term debt	33,834,243	104,011,395	137,845,638	-
Long-term installment purchases	1,311,874	3,693,750	5,005,624	-
<b>Total liabilities</b>	<b>44,614,758</b>	<b>126,089,322</b>	<b>170,704,080</b>	<b>496,752</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	269,225,599	224,285,478	493,511,077	203,366
Restricted:				
Streets and highways	1,367,852	-	1,367,852	-
Other	364,935	-	364,935	-
Unrestricted	44,319,943	59,665,695	103,985,638	2,849,769
<b>Total net assets</b>	<b>\$ 315,278,329</b>	<b>\$ 283,951,173</b>	<b>\$ 599,229,502</b>	<b>\$ 3,053,135</b>

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,240,566	\$ 1,957,522	\$ -	\$ -
Public safety	25,711,447	717,881	214,329	-
Public works	28,358,904	-	2,256,863	11,011,091
Cultural and recreational	4,097,842	266,775	-	-
Planning and community development	2,214,193	890,214	-	-
Administration	444,287	-	-	-
Housing assistance payments	3,081,332	14,085	3,560,013	-
Rehabilitation	2,529,418	858,730	704,343	-
Interest expense	1,760,202	-	-	-
<b>Total governmental activities</b>	<b>72,438,191</b>	<b>4,705,207</b>	<b>6,735,548</b>	<b>11,011,091</b>
Business-type activities:				
Electric	54,551,657	57,784,175	-	-
Water	14,559,911	19,484,661	-	4,198,657
Wastewater	12,598,417	13,824,857	-	4,462,244
Regional airport	9,948,799	9,329,042	-	1,074,644
Stormwater	3,097,290	3,140,958	-	-
Golf course	2,287,829	1,753,737	-	-
Housing	1,376,446	235,647	-	-
Transit	2,163,352	497,795	2,804,136	-
<b>Total business-type activities</b>	<b>100,583,701</b>	<b>106,050,872</b>	<b>2,804,136</b>	<b>9,735,545</b>
<b>Total primary government</b>	<b>\$ 173,021,892</b>	<b>\$ 110,756,079</b>	<b>\$ 9,539,684</b>	<b>\$ 20,746,636</b>
Component unit - City of Concord, ABC Board	\$ 6,514,122	\$ 6,938,921	\$ -	\$ -

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

Net assets - ending

See Notes to Financial Statements.

Exhibit B

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (2,283,044)	\$ -	\$ (2,283,044)	\$ -
(24,779,237)	-	(24,779,237)	-
(15,090,950)	-	(15,090,950)	-
(3,831,067)	-	(3,831,067)	-
(1,323,979)	-	(1,323,979)	-
(444,287)	-	(444,287)	-
492,766	-	492,766	-
(966,345)	-	(966,345)	-
(1,760,202)	-	(1,760,202)	-
(49,986,345)	-	(49,986,345)	-
-	3,232,518	3,232,518	-
-	9,123,407	9,123,407	-
-	5,688,684	5,688,684	-
-	454,887	454,887	-
-	43,668	43,668	-
-	(534,092)	(534,092)	-
-	(1,140,799)	(1,140,799)	-
-	1,138,579	1,138,579	-
-	18,006,852	18,006,852	-
(49,986,345)	18,006,852	(31,979,493)	-
-	-	-	424,799
34,049,377	-	34,049,377	-
13,034,399	-	13,034,399	-
2,607,041	-	2,607,041	-
2,318,298	2,630,486	4,948,784	101,924
2,327,114	688,937	3,016,051	36,601
(2,813,666)	2,813,666	-	-
51,522,563	6,133,089	57,655,652	138,525
1,536,218	24,139,941	25,676,159	563,324
313,742,111	259,811,232	573,553,343	2,489,811
\$ 315,278,329	\$ 283,951,173	\$ 599,229,502	\$ 3,053,135

## GOVERNMENTAL FUNDS

## BALANCE SHEET

June 30, 2007

<b>ASSETS</b>	<b>General</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
Cash and investments	\$ 35,609,838	\$ 6,847,033	\$ 42,456,871
Receivables:			
Ad valorem taxes, net	868,299	1,718	870,017
Due from other governmental agencies	309,585	154,351	463,936
Sales tax refunds	234,808	22,524	257,332
Interest	238,269	16,391	254,660
Due from other funds	3,545,151	-	3,545,151
Other, net	5,032,708	1,050,604	6,083,312
Inventories	77,207	-	77,207
Prepaid items	48,352	-	48,352
Restricted assets- cash and investments	-	1,277,421	1,277,421
<b>Total assets</b>	<b>\$ 45,964,217</b>	<b>\$ 9,370,042</b>	<b>\$ 55,334,259</b>
<b>LIABILITIES AND FUND BALANCES</b>			
Accounts payable and accrued liabilities	\$ 2,103,691	\$ 906,807	\$ 3,010,498
Due to other funds	-	2,774,315	2,774,315
Deferred revenues	1,516,785	1,718	1,518,503
Deposits	129,920	-	129,920
<b>Total liabilities</b>	<b>3,750,396</b>	<b>3,682,840</b>	<b>7,433,236</b>
Fund Balances (Deficits)			
Reserved by State statute	10,875,588	2,451,186	13,326,774
Reserved for encumbrances	1,929,653	-	1,929,653
Reserved for streets, Powell Bill	1,367,852	-	1,367,852
Reserved for other specific uses	287,728	-	287,728
Reserved for inventories	77,207	-	77,207
Unreserved:			
Designated for subsequent year's expenditures - general fund	2,500,000	-	2,500,000
Undesignated			
General fund	25,175,793	-	25,175,793
Capital project funds	-	3,057,941	3,057,941
Special revenue funds	-	2,949,736	2,949,736
Debt service fund	-	(2,771,661)	(2,771,661)
<b>Total fund balances (deficits)</b>	<b>42,213,821</b>	<b>5,687,202</b>	<b>47,901,023</b>
<b>Total liabilities and fund balances</b>	<b>\$ 45,964,217</b>	<b>\$ 9,370,042</b>	<b>\$ 55,334,259</b>

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS

June 30, 2007

Fund balances - total governmental funds	\$ 47,901,023
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

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

Governmental capital assets	\$ 561,239,794	
Less accumulated depreciation	<u>254,009,809</u>	307,229,985

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>48,544</u>	103,158

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	(37,169,490)	
Governmental installment purchases	(1,664,792)	
Accrued vacation payable	<u>(1,991,572)</u>	(40,825,854)

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

Deferred revenues		<u>870,017</u>
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Net assets of governmental activities	<u><u>\$ 315,278,329</u></u>
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See Notes to Financial Statements.

## GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES

Year Ended June 30, 2007

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Ad valorem taxes	\$ 34,144,266	\$ 71,146	\$ 34,215,412
Other taxes	13,034,399	-	13,034,399
Unrestricted intergovernmental revenues	2,563,097	-	2,563,097
Restricted intergovernmental revenues	2,565,752	5,735,939	8,301,691
Licenses and permits	2,124,094	-	2,124,094
Investment earnings	2,071,821	246,477	2,318,298
Investment earnings, restricted	71,580	-	71,580
Program income	-	872,815	872,815
Other revenues	3,908,482	-	3,908,482
<b>Total revenues</b>	<b>60,483,491</b>	<b>6,926,377</b>	<b>67,409,868</b>
<b>Expenditures</b>			
Current:			
General government	2,954,405	-	2,954,405
Public safety	24,200,346	-	24,200,346
Public works	9,172,530	-	9,172,530
Cultural and recreational	3,900,738	-	3,900,738
Planning and community development	2,123,573	71,146	2,194,719
Administration	-	444,287	444,287
Housing assistance payments	-	3,081,332	3,081,332
Rehabilitation	-	2,529,418	2,529,418
Capital outlay	3,184,954	3,128,472	6,313,426
Debt service	890,414	4,966,662	5,857,076
<b>Total expenditures</b>	<b>46,426,960</b>	<b>14,221,317</b>	<b>60,648,277</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>14,056,531</b>	<b>(7,294,940)</b>	<b>6,761,591</b>
<b>Other Financing Sources (Uses)</b>			
Debt issued	900,936	-	900,936
Transfers from other funds	-	8,118,956	8,118,956
Transfers to other funds	(8,617,062)	(2,315,560)	(10,932,622)
<b>Total other financing sources (uses)</b>	<b>(7,716,126)</b>	<b>5,803,396</b>	<b>(1,912,730)</b>
<b>Net change in fund balances</b>	<b>6,340,405</b>	<b>(1,491,544)</b>	<b>4,848,861</b>
<b>Fund Balances</b>			
Beginning	35,873,416	7,178,746	43,052,162
Ending	\$ 42,213,821	\$ 5,687,202	\$ 47,901,023

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, 2007

Net change in fund balances - total governmental funds \$ 4,848,861

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	\$ 15,852,934	
Current year's depreciation	<u>22,291,123</u>	(6,438,189)

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		4,096,874
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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	(86,722)	
Change in long-term compensated absences	<u>183,699</u>	90,909

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Proceeds from debt issued		(900,936)
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Basis of property disposed of during the year		<u>4,734</u>
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Change in net assets of governmental activities		<u><u>\$ 1,536,218</u></u>
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See Notes to Financial Statements.

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 33,132,317	\$ 33,132,317	\$ 33,475,006	\$ 342,689
Prior years	614,000	432,609	454,555	21,946
Penalties and interest	225,000	214,000	214,705	705
	<b>33,971,317</b>	<b>33,778,926</b>	<b>34,144,266</b>	<b>365,340</b>
Other taxes:				
Local government sales tax	10,950,000	12,039,522	13,034,399	994,877
Unrestricted intergovernmental revenues:				
Officers' fees	50,000	62,711	65,663	2,952
Utilities franchise tax	1,850,000	2,100,000	2,204,165	104,165
Beer and wine tax	270,000	286,618	286,618	-
Fire protection	4,000	4,000	6,651	2,651
	<b>2,174,000</b>	<b>2,453,329</b>	<b>2,563,097</b>	<b>109,768</b>
Restricted intergovernmental revenues:				
State Street-Aid allocations	1,954,000	1,951,267	1,951,267	-
FEMA	-	-	43,944	43,944
Cabarrus County schools	122,196	122,196	122,196	-
Transportation (federal, state and local)	492,500	492,500	234,016	(258,484)
Other restricted intergovernmental revenues	117,000	221,669	214,329	(7,340)
	<b>2,685,696</b>	<b>2,787,632</b>	<b>2,565,752</b>	<b>(221,880)</b>
Licenses and permits:				
Vehicle licenses	265,000	288,000	366,190	78,190
Zoning permits	200,050	297,779	321,220	23,441
Cable franchise	432,000	432,000	373,378	(58,622)
Fire permits and inspections	120,500	120,500	166,572	46,072
Privilege license	674,620	840,000	837,126	(2,874)
Other	7,350	7,350	59,608	52,258
	<b>1,699,520</b>	<b>1,985,629</b>	<b>2,124,094</b>	<b>138,465</b>
Investment earnings	850,000	1,817,464	2,071,821	254,357
Investment earnings restricted	3,165	3,165	71,580	68,415
	<b>853,165</b>	<b>1,820,629</b>	<b>2,143,401</b>	<b>322,772</b>

Continued

## GENERAL FUND

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general revenues:				
Public safety	\$ 308,543	\$ 308,543	\$ 429,113	\$ 120,570
Environmental protection	557,000	650,800	889,945	239,145
Miscellaneous	205,501	1,981,743	2,322,649	340,906
Recreational	280,400	280,400	266,775	(13,625)
	1,351,444	3,221,486	3,908,482	686,996
<b>Total revenues</b>	<b>53,685,142</b>	<b>58,087,153</b>	<b>60,483,491</b>	<b>2,396,338</b>
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	139,440	139,440	133,879	5,561
Professional services	75,000	75,000	73,247	1,753
Operating expenditures	97,100	101,100	98,778	2,322
Governing body cost allocations	(165,116)	(165,116)	(162,130)	(2,986)
	146,424	150,424	143,774	6,650
City Manager's Office:				
Salaries and employee benefits	536,949	553,449	570,010	(16,561)
Professional services	257,000	239,070	168,888	70,182
Operating expenditures	72,045	72,645	56,734	15,911
Capital outlay	9,000	29,386	27,143	2,243
Administrative cost allocations	(319,926)	(336,186)	(392,263)	56,077
	555,068	558,364	430,512	127,852
Public Service administration department:				
Salaries and employee benefits	178,433	178,953	191,075	(12,122)
Professional services	49,000	34,910	27,228	7,682
Operating expenditures	211,020	224,590	227,287	(2,697)
Capital outlay	120,000	120,000	118,777	1,223
Debt service	287,420	287,420	286,237	1,183
Administrative cost allocations	(607,786)	(607,786)	(594,477)	(13,309)
	238,087	238,087	256,127	(18,040)
Finance department:				
Salaries and employee benefits	719,956	719,956	677,592	42,364
Professional services	69,031	76,716	57,413	19,303
Operating expenditures	81,885	82,513	70,037	12,476
Capital outlay	-	33,342	25,890	7,452
Finance cost allocations	(443,645)	(443,645)	(415,533)	(28,112)
	427,227	468,882	415,399	53,483

Continued

GENERAL FUND

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

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department:				
Salaries and employee benefits	\$ 196,990	\$ 196,990	\$ 196,458	\$ 532
Professional services	15,450	19,450	12,033	7,417
Operating expenditures	111,435	112,435	114,225	(1,790)
Capital outlay	5,000	4,000	-	4,000
Cost allocations	8,040	8,040	5,705	2,335
	<u>336,915</u>	<u>340,915</u>	<u>328,421</u>	<u>12,494</u>
Legal department:				
Salaries and employee benefits	297,332	298,957	297,123	1,834
Professional services	7,617	37,617	28,221	9,396
Operating expenditures	49,673	49,173	41,736	7,437
Cost allocations	(183,128)	(183,128)	(191,131)	8,003
	<u>171,494</u>	<u>202,619</u>	<u>175,949</u>	<u>26,670</u>
Human resources:				
Salaries and employee benefits	439,091	439,091	432,627	6,464
Professional services	220,650	87,300	81,669	5,631
Operating expenditures	197,874	118,321	97,314	21,007
Human resources cost allocations	(467,006)	(467,006)	(543,317)	76,311
	<u>390,609</u>	<u>177,706</u>	<u>68,293</u>	<u>109,413</u>
Wellness center:				
Operating expenditures	-	102,256	5,285	96,971
Capital outlay	-	94,177	94,176	1
	<u>-</u>	<u>196,433</u>	<u>99,461</u>	<u>96,972</u>
Nondepartmental:				
Salaries and employee benefits	215,484	22,500	-	22,500
Professional services	792	792	47	745
Operating expenditures	2,223,602	1,415,446	803,242	612,204
Capital outlay	-	15,000	6,023	8,977
Outside agencies	157,979	159,581	149,456	10,125
Cost allocations	410,699	410,699	635,947	(225,248)
	<u>3,008,556</u>	<u>2,024,018</u>	<u>1,594,715</u>	<u>429,303</u>
<b>Total general government</b>	<u>5,274,380</u>	<u>4,161,015</u>	<u>3,512,651</u>	<u>747,825</u>
Public safety:				
Police department:				
Salaries and employee benefits	9,094,100	9,170,396	9,181,811	(11,415)
Professional services	183,002	152,002	131,024	20,978
Operating expenditures	1,095,630	1,097,644	894,965	202,679
Capital outlay	470,000	615,664	592,541	23,123
Fleet service cost allocations	573,463	595,853	661,844	(65,991)
	<u>11,416,195</u>	<u>11,631,560</u>	<u>11,462,185</u>	<u>169,375</u>

Continued

GENERAL FUND

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

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 864,373	\$ 879,973	\$ 897,714	\$ (17,741)
Professional services	7,000	7,000	6,150	850
Operating expenditures	90,820	106,796	100,664	6,132
Capital outlay	13,000	13,000	-	13,000
	<u>975,193</u>	<u>1,006,769</u>	<u>1,004,528</u>	<u>2,241</u>
Fire department:				
Salaries and employee benefits	8,673,625	8,903,625	9,146,706	(243,081)
Professional services	166,127	175,852	101,990	73,862
Operating expenditures	1,585,162	1,814,767	1,536,214	278,553
Capital outlay	971,506	1,926,462	1,719,547	206,915
Debt service	658,603	658,603	529,632	128,971
Fleet service cost allocations	516,212	479,602	473,231	6,371
	<u>12,571,235</u>	<u>13,958,911</u>	<u>13,507,320</u>	<u>451,591</u>
Code enforcement:				
Salaries and employee benefits	382,865	390,665	406,334	(15,669)
Operating expenditures	147,030	139,230	93,095	46,135
Cost allocations	15,616	15,616	16,452	(836)
	<u>545,511</u>	<u>545,511</u>	<u>515,881</u>	<u>29,630</u>
Emergency mangement:				
Salaries and employee benefits	176,959	176,959	165,959	11,000
Operating expenditures	62,293	62,771	30,832	31,939
	<u>239,252</u>	<u>239,730</u>	<u>196,791</u>	<u>42,939</u>
Radio shop:				
Salaries and employee benefits	235,597	235,597	180,720	54,877
Operating expenditures	157,603	196,575	167,617	28,958
Capital outlay	14,000	14,000	10,301	3,699
Fleet service cost allocations	6,693	6,693	7,024	(331)
	<u>413,893</u>	<u>452,865</u>	<u>365,662</u>	<u>87,203</u>
<b>Total public safety</b>	<u>26,161,279</u>	<u>27,835,345</u>	<u>27,052,367</u>	<u>782,978</u>
Public works:				
Traffic services:				
Salaries and employee benefits	256,043	262,183	266,533	(4,350)
Operating expenditures	166,272	188,698	170,860	17,838
Capital outlay	20,400	10,827	10,826	1
Fleet service cost allocations	28,296	28,296	22,508	5,788
	<u>471,011</u>	<u>490,004</u>	<u>470,727</u>	<u>19,277</u>

Continued

GENERAL FUND

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

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Transportation signal:				
Salaries and employee benefits	\$ 168,693	\$ 168,693	\$ 139,043	\$ 29,650
Professional services	300	300	-	300
Operating expenditures	204,325	331,074	291,864	39,210
Capital outlay	20,000	20,000	18,324	1,676
Cost allocations	4,462	4,462	5,595	(1,133)
	<u>397,780</u>	<u>524,529</u>	<u>454,826</u>	<u>69,703</u>
Transportation:				
Salaries and employee benefits	1,232,422	1,411,922	1,317,402	94,520
Professional services	30,300	20,151	18,095	2,056
Operating expenditures	1,148,319	2,191,347	969,456	1,221,891
Capital outlay	185,200	191,831	191,530	301
Cost allocations	593,808	593,808	561,168	32,640
	<u>3,190,049</u>	<u>4,409,059</u>	<u>3,057,651</u>	<u>1,351,408</u>
Solid waste and recycling:				
Salaries and employee benefits	1,372,273	1,666,725	1,596,498	70,227
Professional services	11,870	103,370	70,057	33,313
Operating expenditures	2,823,153	2,824,856	2,923,707	(98,851)
Capital outlay	277,000	277,000	150,671	126,329
Cost allocations	413,574	413,574	456,262	(42,688)
	<u>4,897,870</u>	<u>5,285,525</u>	<u>5,197,195</u>	<u>88,330</u>
Cemetery:				
Salaries and employee benefits	328,420	324,420	318,870	5,550
Professional services	2,330	12,330	434	11,896
Operating expenditures	57,827	37,277	17,528	19,749
Capital outlay	159,420	86,581	70,313	16,268
Cost allocations	32,481	32,481	26,650	5,831
	<u>580,478</u>	<u>493,089</u>	<u>433,795</u>	<u>59,294</u>
<b>Total public works</b>	<u>9,537,188</u>	<u>11,398,639</u>	<u>9,614,194</u>	<u>1,684,984</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,111,674	\$ 1,112,362	\$ 1,137,691	\$ (25,329)
Professional services	227,522	301,436	259,289	42,147
Operating expenditures	967,428	958,599	796,763	161,836
Contributions	50,000	50,000	50,000	-
Capital outlay	25,000	62,081	48,962	13,119
Debt service	74,545	74,545	74,545	-
Cost allocations	1,717,424	1,717,424	1,656,995	60,429
<b>Total cultural and recreational</b>	<b>4,173,593</b>	<b>4,276,447</b>	<b>4,024,245</b>	<b>252,202</b>
Planning and community development:				
Planning department:				
Salaries and employee benefits	1,171,911	1,168,576	1,061,088	107,488
Professional services	354,466	684,751	562,655	122,096
Operating expenditures	448,572	525,787	366,627	159,160
Capital outlay	200,000	200,000	99,930	100,070
Incentive grants	535,664	535,664	21,918	513,746
Cost allocations	129,646	129,646	111,285	18,361
<b>Total planning and community development</b>	<b>2,840,259</b>	<b>3,244,425</b>	<b>2,223,503</b>	<b>1,020,922</b>
<b>Total expenditures</b>	<b>47,986,699</b>	<b>50,915,872</b>	<b>46,426,960</b>	<b>4,488,912</b>
<b>Excess of revenues over expenditures</b>	<b>5,698,443</b>	<b>7,171,281</b>	<b>14,056,531</b>	<b>6,885,250</b>
Other Financing Sources (Uses)				
Debt issued	-	901,000	900,936	(64)
Transfers to other funds	(5,698,443)	(8,072,281)	(8,617,062)	(544,781)
<b>Total other financing uses</b>	<b>(5,698,443)</b>	<b>(7,171,281)</b>	<b>(7,716,126)</b>	<b>(544,845)</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,340,405</b>	<b>\$ 6,340,405</b>
Fund Balance				
Beginning			35,873,416	
Ending			<b>\$ 42,213,821</b>	

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2007

ASSETS	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
<b>Current Assets</b>				
Cash and investments	\$ 14,588,318	\$ 17,477,605	\$ 6,894,298	\$ 6,475,035
Receivables:				
Accounts receivable, net	6,776,860	2,459,088	1,723,206	334,363
Due from other governmental agencies	-	12,644	-	-
Sales tax refunds	422,372	142,455	31,533	37,278
Interest	125,436	125,263	38,693	19,057
Other receivables	-	-	175,000	56,061
Loan receivable, current	-	-	229,753	-
Inventories and prepaid expenses	4,312,869	470,568	85,319	104,476
<b>Total current assets</b>	<b>26,225,855</b>	<b>20,687,623</b>	<b>9,177,802</b>	<b>7,026,270</b>
<b>Noncurrent assets:</b>				
Restricted assets - cash and investments	1,025,200	2,858,514	1,830,328	-
Capital assets	106,897,502	113,553,205	80,268,650	69,618,830
Less accumulated depreciation	(44,284,600)	(31,222,372)	(21,679,778)	(10,239,346)
Bond issuance and premium, net	793,253	1,581,214	756,427	-
Loan receivable, noncurrent	-	-	657,097	-
<b>Total noncurrent assets</b>	<b>64,431,355</b>	<b>86,770,561</b>	<b>61,832,724</b>	<b>59,379,484</b>
<b>Total assets</b>	<b>90,657,210</b>	<b>107,458,184</b>	<b>71,010,526</b>	<b>66,405,754</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	5,734,274	536,230	290,267	1,145,428
Current portion of long-term debt	1,388,995	2,582,867	1,612,632	902,441
Accrued interest	85,129	170,270	85,780	8,884
Due to other funds	-	-	-	-
<b>Total current liabilities</b>	<b>7,208,398</b>	<b>3,289,367</b>	<b>1,988,679</b>	<b>2,056,753</b>
<b>Non-current liabilities</b>				
Long-term debt due after one year	23,439,424	43,578,049	24,020,745	6,967,713
Deposits	1,419,747	349,427	1,325	94,547
<b>Total non-current liabilities</b>	<b>24,859,171</b>	<b>43,927,476</b>	<b>24,022,070</b>	<b>7,062,260</b>
<b>Total liabilities</b>	<b>32,067,569</b>	<b>47,216,843</b>	<b>26,010,749</b>	<b>9,119,013</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	38,847,292	37,922,835	33,782,159	51,573,169
Unrestricted (deficit)	19,742,349	22,318,506	11,217,618	5,713,572
<b>Total net assets</b>	<b>\$ 58,589,641</b>	<b>\$ 60,241,341</b>	<b>\$ 44,999,777</b>	<b>\$ 57,286,741</b>

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	Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 812,090	\$ 199,032	\$ 46,446,378	\$ 35,426
412,290	11,649	11,717,456	-
-	898,260	910,904	-
20,581	16,529	670,748	91,656
-	631	309,080	-
-	518,927	749,988	-
-	-	229,753	-
494	58,947	5,032,673	181,228
<u>1,245,455</u>	<u>1,703,975</u>	<u>66,066,980</u>	<u>308,310</u>
-	-	5,714,042	-
55,089,295	22,362,028	447,789,510	5,107,876
(2,953,817)	(4,581,484)	(114,961,397)	(3,767,642)
-	765,661	3,896,555	-
-	-	657,097	-
<u>52,135,478</u>	<u>18,546,205</u>	<u>343,095,807</u>	<u>1,340,234</u>
<u>53,380,933</u>	<u>20,250,180</u>	<u>409,162,787</u>	<u>1,648,544</u>
36,536	323,503	8,066,238	551,990
41,789	606,453	7,135,177	349,815
-	35,614	385,677	-
-	770,836	770,836	-
<u>78,325</u>	<u>1,736,406</u>	<u>16,357,928</u>	<u>901,805</u>
3,145	9,669,739	107,678,815	26,330
-	30,234	1,895,280	-
<u>3,145</u>	<u>9,699,973</u>	<u>109,574,095</u>	<u>26,330</u>
<u>81,470</u>	<u>11,436,379</u>	<u>125,932,023</u>	<u>928,135</u>
52,135,478	8,684,311	222,945,244	1,340,234
1,163,985	129,490	60,285,520	(619,825)
<u>\$ 53,299,463</u>	<u>\$ 8,813,801</u>	<u>\$ 283,230,764</u>	<u>\$ 720,409</u>
		720,409	
		<u>\$ 283,951,173</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating Revenues				
Charges for services	\$ 57,175,861	\$ 17,520,884	\$ 12,232,200	\$ 9,215,358
Other operating revenues	608,314	1,963,777	1,592,657	113,684
<b>Total operating revenues</b>	<b>57,784,175</b>	<b>19,484,661</b>	<b>13,824,857</b>	<b>9,329,042</b>
Operating Expenses				
General and administrative	502,555	-	-	285
Professional services	-	-	-	-
Water plant and lakes	-	4,060,129	-	-
Water line operation and maintenance	-	5,770,287	-	-
Wastewater line and plant	-	-	9,267,050	-
Purchased power	38,084,359	-	-	-
Power line and plant	11,582,161	-	-	-
Airport operation and maintenance	-	-	-	8,446,762
Stormwater operation and maintenance	-	-	-	-
Utilities	-	-	-	-
Housing maintenance and repairs	-	-	-	-
Operating supplies	-	-	-	-
Other operating costs	-	-	-	-
Depreciation and amortization	3,352,759	2,806,477	2,251,847	1,105,490
<b>Total operating expenses</b>	<b>53,521,834</b>	<b>12,636,893</b>	<b>11,518,897</b>	<b>9,552,537</b>
<b>Operating income (loss)</b>	<b>4,262,341</b>	<b>6,847,768</b>	<b>2,305,960</b>	<b>(223,495)</b>
Nonoperating Revenues (Expenses)				
Operating subsidy	-	-	-	-
Interest earned on loan	-	-	65,058	-
Interest earned on investments	1,012,263	1,043,421	330,321	134,601
Interest expense	(1,029,823)	(1,923,018)	(1,079,520)	(396,262)
Gain on sale of capital assets	47,477	18,458	25,300	575,747
Other	-	150	-	7,660
<b>Total nonoperating expenses</b>	<b>29,917</b>	<b>(860,989)</b>	<b>(658,841)</b>	<b>321,746</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>4,292,258</b>	<b>5,986,779</b>	<b>1,647,119</b>	<b>98,251</b>
Capital contributions	-	4,198,657	4,462,244	1,074,644
Transfers in	333,334	338,704	850,817	750,000
Transfers out	(1,372,000)	(16,260)	-	(16,260)
<b>Transfers in (out)</b>	<b>(1,038,666)</b>	<b>322,444</b>	<b>850,817</b>	<b>733,740</b>
<b>Change in net assets</b>	<b>3,253,592</b>	<b>10,507,880</b>	<b>6,960,180</b>	<b>1,906,635</b>
Net Assets:				
Beginning	55,336,049	49,733,461	38,039,597	55,380,106
Ending	<b>\$ 58,589,641</b>	<b>\$ 60,241,341</b>	<b>\$ 44,999,777</b>	<b>\$ 57,286,741</b>

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	Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 3,132,004	\$ 1,589,814	\$ 100,866,121	\$ 10,489,072
8,954	897,365	5,184,751	-
<u>3,140,958</u>	<u>2,487,179</u>	<u>106,050,872</u>	<u>10,489,072</u>
1,078,004	635,936	2,216,780	6,634,713
-	2,598,075	2,598,075	889,142
-	-	4,060,129	-
-	-	5,770,287	-
-	-	9,267,050	-
-	-	38,084,359	-
-	-	11,582,161	-
-	-	8,446,762	-
535,898	-	535,898	-
-	271,794	271,794	-
-	392,706	392,706	-
-	503,859	503,859	1,317,966
-	323,636	323,636	1,320,967
<u>1,483,388</u>	<u>608,521</u>	<u>11,608,482</u>	<u>326,284</u>
<u>3,097,290</u>	<u>5,334,527</u>	<u>95,661,978</u>	<u>10,489,072</u>
<u>43,668</u>	<u>(2,847,348)</u>	<u>10,388,894</u>	<u>-</u>
-	2,804,136	2,804,136	-
-	-	65,058	-
33,691	11,131	2,565,428	-
-	(493,100)	(4,921,723)	-
-	-	666,982	-
-	14,145	21,955	-
<u>33,691</u>	<u>2,336,312</u>	<u>1,201,836</u>	<u>-</u>
77,359	(511,036)	11,590,730	-
-	-	9,735,545	-
-	1,701,331	3,974,186	244,000
-	-	(1,404,520)	-
-	1,701,331	2,569,666	244,000
<u>77,359</u>	<u>1,190,295</u>	<u>23,895,941</u>	<u>244,000</u>
53,222,104	7,623,506		476,409
<u>\$ 53,299,463</u>	<u>\$ 8,813,801</u>		<u>\$ 720,409</u>
		244,000	
		<u>\$ 24,139,941</u>	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	\$ 57,035,566	\$ 18,974,661	\$ 13,519,052	\$ 9,452,048
Payments to employees	(4,329,599)	(3,139,373)	(1,317,169)	(1,633,020)
Payments to suppliers	(43,161,008)	(6,286,655)	(8,758,567)	(6,106,738)
<b>Net cash provided by (used in) operating activities</b>	<b>9,544,959</b>	<b>9,548,633</b>	<b>3,443,316</b>	<b>1,712,290</b>
<b>Cash Flows From Noncapital Financing Activities</b>				
Transfers in	333,334	338,704	850,817	750,000
Transfers out	(1,372,000)	(16,260)	-	(16,260)
Operating grants received	-	-	-	-
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(1,038,666)</b>	<b>322,444</b>	<b>850,817</b>	<b>733,740</b>
<b>Cash Flows From Capital and Related Financing Activities</b>				
Principal payments on long-term debt	(1,216,090)	(2,476,911)	(1,774,695)	(881,061)
Interest paid	(1,037,609)	(1,938,428)	(1,095,682)	(407,548)
Acquisition and construction of capital assets	(9,448,180)	(6,239,002)	(5,950,715)	(1,872,553)
Proceeds from the sale of capital assets	47,477	18,458	25,300	716,261
Capital contributions	-	4,198,657	4,462,244	1,074,644
Other capital contributions	-	150	-	586,628
<b>Net cash used in capital and related financing activities</b>	<b>(11,654,402)</b>	<b>(6,437,076)</b>	<b>(4,333,548)</b>	<b>(783,629)</b>
<b>Cash Flows From Investing Activities</b>				
Earnings on investments	1,029,540	1,024,153	336,192	133,216
Payments received on notes receivable	-	-	301,046	-
<b>Net cash provided by investing activities</b>	<b>1,029,540</b>	<b>1,024,153</b>	<b>637,238</b>	<b>133,216</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(2,118,569)</b>	<b>4,458,154</b>	<b>597,823</b>	<b>1,795,617</b>
<b>Cash and cash equivalents:</b>				
Beginning	17,732,087	15,877,965	8,126,803	4,679,418
Ending	\$ 15,613,518	\$ 20,336,119	\$ 8,724,626	\$ 6,475,035

Continued

**Exhibit J**  
**Pages 1 and 2**  
of 4

<b>Stormwater Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Business-type Activities Internal Service Funds</b>
\$ 3,211,954	\$ 2,229,576	\$ 104,422,857	\$ 10,475,732
(832,450)	(134,532)	(11,386,143)	(6,564,239)
(966,601)	(3,644,902)	(68,924,471)	(3,860,012)
<b>1,412,903</b>	<b>(1,549,858)</b>	<b>24,112,243</b>	<b>51,481</b>
-	1,701,331	3,974,186	244,000
-	-	(1,404,520)	-
-	1,906,500	1,906,500	-
-	3,607,831	4,476,166	244,000
-	(555,000)	(6,903,757)	-
-	(495,073)	(4,974,340)	-
(634,504)	(842,697)	(24,987,651)	(260,055)
-	-	807,496	-
-	-	9,735,545	-
-	14,145	600,923	-
(634,504)	(1,878,625)	(25,721,784)	(260,055)
33,691	11,402	2,568,194	-
-	-	301,046	-
33,691	11,402	2,869,240	-
812,090	190,750	5,735,865	35,426
-	8,282	46,424,555	-
<b>\$ 812,090</b>	<b>\$ 199,032</b>	<b>\$ 52,160,420</b>	<b>\$ 35,426</b>

**CITY OF CONCORD, NORTH CAROLINA**

**PROPRIETARY FUNDS**

**STATEMENT OF CASH FLOWS (Continued)**  
**Year Ended June 30, 2007**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Electric Fund</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Regional Airport Fund</b>
Operating income (loss)	\$ 4,262,341	\$ 6,847,768	\$ 2,305,960	\$ (223,495)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,352,759	2,806,477	2,251,847	1,105,490
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(748,609)	(362,092)	(263,805)	123,006
Due from other governmental agencies	-	(12,644)	-	-
Due from other funds	894,777	-	-	-
Inventories and prepaid expenses	52,460	243,017	(16,632)	14,288
Increase (decrease) in:				
Accounts payable and accrued expenses	1,591,715	100,442	(798,904)	672,459
Vacation accrual	33,907	11,417	8,152	16,162
Due to other funds	-	-	-	-
Deposits	105,609	49,512	(1,302)	4,380
Deferred revenue	-	(135,264)	(42,000)	-
<b>Net cash provided by (used in)     operating activities</b>	<b>\$ 9,544,959</b>	<b>\$ 9,548,633</b>	<b>\$ 3,443,316</b>	<b>\$ 1,712,290</b>

See Notes to Financial Statements.

**Exhibit J**  
**Pages 3 and 4**  
of 4

Stormwater Fund	Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 43,668	\$ (2,847,348)	\$ 10,388,894	\$ -
1,483,388	608,521	11,608,482	326,284
70,996	(388,360)	(1,568,864)	(13,340)
-	130,757	118,113	-
-	-	894,777	-
(494)	291,777	584,416	(54,982)
5,899	231,204	1,802,815	38,059
36,919	4,746	111,303	70,474
(227,473)	418,546	191,073	(315,014)
-	299	158,498	-
-	-	(177,264)	-
\$ 1,412,903	\$ (1,549,858)	\$ 24,112,243	\$ 51,481

**CITY OF CONCORD, NORTH CAROLINA**

**Exhibit K**

**AGENCY FUNDS**

**STATEMENT OF ASSETS AND LIABILITIES**

**June 30, 2007**

**ASSETS**

Cash	\$ 997,068
Sales tax receivable	6,016
Other receivables	739,197
Total assets	<u>\$ 1,742,281</u>

**LIABILITIES**

Agency payable	<u>\$ 1,742,281</u>
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See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

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**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 has a June 30 year-end, are included in the funds in which the activity takes place.

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

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

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

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

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

Separate financial statements are provided for governmental funds 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.

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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.

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 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable in these financial statements and are offset by deferred revenues. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annual registration expired December 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the annual into the staggered registration, the initial 2006 registration renewals varied from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2007 because they are intended to finance the City's operations during the 2008 fiscal year.

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

NOTES TO FINANCIAL STATEMENTS

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**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 of 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 Funds: 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 fund is used to account for the activities of the Convention Center, Joe Cannon Trust, Witherspoon Children Trust and the Employee's Self Funded Insurance funds in which the City holds these funds on behalf of other entities.

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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 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 Capital Reserve Fund, the Cabarrus Avenue Roundabout Fund, the Brownfield Coop Agreement Fund, the Home Fund, the Housing Capital Fund Project, the Parks and Recreation Capital Project Fund, the Transportation Capital Project Fund, the Fire and Life Safety Capital Project Fund, the Wellness Center Capital Project Fund, the Oakwood Cemetery Capital Project Fund, the Fiber Project Capital Project Fund, the Transit Fund, the 2002 and 2007 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 budget were necessary.

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

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

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

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

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

E. Assets, Liabilities and Fund Equity

DEPOSITS AND INVESTMENTS

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

State statute (G.S. 159-30(c)) authorizes the City and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC-registered mutual fund.

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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.

**AD VALOREM TAXES RECEIVABLE**

In accordance with State statutes (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 have 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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. 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 included as part of the cost of capital assets under construction in connection with the 2002 Revenue Bond Capital Projects, \$191,657 in capitalized interest.

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 systems	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

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.

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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

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.

NOTES TO FINANCIAL STATEMENTS

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**Note 1. Summary of Significant Accounting Policies (Continued)**

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 2007-2008 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 \$870,017 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 (\$166,035) 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, 2007 and June 30, 2006.

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.

## 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 undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. 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, 2007, the City's deposits had a carrying amount of \$5,005,986 and a bank balance of \$6,106,843. Of the bank balance, \$300,000 was covered by federal depository insurance and \$5,806,843 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$30,698 at June 30, 2007.

At June 30, 2007, the carrying amount of deposits for the ABC Board was \$2,299,856 and the bank balance was \$2,371,122. All of the bank balances were covered by federal depository insurance or collateralized deposits. The ABC Board had cash on hand of \$6,500 at June 30, 2007.

At June 30, 2007, the City's investment balances were as follows:

	<b>Reported Value</b>	<b>Less than 6 Months</b>	<b>Reported 6 - 12 Months</b>	<b>Reported 1 - 23 Years</b>
U. S. Government agencies	\$ 39,506,407	\$ 4,000,000	\$ 5,680,454	\$ 29,825,953
Commercial paper	10,400,363	10,400,363	-	-
North Carolina Capital Management Trust - Cash Portfolio	41,983,752	N/A	N/A	N/A
Total	<u>\$ 91,890,522</u>	<u>\$ 14,400,363</u>	<u>\$ 5,680,454</u>	<u>\$ 29,825,953</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's current holding period for commercial paper is six months or less and a target amount of ten million is held in the North Carolina Capital Management Trust Cash Portfolio. Also, the City's investments are purchased so that maturity dates are staggered and the City normally limits all securities to a final maturity of no more than three years. The City of Concord does not have a formal investment policy but adheres to all North Carolina requirements of General Statute 159-30. 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.

Credit Risk – State law limits investments in commercial paper to the top rating issues nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, 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 & Poor's as of June 30, 2007. 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.

NOTES TO FINANCIAL STATEMENTS

**Note 3. Cash and Investments (Continued)**

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 21.1%, 14.2% and 6.5%, respectively, of the City's total investments.

At June 30, 2007, the ABC Board did not have any investments.

**Note 4. Receivables and Allowances for Uncollectible Amounts**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts receivable, net	\$ -	\$ 11,717,456
Ad valorem taxes, net	870,017	-
Due from other governmental agencies	463,936	910,904
Sales tax refunds	257,332	762,404
Interest	254,660	309,080
Other, net	6,083,312	749,988
Due from (to) other funds	770,836	(770,836)
Loan receivable, current	-	229,753
	<b>\$ 8,700,093</b>	<b>\$ 13,908,749</b>

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

Governmental Activities, allowance for uncollectible ad valorem taxes	\$ 290,006
Governmental Activities, allowance for doubtful other receivables	\$ 26,416
Business-type Activities, allowance for doubtful accounts receivable	\$ 214,306

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

	<b>Rocky River Regional Wastewater Treatment Plant</b>		<b>WSACC Operational</b>	<b>Total</b>
Balance at June 30, 2007	\$ 335,150	\$ 551,700	\$ 886,850	
Less current portion	197,973	31,780	229,753	
Noncurrent portion	<b>\$ 137,177</b>	<b>\$ 519,920</b>	<b>\$ 657,097</b>	

## NOTES TO FINANCIAL STATEMENTS

## Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	July 1, 2006	Increases	Decreases	June 30, 2007
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 33,479,647	\$ 1,105,237	\$ 1,852,701	\$ 32,732,183
Construction in progress	17,144,397	923,292	17,112,473	955,216
Total capital assets, not being depreciated	<u>50,624,044</u>	<u>2,028,529</u>	<u>18,965,174</u>	<u>33,687,399</u>
Capital assets, being depreciated:				
Buildings	25,282,886	14,512,204	-	39,795,090
Improvements other than buildings	2,350,572	42,033	16,704	2,375,901
Machinery and equipment	25,342,101	2,803,564	429,742	27,715,923
Infrastructure	442,188,908	15,476,573	-	457,665,481
Total capital assets, being depreciated	<u>495,164,467</u>	<u>32,834,374</u>	<u>446,446</u>	<u>527,552,395</u>
Accumulated depreciation:				
Buildings	7,483,601	782,285	-	8,265,886
Improvements other than buildings	1,236,207	103,181	16,704	1,322,684
Machinery and equipment	18,011,803	1,802,041	425,008	19,388,836
Infrastructure	205,428,787	19,603,616	-	225,032,403
Total accumulated depreciation	<u>232,160,398</u>	<u>22,291,123</u>	<u>441,712</u>	<u>254,009,809</u>
Total capital assets, being depreciated, net	<u>263,004,069</u>	<u>\$ 10,543,251</u>	<u>\$ 4,734</u>	<u>273,542,586</u>
Governmental activities capital assets, net	<u>\$ 313,628,113</u>			<u>\$ 307,229,985</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 30,746,406	\$ 1,941,098	\$ 140,514	\$ 32,546,990
Construction in progress	34,640,403	4,631,124	10,683,505	28,588,022
Total capital assets, not being depreciated	<u>65,386,809</u>	<u>6,572,222</u>	<u>10,824,019</u>	<u>61,135,012</u>
Capital assets, being depreciated:				
Buildings	44,873,238	5,404,268	-	50,277,506
Improvements other than buildings	298,414,275	22,035,891	-	320,450,166
Machinery and equipment	19,726,256	1,951,608	643,162	21,034,702
Total capital assets, being depreciated	<u>363,013,769</u>	<u>29,391,767</u>	<u>643,162</u>	<u>391,762,374</u>
Accumulated depreciation:				
Buildings	19,290,796	798,121	-	20,088,917
Improvements other than buildings	75,974,504	8,558,510	-	84,533,014
Machinery and equipment	12,925,245	1,825,025	643,162	14,107,108
Total accumulated depreciation	<u>108,190,545</u>	<u>11,181,656</u>	<u>643,162</u>	<u>118,729,039</u>
Total capital assets, being depreciated, net	<u>254,823,224</u>	<u>\$ 18,210,111</u>	<u>\$ -</u>	<u>273,033,335</u>
Business-type activities capital assets, net	<u>\$ 320,210,033</u>			<u>\$ 334,168,347</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	\$ 1,292,886
Public safety	1,529,171
Public works	19,226,093
Cultural and recreational	213,995
Planning and community development	28,978
Total depreciation expense - governmental activities	<u>\$ 22,291,123</u>

Business-type activities:

Electric	\$ 3,210,327
Water	2,566,445
Wastewater	1,949,958
Regional airport	1,105,490
Stormwater	1,483,389
Other nonmajor business-type activities	539,763
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	326,284
Total depreciation expense - business-type activities	<u>\$ 11,181,656</u>

Activity for the ABC Board for the year ended June 30, 2007, was as follows:

	<u>July 1,</u> <u>2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2007</u>
<b>Component unit:</b>				
Capital assets, not being depreciated - land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:				
Buildings	51,078	-	-	51,078
Improvements other than buildings	252,245	7,397	-	259,642
Machinery and equipment	237,848	-	-	237,848
Total capital assets, being depreciated	541,171	7,397	-	548,568
Accumulated depreciation	331,588	33,614	-	365,202
Total capital assets, being depreciated, net	<u>209,583</u>	<u>\$ (26,217)</u>	<u>\$ -</u>	<u>183,366</u>
Component unit capital assets, net	<u>\$ 229,583</u>			<u>\$ 203,366</u>

## NOTES TO FINANCIAL STATEMENTS

**Note 6. Accounts Payable and Accrued Liabilities**

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Accounts payable	\$ 2,639,027	\$ 7,760,148
Accrued payroll and payroll related liabilities	11,897	616,283
Accrued sales tax payable	-	190,090
Other accrued liabilities	359,574	51,707
	<u>\$ 3,010,498</u>	<u>\$ 8,618,228</u>

**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 19 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:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Capital Asset		
Machinery and equipment	\$ 3,153,499	\$ 4,500,000
Less accumulated depreciation	959,121	-
	<u>\$ 2,194,378</u>	<u>\$ 4,500,000</u>

The aggregate future minimum payments of the installment purchase contracts as of June 30, 2007, including interest, are as follows:

<u>Year Ending June 30,</u>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2008	\$ 403,735	\$ 416,163
2009	356,619	404,890
2010	272,942	393,618
2011	272,942	382,345
2012	272,942	371,073
2013-2017	251,023	1,686,277
2018-2022	-	1,404,464
2023-2025	-	577,802
Total	1,830,203	5,636,632
Less amount representing interest	165,411	1,717,882
Total debt	<u>\$ 1,664,792</u>	<u>\$ 3,918,750</u>

## 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, 2007 are comprised of the following individual issues:

## Governmental activities:

\$920,756, 1992 Refunding Serial Bonds due in annual installments of \$32,000 to \$68,000 through June 1, 2009; interest from 3.5% to 6.4%	\$ 77,967
\$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%	385,000
	<u>\$ 462,967</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%	\$ 997,035
\$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	100,000
\$4,320,000, 1996 Water and Wastewater Refunding Serial Bonds due in annual installments of \$235,000 to \$410,000 through March 1, 2009; interest from 4.3% to 5.0%	580,000
	<u>\$ 1,677,035</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
2008	\$ 96,056	\$ 26,762	\$ 998,944	\$ 97,416
2009	131,911	21,037	678,091	39,583
2010	150,000	13,395	-	-
2011	85,000	4,845	-	-
	<u>\$ 462,967</u>	<u>\$ 66,039</u>	<u>\$ 1,677,035</u>	<u>\$ 136,999</u>

## NOTES TO FINANCIAL STATEMENTS

## Note 7. Long-Term Debt (Continued)

Revenue bonds: The City also issues bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. 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, 2007 are as follows:

## Governmental activities:

\$4,002,453 (of \$35,295,000 issue), Utilities Systems Revenue Bonds Series 1998A due in annual installments of \$101,493 to \$281,799 through December 1, 2022; interest from 3.95% to 5.00%	\$ 1,101,114
\$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%	2,426,235
	<u>\$ 3,527,349</u>

## Business-type activities:

\$24,850,000 1995 Utility Systems Revenue Bonds due in annual installments of \$605,000 to \$1,800,000 through June 30, 2020; interest from 4.1% to 5.5%; to be paid from revenues of the Water and Wastewater Fund	\$ 3,060,000
\$31,292,547 (of \$35,295,000 issue), Utilities Systems Revenue Bonds, Series 1998A due in annual installments of \$793,507 to \$2,203,201 through December 1, 2022; interest from 3.95% to 5.00%.	8,608,886
\$29,480,000, Utilities Systems Refunding Revenue Bonds, Series 1998B due in annual installments of \$160,000 to \$2,705,000 through December 1, 2017; interest from 3.80% to 5.00%	23,765,000
\$25,935,000, Utilities Systems Revenue Bonds, Series 2002A due in annual installments of \$605,000 to \$1,635,000 through December 1, 2030; interest from 3.00% to 4.75%	24,060,000
\$36,834,260 (of \$39,350,000 issue), Utilities Systems Revenue Bonds, Series 2002B due in annual installments of \$1,505,240 to \$5,061,351 through December 1, 2023; interest from 3.65% to 3.66%	35,040,296
	<u>\$ 94,534,182</u>

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

	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 151,672	\$ 136,179	\$ 4,174,858	\$ 3,934,216
2009	158,547	129,364	4,816,453	3,727,244
2010	165,424	122,211	5,024,577	3,509,618
2011	243,760	113,366	5,176,241	3,289,160
2012	254,647	102,666	5,400,353	3,064,780
2013-2017	1,193,776	355,840	31,021,223	11,534,867
2018-2022	1,019,083	145,169	22,790,917	5,452,769
2023-2027	340,440	6,213	11,449,560	1,999,163
2028-2030	-	-	4,680,000	340,575
	<u>\$ 3,527,349</u>	<u>\$ 1,111,008</u>	<u>\$ 94,534,182</u>	<u>\$ 36,852,392</u>

NOTES TO FINANCIAL STATEMENTS

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**Note 7. Long-Term Debt (Continued)**

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

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

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

Loans and installment notes: Loan and installment notes payable at June 30, 2007 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 semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from General Fund	\$ 17,647,436
\$16,105,000 of \$27,000,000 issue, 2005 Certificates of Participation due in annual installments of \$630,000 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	14,805,000
	\$ 32,452,436

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 semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from Regional Airport Fund	\$ 3,787,566
\$10,895,000 of \$27,000,000 issue, 2005 Certificates of Participation due in annual installments of \$100,000 to \$950,000 through June 1, 2030, plus interest due semiannually at 3% to 5% financed through First Concord Corporation, to be paid from Golf Course Fund	10,240,000
	\$ 14,027,566

## NOTES TO FINANCIAL STATEMENTS

## Note 7. Long-Term Debt (Continued)

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
2008	\$ 3,226,929	\$ 1,480,503	\$ 1,128,071	\$ 608,452
2009	3,181,647	1,340,530	1,133,353	565,345
2010	3,135,483	1,202,938	1,144,518	522,300
2011	3,135,483	1,067,397	1,164,517	475,016
2012	1,402,436	919,395	812,564	427,577
2013-2017	7,007,180	3,809,673	4,437,820	1,546,193
2018-2022	6,233,278	2,002,527	4,206,723	515,254
2023-2027	3,210,000	864,675	-	-
2028-2030	1,920,000	172,800	-	-
	<u>\$ 32,452,436</u>	<u>\$ 12,860,438</u>	<u>\$ 14,027,566</u>	<u>\$ 4,660,137</u>

## NOTES TO FINANCIAL STATEMENTS

## Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2006	Additions	Reductions	June 30, 2007
<b>Governmental activities:</b>				
Installment purchase	\$ 1,214,493	\$ 900,936	\$ 450,637	\$ 1,664,792
Less current maturities				352,918
Long-term installment purchases				\$ 1,311,874
<b>Bond payables:</b>				
General obligation bonds	\$ 560,473	\$ -	\$ 97,506	\$ 462,967
Installment notes	35,856,373	-	3,403,937	32,452,436
Revenue bonds	3,672,143	-	144,794	3,527,349
Total bond payable	\$ 40,088,989	\$ -	\$ 3,646,237	36,442,752
Compensated absences	\$ 1,807,874	\$ 1,382,951	\$ 1,199,253	1,991,572
Separation allowance	\$ 640,016	\$ 86,722	\$ -	726,738
<b>Less current maturities:</b>				
General obligation bonds				96,056
Installment notes				3,226,929
Revenue bonds				151,672
Compensated absences				1,852,162
Long-term debt				\$ 33,834,243
<b>Business-type activities:</b>				
Installment purchase	\$ 4,143,750	\$ -	\$ 225,000	\$ 3,918,750
Less current maturities				225,000
Long-term installment purchases				\$ 3,693,750
<b>Bond payables:</b>				
General obligation bonds	\$ 2,699,527	\$ -	\$ 1,022,492	\$ 1,677,035
Installment notes	15,173,627	-	1,146,061	14,027,566
Revenue bonds	98,560,914	-	4,026,732	94,534,182
Total bond payable	\$ 116,434,068	\$ -	\$ 6,195,285	110,238,783
Compensated absences	\$ 850,828	\$ 1,017,225	\$ 835,449	1,032,604
<b>Less current maturities:</b>				
General obligation bonds				998,944
Installment notes				1,128,071
Revenue bonds				4,174,858
Compensated absences				958,119
Long-term debt				\$ 104,011,395

The legal debt margin of the City at June 30, 2007 was \$568,428,789.

## 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 increased since the execution of the swap, the swap has a positive fair value of \$475,180 as of June 30, 2007. 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, 2007, the City is exposed to credit risk because the swap had a positive fair value. However, should interest rates change and the fair value of the swap become negative, the City would no longer be exposed to credit risk. The swap counterparty was rated Aa1 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, 2007, the rate on the City's Bonds was 3.73%, whereas 68% of LIBOR was 3.62%.

*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, 2007 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		
2008	\$ 235,000	\$ 1,380,886	\$ 12,296	\$ 1,628,182
2009	245,000	1,372,126	12,220	1,629,346
2010	255,000	1,363,001	12,220	1,630,221
2011	1,365,000	1,333,436	12,140	2,710,576
2012	1,420,000	1,282,610	12,058	2,714,668
2013-2017	13,165,000	5,298,980	11,615	18,475,595
2018-2022	15,940,000	2,270,666	6,890	18,217,556
2023-2024	5,325,000	97,181	1,725	5,423,906
Total	\$ 37,950,000	\$ 14,398,886	\$ 81,164	\$ 52,430,050

## NOTES TO FINANCIAL STATEMENTS

**Note 8. Interfund Receivables, Payables and Transfers**

A schedule of interfund receivables and payables at June 30, 2007 are as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 2,774,315
General fund	Nonmajor enterprise funds	770,836
		<u>\$ 3,545,151</u>

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

A schedule of interfund transfers at June 30, 2007 is as follows:

Transfers To	Transfers From	Total
Nonmajor governmental funds	General fund	\$ 5,803,396
Nonmajor enterprise funds	General fund	1,701,331
Regional airport fund	Electric fund	750,000
Wastewater fund	Electric fund	500,000
Wastewater fund	General fund	350,817
Water fund	General fund	338,704
Electric fund	General fund	333,334
Nonmajor governmental funds	Nonmajor governmental funds	2,315,560
Internal service fund	Electric fund	122,000
Internal service fund	General fund	89,480
Internal service fund	Regional airport fund	16,260
Internal service fund	Water fund	16,260
		<u>\$ 12,337,142</u>

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

**Note 9. Pension Plan Obligations****A. Local Governmental Employees' 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.

NOTES TO FINANCIAL STATEMENTS

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**Note 9. Pension Plan Obligations (Continued)**

(2) Funding policy:

Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% 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, 2007, 2006, and 2005 were \$1,718,397, \$1,531,033, and \$1,472,933, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$33,737, \$31,295, and \$29,816, respectively. The contributions made by the City and the ABC Board equaled the required contributions for each year.

**B. Law Enforcement Officers' Special Separation Allowance:**

(1) Plan description:

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

All full-time law enforcement officers to the City are covered by the Separation Allowance. At December 31, 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 the modified accrual basis of accounting.

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

NOTES TO FINANCIAL STATEMENTS

**Note 9. Pension Plan Obligations (Continued)**

(3) Contributions

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

The annual required contribution for the 2007 current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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

Annual required contribution	\$ 200,607
Interest on net pension obligation	46,401
Adjustment to annual required contribution	<u>(37,688)</u>
Annual pension cost	209,320
Employer contributions made during the year	<u>122,598</u>
Increase in net pension obligation	86,722
Net pension obligation beginning of year	<u>640,016</u>
Net pension obligation end of year (included in the General Fund's long-term debt)	<u><u>\$ 726,738</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 200,796	63	\$ 539,919
June 30, 2006	227,288	56	640,016
June 30, 2007	209,320	59	726,738

C. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding policy - Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$419,817, which consisted of \$313,863 from the City and \$105,954 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

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**Note 10. Deferred Revenues**

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

	<b>Unavailable</b>	<b>Unearned</b>
Governmental funds:		
Reserve for taxes receivable	\$ 870,017	\$ -
Prepaid taxes, not yet earned	-	130,942
Prepaid privilege license, not yet earned	-	459,920
Other prepaid fees	-	57,624
	<u>\$ 870,017</u>	<u>\$ 648,486</u>

**Note 11. Commitments and Contingencies**

The City had commitments on contracts of approximately \$2.8 million related primarily to construction in its Enterprise Funds.

The City participates in a number of federal and State of North Carolina awards. For the fiscal year ended June 30, 2007, these awards were subject to audit in accordance with *Government Auditing Standards* and the provisions of OMB Circular A-133 and the State Single Audit Implementation Act. The amounts, if any, of expenditures which may be disallowed by the granting agencies resulting from this and other audits cannot be determined at this time, although the City expects they would be immaterial.

**Note 12. Postemployment Benefits**

In addition to providing pension benefits, the City makes available postemployment health benefits to retirees and other former employees of the City and their dependents. The City obtains health care coverage through private insurers. Currently, 103 retirees are eligible for postretirement health benefits. For the year ended June 30, 2007, the City made payments for postretirement health benefit premiums of \$507,079 of which \$98,884 was collected from former employees.

**Note 13. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is fully insured through several insurance companies and is self funded for workers' compensation and health benefits. The City obtains general liability coverage of \$3 million per occurrence, with a \$3 million aggregate limit. The City obtains public official liability coverage of \$1 million per occurrence, with a \$3 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 \$154 million. 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, 2007, the City elected to cover workers' compensation claims up to an individual stop-loss of \$400,000 per employee for firefighters, police officers, and electric, light and power employees after which an insurance company will pay any excess up to \$1 million for each occurrence. The remaining employees are covered up to an individual stop-loss of \$350,000.

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.

NOTES TO FINANCIAL STATEMENTS

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**Note 13. Risk Management (Continued)**

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.

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

**Note 14. Jointly Governed Organization**

The City is a member of the Water and Wastewater Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the 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 \$5.9 million for wastewater treatment and raw water charges during the year ended June 30, 2007. In addition, the City received debt service payments of \$301,047, 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 Golf Course Fund has a net deficit in the amount of \$430,324. The deficit balance in the net assets for the Golf Course Fund resulted from no operating transfers being made to finance debt service payments which were reserved upon the issuance of the original debt. This deficit will be reduced each year as future transfers are made to finance for debt service payments. The Community Development Fund Special Revenue Fund and the Fire and Life Safety Capital Project Fund have deficit net assets in the amount of \$6,778 and \$85,877, respectively. The deficit balance in the net assets for the Community Development Fund resulted from an excess of rehabilitation expenses over grants received. This deficit will be reduced in the coming years as more grant money is received. The deficit balance in the net assets for the Fire and Life Safety Fund resulted from an excess of capital project expenditures that will be reimbursed by a planned 2008 debt issuance.

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2007, the expenditures made in the City's Fire and Life Safety Capital Project Fund in the amount of \$544,117 did not have an authorized appropriation that was made by the governing board. This expenditure was made under a reimbursement resolution approved by the governing board and will be financed by a debt issuance in the 2008 fiscal year to pay for the planned project.

NOTES TO FINANCIAL STATEMENTS

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**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 2000. These bonds are limited obligations payable solely from the revenues and receipts of the loan. The bonds do not constitute a debt of a pledge of the faith and credit of the State of North Carolina or any political subdivision including the City of Concord, and accordingly have not been reported in the accompanying financial statements. As of June 30, 2007, \$5,470,000 of the multifamily housing revenue bonds were outstanding.

**Note 17. Estimated Fair Value of Financial Instruments**

The estimated fair value of cash and cash equivalents, receivables, and accounts payable approximate fair value based on the short-term nature of those instruments.

The fair value of debt instruments are estimated to approximate carrying amounts since interest rates on several of these obligations adjust frequently.

**Note 18. Pronouncements Issued, Not Yet Effective**

In September 2006, the Governmental Accounting Standards Board ("GASB") issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. GASB 48 establishes criteria to ascertain whether the proceeds received in an exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments should be reported as revenue or as a liability. The criteria should be used to determine the extent to which a transferor government either retains or relinquishes control over the receivables or future revenues through its continuing involvement with those receivables or future revenues. GASB 48 is effective for financial statements for periods beginning after December 15, 2006 (the City's fiscal year ending June 30, 2008). The City has not yet determined the impact that implementation of GASB 48 will have on its financial statements.

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 remeasurement of the liability (and its components) when new information indicates increases or decreases in estimated outlays. GASB 49 is effective for financial statements for periods 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 May 2007, the GASB issued Statement No. 50, *Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27*. GASB 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits ("OPEB") and, in doing so, enhances the information disclosed in notes to financial statements or presented as required supplementary information ("RSI") by pension plans and by employers that provide pension benefits. GASB 50 conforms note disclosure and RSI requirements with the requirements of GASB 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB 50 is effective for periods beginning after June 15, 2007 (the City's fiscal year ended June 30, 2008). The City has not yet determined the impact that implementation of GASB 50 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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Liability (AAL) - Project Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll for Year Ending on on Valuation Date (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b-a)/c)</b>
December 31, 2001	\$ 152,539	\$ 1,290,220	\$ 1,137,681	12 %	\$ 4,653,063	24 %
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 30, 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

**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
2002	\$ 120,285	52 %
2003	143,631	62
2004	163,152	(18)
2005	193,167	67
2006	219,154	58
2007	200,607	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 latest actuarial valuation follows.

Valuation date	December 31, 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

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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

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

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

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

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.

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 Down City Redevelopment Corporation for use in the promotion and improvement of the City's Down City 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 City's streets and road.

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.

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

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, 2007

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,662,583	\$ 3,184,450	\$ -	\$ 6,847,033
Receivables:				
Ad valorem taxes, net	1,718	-	-	1,718
Due from other governmental agencies	154,351	-	-	154,351
Sales tax refunds	18,883	3,641	-	22,524
Interest	16,391	-	-	16,391
Other, net	1,025,604	25,000	-	1,050,604
Restricted assets- cash and investments	-	1,268,194	9,227	1,277,421
<b>Total assets</b>	<b>\$ 4,879,530</b>	<b>\$ 4,481,285</b>	<b>\$ 9,227</b>	<b>\$ 9,370,042</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts payable and accrued liabilities	\$ 711,129	\$ 64,464	131,214	\$ 906,807
Due to other funds	37,216	87,425	2,649,674	2,774,315
Deferred revenues	1,718	-	-	1,718
<b>Total liabilities</b>	<b>750,063</b>	<b>151,889</b>	<b>2,780,888</b>	<b>3,682,840</b>
Fund Balances (Deficit)				
Reserved by State statute	1,179,731	1,271,455	-	2,451,186
Unreserved:				
Undesignated	2,949,736	3,057,941	(2,771,661)	3,236,016
<b>Total fund balance (deficit)</b>	<b>4,129,467</b>	<b>4,329,396</b>	<b>(2,771,661)</b>	<b>5,687,202</b>
<b>Total liabilities and fund balance</b>	<b>\$ 4,879,530</b>	<b>\$ 4,481,285</b>	<b>\$ 9,227</b>	<b>\$ 9,370,042</b>

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2007

<b>ASSETS</b>	<b>Housing Assistance</b>	<b>Community Development</b>	<b>Brownfield Coop Agreement</b>	<b>Home</b>
Cash and investments	\$ 842,670	\$ -	\$ -	\$ 399,268
Receivables:				
Ad valorem taxes, net	-	-	-	-
Due from other governmental agencies	-	32,915	-	121,436
Sales tax refunds	567	38	-	24
Interest	5,445	-	-	-
Other, net	102,810	-	16,018	-
<b>Total assets</b>	<b>\$ 951,492</b>	<b>\$ 32,953</b>	<b>\$ 16,018</b>	<b>\$ 520,728</b>
<b>LIABILITIES AND FUND BALANCE</b>				
Accounts payable and accrued liabilities	\$ 109,651	\$ 18,533	\$ -	\$ 72,041
Due to other funds	-	21,198	16,018	-
Deferred revenues	-	-	-	-
<b>Total liabilities</b>	<b>109,651</b>	<b>39,731</b>	<b>16,018</b>	<b>72,041</b>
Fund Balances (Deficit)				
Reserved by State statute	108,822	11,755	-	121,460
Unreserved:				
Undesignated	733,019	(18,533)	-	327,227
<b>Total fund balance (deficit)</b>	<b>841,841</b>	<b>(6,778)</b>	<b>-</b>	<b>448,687</b>
<b>Total liabilities and fund balance</b>	<b>\$ 951,492</b>	<b>\$ 32,953</b>	<b>\$ 16,018</b>	<b>\$ 520,728</b>

Statement 2

Capital Reserve	Municipal Service District	Transportation Improvement	Cabarrus Avenue Roundabout	Additional Vehicle Tax	Total Special Revenue Funds
\$ 163,177	\$ -	\$ 1,524,737	\$ 717,107	\$ 15,624	\$ 3,662,583
-	1,718	-	-	-	1,718
-	-	-	-	-	154,351
-	-	-	18,254	-	18,883
1,021	-	9,698	-	227	16,391
-	-	-	906,776	-	1,025,604
<u>\$ 164,198</u>	<u>\$ 1,718</u>	<u>\$ 1,534,435</u>	<u>\$ 1,642,137</u>	<u>\$ 15,851</u>	<u>\$ 4,879,530</u>
\$ -	\$ -	\$ -	\$ 510,904	\$ -	\$ 711,129
-	-	-	-	-	37,216
-	1,718	-	-	-	1,718
-	1,718	-	510,904	-	750,063
1,021	1,718	934,955	-	-	1,179,731
163,177	(1,718)	599,480	1,131,233	15,851	2,949,736
164,198	-	1,534,435	1,131,233	15,851	4,129,467
<u>\$ 164,198</u>	<u>\$ 1,718</u>	<u>\$ 1,534,435</u>	<u>\$ 1,642,137</u>	<u>\$ 15,851</u>	<u>\$ 4,879,530</u>

**CITY OF CONCORD, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**June 30, 2007**

<b>ASSETS</b>	<b>Police Station</b>	<b>Parks</b>	<b>Transportation</b>	<b>Fire and Life Safety</b>
Cash and investments	\$ 1,625,679	\$ 702,798	\$ 400,260	\$ -
Receivables:				
Sales tax receivable	1,295	1,966	-	380
Other, net	-	-	-	25,000
Restricted assets- cash and investments	1,268,194	-	-	-
<b>Total assets</b>	<b>\$ 2,895,168</b>	<b>\$ 704,764</b>	<b>\$ 400,260</b>	<b>\$ 25,380</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Accounts payable and accrued liabilities	\$ 27,413	\$ 13,219	\$ -	\$ 23,832
Due to other funds	-	-	-	87,425
<b>Total liabilities</b>	<b>27,413</b>	<b>13,219</b>	<b>-</b>	<b>111,257</b>
Fund Balances (Deficit)				
Reserved by State statute	1,269,489	1,966	-	-
Unreserved:				
Undesignated	1,598,266	689,579	400,260	(85,877)
<b>Total fund balances (deficit)</b>	<b>2,867,755</b>	<b>691,545</b>	<b>400,260</b>	<b>(85,877)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,895,168</b>	<b>\$ 704,764</b>	<b>\$ 400,260</b>	<b>\$ 25,380</b>

**Statement 3**

<b>Wellness Center</b>	<b>Oakwood Cemetery</b>	<b>Total Capital Projects Funds</b>
\$ 297,823	\$ 157,890	\$ 3,184,450
-	-	3,641
-	-	25,000
-	-	1,268,194
<u>\$ 297,823</u>	<u>\$ 157,890</u>	<u>\$ 4,481,285</u>
-	-	64,464
-	-	87,425
-	-	<u>151,889</u>
-	-	1,271,455
<u>297,823</u>	<u>157,890</u>	<u>3,057,941</u>
<u>297,823</u>	<u>157,890</u>	<u>4,329,396</u>
<u>\$ 297,823</u>	<u>\$ 157,890</u>	<u>\$ 4,481,285</u>

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## NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	Total Special Revenue Fund	Total Capital Project Fund	Debt Service Fund	Total Other Governmental Funds
<b>Revenues</b>				
Ad valorem taxes	\$ 71,146	\$ -	\$ -	\$ 71,146
Restricted intergovernmental revenues	5,735,939	-	-	5,735,939
Investment earnings	112,487	133,990	-	246,477
Program income	872,815	-	-	872,815
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>6,792,387</b>	<b>133,990</b>	<b>-</b>	<b>6,926,377</b>
<b>Expenditures</b>				
Current:				
Planning and community development	71,146	-	-	71,146
Administration	444,287	-	-	444,287
Housing assistance payments	3,081,332	-	-	3,081,332
Rehabilitation	2,529,418	-	-	2,529,418
Capital outlay	367,362	2,761,110	-	3,128,472
Debt service	-	-	4,966,662	4,966,662
<b>Total expenditures</b>	<b>6,493,545</b>	<b>2,761,110</b>	<b>4,966,662</b>	<b>14,221,317</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>298,842</b>	<b>(2,627,120)</b>	<b>(4,966,662)</b>	<b>(7,294,940)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	1,652,825	1,342,363	5,123,768	8,118,956
Transfers to other funds	(2,315,560)	-	-	(2,315,560)
<b>Total other financing sources</b>	<b>(662,735)</b>	<b>1,342,363</b>	<b>5,123,768</b>	<b>5,803,396</b>
<b>Net change in fund balances</b>	<b>(363,893)</b>	<b>(1,284,757)</b>	<b>157,106</b>	<b>(1,491,544)</b>
<b>Fund Balances (Deficit)</b>				
Beginning	4,493,360	5,614,153	(2,928,767)	7,178,746
Ending	\$ 4,129,467	\$ 4,329,396	\$ (2,771,661)	\$ 5,687,202

CITY OF CONCORD, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

Year Ended June 30, 2007

	Housing Assistance	Community Development	Brownfield Coop Agreement	Home
<b>Revenues</b>				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	3,560,013	535,393	48,885	120,065
Investment earnings	29,153	-	-	-
Program income	14,085	99,565	-	217,358
<b>Total revenues</b>	<b>3,603,251</b>	<b>634,958</b>	<b>48,885</b>	<b>337,423</b>
<b>Expenditures</b>				
Current:				
Planning and community development	-	-	-	-
Administration	247,833	140,499	1,408	53,860
Housing assistance payments	3,081,332	-	-	-
Rehabilitation	-	501,316	47,477	242,989
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>3,329,165</b>	<b>641,815</b>	<b>48,885</b>	<b>296,849</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>274,086</b>	<b>(6,857)</b>	<b>-</b>	<b>40,574</b>
<b>Other Financing Sources (Uses)</b>				
Transfers from other funds	-	-	-	47,500
Transfers to other funds	-	-	-	-
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,500</b>
<b>Net change in fund balances</b>	<b>274,086</b>	<b>(6,857)</b>	<b>-</b>	<b>88,074</b>
<b>Fund Balances (Deficit)</b>				
Beginning	567,755	79	-	360,613
Ending	\$ 841,841	\$ (6,778)	\$ -	\$ 448,687

Statement 5

Capital Reserve	Municipal Service District	Transportation Improvement	Cabarrus Avenue Roundabout	Additional Vehicle Tax	Total Special Revenue Fund
\$ -	\$ 71,146	\$ -	\$ -	\$ -	\$ 71,146
-	-	-	1,471,583	-	5,735,939
6,231	-	73,131	-	3,972	112,487
444	-	263,061	-	278,302	872,815
<b>6,675</b>	<b>71,146</b>	<b>336,192</b>	<b>1,471,583</b>	<b>282,274</b>	<b>6,792,387</b>
-	71,146	-	-	-	71,146
-	-	687	-	-	444,287
-	-	-	-	-	3,081,332
-	-	-	1,737,636	-	2,529,418
-	-	367,362	-	-	367,362
-	71,146	368,049	1,737,636	-	6,493,545
<b>6,675</b>	<b>-</b>	<b>(31,857)</b>	<b>(266,053)</b>	<b>282,274</b>	<b>298,842</b>
86,583	-	1,518,742	-	-	1,652,825
(550,000)	-	(1,498,895)	-	(266,665)	(2,315,560)
(463,417)	-	19,847	-	(266,665)	(662,735)
(456,742)	-	(12,010)	(266,053)	15,609	(363,893)
620,940	-	1,546,445	1,397,286	242	4,493,360
<b>\$ 164,198</b>	<b>\$ -</b>	<b>\$ 1,534,435</b>	<b>\$ 1,131,233</b>	<b>\$ 15,851</b>	<b>\$ 4,129,467</b>

**CITY OF CONCORD, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS**

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

**Year Ended June 30, 2007**

	Police Station	Parks	Transportation
<b>Revenues</b>			
Investment earnings	\$ 133,990	\$ -	\$ -
<b>Total revenues</b>	<b>133,990</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>			
Capital outlay	1,845,359	246,894	124,740
<b>Total expenditures</b>	<b>1,845,359</b>	<b>246,894</b>	<b>124,740</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,711,369)</b>	<b>(246,894)</b>	<b>(124,740)</b>
<b>Other Financing Sources</b>			
Transfers in	-	591,650	175,000
<b>Net change in fund balances</b>	<b>(1,711,369)</b>	<b>344,756</b>	<b>50,260</b>
<b>Fund Balances (Deficit)</b>			
Beginning	4,579,124	346,789	350,000
Ending	<b>\$ 2,867,755</b>	<b>\$ 691,545</b>	<b>\$ 400,260</b>

**Statement 6**

<b>Fire and Life Safety</b>	<b>Wellness Center</b>	<b>Oakwood Cemetery</b>	<b>Total Capital Projects Funds</b>
\$ -	\$ -	\$ -	<b>133,990</b>
-	-	-	<b>133,990</b>
<b>544,117</b>	-	-	<b>2,761,110</b>
<b>544,117</b>	-	-	<b>2,761,110</b>
(544,117)	-	-	(2,627,120)
<b>120,000</b>	<b>297,823</b>	<b>157,890</b>	<b>1,342,363</b>
(424,117)	<b>297,823</b>	<b>157,890</b>	(1,284,757)
<b>338,240</b>	-	-	<b>5,614,153</b>
<b>\$ (85,877)</b>	<b>\$ 297,823</b>	<b>\$ 157,890</b>	<b>\$ 4,329,396</b>

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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, 2007

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Other Enterprise Funds
<b>ASSETS</b>				
Current Assets				
Cash and investments	\$ -	\$ 199,032	\$ -	\$ 199,032
Receivables:				
Accounts receivable, net	11,466	133	50	11,649
Due from other governments	-	624	897,636	898,260
Sales tax refunds	7,789	7,670	1,070	16,529
Interest	460	171	-	631
Other	518,282	-	645	518,927
Inventories and prepaid expenses	45,435	13,512	-	58,947
<b>Total current assets</b>	<b>583,432</b>	<b>221,142</b>	<b>899,401</b>	<b>1,703,975</b>
Noncurrent assets:				
Capital assets	9,370,775	9,710,951	3,280,302	22,362,028
Less accumulated depreciation	(274,542)	(3,392,777)	(914,165)	(4,581,484)
Bond issuance and premium, net	765,661	-	-	765,661
<b>Total noncurrent assets</b>	<b>9,861,894</b>	<b>6,318,174</b>	<b>2,366,137</b>	<b>18,546,205</b>
<b>Total assets</b>	<b>10,445,326</b>	<b>6,539,316</b>	<b>3,265,538</b>	<b>20,250,180</b>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable and accrued expenses	143,021	25,171	155,311	323,503
Current portion of long-term debt	575,000	31,453	-	606,453
Accrued interest	35,614	-	-	35,614
Due to other funds	457,015	-	313,821	770,836
<b>Total current liabilities</b>	<b>1,210,650</b>	<b>56,624</b>	<b>469,132</b>	<b>1,736,406</b>
Noncurrent liabilities				
Long-term debt due after one year	9,665,000	4,739	-	9,669,739
Deposits	-	30,234	-	30,234
<b>Total noncurrent liabilities</b>	<b>9,665,000</b>	<b>34,973</b>	<b>-</b>	<b>9,699,973</b>
<b>Total liabilities</b>	<b>10,875,650</b>	<b>91,597</b>	<b>469,132</b>	<b>11,436,379</b>
<b>NET ASSETS (DEFICIT)</b>				
Invested in capital assets, net of related debt	-	6,318,174	2,366,137	8,684,311
Unrestricted	(430,324)	129,545	430,269	129,490
<b>Total net assets</b>	<b>\$ (430,324)</b>	<b>\$ 6,447,719</b>	<b>\$ 2,796,406</b>	<b>\$ 8,813,801</b>

## NONMAJOR ENTERPRISE FUNDS

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

Year Ended June 30, 2007

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Other Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,176,744	\$ 235,647	\$ 177,423	\$ 1,589,814
Other operating revenues	576,993	-	320,372	897,365
<b>Total operating revenue</b>	<b>1,753,737</b>	<b>235,647</b>	<b>497,795</b>	<b>2,487,179</b>
Operating Expenses				
General and administrative	-	614,092	21,844	635,936
Professional services	946,183	-	1,651,892	2,598,075
Utilities	-	271,794	-	271,794
Maintenance and repairs	162,547	230,159	-	392,706
Operating supplies	289,525	-	214,334	503,859
Other operating costs	323,636	-	-	323,636
Depreciation and amortization	72,838	260,401	275,282	608,521
<b>Total operating expenses</b>	<b>1,794,729</b>	<b>1,376,446</b>	<b>2,163,352</b>	<b>5,334,527</b>
<b>Operating income (loss)</b>	<b>(40,992)</b>	<b>(1,140,799)</b>	<b>(1,665,557)</b>	<b>(2,847,348)</b>
Nonoperating Revenues (Expenses)				
Operating subsidy	-	1,022,813	1,781,323	2,804,136
Interest earned on investments	8,278	2,853	-	11,131
Interest expense	(493,100)	-	-	(493,100)
Other	8,828	5,317	-	14,145
<b>Total nonoperating revenues (expenses)</b>	<b>(475,994)</b>	<b>1,030,983</b>	<b>1,781,323</b>	<b>2,336,312</b>
<b>Loss before transfers</b>	<b>(516,986)</b>	<b>(109,816)</b>	<b>115,766</b>	<b>(511,036)</b>
Transfers in	922,806	-	778,525	1,701,331
<b>Transfers in</b>	<b>922,806</b>	<b>-</b>	<b>778,525</b>	<b>1,701,331</b>
<b>Change in net assets</b>	<b>405,820</b>	<b>(109,816)</b>	<b>894,291</b>	<b>1,190,295</b>
Net Assets (Deficit):				
Beginning	(836,144)	6,557,535	1,902,115	7,623,506
Ending	\$ (430,324)	\$ 6,447,719	\$ 2,796,406	\$ 8,813,801

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2007

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Other Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,234,878	\$ 369,457	\$ 625,241	\$ 2,229,576
Payments to employees	-	(134,532)	-	(134,532)
Payments to suppliers	(1,124,257)	(981,192)	(1,539,453)	(3,644,902)
<b>Net cash used by operating activities</b>	<b>110,621</b>	<b>(746,267)</b>	<b>(914,212)</b>	<b>(1,549,858)</b>
Cash Flows From Noncapital Financing Activities				
Transfers in	922,806	-	778,525	1,701,331
Operating grants received	-	1,022,813	883,687	1,906,500
<b>Net cash provided by noncapital financing activities</b>	<b>922,806</b>	<b>1,022,813</b>	<b>1,662,212</b>	<b>3,607,831</b>
Cash Flows From Capital and Related Financing Activities				
Principal payment on long-term debt	(555,000)	-	-	(555,000)
Interest paid	(495,073)	-	-	(495,073)
Acquisition and construction of capital assets	-	(94,697)	(748,000)	(842,697)
Other	8,828	5,317	-	14,145
<b>Net cash used in capital and related financing activities</b>	<b>(1,041,245)</b>	<b>(89,380)</b>	<b>(748,000)</b>	<b>(1,878,625)</b>
Cash Flows Provided by Investing Activities				
Earnings on investments	7,818	3,584	-	11,402
<b>Net decrease in cash and cash equivalents</b>	<b>-</b>	<b>190,750</b>	<b>-</b>	<b>190,750</b>
Cash and cash equivalents:				
Beginning	-	8,282	-	8,282
Ending	\$ -	\$ 199,032	\$ -	\$ 199,032

Continued

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)

Year Ended June 30, 2007

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Other Enterprise Funds
Operating loss	\$ (40,992)	\$ (1,140,799)	\$ (1,665,557)	\$ (2,847,348)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	72,838	260,401	275,282	608,521
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(518,859)	3,053	127,446	(388,360)
Due from other governmental agencies	-	130,757	-	130,757
Inventories and prepaid expenses	296,788	(5,011)	-	291,777
Increase in:				
Accounts payable and accrued expenses	80,497	287	150,420	231,204
Vacation accrual	-	4,746	-	4,746
Due to other funds	220,349	-	198,197	418,546
Deposits	-	299	-	299
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 110,621</b>	<b>\$ (746,267)</b>	<b>\$ (914,212)</b>	<b>\$ (1,549,858)</b>

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, 2007

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General Government				
Governing body	\$ -	\$ -	\$ -	\$ 5,429
Administration	3,123,515	29,024,471	290,695	3,572,360
Finance	-	-	-	388,870
Tax office	-	-	-	24,970
Legal	-	-	-	2,113
Human resources	-	-	-	35,340
<b>Total general government</b>	<b>3,123,515</b>	<b>29,024,471</b>	<b>290,695</b>	<b>4,029,082</b>
Public Safety				
Communications	-	-	-	1,623,665
Police	48,130	626,412	110,922	5,643,243
Fire	256,443	3,631,361	155,858	10,676,735
Sign shop	-	51,608	-	221,277
<b>Total public safety</b>	<b>304,573</b>	<b>4,309,381</b>	<b>266,780</b>	<b>18,164,920</b>
Public Works				
Streets	26,563,891	76,174	76,177	1,971,886
Sanitation	-	3,498,290	-	2,734,424
Stormwater	-	-	-	-
Cemeteries	-	-	-	18,814
Transportation	50,987	-	-	708
<b>Total public works</b>	<b>26,614,878</b>	<b>3,574,464</b>	<b>76,177</b>	<b>4,725,832</b>
Cultural and Recreational				
Parks and recreational	2,251,665	2,761,766	1,733,764	477,949
Planning and Community Development				
Planning and zoning	437,552	-	8,485	276,687
Section 8, Housing Assistance	-	125,008	-	41,453
<b>Total planning and community development</b>	<b>437,552</b>	<b>125,008</b>	<b>8,485</b>	<b>318,140</b>
<b>Total capital assets</b>	<b>\$ 32,732,183</b>	<b>\$ 39,795,090</b>	<b>\$ 2,375,901</b>	<b>\$ 27,715,923</b>

Statement 10

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 5,429
19,931,920	191,706	56,134,667
-	-	388,870
-	-	24,970
-	-	2,113
-	94,176	129,516
<b>19,931,920</b>	<b>285,882</b>	<b>56,685,565</b>
-	-	1,623,665
-	-	6,428,707
-	544,594	15,264,991
-	-	272,885
-	544,594	23,590,248
432,246,607	124,740	461,059,475
-	-	6,232,714
-	-	-
64,308	-	83,122
5,283,896	-	5,335,591
<b>437,594,811</b>	<b>124,740</b>	<b>472,710,902</b>
-	-	7,225,144
138,750	-	861,474
-	-	166,461
138,750	-	1,027,935
<b>\$ 457,665,481</b>	<b>\$ 955,216</b>	<b>\$ 561,239,794</b>

## CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

## SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2007

Function/Activity	June 30, 2006	Additions	Retirements/ Transfers	June 30, 2007
General Government				
Governing body	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	57,775,668	17,424,199	19,065,200	56,134,667
Finance	362,980	25,890	-	388,870
Tax office	24,970	-	-	24,970
Legal	2,113	-	-	2,113
Human resources	35,340	94,176	-	129,516
<b>Total general government</b>	<b>58,206,500</b>	<b>17,544,265</b>	<b>19,065,200</b>	<b>56,685,565</b>
Public Safety				
Communications	1,613,364	10,301	-	1,623,665
Police	5,875,434	600,821	47,548	6,428,707
Fire	13,131,600	2,264,141	130,750	15,264,991
Sign shop	267,059	5,826	-	272,885
<b>Total public safety</b>	<b>20,887,457</b>	<b>2,881,089</b>	<b>178,298</b>	<b>23,590,248</b>
Public Works				
Streets	449,047,236	12,012,239	-	461,059,475
Sanitation	6,120,994	150,671	38,951	6,232,714
Cemeteries	12,809	70,313	-	83,122
Transportation	3,427,122	1,908,469	-	5,335,591
<b>Total public works</b>	<b>458,608,161</b>	<b>14,141,692</b>	<b>38,951</b>	<b>472,710,902</b>
Cultural and Recreational				
Parks and recreational	6,945,991	295,857	16,704	7,225,144
Planning and Community Development				
Planning and zoning	973,941	-	112,467	861,474
Section 8, Housing Assistance	166,461	-	-	166,461
<b>Total planning and community development</b>	<b>1,140,402</b>	<b>-</b>	<b>112,467</b>	<b>1,027,935</b>
<b>Total capital assets</b>	<b>\$ 545,788,511</b>	<b>\$ 34,862,903</b>	<b>\$ 19,411,620</b>	<b>\$ 561,239,794</b>

### 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
- Supplemental Financial Data Schedule for Section 8 Programs
- 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, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Restricted intergovernmental revenues	\$ 3,648,434	\$ 3,648,434	\$ 3,560,013	\$ (88,421)
Investment earnings	6,000	6,000	29,153	23,153
Program income	22,000	22,000	14,085	(7,915)
Other income	-	-	-	-
<b>Total revenues</b>	<b>3,676,434</b>	<b>3,676,434</b>	<b>3,603,251</b>	<b>(73,183)</b>
Expenditures				
Administration	382,660	382,660	247,833	134,827
Housing assistance payments	3,293,774	3,293,774	3,081,332	212,442
<b>Total expenditures</b>	<b>3,676,434</b>	<b>3,676,434</b>	<b>3,329,165</b>	<b>347,269</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>274,086</b>	<b>\$ 274,086</b>
Fund Balance				
Beginning			567,755	
Ending			<u>\$ 841,841</u>	

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, 2007**

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>Revenues</b>				
Restricted intergovernmental revenues	\$ 437,917	\$ 149,337	\$ 191,179	\$ 340,516
Program income	88,000	88,360	-	88,360
<b>Total revenues</b>	<b>525,917</b>	<b>237,697</b>	<b>191,179</b>	<b>428,876</b>
<b>Expenditures</b>				
Administration	105,183	1,667	10,928	12,595
Rehabilitation	420,734	235,956	179,398	415,354
<b>Total expenditures</b>	<b>525,917</b>	<b>237,623</b>	<b>190,326</b>	<b>427,949</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ 74</b>	<b>\$ 853</b>	<b>\$ 927</b>

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, 2007

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
<b>Revenues</b>				
Restricted intergovernmental revenues, net of reimbursements	\$ 463,000	\$ 110,311	\$ <b>164,268</b>	\$ 274,579
Program income	259,807	259,813	-	259,813
<b>Total revenues</b>	<b>722,807</b>	<b>370,124</b>	<b>164,268</b>	<b>534,392</b>
<b>Expenditures</b>				
Administration	144,561	46,538	<b>98,335</b>	144,873
Rehabilitation	578,246	323,581	<b>66,786</b>	390,367
<b>Total expenditures</b>	<b>722,807</b>	<b>370,119</b>	<b>165,121</b>	<b>535,240</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ (853)</b>	<b>\$ (848)</b>

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, 2007**

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>Revenues</b>				
Restricted intergovernmental revenues	\$ 394,782	\$ -	\$ 179,946	\$ 179,946
Program income	60,000	-	99,565	99,565
<b>Total revenues</b>	<b>454,782</b>	<b>-</b>	<b>279,511</b>	<b>279,511</b>
<b>Expenditures</b>				
Administration	90,956	-	31,236	31,236
Rehabilitation	363,826	-	255,132	255,132
<b>Total expenditures</b>	<b>454,782</b>	<b>-</b>	<b>286,368</b>	<b>286,368</b>
<b>Excess of revenues under expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,857)</b>	<b>\$ (6,857)</b>

BROWNFIELD COOP AGREEMENT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 From Inception and for the Year Ended June 30, 2007

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 200,000	\$ 111,856	\$ 48,885	\$ 160,741
Expenditures				
Administration	45,000	30,258	1,408	31,666
Rehabilitation	155,000	81,598	47,477	129,075
<b>Total expenditures</b>	<b>200,000</b>	<b>111,856</b>	<b>48,885</b>	<b>160,741</b>
<b>Excess of revenues over         expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2007**

	<b>Total Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>Revenues</b>				
Restricted intergovernmental revenues	\$ 1,268,120	\$ 674,116	\$ <b>120,065</b>	\$ 794,181
Program income	735,319	1,001,011	<b>217,358</b>	1,218,369
<b>Total revenues</b>	<b>2,003,439</b>	<b>1,675,127</b>	<b>337,423</b>	<b>2,012,550</b>
<b>Expenditures</b>				
Administration	312,163	274,593	<b>53,860</b>	328,453
Rehabilitation	1,906,276	1,367,421	<b>242,989</b>	1,610,410
<b>Total expenditures</b>	<b>2,218,439</b>	<b>1,642,014</b>	<b>296,849</b>	<b>1,938,863</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(215,000)</b>	<b>33,113</b>	<b>40,574</b>	<b>73,687</b>
<b>Other Financing Sources</b>				
Transfers in	215,000	327,500	<b>47,500</b>	375,000
<b>Total other financing sources</b>	<b>215,000</b>	<b>327,500</b>	<b>47,500</b>	<b>375,000</b>
<b>Excess of revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ 360,613</b>	<b>88,074</b>	<b>\$ 448,687</b>
<b>Fund Balance</b>				
Beginning			<b>360,613</b>	
Ending			<b>\$ 448,687</b>	

## CAPITAL RESERVE FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
From Inception and for the Year Ended June 30, 2007**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Other income	\$ -	\$ 10,940	\$ 6,675	\$ 17,615
<b>Excess of revenues     over expenditures</b>	-	10,940	<b>6,675</b>	17,615
Other Financing Sources				
Transfers from other funds	550,000	610,000	<b>86,583</b>	696,583
Transfers to other funds	(550,000)	-	<b>(550,000)</b>	(550,000)
<b>Total other financing sources (uses)</b>	-	610,000	<b>(463,417)</b>	146,583
<b>Excess of revenues and other     financing sources over expenditures</b>	\$ -	\$ 620,940	<b>(456,742)</b>	\$ 164,198
Fund Balance				
Beginning			<b>620,940</b>	
Ending			<b>\$ 164,198</b>	

MUNICIPAL SERVICE DISTRICT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended June 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Ad valorem taxes	\$ 72,211	\$ 72,211	\$ 71,146	\$ (1,065)
Expenditures				
Community development	72,211	72,211	71,146	1,065
<b>Excess of revenues over     expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
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, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ 25,000	\$ 59,000	\$ 73,131	\$ 14,131
Program income	225,000	248,000	263,061	(15,061)
<b>Total revenues</b>	<b>250,000</b>	<b>307,000</b>	<b>336,192</b>	<b>(930)</b>
<b>Expenditures</b>				
Contract services	750	750	687	63
Capital outlay	265,960	1,346,912	367,362	979,550
<b>Total expenditures</b>	<b>266,710</b>	<b>1,347,662</b>	<b>368,049</b>	<b>979,613</b>
<b>Deficiency of revenues over expenditures</b>	<b>(16,710)</b>	<b>(1,040,662)</b>	<b>(31,857)</b>	<b>(980,543)</b>
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	-	1,023,952	-	(1,023,952)
Transfers in	1,518,742	1,518,742	1,518,742	-
Transfers out	(1,502,032)	(1,502,032)	(1,498,895)	3,137
<b>Total other financing sources</b>	<b>16,710</b>	<b>1,040,662</b>	<b>19,847</b>	<b>(1,020,815)</b>
<b>Excess of revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (12,010)</b>	<b>\$ (12,010)</b>
<b>Fund Balance</b>				
Beginning			<u>1,546,445</u>	
Ending			<u>\$ 1,534,435</u>	

## CABARRUS AVENUE ROUNDABOUT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2007**

	<b>Total Project Authorization</b>	<b>Actual Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues</b>				
Restricted intergovernmental revenues	\$ 2,950,660	\$ 718,353	\$ <b>1,471,583</b>	\$ 2,189,936
<b>Total revenues</b>	<b>2,950,660</b>	<b>718,353</b>	<b>1,471,583</b>	<b>2,189,936</b>
<b>Expenditures</b>				
Rehabilitation	6,282,701	2,611,194	<b>1,737,636</b>	4,348,830
<b>Total expenditures</b>	<b>6,282,701</b>	<b>2,611,194</b>	<b>1,737,636</b>	<b>4,348,830</b>
<b>Deficiency of revenues         over expenditures</b>	<b>(3,332,041)</b>	<b>(1,892,841)</b>	<b>(266,053)</b>	<b>(2,158,894)</b>
<b>Other Financing Sources</b>				
Transfers in	3,332,041	3,332,041	-	(3,332,041)
<b>Total other financing sources</b>	<b>3,332,041</b>	<b>3,332,041</b>	<b>-</b>	<b>(3,332,041)</b>
<b>Excess of revenues and other         financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ 1,439,200</b>	<b>\$ (266,053)</b>	<b>\$ (1,705,253)</b>

ADDITIONAL VEHICLE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Program income	\$ 225,000	\$ 248,000	\$ 278,302	\$ 30,302
Investment earnings	-	3,800	3,972	172
<b>Total revenues</b>	<u>225,000</u>	<u>251,800</u>	<u>282,274</u>	<u>30,474</u>
Other Financing Uses				
Transfers out	(225,000)	(251,800)	(266,665)	(14,865)
<b>Total other financing uses</b>	<u>(225,000)</u>	<u>(251,800)</u>	<u>(266,665)</u>	<u>(14,865)</u>
<b>Total of revenues and other financing sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,609</u>	<u>\$ 15,609</u>
Fund Balance				
Beginning			<u>242</u>	
Ending			<u>\$ 15,851</u>	

## PARKS AND RECREATION CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2007**

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
<b>Operating Revenues</b>				
Contributions	\$ 300,000	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	487,224	-	-	-
<b>Total operating revenues</b>	<b>787,224</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Expenditures</b>				
Village Greenway	407,165	-	<b>246,894</b>	246,894
McEachern Greenway	1,073,474	-	-	-
<b>Total operating expenditures</b>	<b>1,480,639</b>	<b>-</b>	<b>246,894</b>	246,894
<b>Deficiency of revenues over expenditures before transfers in</b>	<b>(693,415)</b>	<b>-</b>	<b>(246,894)</b>	<b>(246,894)</b>
Transfers In	693,415	-	<b>591,650</b>	591,650
<b>Excess of revenues and transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>344,756</b>	<b>\$ 344,756</b>

## TRANSPORTATION CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2007**

	<b>Total Project Authorization</b>	<b>Actual Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
Operating Expenditures				
Brookwood	\$ 250,000	\$ -	\$ 124,740	\$ 124,740
Sidewalks	100,000	-	-	-
Resurfacing	175,000	-	-	-
<b>Total operating expenditures</b>	<b>525,000</b>	<b>-</b>	<b>124,740</b>	<b>124,740</b>
<b>Deficiency of revenues over expenditures before transfer in</b>	<b>(525,000)</b>	<b>-</b>	<b>(124,740)</b>	<b>(124,740)</b>
Transfer In	525,000	-	175,000	175,000
<b>Excess of revenues and transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>50,260</b>	<b>\$ 50,260</b>

FIRE AND LIFE SAFETY CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 From Inception and for the Year Ended June 30, 2007

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Operating Expenditures				
Land	\$ 120,000	\$ -	\$ -	\$ -
<b>Total operating expenditures</b>	<b>120,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deficiency of revenues over expenditures before transfers</b>	<b>(120,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer In	120,000	-	<b>120,000</b>	120,000
<b>Excess of revenues and transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 120,000</b>	<b>\$ 120,000</b>

WELLNESS CENTER CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2007**

	<b>Total Project Authorization</b>	<b>Actual Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>
Operating Expenditures				
Capital outlay	\$ 297,823	\$ -	\$ -	\$ -
<b>Total operating expenditures</b>	<b>297,823</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deficiency of revenues over expenditures before transfers</b>	<b>(297,823)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer In	297,823	-	<b>297,823</b>	297,823
<b>Excess of revenues and transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 297,823</b>	<b>\$ 297,823</b>

OAKWOOD CEMETERY CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**  
**From Inception and for the Year Ended June 30, 2007**

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

ELECTRIC OPERATING FUND

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

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating Revenues				
Changes for services	\$ 55,110,050	\$ 55,110,050	\$ 57,175,861	\$ 2,065,811
Other operating revenues	397,000	583,205	608,314	25,109
<b>Total operating revenues</b>	<b>55,507,050</b>	<b>55,693,255</b>	<b>57,784,175</b>	<b>2,090,920</b>
Operating Expenditures				
Administration	727,261	530,344	502,555	27,789
Purchased power	37,050,890	37,898,749	38,084,359	(185,610)
Power line and plant	14,426,350	15,924,595	11,582,161	4,342,434
<b>Total operating expenditures</b>	<b>52,204,501</b>	<b>54,353,688</b>	<b>50,169,075</b>	<b>4,184,613</b>
Nonoperating Revenues (Expenditures)				
Capital outlay	(996,000)	(1,677,717)	(1,090,655)	587,062
Interest earned on investments	300,000	650,000	991,647	341,647
Debt service and capital lease payments	(2,298,331)	(2,298,331)	(2,245,914)	52,417
Appropriated Fund Balance	2,700,000	3,522,462	-	(3,522,462)
Gain on sale of capital assets	-	42,683	47,477	4,794
Other income	-	-	-	-
<b>Total nonoperating expenditures</b>	<b>(294,331)</b>	<b>239,098</b>	<b>(2,297,445)</b>	<b>(2,536,543)</b>
<b>Income before capital contributions         and transfers</b>	<b>3,008,218</b>	<b>1,578,665</b>	<b>5,317,655</b>	<b>3,738,990</b>
Transfers In (Out)				
Transfers in	-	333,334	333,334	-
Transfers out	(3,008,218)	(1,911,999)	(1,372,000)	539,999
<b>Excess of revenues over         expenditures and transfers out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,278,989</b>	<b>\$ 4,278,989</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,352,759)	
Capital outlay			1,090,655	
Debt service			1,216,091	
<b>Change in net assets</b>			<b>\$ 3,232,976</b>	
Change in net assets:				
Electric Operating Fund			\$ 3,232,976	
2002 Revenue Bonds Capital Project Fund (Statement 29)			20,616	
2007 Revenue Bonds Capital Project Fund (Statement 30)			-	
			<b>\$ 3,253,592</b>	

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, 2007

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Interest earned on investments	\$ 245,276	\$ 114,075	\$ 20,616	\$ 134,691
	<u>245,276</u>	<u>114,075</u>	<u>20,616</u>	<u>134,691</u>
<b>Expenditures</b>				
Capital outlay:				
100 KV - Substation J	1,171,274	1,171,274	-	1,171,274
100 KV - Substation K	1,855,399	1,804,906	486,802	2,291,708
100 KV - Substation E	3,195,990	906,638	1,514,358	2,420,996
Sub C Conversion	178,552	178,551	-	178,551
Sub H Conversion	234,000	3,408	1,096	4,504
100 KV loop construction	130,928	17,802	-	17,802
Sub L Substation	309,269	10,450	111,271	121,721
Debt service reserve	4,872,797	-	-	-
<b>Total expenditures</b>	<u>11,948,209</u>	<u>4,093,029</u>	<u>2,113,527</u>	<u>6,206,556</u>
<b>Deficiency of revenues over expenditures</b>	<u>(11,702,933)</u>	<u>(3,978,954)</u>	<u>(2,092,911)</u>	<u>(6,071,865)</u>
<b>Other Financing Sources</b>				
Capital contribution	-	536,252	-	536,252
Operating Transfer In	1,635,215	1,635,215	-	1,635,215
Bond proceeds	10,067,718	9,629,929	-	9,629,929
	<u>11,702,933</u>	<u>11,801,396</u>	<u>-</u>	<u>11,801,396</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ 7,822,442</u>	<u>(2,092,911)</u>	<u>\$ 5,729,531</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>				
Capital outlay			<u>2,113,527</u>	
<b>Change in net assets</b>			<u>\$ 20,616</u>	

## 2007 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, 2007

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay:				
100 KV - Substation K	\$ -	\$ -	\$ 3,703	\$ 3,703
100 KV - Substation E	-	-	3,047	3,047
Sub H Conversion	4,001,195	-	-	-
100 KV loop construction	2,051,993	-	920	920
Sub L Substation	1,207,572	-	159,400	159,400
100kv delivery #4 cnstrn	1,870,000	-	-	-
Substation O	4,000,000	-	1,804,173	1,804,173
Hwy 601 & 49 substation	2,869,240	-	-	-
Cost of issuance	-	-	9,020	9,020
<b>Total expenditures</b>	<b>16,000,000</b>	<b>-</b>	<b>1,980,262</b>	<b>1,980,262</b>
<b>Deficiency of revenues over expenditures</b>	<b>(16,000,000)</b>	<b>-</b>	<b>(1,980,262)</b>	<b>(1,980,262)</b>
Other Financing Sources				
Bond proceeds	16,000,000	-	-	-
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(1,980,262)</b>	<b>\$ (1,980,262)</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<b>1,980,262</b>	
<b>Change in net assets</b>			<b>\$ -</b>	

## WATER OPERATING FUND

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

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating Revenues				
Charges for services	\$ 15,445,964	\$ 16,250,964	\$ 17,520,884	\$ 1,269,920
Other operating revenues	1,125,000	1,780,973	1,963,777	182,804
<b>Total operating revenues</b>	<b>16,570,964</b>	<b>18,031,937</b>	<b>19,484,661</b>	<b>1,452,724</b>
Operating Expenditures				
Water plants and lakes	5,468,294	5,748,355	4,060,129	1,688,226
Water line operation and maintenance	6,261,266	6,510,888	5,770,287	740,601
<b>Total operating expenditures</b>	<b>11,729,560</b>	<b>12,259,244</b>	<b>9,830,416</b>	<b>2,428,828</b>
Nonoperating Revenues (Expenditures)				
Interest earned on investments	275,000	595,844	965,865	370,021
Capital outlay	(1,664,000)	(3,197,646)	(1,879,585)	1,318,061
Debt service	(4,571,004)	(4,571,004)	(4,399,929)	171,075
Gain on sale of capital assets	-	18,458	18,458	-
Miscellaneous revenues	-	150	150	-
Appropriated Fund Balance	2,000,000	1,940,460	-	(1,940,460)
<b>Total nonoperating expenditures</b>	<b>(3,960,004)</b>	<b>(5,213,737)</b>	<b>(5,295,041)</b>	<b>(81,304)</b>
<b>Income before capital contributions and transfers</b>	<b>881,400</b>	<b>558,956</b>	<b>4,359,204</b>	<b>3,800,248</b>
Transfers In (Out)				
From General Fund	-	338,704	338,704	-
To Project Fund	(881,400)	(897,660)	(16,260)	881,400
Capital Contributions	-	-	4,198,657	4,198,657
<b>Excess of revenues, capital contributions in over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,880,305</b>	<b>\$ 8,880,305</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,806,477)	
Capital outlay			1,879,585	
Debt service			2,476,911	
<b>Change in net assets</b>			<b>\$ 10,430,324</b>	
Change in net assets:				
Water Operating Fund			\$ 10,430,324	
2002 Revenue Bonds Capital Project Fund (Statement 32)			77,556	
			<b>\$ 10,507,880</b>	

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, 2007

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Interest earned on investments	\$ 104,836	\$ 429,138	\$ 77,556	\$ 506,694
Other revenue	254,000	254,000	-	254,000
	<u>358,836</u>	<u>683,138</u>	<u>77,556</u>	<u>760,694</u>
<b>Expenditures</b>				
Administrative	620,438	620,438	-	620,438
<b>Capital Outlay:</b>				
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	900,247	972,810	9,352	982,162
Eastfield Water Line	3,881,811	3,881,811	-	3,881,811
<b>Total expenditures</b>	<u>19,090,789</u>	<u>19,163,349</u>	<u>9,352</u>	<u>19,172,701</u>
<b>Loss before other financing sources</b>	(18,731,953)	(18,480,211)	68,204	(18,412,007)
<b>Other Financing Sources</b>				
Capital contributions	50,000	50,000	-	50,000
Bond proceeds	18,681,953	15,913,415	-	15,913,415
<b>Excess (deficiency) of revenues and other financing sources over expenditures</b>	<u>\$ -</u>	<u>\$ (2,516,796)</u>	<u>68,204</u>	<u>\$ (2,448,592)</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>				
Capital outlay			9,352	
<b>Change in net assets</b>			<u>\$ 77,556</u>	

## WASTEWATER OPERATING FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 11,400,000	\$ 11,600,000	\$ 12,232,200	632,200
Restricted intergovernmental revenues	-	-	175,000	175,000
Other operating revenues	981,500	1,392,843	1,417,657	24,814
<b>Total operating revenues</b>	<b>12,381,500</b>	<b>12,992,843</b>	<b>13,824,857</b>	<b>832,014</b>
Operating Expenditures				
Wastewater line and plant	9,593,834	9,698,756	9,267,050	431,706
Nonoperating Revenues (Expenditures)				
Interest earned on investments	120,000	204,170	330,321	126,151
Loan repayments	301,047	301,047	301,047	-
Capital outlay	(2,265,943)	(3,485,319)	(1,488,472)	1,996,847
Debt service	(2,878,984)	(2,878,984)	(2,854,217)	24,767
Gain on sale of capital assets	-	25,300	25,300	-
Other income	-	-	-	-
Appropriated Fund Balance	-	-	-	-
<b>Total nonoperating expenditures</b>	<b>(4,723,880)</b>	<b>(5,833,786)</b>	<b>(3,686,021)</b>	<b>2,147,765</b>
<b>Loss before capital contributions and transfers in</b>	<b>(1,936,214)</b>	<b>(2,539,699)</b>	<b>871,786</b>	<b>3,411,485</b>
Capital Contributions	-	-	4,462,244	4,462,244
Transfers In				
From Electric Fund	1,936,214	2,539,699	850,817	(1,688,882)
<b>Excess of revenues and operating transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>6,184,847</b>	<b>\$ 6,184,847</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,251,847)	
Capital outlay			1,488,472	
Debt service			1,774,697	
Principal payments received on notes			(235,989)	
<b>Change in net assets</b>			<b>\$ 6,960,180</b>	

## REGIONAL AIRPORT OPERATING FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Operating Revenues				
Charges for services	\$ 9,248,618	\$ 8,976,978	\$ 9,215,358	\$ 238,380
Other operating revenues	111,600	113,252	113,684	432
<b>Total operating revenues</b>	<b>9,360,218</b>	<b>9,090,230</b>	<b>9,329,042</b>	<b>238,812</b>
Operating Expenditures				
Airport operation and maintenance	8,850,969	8,859,049	8,447,047	412,002
<b>Total operating expenditures</b>	<b>8,850,969</b>	<b>8,859,049</b>	<b>8,447,047</b>	<b>412,002</b>
Nonoperating Revenues (Expenditures)				
Interest earned on investment	-	98,000	132,721	34,721
Capital outlay	(225,426)	(3,145,138)	(1,958,510)	1,186,628
Debt service	(633,512)	(633,512)	(503,874)	129,638
Miscellaneous revenues	8,000	724,261	583,407	(140,854)
Appropriated Fund Balance	-	2,280,929	-	(2,280,929)
<b>Total nonoperating expenditures</b>	<b>(850,938)</b>	<b>(675,460)</b>	<b>(1,746,256)</b>	<b>(1,070,796)</b>
<b>Income (loss) before capital contributions and transfers</b>	<b>(341,689)</b>	<b>(444,279)</b>	<b>(864,261)</b>	<b>(419,982)</b>
Capital Contributions	600,000	620,000	1,074,644	454,644
Transfers In (Out)				
From Electric Fund	750,000	750,000	750,000	-
Among Airport Funds	(1,008,311)	(925,721)	(709,708)	216,013
<b>Excess of revenues and operating transfers over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>250,675</b>	<b>\$ 250,675</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(700,471)	
Capital outlay			1,958,510	
Debt service			290,000	
<b>Change in net assets</b>			<b>\$ 1,798,714</b>	
Change in net assets:				
Regional Airport Operating Fund			\$ 1,798,714	
First Concord Capital Project Fund (Statement 42)			107,921	
			<b>\$ 1,906,635</b>	

## STORMWATER OPERATING FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -  
 BUDGET AND ACTUAL (NON-GAAP)  
 Year Ended June 30, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Changes for services	\$ 2,740,908	\$ 2,740,908	\$ 3,132,004	\$ 391,096
Other operating revenues	250	250	8,954	8,704
<b>Total operating revenues</b>	<b>2,741,158</b>	<b>2,741,158</b>	<b>3,140,958</b>	<b>399,800</b>
Operating Expenditures				
Stormwater operation and maintenance	2,279,367	2,059,008	1,613,902	445,106
<b>Total operating expenditures</b>	<b>2,279,367</b>	<b>2,059,008</b>	<b>1,613,902</b>	<b>445,106</b>
Nonoperating Revenues (Expenditures)				
Capital outlay	(359,000)	(713,641)	(634,505)	79,136
Interest earned on investments	-	-	33,691	33,691
Debt service and capital lease payments	-	-	-	-
Appropriated Fund Balance	-	134,282	-	(134,282)
<b>Total nonoperating expenditures</b>	<b>(359,000)</b>	<b>(579,359)</b>	<b>(600,814)</b>	<b>(21,455)</b>
<b>Income before capital contributions     and transfers</b>	<b>102,791</b>	<b>102,791</b>	<b>926,242</b>	<b>823,451</b>
Transfers Out				
To Project Fund	(102,791)	(102,791)	-	102,791
<b>Excess of revenues over     expenditures and transfers out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>926,242</b>	<b>\$ 926,242</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,483,388)	
Capital outlay			634,505	
<b>Change in net assets</b>			<b>\$ 77,359</b>	

GOLF COURSE OPERATING FUND

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

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating Revenues				
Charges for services	\$ 1,151,828	\$ 1,167,064	\$ 1,176,744	\$ 9,680
Other operating revenues	495,048	512,944	576,993	64,049
<b>Total operating revenues</b>	<b>1,646,876</b>	<b>1,680,008</b>	<b>1,753,737</b>	<b>73,729</b>
Operating Expenditures				
Professional services	909,136	947,870	946,183	1,687
Operating supplies	253,647	241,118	289,525	(48,407)
Maintenance	131,131	124,380	162,547	(38,167)
Other operating costs	285,494	304,751	323,636	(18,885)
<b>Total operating expenditures</b>	<b>1,579,408</b>	<b>1,618,119</b>	<b>1,721,891</b>	<b>(103,772)</b>
Nonoperating Revenues (Expenditures)				
Interest earned on investment	875	2,454	8,278	5,824
Miscellaneous revenue	6,989	10,989	8,828	(2,161)
<b>Total nonoperating expenditures</b>	<b>7,864</b>	<b>13,443</b>	<b>17,106</b>	<b>3,663</b>
<b>Income before transfers</b>	<b>75,332</b>	<b>75,332</b>	<b>48,952</b>	<b>(26,380)</b>
Transfers in (out)				
From general fund	922,806	922,806	922,806	-
Among golf course funds	(998,138)	(998,138)	(998,138)	-
<b>Excess of revenues over expenditures and transfers in (out)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(26,380)</b>	<b>\$ (26,380)</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(3,870)	
<b>Change in net assets</b>			<b>\$ (30,250)</b>	
Change in net assets:				
Golf Course Operating Fund			\$ (30,250)	
First Concord Capital Project Fund (Statement 42)			436,070	
			<b>\$ 405,820</b>	

HOUSING DEPARTMENT OPERATING FUND

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

Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Operating Revenues				
Charges for services	\$ 325,000	\$ 325,000	\$ 235,647	\$ (89,353)
Restricted intergovernmental revenues	-	-	-	-
	<u>325,000</u>	<u>325,000</u>	<u>235,647</u>	<u>(89,353)</u>
Operating Expenditures				
Administrative	399,166	399,166	614,092	(214,926)
Utilities	271,564	271,564	271,794	(230)
Housing maintenance and repairs	223,161	223,616	230,159	(6,543)
<b>Total operating expenditures</b>	<u>893,891</u>	<u>894,346</u>	<u>1,116,045</u>	<u>(221,699)</u>
Nonoperating Revenues (Expenditures)				
Operating subsidy	547,891	547,891	763,116	215,225
Interest earned on investments	10,000	10,000	2,853	(7,147)
Miscellaneous	11,000	11,000	5,317	(5,683)
Appropriated Fund Balance	-	455	-	(455)
<b>Total nonoperating revenues</b>	<u>568,891</u>	<u>569,346</u>	<u>771,286</u>	<u>202,395</u>
<b>Loss before transfer in</b>	<u>-</u>	<u>-</u>	<u>(109,112)</u>	<u>334,741</u>
Transfer among funds	-	-	165,000	165,000
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>55,888</u>	<u>\$ 499,741</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(260,401)	
<b>Change in net assets</b>			<u>\$ (204,513)</u>	
Change in net assets:				
Housing Operating Fund			\$ (204,513)	
Housing Capital Project Fund (Statement 38)			94,697	
			<u>\$ (109,816)</u>	

## HOUSING CAPITAL PROJECT FUND

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

**From Inception and for the Year Ended June 30, 2007**

	<b>Total Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
Expenditures				
Capital outlay	\$ 737,342	\$ 820,729	\$ 94,697	\$ 915,426
Other Financing Sources (Uses)				
Federal grants	839,342	1,388,324	259,697	1,648,021
<b>Excess of other financing sources         over expenditures</b>	102,000	567,595	165,000	732,595
Transfers Out				
Housing Department Operating Fund	(102,000)	(1,638,274)	(165,000)	(1,803,274)
<b>Excess of other financing sources         over expenditures and transfers</b>	\$ -	\$ (1,070,679)	-	\$ (1,070,679)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			94,697	
<b>Change in net assets</b>			<b>\$ 94,697</b>	

## TRANSIT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP)  
From Inception and for the Year Ended June 30, 2007**

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 194,434	\$ 473,304	\$ 177,423	\$ 650,727
Restricted intergovernmental revenues	-	-	320,372	320,372
<b>Total operating revenues</b>	<b>194,434</b>	<b>473,304</b>	<b>497,795</b>	<b>971,099</b>
Operating Expenditures				
Administrative	171,851	224,976	21,844	246,820
Professional services	494,810	3,582,102	1,651,892	5,233,994
Operating supplies	54,307	380,388	214,334	594,722
Miscellaneous	3,384	5,777	-	5,777
<b>Total operating expenditures</b>	<b>724,352</b>	<b>4,193,243</b>	<b>1,888,070</b>	<b>6,081,313</b>
Nonoperating Revenues (Expenditures)				
Operating subsidy	2,962,765	5,113,502	1,781,323	6,894,825
Capital outlay	(2,532,303)	(2,532,302)	(748,000)	(3,280,302)
Interest earned on investments	-	750	-	750
<b>Deficiency of revenues over expenditures before transfer in</b>	<b>(99,456)</b>	<b>(1,137,989)</b>	<b>(356,952)</b>	<b>(1,494,941)</b>
Transfer In	99,456	1,146,685	778,525	1,925,210
<b>Excess of revenues and transfers over expenditures</b>	<b>\$ -</b>	<b>\$ 8,696</b>	<b>421,573</b>	<b>\$ 430,269</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(275,282)	
Capital outlay			748,000	
<b>Change in net assets</b>			<b>\$ 894,291</b>	

INTERNAL SERVICE FUND

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

Year Ended June 30, 2007

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Building and Grounds</b>			
Salaries and benefits	\$ 1,639,899	\$ 1,808,294	\$ (168,395)
Professional services	7,425	5,630	1,795
Other expenses	718,627	505,816	212,811
Capital outlay	48,664	39,577	9,087
Building and grounds allocation	(2,414,615)	(2,387,941)	(26,674)
	-	(28,624)	28,624
<b>Data Services</b>			
Salaries and benefits	68,745	73,501	(4,756)
Professional services	783,418	776,560	6,858
Other expenses	398,067	304,749	93,318
Capital outlay	232,766	98,022	134,744
Data services allocation	(1,482,996)	(1,269,744)	(213,252)
	-	(16,912)	16,912
<b>Fleet Services</b>			
Salaries and benefits	753,608	769,664	(16,056)
Other expenses	1,474,658	1,312,494	162,164
Capital outlay	29,022	31,771	(2,749)
Fleet services allocation	(2,257,287)	(2,117,348)	(139,939)
	-	(3,419)	3,419
<b>Engineering</b>			
Salaries and benefits	1,707,011	1,572,549	134,462
Professional services	66,250	48,957	17,293
Other expenses	217,002	126,799	90,203
Capital outlay	35,458	24,613	10,845
Engineering allocation	(2,025,721)	(1,791,665)	(234,056)
	-	(18,747)	18,747
<b>Call Center</b>			
Salaries and benefits	301,880	314,351	(12,471)
Other expenses	30,422	15,518	14,904
Billing allocation	(332,302)	(334,315)	2,013
	-	(4,446)	4,446

(Continued)

INTERNAL SERVICE FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP) (Continued)  
Year Ended June 30, 2007**

	Budget	Actual	Variance - Favorable (Unfavorable)
<b>Billing</b>			
Salaries and benefits	\$ 648,437	\$ 662,211	\$ (13,774)
Professional services	1,500	1,400	100
Other expenses	264,312	216,482	47,830
Capital outlay	38,000	36,185	1,815
Billing allocation	(952,249)	(895,853)	(56,396)
	<u>-</u>	<u>20,425</u>	<u>(20,425)</u>
<b>Customer Service</b>			
Salaries and benefits	719,221	726,417	(7,196)
Professional services	4,800	906	3,894
Other expenses	104,735	64,430	40,305
Capital outlay	-	-	-
Customer service allocation	(828,756)	(808,921)	(19,835)
	<u>-</u>	<u>(17,168)</u>	<u>17,168</u>
<b>Warehouse Operations</b>			
Salaries and benefits	486,901	503,280	(16,379)
Professional services	1,000	124	876
Other expenses	91,091	57,834	33,257
Capital outlay	38,000	29,888	8,112
Warehouse allocation	(616,992)	(588,226)	(28,766)
	<u>-</u>	<u>2,900</u>	<u>(2,900)</u>
<b>Utilities Collection</b>			
Salaries and benefits	203,188	204,446	(1,258)
Professional services	56,000	55,565	435
Other expenses	25,481	15,918	9,563
Utilities collection allocation	(284,669)	(276,166)	(8,503)
	<u>-</u>	<u>(237)</u>	<u>237</u>
<b>Deficiency of revenues over expenditures</b>			
	<u>\$ -</u>	<u>(66,228)</u>	<u>\$ 66,228</u>
<b>Reconciliation of Modified Accrual Basis to Full Accrual Basis</b>			
Depreciation		326,284	
Capital outlay		(260,056)	
<b>Change in net assets before capital contributions</b>		<u>\$ -</u>	
<b>Change in net assets:</b>			
Internal Service Fund		\$ -	
Fiber Optic Capital Project Fund (Statement 41)		244,000	
		<u>\$ 244,000</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, 2007

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

FIRST CONCORD CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2007

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
<b>Revenues</b>				
Restricted intergovernmental revenues	\$ 1,010,182	\$ 1,010,181	\$ -	\$ 1,010,181
Contribution	5,700	5,700	-	5,700
Investment earnings	501,018	1,044,144	<b>135,870</b>	1,180,014
Miscellaneous earnings	2,765	9,652	<b>9,299</b>	18,951
<b>Total revenue</b>	<b>1,519,665</b>	<b>2,069,677</b>	<b>145,169</b>	<b>2,214,846</b>
<b>Expenditures</b>				
Debt service	35,154,793	21,030,845	<b>6,788,212</b>	27,819,057
Cost of issuance	1,011,752	357,316	-	357,316
Administration	-	2,600	-	2,600
<b>Capital outlay:</b>				
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	-	-	-	-
JW McGee Junior Park	916,154	916,153	-	916,153

(Continued)

FIRST CONCORD CAPITAL PROJECT FUND

**SCHEDULE OF REVENUES, EXPENDITURES -  
BUDGET AND ACTUAL (NON-GAAP) (Continued)  
From Inception and for the Year Ended June 30, 2007**

	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	12,790,482	<b>1,686,577</b>	14,477,059
Communication equipment	1,164,326	1,000,940	<b>159,782</b>	1,160,722
<b>Total expenditures</b>	<b>80,276,348</b>	<b>63,356,052</b>	<b>8,634,571</b>	<b>71,990,623</b>
<b>Deficiency of revenues over expenditures</b>	<b>(78,756,683)</b>	<b>(61,286,375)</b>	<b>(8,489,402)</b>	<b>(69,775,777)</b>
Other Financing Sources				
Transfers in	36,772,930	22,671,724	<b>6,815,354</b>	29,487,078
Bond proceeds	41,983,753	42,252,894	-	42,252,894
<b>Total other financing sources</b>	<b>78,756,683</b>	<b>64,924,618</b>	<b>6,815,354</b>	<b>71,739,972</b>
<b>Deficiency of revenues and other financing sources over expenditures</b>	<b>\$ -</b>	<b>\$ 3,638,243</b>	<b>(1,674,048)</b>	<b>\$ 1,964,195</b>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Governmental activities			<b>1,845,359</b>	
Debt service principal payments			<b>4,550,000</b>	
Depreciation and amortization			<b>(1,711,017)</b>	
<b>Change in net assets</b>			<b>\$ 3,010,294</b>	
The change in First Concord net assets is allocated as follows:				
Debt Service Fund			<b>\$ 157,106</b>	
Capital Project Fund Police Station			<b>(1,711,369)</b>	
General Fixed Asset Account Group			<b>4,020,566</b>	
Golf Course Fund			<b>436,070</b>	
Regional Airport Fund			<b>107,921</b>	
			<b>\$ 3,010,294</b>	

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the Year Ended June 30, 2007

	Balance July 1, 2006	Addition	Deduction	Balance June 30, 2007
<b>Joe Cannon Trust:</b>				
Assets:				
Cash	\$ 14,531	\$ 45,921	\$ 51,464	\$ 8,988
Liabilities:				
Agency payable	\$ 14,531	\$ 45,921	\$ 51,464	\$ 8,988
<b>Concord Convention Center:</b>				
Assets:				
Cash	\$ (157,009)	\$ 591,693	\$ 1,179,897	\$ (745,213)
Sales tax receivable	5,932	6,016	5,932	6,016
Other receivable	285,763	1,031,545	578,111	739,197
Total assets	134,686	1,629,254	1,763,940	-
Liabilities:				
Agency payable	\$ 134,686	\$ 1,629,254	\$ 1,763,940	\$ -
<b>The Children Trust:</b>				
Assets:				
Cash	\$ 24,081	\$ 600	\$ 24,681	\$ -
Liabilities:				
Agency payable	\$ 24,081	\$ 600	\$ 24,681	\$ -
<b>Employee's Insurance Fund:</b>				
Assets:				
Cash	\$ 1,134,868	\$ 5,361,903	\$ 4,763,478	\$ 1,733,293
Liabilities:				
Agency payable	\$ 1,134,868	\$ 5,361,903	\$ 4,763,478	\$ 1,733,293
<b>Total agency funds:</b>				
Assets:				
Cash	\$ 1,016,471	\$ 6,000,117	\$ 6,019,520	\$ 997,068
Sales tax receivable	5,932	6,016	5,932	6,016
Other receivable	285,763	1,031,545	578,111	739,197
Total assets	\$ 1,308,166	\$ 7,037,678	\$ 6,603,563	\$ 1,742,281
Liabilities:				
Agency payable	\$ 1,308,166	\$ 7,037,678	\$ 6,603,563	\$ 1,742,281

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**June 30, 2007**

Fiscal Year	Uncollected Balance June 30, 2006	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2007
2006 - 2007	\$ -	\$ 34,290,994	\$ 33,605,745	\$ 685,249
2005 - 2006	596,831	-	394,316	202,515
2004 - 2005	214,225	-	60,495	153,730
2003 - 2004	29,258	-	(706)	29,964
2002 - 2003	(9,434)	-	(10,145)	711
2001 - 2002	(14,754)	-	(13,666)	(1,088)
2000 - 2001	73,947	-	11,069	62,878
1999 - 2000	(663)	-	7,463	(8,126)
1998 - 1999	25,535	-	6,600	18,935
1997 - 1998	12,426	-	(2,829)	15,255
1996 - 1997	12,167	-	12,167	-
	<u>\$ 939,538</u>	<u>\$ 34,290,994</u>	<u>\$ 34,070,509</u>	<u>1,160,023</u>

Less allowance for uncollectible ad  
 valorem taxes receivable  
**Ad valorem taxes receivable**

290,006  
\$ 870,017

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 34,049,585	\$ 70,962	
Penalties collected	60,043	57	
Taxes written off	47,031	20	
<b>Total collections and credits</b>	<u>\$ 34,156,659</u>	<u>\$ 71,039</u>	\$ 34,227,698
Refunds and discounts			(120,025)
Interest billed and collected during the year			154,790
Taxes written off			(47,051)
<b>Total Ad valorem taxes</b>			<u>\$ 34,215,412</u>

**ANALYSIS OF CURRENT TAX LEVY**  
**Year Ended June 30, 2007**

	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 6,944,249,609	0.45	\$ 31,075,517	\$ 31,075,517	\$ -
Current year's rate, Motor vehicles	369,951,956	0.45	1,655,535	-	1,655,535
Prior year taxes, Motor vehicles	195,866,745	0.43	842,227	-	842,227
Penalties		-	49,474	49,474	-
Discoveries/additional listings:					
Current year taxes, City wide	152,231,062	0.45	681,234	681,234	-
Current year's rate, Motor vehicles	1,444,023	0.45	6,462	-	6,462
Prior year taxes, Motor vehicles	1,071,861	0.43	4,609	-	4,609
Penalties		-	30,948	30,948	-
Abatements:					
Current year's rate, City wide	(64,967,209)	0.45	(58,447)	(58,447)	-
Current year's rate, Motor vehicles	(8,149,051)	0.45	(36,467)	-	(36,467)
Prior year taxes, Motor vehicles	(5,102,326)	0.43	(21,940)	-	(21,940)
Penalties		-	(9,640)	(9,640)	-
<b>Total for year</b>	<b>\$ 7,586,596,670</b>		<b>34,219,512</b>	<b>31,769,086</b>	<b>2,450,426</b>
Less uncollected tax at June 30, 2007			<b>684,462</b>	<b>405,791</b>	<b>278,671</b>
<b>Current year's taxes collected</b>			<b>\$ 33,535,050</b>	<b>\$ 31,363,295</b>	<b>\$ 2,171,755</b>
<b>Current levy collection percentage</b>			<b>98.00%</b>	<b>98.72%</b>	<b>88.63%</b>
Distribution of levy:					
General Fund			<b>\$ 34,219,512</b>		

**SCHEDULE OF CASH AND INVESTMENT BALANCES**  
**June 30, 2007**

	Reported Value	Fair Value
<b>Cash</b>		
On hand	\$ 30,698	\$ 30,698
Demand deposits	4,288,505	4,288,505
Certificates of deposit	717,481	717,481
<b>Total cash</b>	<b>5,036,684</b>	<b>5,036,684</b>
<b>Investments</b>		
North Carolina Capital Management Trust	41,983,752	41,983,752
FNMA Discount Notes	13,068,627	12,995,410
Federal Home Loan	19,421,455	19,381,004
Commercial Paper	10,400,363	10,515,260
US Treasury Bond	1,016,325	978,300
State Government Securities	6,000,000	6,000,000
<b>Total investments</b>	<b>91,890,522</b>	<b>91,853,726</b>
<b>Total cash and investments</b>	<b>\$ 96,927,206</b>	<b>\$ 96,890,410</b>
<b>Distribution by Fund</b>		
General Fund		\$ 35,609,838
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		842,670
Home		399,268
Transportation Fund		1,524,737
Capital Reserve		163,177
Cabarrus Avenue Roundabout		9,227
Additional Vehicle Tax		717,107
Debt Service Fund (Restricted)		15,624
Capital Project Funds:		
Police Station:		
Unrestricted		1,625,679
Restricted		1,268,194
Parks (Unrestricted)		702,798
Transportation (Unrestricted)		400,260
Wellness Center (Unrestricted)		297,823
Oakwood Cemetery (Unrestricted)		157,890
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 14,588,318	
Restricted	1,025,200	15,613,518

(Continued)

**SCHEDULE OF CASH AND INVESTMENT BALANCES (Continued)**  
**June 30, 2007**

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Distribution by Fund (Continued)		
Water Fund:		
Unrestricted	\$ 17,477,605	
Restricted	<u>2,858,514</u>	\$ 20,336,119
Wastewater Fund:		
Unrestricted	6,894,298	
Restricted	<u>1,830,328</u>	8,724,626
Regional Airport Fund - Unrestricted		6,475,035
Stormwater Fund - Unrestricted		812,090
Housing Department Fund - Unrestricted		199,032
Internal Service Fund - Unrestricted		35,426
Agency Fund		997,068
<b>Total reported value</b>		<u><u>\$ 96,927,206</u></u>

**SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS**  
**Year Ended June 30, 2007**

<b>Line Item</b>	<b>Account Description</b>	<b>Low Rent Public Housing 14.850a</b>	<b>Resident Opportunity and Support 14.870</b>	<b>Housing Choice Vouchers 14.871</b>	<b>Public Housing Capital Fund 14.872</b>
Assets:					
Current Assets:					
Cash:					
111	Cash - unrestricted	\$ 160,563	\$ -	\$ 756,469	\$ -
113	Cash - other restricted	-	-	86,201	-
114	Cash - tenant security deposits	30,017	-	-	-
100	<b>Total cash</b>	<b>190,580</b>	<b>-</b>	<b>842,670</b>	<b>-</b>
Accounts and notes receivable:					
121	Accounts receivable - PHA Projects	-	-	3,429	-
124	Accounts receivable - other government	6,220	-	567	-
125	Accounts receivable - miscellaneous	624	-	-	-
126	Accounts receivable - tenants- dwelling rents	2,680	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(2,547)	-	-	-
129	Accrued interest receivable	170	-	5,445	-
120	<b>Total receivables</b>	<b>7,147</b>	<b>-</b>	<b>9,441</b>	<b>-</b>
142	Prepaid expenses and other assets	1,889	-	-	-
143	Inventories	11,624	-	-	-
150	<b>Total current assets</b>	<b>211,240</b>	<b>-</b>	<b>852,111</b>	<b>-</b>
Noncurrent Assets:					
161	Land	1,479,075	-	-	-
162	Buildings	2,897,801	-	-	-
163	Furniture, equipment and machinery - dwellings	18,880	-	-	-
164	Furniture, equipment and machinery - administration	46,384	-	99,381	-
166	Accumulated depreciation	(1,947,905)	-	(70,694)	-
167	Construction in progress	-	-	-	169,222
180	<b>Total non-current assets</b>	<b>2,494,235</b>	<b>-</b>	<b>28,687</b>	<b>169,222</b>
190	<b>Total Assets</b>	<b>\$ 2,705,475</b>	<b>\$ -</b>	<b>\$ 880,798</b>	<b>\$ 169,222</b>
Liabilities and Equity:					
Liabilities:					
Current Liabilities:					
312	Accounts payable (less than or equal to 90 days)	\$ 6,952	\$ -	\$ 4,931	\$ -
321	Accrued wage/payroll taxes payable	16,117	-	5,990	-
322	Accrued compensated absences	33,820	-	11,867	-
341	Tenant security deposits	30,017	-	-	-
342	Deferred revenue	217	-	-	-
345	Other current liabilities	-	-	86,201	-
346	Accrued liabilities - other	-	-	662	-
310	<b>Total current liabilities</b>	<b>87,123</b>	<b>-</b>	<b>109,651</b>	<b>-</b>
300	<b>Total liabilities</b>	<b>87,123</b>	<b>-</b>	<b>109,651</b>	<b>-</b>
Equity:					
Contributed Capital:					
508.1	Invested in capital assets, net of related debt	2,494,235	-	28,687	169,222
512.1	Unrestricted net assets	124,117	-	742,460	-
513	<b>Total equity</b>	<b>2,618,352</b>	<b>-</b>	<b>771,147</b>	<b>169,222</b>
600	<b>Total liabilities and equity</b>	<b>\$ 2,705,475</b>	<b>\$ -</b>	<b>\$ 880,798</b>	<b>\$ 169,222</b>

(Continued)

## SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS (Continued)

Year Ended June 30, 2007

Line Item	Account Description	Low Rent Public Housing 14.850a	Resident Opportunity and Support 14.870	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872
Revenues:					
703	Net tenant rental revenue	\$ 236,209	\$ -	\$ -	\$ -
706	HUD PHA grants	682,541	98,661	3,521,536	165,000
706.1	Capital grants	-	-	-	94,697
708	Other government grants	-	-	38,477	-
711	Investment income - unrestricted	-	-	15,856	-
714	Fraud recovery	-	-	589	-
715	Other income	7,609	-	13,546	-
720	Investment income - restricted	-	-	13,248	-
700	<b>Total revenues</b>	<b>926,359</b>	<b>98,661</b>	<b>3,603,252</b>	<b>259,697</b>
Expenses:					
Administrative:					
911	Administrative salaries	321,815	47,854	162,552	-
912	Auditing fees	372	-	1,604	-
914	Compensated absences	3,015	-	1,626	-
915	Employee benefit contributions	116,998	15,440	48,248	-
916	Other operating - administrative	51,661	35,367	33,803	-
924	Tenant services - other	11,767	-	-	-
931	Water	38,142	-	-	-
932	Electricity	65,640	-	-	-
933	Gas	119,798	-	-	-
938	Other utility expenses	48,214	-	-	-
941	Ordinary maintenance and operations - labor	85,770	-	-	-
942	Ordinary maintenance and operations - materials and other	75,103	-	-	-
943	Ordinary maintenance and operations - contract costs	85,835	-	-	-
961	Insurance premiums	15,044	-	-	-
963	Bad debt - tenant rents	3,944	-	-	-
969	<b>Total operating expenses</b>	<b>1,043,118</b>	<b>98,661</b>	<b>247,833</b>	<b>-</b>
970	<b>Excess of operating revenues over operating expenses</b>	<b>(116,759)</b>	<b>-</b>	<b>3,355,419</b>	<b>259,697</b>
973	Housing assistance payments	-	-	3,081,333	-
974	Depreciation expense	260,401	-	13,720	-
900	<b>Total expenses</b>	<b>1,303,519</b>	<b>98,661</b>	<b>3,342,886</b>	<b>-</b>
1001	Operating transfers in	165,000	-	-	-
1002	Operating transfers out	-	-	-	(165,000)
1000	<b>Excess of revenue over expenses</b>	<b>(212,160)</b>	<b>-</b>	<b>260,366</b>	<b>94,697</b>
1103	Beginning equity	2,615,056	-	497,061	74,525
1104	Prior period adjustments, equity transfers & correction of errors	215,456	-	13,720	-
1118	Housing assistance payments equity	-	-	(18,804)	-
	Ending equity	<b>\$ 2,618,352</b>	<b>\$ -</b>	<b>\$ 752,343</b>	<b>\$ 169,222</b>
1120	Gross number of units	2,088	-	6,408	-
1121	Number of unit months leased	2,043	-	6,029	-

**SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS****June 30, 2007**

	July 1, 2006	Increases	Decreases	June 30, 2007
<b>Electric Fund</b>				
Capital assets, not being depreciated:				
Land	\$ 543,644	\$ 347,516	\$ -	\$ 891,160
Construction in progress	3,883,986	2,126,128	-	6,010,114
Total capital assets, not being depreciated	4,427,630	2,473,644	-	6,901,274
Capital assets, being depreciated:				
Buildings	4,792,302	173,337	-	4,965,639
Improvements other than buildings	82,630,015	6,266,224	-	88,896,239
Machinery and equipment	5,783,398	567,755	216,803	6,134,350
Total capital assets, being depreciated	93,205,715	7,007,316	216,803	99,996,228
Accumulated depreciation:				
Buildings	2,935,872	141,715	-	3,077,587
Improvements other than buildings	34,134,299	2,398,418	-	36,532,717
Machinery and equipment	4,220,905	670,194	216,803	4,674,296
Total accumulated depreciation	41,291,076	3,210,327	216,803	44,284,600
Total capital assets, being depreciated, net	51,914,639	3,796,989	-	55,711,628
Electric Fund capital assets, net	\$ 56,342,269	\$ 6,270,633	\$ -	\$ 62,612,902
<b>Water Fund</b>				
Capital assets, not being depreciated:				
Land	\$ 466,544	\$ 347,516	\$ -	\$ 814,060
Construction in progress	14,723,032	160,761	-	14,883,793
Total capital assets, not being depreciated	15,189,576	508,277	-	15,697,853
Capital assets, being depreciated:				
Buildings	10,914,927	479,409	-	11,394,336
Improvements other than buildings	79,362,126	4,904,345	-	84,266,471
Machinery and equipment	1,988,677	346,971	141,103	2,194,545
Total capital assets, being depreciated	92,265,730	5,730,725	141,103	97,855,352
Accumulated depreciation:				
Buildings	6,579,440	59,916	-	6,639,356
Improvements other than buildings	20,959,867	2,320,110	-	23,279,977
Machinery and equipment	1,257,723	186,419	141,103	1,303,039
Total accumulated depreciation	28,797,030	2,566,445	141,103	31,222,372
Total capital assets, being depreciated, net	63,468,700	3,164,280	-	66,632,980
Water fund capital assets, net	\$ 78,658,276	\$ 3,672,557	\$ -	\$ 82,330,833

(Continued)

**SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)****June 30, 2007**

	July 1, 2006	Increases	Decreases	June 30, 2007
<b>Wastewater Fund</b>				
Capital assets, not being depreciated:				
Land	\$ 662,767	\$ 345,847	\$ -	\$ 1,008,614
Construction in progress	1,164,237	745,095	-	1,909,332
Total capital assets, not being depreciated	<u>1,827,004</u>	<u>1,090,942</u>	<u>-</u>	<u>2,917,946</u>
Capital assets, being depreciated:				
Buildings	5,115,272	-	-	5,115,272
Improvements other than buildings	65,895,596	4,567,649	-	70,463,245
Machinery and equipment	1,616,217	292,124	136,154	1,772,187
Total capital assets, being depreciated	<u>72,627,085</u>	<u>4,859,773</u>	<u>136,154</u>	<u>77,350,704</u>
Accumulated depreciation:				
Buildings	2,668,784	46,353	-	2,715,137
Improvements other than buildings	15,932,335	1,744,486	-	17,676,821
Machinery and equipment	1,264,855	159,119	136,154	1,287,820
Total accumulated depreciation	<u>19,865,974</u>	<u>1,949,958</u>	<u>136,154</u>	<u>21,679,778</u>
Total capital assets, being depreciated, net	<u>52,761,111</u>	<u>2,909,815</u>	<u>-</u>	<u>55,670,926</u>
Wastewater activities capital assets, net	<u>\$ 54,588,115</u>	<u>\$ 4,000,757</u>	<u>\$ -</u>	<u>\$ 58,588,872</u>
<b>Regional Airport Fund</b>				
Capital assets, not being depreciated:				
Land	\$ 18,095,827	\$ 37,936	\$ 140,514	\$ 17,993,249
Construction in progress	14,791,697	1,504,444	10,574,505	5,721,636
Total capital assets, not being depreciated	<u>32,887,524</u>	<u>1,542,380</u>	<u>10,715,019</u>	<u>23,714,885</u>
Capital assets, being depreciated:				
Buildings	15,795,946	4,746,406	-	20,542,352
Improvements other than buildings	16,657,440	5,953,410	-	22,610,850
Machinery and equipment	2,545,881	204,862	-	2,750,743
Total capital assets, being depreciated	<u>34,999,267</u>	<u>10,904,678</u>	<u>-</u>	<u>45,903,945</u>
Accumulated depreciation:				
Buildings	3,739,279	549,668	-	4,288,947
Improvements other than buildings	3,577,001	438,211	-	4,015,212
Machinery and equipment	1,817,576	117,611	-	1,935,187
Total accumulated depreciation	<u>9,133,856</u>	<u>1,105,490</u>	<u>-</u>	<u>10,239,346</u>
Total capital assets, being depreciated, net	<u>25,865,411</u>	<u>9,799,188</u>	<u>-</u>	<u>35,664,599</u>
Regional airport fund capital assets, net	<u>\$ 58,752,935</u>	<u>\$ 11,341,568</u>	<u>\$ 10,715,019</u>	<u>\$ 59,379,484</u>

(Continued)

**SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)****June 30, 2007**

	July 1, 2006	Increases	Decreases	June 30, 2007
<b>Stormwater Fund</b>				
Capital assets, not being depreciated:				
Land	\$ -	\$ 114,283	\$ -	\$ 114,283
Construction in progress	109,000	-	109,000	-
Total capital assets, not being depreciated	109,000	114,283	109,000	114,283
Capital assets, being depreciated:				
Building and system	-	5,116	-	5,116
Improvements other than buildings	53,869,097	344,264	-	54,213,361
Machinery and equipment	476,692	279,843	-	756,535
Total capital assets, being depreciated	54,345,789	629,223	-	54,975,012
Accumulated depreciation:				
Building and system	-	469	-	469
Improvements other than buildings	1,371,002	1,376,176	-	2,747,178
Machinery and equipment	99,426	106,744	-	206,170
Total accumulated depreciation	1,470,428	1,483,389	-	2,953,817
Total capital assets, being depreciated, net	52,875,361	(854,166)	-	52,021,195
Stormwater fund capital assets, net	\$ 52,984,361	\$ (739,883)	\$ 109,000	\$ 52,135,478
<b>Other Enterprise Funds</b>				
Capital assets, not being depreciated:				
Land	\$ 10,977,624	\$ 748,000	\$ -	\$ 11,725,624
Construction in progress	(31,550)	94,697	-	63,147
Total capital assets, not being depreciated	10,946,074	842,697	-	11,788,771
Capital assets, being depreciated:				
Buildings	8,254,791	-	-	8,254,791
Machinery and equipment	7,315,389	260,055	149,102	7,426,342
Total capital assets, being depreciated	15,570,180	260,055	149,102	15,681,133
Accumulated depreciation:				
Buildings	3,367,421	281,109	-	3,648,530
Machinery and equipment	4,264,760	584,938	149,102	4,700,596
Total accumulated depreciation	7,632,181	866,047	149,102	8,349,126
Total capital assets, being depreciated, net	7,937,999	(605,992)	-	7,332,007
Other enterprise fund capital assets, net	\$ 18,884,073	\$ 236,705	\$ -	\$ 19,120,778
Business-type activities capital assets, net	\$ 267,225,668	\$ 25,522,220	\$ 10,715,019	\$ 282,032,869

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## 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>
<b>Financial Trends</b>	
These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	148
<b>Revenue Capacity</b>	
These tables contain information to help the reader assess the factors affecting the city's ability to generate its property taxes.	158
<b>Debt Capacity</b>	
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.	162
<b>Demographic and Economic Information</b>	
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.	169
<b>Operating Information</b>	
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.	172

**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 Six Fiscal Years  
(accrual basis of accounting)**

	<b>Fiscal Year</b>		
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
Governmental activities			
Invested in capital assets, net of related debt	\$ 336,721,224	\$ 326,719,238	\$ 326,920,735
Restricted	13,166,835	3,199,679	1,726,972
Unrestricted	20,621,655	27,947,308	27,409,054
Total governmental activities net assets	<u>\$ 370,509,714</u>	<u>\$ 357,866,225</u>	<u>\$ 356,056,761</u>
Business-type activities			
Invested in capital assets, net of related debt	\$ 118,483,339	\$ 111,465,919	\$ 131,359,965
Restricted	3,652,621	12,846,101	9,724,792
Unrestricted	26,711,060	36,101,647	34,559,284
Total business-type activities net assets	<u>\$ 148,847,020</u>	<u>\$ 160,413,667</u>	<u>\$ 175,644,041</u>
Primary government			
Invested in capital assets, net of related debt	\$ 455,204,563	\$ 438,185,157	\$ 458,280,700
Restricted	16,819,456	16,045,780	11,451,764
Unrestricted	47,332,715	64,048,955	61,968,338
Total primary government activities net assets	<u>\$ 519,356,734</u>	<u>\$ 518,279,892</u>	<u>\$ 531,700,802</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>2005</u>	<u>2006</u>	<u>2007</u>
\$ 323,138,476	\$ 284,946,314	\$ 269,225,599
1,008,551	1,401,030	1,732,787
33,933,025	27,394,767	44,319,943
<u>\$ 358,080,052</u>	<u>\$ 313,742,111</u>	<u>\$ 315,278,329</u>
\$ 143,392,773	\$ 203,872,073	\$ 224,285,478
-	-	-
44,878,471	55,939,159	59,665,695
<u>\$ 188,271,244</u>	<u>\$ 259,811,232</u>	<u>\$ 283,951,173</u>
\$ 466,531,249	\$ 488,818,387	\$ 493,511,077
1,008,551	1,401,030	1,732,787
78,811,496	83,333,926	103,985,638
<u>\$ 546,351,296</u>	<u>\$ 573,553,343</u>	<u>\$ 599,229,502</u>

**CITY OF CONCORD, NORTH CAROLINA**

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

	<b>Fiscal Year</b>		
	<b><u>2002</u></b>	<b><u>2003</u></b>	<b><u>2004</u></b>
<b>Expenses</b>			
Governmental activities:			
General government	\$ 4,399,011	\$ 4,546,553	\$ 4,557,587
Public safety	19,032,754	20,091,084	21,523,893
Public works	23,266,498	24,824,155	26,934,935
Cultural & recreational	3,121,121	3,280,271	3,525,572
Planning & community development	3,446,174	3,710,036	3,214,575
Administration	403,673	433,935	477,794
Housing assistance Payments	2,676,489	3,151,869	3,149,939
Rehabilitation	760,562	953,413	603,691
Professional Services	-	-	23,183
Protective Services	41,252	58,334	-
Interest on long-term debt	2,027,985	2,850,591	1,525,505
Total governmental activities expenses	<u>59,175,519</u>	<u>63,900,241</u>	<u>65,536,674</u>
Business-type activities:			
Electric	39,070,593	41,331,094	43,493,600
Water	11,198,473	11,327,235	12,884,358
Wastewater	10,483,961	10,595,555	12,004,226
Regional airport	5,272,175	6,602,063	7,102,300
Stormwater *	-	-	-
Other non major business-type	4,783,574	3,137,548	3,919,178
Total business-type activities expenses	<u>70,808,776</u>	<u>72,993,495</u>	<u>79,403,662</u>
Total primary government expenses	<u>\$129,984,295</u>	<u>\$136,893,736</u>	<u>\$144,940,336</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services	\$ 2,410,739	\$ 3,027,453	\$ 3,108,528
Operating grants and contributions	5,101,793	6,543,489	6,174,770
Capital grants and contributions	10,581,284	5,181,108	14,746,573
Total government activities program revenues	<u>18,093,816</u>	<u>14,752,050</u>	<u>24,029,871</u>

**Table 2**  
**Page 1 of 2**

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 4,876,678	\$ 4,788,163	\$ 4,240,566
22,594,274	23,013,748	25,711,447
27,309,037	26,382,096	28,358,904
3,465,415	3,686,163	4,097,842
3,459,007	3,504,571	2,214,193
540,718	513,157	444,287
3,231,539	3,177,960	3,081,332
897,186	3,027,682	2,529,418
49,974	-	-
-	-	-
1,685,824	2,108,260	1,760,202
<u>68,109,652</u>	<u>70,201,800</u>	<u>72,438,191</u>
45,875,830	49,358,049	54,551,657
12,335,344	13,532,054	14,559,911
12,619,272	12,393,861	12,598,417
8,476,592	9,849,839	9,948,799
-	3,045,795	3,097,290
4,897,152	5,312,094	5,827,627
<u>84,204,190</u>	<u>93,491,692</u>	<u>100,583,701</u>
<u>\$152,313,842</u>	<u>\$163,693,492</u>	<u>\$173,021,892</u>
\$ 3,355,385	\$ 3,892,663	\$ 4,705,207
6,604,130	6,455,832	6,735,548
13,276,425	20,750,187	11,011,091
<u>23,235,940</u>	<u>31,098,682</u>	<u>22,451,846</u>

(Continued)

**CITY OF CONCORD, NORTH CAROLINA**

**CHANGES IN NET ASSETS**

**Last Six Fiscal Years**

**(accrual basis of accounting)**

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

<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 50,625,078	\$ 55,127,472	\$ 57,784,175
15,171,631	17,390,495	19,484,661
11,032,814	12,700,502	13,824,857
7,112,333	8,997,417	9,329,042
-	1,810,605	3,140,958
1,824,525	1,901,989	2,487,179
2,015,190	2,139,688	2,804,136
7,937,240	6,605,150	9,735,545
<u>95,718,811</u>	<u>106,673,318</u>	<u>118,590,553</u>
<u>\$118,954,751</u>	<u>\$137,772,000</u>	<u>\$141,042,399</u>
\$(44,873,712)	\$(39,103,118)	\$(49,986,345)
11,514,621	13,181,626	18,006,852
<u>\$(33,359,091)</u>	<u>\$(25,921,492)</u>	<u>\$(31,979,493)</u>
\$ 30,055,475	\$ 31,727,866	\$ 34,049,377
11,721,923	12,634,031	13,034,399
2,729,405	2,761,579	2,607,041
915,247	1,709,502	2,318,298
840,042	1,313,009	2,327,114
634,911	(55,380,810)	(2,813,666)
<u>46,897,003</u>	<u>(5,234,823)</u>	<u>51,522,563</u>
1,381,335	1,966,270	2,630,486
366,158	1,011,282	688,937
(634,911)	55,380,810	2,813,666
<u>1,112,582</u>	<u>58,358,362</u>	<u>6,133,089</u>
<u>\$ 48,009,585</u>	<u>\$ 53,123,539</u>	<u>\$ 57,655,652</u>
\$ 2,023,291	\$(44,337,941)	\$ 1,536,218
12,627,203	71,539,988	24,139,941
<u>\$ 14,650,494</u>	<u>\$ 27,202,047</u>	<u>\$ 25,676,159</u>

**CITY OF CONCORD, NORTH CAROLINA**

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

	<b>Fiscal Year</b>			
	<u><b>1998</b></u>	<u><b>1999</b></u>	<u><b>2000</b></u>	<u><b>2001</b></u>
General Fund				
Reserved	2,827,141	1,411,680	7,145,160	8,172,614
Unreserved	6,060,521	18,097,594	16,208,148	21,644,578
Total general funds	<u>\$ 8,887,662</u>	<u>\$ 19,509,274</u>	<u>\$ 23,353,308</u>	<u>\$ 29,817,192</u>
All Other Governmental funds				
Reserved	\$ 438,965	\$ 432,213	\$ 829,431	\$ 934,740
Unreserved:				
Special revenue funds	(56,345)	1,241,892	(1,215,811)	652,760
Capital projects funds	3,022,694	6,064,880	1,731,623	18,202,726
Debt service funds	-	-	-	-
Total all other governmental funds	<u>\$ 3,405,314</u>	<u>\$ 7,738,985</u>	<u>\$ 1,345,243</u>	<u>\$ 19,790,226</u>

**Table 3**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 8,308,381	\$ 8,308,381	\$ 11,132,252	\$ 12,180,389	\$ 11,566,311	\$ 14,538,028
19,948,744	19,948,744	17,171,540	19,425,095	24,307,105	27,675,793
<u>\$ 28,257,125</u>	<u>\$ 28,257,125</u>	<u>\$ 28,303,792</u>	<u>\$ 31,605,484</u>	<u>\$ 35,873,416</u>	<u>\$ 42,213,821</u>
\$ 552,950	\$ 535,286	\$ 1,214,546	\$ 13,809,540	\$ 777,171	\$ 2,451,186
	-	-	-	-	-
2,335,541	2,610,695	3,022,478	4,940,707	1,034,851	3,057,941
6,234,835	3,614,027	1,664,011	1,602,900	3,716,367	2,949,736
(2,611,040)	(1,543,890)	(4,259,168)	(2,917,940)	(2,928,767)	(2,771,661)
<u>\$ 6,512,286</u>	<u>\$ 5,216,118</u>	<u>\$ 1,641,867</u>	<u>\$ 17,435,207</u>	<u>\$ 2,599,622</u>	<u>\$ 5,687,202</u>

**CITY OF CONCORD, NORTH CAROLINA**

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

	<b>Fiscal Year</b>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<b>Revenues</b>				
Taxes	\$ 14,455,461	\$ 25,257,541	\$ 20,326,627	\$ 23,579,177
Other taxes	4,553,302	5,580,693	6,872,624	8,936,432
Unrestricted intergovernmental revenues	2,948,303	3,204,917	3,833,803	4,075,870
Restricted Intergovernmental revenues	4,424,599	4,274,809	4,632,026	5,290,374
Licenses, fees, and permits	668,739	837,125	945,442	908,844
Contributions, net of refunds	-	(9,157)	110,000	-
Investment earnings	673,851	1,305,924	1,456,325	1,635,775
Investment earnings restricted	10,429	34,972	106,495	190,355
Program income	-	282,968	164,765	268,393
Other revenues	2,924,767	2,125,582	1,629,314	1,526,786
Total revenues	<u>\$ 30,659,451</u>	<u>\$ 42,895,374</u>	<u>\$ 40,077,421</u>	<u>\$ 46,412,006</u>
<b>Expenditures</b>				
General government	3,031,140	3,083,074	2,451,277	2,999,180
Public safety	10,675,497	12,102,053	13,995,533	15,510,669
Public works	6,974,713	5,490,801	6,029,347	6,652,657
Cultural and recreational	2,411,488	1,547,630	2,356,494	2,705,964
Planning and community development	1,132,798	1,616,000	1,648,904	1,682,892
Administration	246,124	294,664	420,118	276,225
Housing assistance payments	1,318,229	1,581,389	1,974,644	1,689,147
Rehabilitation	589,756	502,003	423,092	736,203
Professional services	-	-	-	-
Protective services	40,156	113,590	128,924	76,563
Public services	11,000	21,426	87,743	12,238
Public facilities improvements	2,443	3,375	-	-
Capital outlay	1,775,464	10,129,283	11,474,543	10,547,291
Debt Service:				
Interest	415,528	572,077	1,047,205	813,032
Principal	4,134,237	1,533,458	1,999,752	2,719,883
Total expenditures	<u>32,758,573</u>	<u>38,590,823</u>	<u>44,037,576</u>	<u>46,421,944</u>
Excess of revenues over (under) expenditures	(2,099,122)	4,304,551	(3,960,155)	(9,938)
<b>Other Financing Sources (Uses)</b>				
Proceeds of installment purchase contracts	1,160,114	-	2,307,200	-
Debt issued	4,002,453	11,000,000	-	25,470,794
Operating transfers from component unit	83,547	91,732	98,771	-
Transfers in	232,651	1,025,645	2,904,859	2,617,794
Transfers out	(246,029)	(1,466,645)	(3,873,450)	(3,172,783)
Total Other Financing Sources (Uses)	<u>5,232,736</u>	<u>10,650,732</u>	<u>1,437,380</u>	<u>24,915,805</u>
Net change in funds balances	<u>\$ 3,133,614</u>	<u>\$ 14,955,283</u>	<u>\$ (2,522,775)</u>	<u>\$ 24,905,867</u>
Debt service as a percentage of non capital expenditures	14.68%	7.40%	9.36%	9.85%

**Table 4**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 25,787,012	\$ 26,363,349	\$ 27,034,919	\$ 29,944,032	\$ 31,590,195	\$ 34,215,412
7,985,401	8,098,765	11,227,814	11,721,923	12,634,031	13,034,399
2,208,077	2,190,806	2,468,473	2,216,581	2,370,415	2,563,097
5,155,645	7,382,635	6,622,348	7,543,542	7,294,501	8,301,691
945,704	1,548,846	1,901,077	1,810,650	1,860,604	2,124,094
128,708	496,272	(11,962)	-	-	-
1,250,417	555,721	230,081	915,247	1,709,502	2,318,298
41,148	12,244	11,900	22,562	20,460	71,580
402,797	465,113	209,540	546,963	661,299	872,815
1,468,905	1,136,437	1,306,182	1,782,727	2,641,356	3,908,482
<b>\$ 45,373,814</b>	<b>\$ 48,250,188</b>	<b>\$ 51,000,372</b>	<b>\$ 56,504,227</b>	<b>\$ 60,782,363</b>	<b>\$ 67,409,868</b>
3,422,366	3,359,490	3,174,553	3,557,999	3,536,022	2,954,405
17,450,440	18,563,975	20,229,685	21,063,625	21,492,133	24,200,346
6,311,292	6,340,360	7,755,198	7,721,365	7,704,046	9,172,530
3,030,065	3,025,981	3,321,160	3,252,320	3,489,498	3,900,738
3,113,589	3,637,961	3,201,518	3,433,787	3,487,888	2,194,719
394,144	433,935	477,794	540,718	513,157	444,287
2,676,489	3,151,869	3,149,939	3,231,539	3,177,960	3,081,332
760,562	953,413	603,691	897,186	3,027,682	2,529,418
-	39,112	23,183	49,974	1,662	-
41,252	19,222	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,720,834	5,675,625	4,294,814	5,469,582	13,545,494	6,313,426
750,310	402,852	268,950	686,309	1,010,025	560,949
4,930,478	4,573,707	4,410,482	4,244,702	5,101,402	5,296,127
<b>59,601,821</b>	<b>50,177,502</b>	<b>50,910,967</b>	<b>54,149,106</b>	<b>66,086,969</b>	<b>60,648,277</b>
(14,228,007)	(1,927,314)	89,405	2,355,121	(5,304,606)	6,761,591
-	-	-	-	794,543	900,936
-	198,027	410,875	16,105,000	-	-
-	-	-	-	-	-
5,877,520	5,438,734	3,370,872	7,492,150	6,526,804	8,118,956
(6,484,520)	(6,235,226)	(6,169,124)	(6,857,239)	(8,005,270)	(10,932,622)
<b>(607,000)</b>	<b>(598,465)</b>	<b>(2,387,377)</b>	<b>16,739,911</b>	<b>(683,923)</b>	<b>(1,912,730)</b>
<b>\$(14,835,007)</b>	<b>\$ (2,525,779)</b>	<b>\$ (2,297,972)</b>	<b>\$ 19,095,032</b>	<b>\$ (5,988,529)</b>	<b>\$ 4,848,861</b>
13.25%	11.18%	10.04%	10.13%	11.63%	10.78%

**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
	Residential Property	Commercial Property	Industrial Property				
1998	2,040,104,999	NA	NA	1,066,777,777	62,191,757	3,169,074,533	0.46
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	0.45

Note: Increase in Personal Property in 2005 is due to reevaluation performed by the County.  
 Increase in total taxable assessed value in 1999 is due to settlement of discoveries with City's largest taxpayer  
 Estimate Actual Tax value not available from Cabarrus County and tax exempt property is subtracted from Residential Property.

Source: Cabarrus County Tax Office

**DIRECT AND OVERLAPPING PROPERTY TAX RATES,  
Last Ten Fiscal Years  
(rate over \$1,000 of assessed value)**

Fiscal Year	Basic Rate	Overlapping Rates		Total
		Cabarrus County		
1998	\$ 0.46	\$ 0.66	\$	1.12
1999	0.46	0.70		1.16
2000	0.42	0.59		1.01
2001	0.45	0.56		1.01
2002	0.45	0.56		1.01
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	0.45	0.63		1.08

Source: Cabarrus County Tax Office

**PRINCIPAL PROPERTY TAXPAYERS**  
**Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Phillip Morris	\$ 4,955,862	1	17.00 %	\$ 2,650,985	1	18.21 %
Concord Mills Mall Limited Partnership	1,731,138	2	5.94	-		-
Charlotte Motor Speedway	723,347	3	2.48	252,870	2	1.74
Concord Telephone Company	222,531	4	0.76	145,794	3	1.00
Pass & Seymour, Inc	198,968	5	0.68	126,333	4	0.87
Hendrick Motorsports Inc	192,059	6	0.66	-		-
Jack Rousch LLC	133,017	7	0.46	-		-
S&D Coffee Co.	131,961	8	0.45	-		-
BFI Waste Systems of America	128,662	9	0.44	-		-
Concord Commons LTD Partnership	103,112	10	0.35	-		-
North Hill Properties	-		-	76,222	5	0.66
Fieldcrest Cannon	-		-	67,408	6	0.46
Perdue Farms	-		-	62,639	7	0.42
CMS Development Corp.	-		-	56,461	8	0.39
Dia Nippon IMS America Corp.	-		-	56,030	9	0.38
Public Service Co. of NC	-		-	53,430	10	0.38
<b>Total</b>	<b>\$ 8,520,657</b>		<b>29.22 %</b>	<b>\$ 3,548,172</b>		<b>24.51 %</b>

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
1998	\$ 14,634,954	\$ 14,226,166	97.2%	\$ 398,637	\$ 14,624,803	99.9%
1999	25,395,470	24,870,417	97.9%	506,122	25,376,539	99.9%
2000	20,628,680	19,899,697	96.5%	737,156	20,636,853	100.0%
2001	23,837,784	22,839,769	95.8%	942,091	23,781,860	99.8%
2002	25,719,073	25,068,758	97.5%	679,534	25,748,292	100.1%
2003	26,200,348	25,573,728	97.6%	650,855	26,224,583	100.1%
2004	26,821,016	26,168,438	97.6%	566,359	26,734,797	99.7%
2005	29,739,025	29,143,606	98.0%	463,090	29,606,696	99.6%
2006	31,617,094	31,020,263	98.1%	398,720	31,418,983	99.4%
2007	34,290,995	33,605,746	98.0%	-	33,605,746	98.0%

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

<b>Governmental activities</b>						
<b>Fiscal Year</b>	<b>Installment Purchase</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Installment Notes</b>		
1998	\$ 3,371	\$ 1,393	\$ 4,002	\$ 304		
1999	2,037	1,278	4,002	11,220		
2000	3,039	1,172	4,002	10,255		
2001	4,548	1,067	3,901	31,652		
2002	3,185	963	3,795	29,513		
2003	1,706	861	4,071	27,659		
2004	1,464	759	3,944	25,436		
2005	895	659	3,811	39,198		
2006	1,214	560	3,672	35,856		
2007	1,665	463	3,527	32,452		
<b>Business-type activities</b>						
<b>Fiscal Year</b>	<b>Installment Purchase</b>	<b>General Obligation Bonds</b>	<b>Revenue Bonds</b>	<b>Installment Notes</b>		
1998	\$ 1,208	\$ 11,927	\$ 90,247	\$ 17,480		
1999	649	10,622	88,856	20,448		
2000	1,174	9,428	87,370	19,415		
2001	1,340	8,253	85,005	21,592		
2002	628	7,097	82,520	20,353		
2003	354	5,959	111,124	19,160		
2004	28	4,846	105,887	17,799		
2005	4,371	3,751	102,309	16,925		
2006	4,144	2,700	98,561	15,174		
2007	3,919	1,677	94,534	14,028		
<b>Fiscal Year</b>	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>			
1998	\$ 129,932	4.38%	\$ 2,877			
1999	139,112	4.20%	2,992			
2000	135,855	3.83%	2,687			
2001	157,358	4.06%	2,796			
2002	148,054	3.67%	2,522			
2003	170,894	4.15%	2,858			
2004	160,163	3.81%	2,601			
2005	171,919	3.88%	2,710			
2006	161,881	3.37%	2,453			
2007	152,265	3.02%	2,137			

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

<b>General Bonded Debt Outstanding</b>						
<b>Fiscal Year</b>	<b>Gross Bonded Debt</b>	<b>Debt Payable From Enterprise Revenue</b>	<b>Net Bonded Debt</b>	<b>Percentage of Total Taxable Assessed*</b>	<b>Per Capita (1)</b>	<b>Total Taxable Assessed Value</b>
1998	\$ 13,320,001	\$ 11,927,254	\$ 1,392,747	0.07%	\$ 30.83	\$ 2,024,776,559
1999	11,900,000	10,622,165	1,277,835	0.04%	27.49	3,603,565,510
2000	10,600,000	9,428,375	1,171,625	0.03%	23.17	3,382,558,823
2001	9,320,000	8,253,135	1,066,865	0.03%	18.96	3,680,386,324
2002	8,060,000	7,096,806	963,194	0.02%	16.41	3,937,145,012
2003	6,820,000	5,959,390	860,610	0.02%	14.39	4,084,518,741
2004	5,604,999	4,845,522	759,477	0.02%	12.33	4,216,346,658
2005	4,410,000	3,750,568	659,432	0.01%	10.40	5,319,920,963
2006	3,260,000	2,699,527	560,473	0.01%	8.49	7,322,709,584
2007	2,140,002	1,677,035	462,967	0.01%	6.50	7,586,596,670

(1) [www.bea.gov](http://www.bea.gov)

\* Estimate Actual Tax value not available from Cabarrus County therefore Total Taxable Assessed Value used for this calculation

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2007**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Debt paid with property taxes			
City of Concord (1)	\$ 2,140,000	100%	\$ 2,140,000
Cabarrus County (2)	286,256,423	100%	<u>286,256,423</u>
Total			<u><u>\$ 288,396,423</u></u>

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

(2) Source: Cabarrus County Finance Department

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**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)**

	<b>Fiscal Year</b>			
	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>
Debt Limit	\$ 253,526	\$ 433,282	\$ 390,097	\$ 423,771
Total net debt applicable to limit	23,757	36,379	35,609	60,689
Legal debt margin	\$ 229,769	\$ 396,903	\$ 354,488	\$ 363,082
Total net debt applicable to the limit as a percentage of debt limit	9%	8%	9%	14%

**Table 12**

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
\$	455,191	\$ 464,253	\$ 474,213	\$ 550,332	\$ 585,817	\$ 606,928
	55,199	49,841	45,561	62,048	41,775	38,499
\$	399,992	\$ 414,412	\$ 428,652	\$ 488,284	\$ 544,042	\$ 568,429
	12%	11%	10%	11%	7%	6%

**Legal Debt Margin Calculation for Fiscal Years**

Total assessed value	\$ 7,586,596,670
Debt limit (8% of assessed value)	<u>606,927,734</u>
Debt applicable to limit:	
General Obligation bonds	2,140,002
Installment purchase notes	5,583,542
Installment notes	46,480,002
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(15,704,601)</u>
Total net debt applicable to limit	<u>38,498,945</u>
Legal Debt Margin	<u><u>\$ 568,428,789</u></u>

**PLEDGED-REVENUE COVERAGE,  
Last Seven Fiscal Years  
(dollars in thousands)**

<b>Water Revenue Bonds</b>							
<b>Fiscal Year</b>	<b>Utility Service Charges</b>	<b>Less Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>	
				<b>Principal</b>	<b>Interest</b>		
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	

<b>Wastewater Revenue Bonds</b>							
<b>Fiscal Year</b>	<b>Utility Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>	
				<b>Principal</b>	<b>Interest</b>		
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	

<b>Electric Revenue Bonds</b>							
<b>Fiscal Year</b>	<b>Utility Service Charges</b>	<b>Less: Operating Expenses</b>	<b>Net Available Revenue</b>	<b>Debt Service</b>		<b>Coverage</b>	
				<b>Principal</b>	<b>Interest</b>		
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	

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	Personal Income (thousands of dollars) (3)	Per Capita Personal Income (3)	School Enrollment (2)	Unemployment Rate (1)
1998	\$ 45,168	\$ 2,967,524	\$ 25,039	17,844	2.3%
1999	46,488	3,310,044	26,910	18,469	1.9%
2000	50,564	3,545,395	27,736	18,237	2.6%
2001	56,280	3,871,172	29,278	19,088	4.1%
2002	58,710	4,029,671	29,567	20,900	5.6%
2003	59,791	4,116,291	29,447	21,763	5.5%
2004	61,584	4,199,579	29,364	22,446	7.7%
2005	63,431	4,426,637	30,407	23,906	4.6%
2006	65,981	4,803,337	32,111	23,684	4.1%
2007 (4)	71,240	5,043,504	33,717	26,483	3.9%

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

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

Employer	2007			1998		
	Employees *	Rank	Percentage of Total City Employment	Employees *	Rank	Percentage of Total City Employment
Northeast Medical Center	4,200	1	5.04%	2,500	1	4.28%
Cabarrus County Schools	3,816	2	4.58%	1,900	2	3.25%
Phillip Morris	2,600	3	3.12%	1,900	3	3.25%
McGee Brothers Company	1,400	4	1.68%	-	-	-
Cabarrus County	904	5	1.08%	953	4	1.63%
City of Concord	893	6	1.07%	600	7	1.03%
Kanapolis City Schools	873	7	1.05%	-	-	-
Rowan Cabarrus Community College	830	8	1.00%	-	-	-
Pass & Seymour Legrands	680	9	0.82%	505	8	0.86%
CT Communications	631	10	0.76%	300	10	0.51%
Showell Farms	-	-	-	850	5	1.46%
Plastics Manufacture, Inc.	-	-	-	840	6	1.44%
S&D Coffee	-	-	-	450	9	0.77%
<b>Total</b>	<b>16,827</b>		<b>20.18%</b>	<b>10,798</b>		<b>18.48%</b>

Source: Cabarrus County Finance

\* Labor Force [www.cabarrusedc.com](http://www.cabarrusedc.com)

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

Function/Program	Fiscal Year					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Fund</b>						
General Government						
Public Service Administration	2.00	2.00	2.00	2.00	2.00	2.00
Administration	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
Finance	13.00	12.19	12.00	12.00	12.75	13.00
Tax	3.00	4.00	3.00	4.00	4.00	4.75
Legal	1.25	1.25	2.63	3.01	4.00	4.00
Non-Departmental	-	-	-	-	-	-
Public Safety						
Police	143.00	148.00	154.00	154.50	160.00	161.50
Code enforcement						7.00
Communications	24.50	20.50	20.50	20.50	20.94	20.94
Radio Shop	-	4.00	3.70	3.70	4.20	4.70
Fire & Life Safety	154.35	154.35	154.65	154.65	154.65	159.63
Transportation						
Street & Traffic	20.00	20.00	20.00	20.00	23.50	26.00
Powell Bill (staff part of Streets & Traffic)	-	-	-	-	-	-
Traffic Services	6.00	6.00	6.00	6.00	5.00	5.83
Traffic Signals	3.00	3.00	2.66	1.75	2.50	3.00
Solid Waste & Recycling	32.00	32.00	31.33	31.00	32.49	34.00
Cemeteries			-	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
Transportation (Contract)	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-
Development Services	-	-	5.00	6.00	9.00	9.00
Culture & Recreation						
Parks and recreation	18.02	19.34	19.37	19.37	20.81	21.00
Parks and recreation Aquatics (seasonal staff)	-	-	-	-	-	-
<b>Total FTE General Fund</b>	<b>457.23</b>	<b>462.38</b>	<b>468.22</b>	<b>476.98</b>	<b>492.34</b>	<b>505.85</b>

(Continued)

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

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

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.

**CITY OF CONCORD, NORTH CAROLINA**

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

Function/Program	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police				
Physical arrests	na	na	5,697	6,165
Parking violations	na	na	na	na
Traffic violations	na	na	6,410	6,955
Communications				
Calls received	na	62,954	66,123	64,810
Fire				
Emergency responses	na	na	6,689	5,950
Fires extinguished	na	na	318	323
Inspections	na	na	3,269	3,386
Education classes conducted	na	na	875	960
Customer Care Center				
Calls answered	na	na	na	na
Solid Waste & Recycling				
Refuse collected (tons per day) (1)	154	161	200	60
Recyclables collected (tons per day) (1)	5	7	65	12
Other Public Works				
Street resurfacing (miles)	na	na	29	35
Potholes repaired	na	na	436	318
NCDOT signalized street lights	na	na	na	na
NCDOT road (non interstate)	na	na	na	na
Economic Development				
Single family residential (4)	na	1,055	605	686
Single family attached in units	na	na	na	49
Two family residential in units (4)	na	20	1	7
Commercial building permits issued	98	202	248	160
Parks and recreation				
% Cost recovery Adult programs	na	na	na	na
Youth participation	na	na	na	na
Rec center attendance	na	na	na	na
Stormwater				
Accounts	na	na	na	na
Electric				
Accounts	na	na	21,925	23,141
Average megawatt hours daily use (3)	na	na	1,708	1,726
Substations	10	11	12	12
Water				
Accounts	na	na	23,617	24,984
Water Main Breaks	na	na	na	na
Average daily consumption	na	na	na	na
Peak daily consumption	na	na	na	na
Transit				
Average daily use	na	na	na	na
Days of operation	na	na	na	na
Wastewater				
Accounts	na	na	20,374	21,673
Average daily treatment (thousands of gallons)	na	na	na	7,111

**Table 17**  
**Page 1 of 2**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
6,658	6,236	6,864	7,223	4,914	7,749
na	na	na	1,393	1,163	2,990
8,468	7,508	7,501	9,011	8,461	15,775
74,783	81,465	82,151	88,082	89,180	101,130
6,421	6,534	6,284	6,291	6,304	6,870
292	365	290	325	390	404
2,258	2,927	4,409	2,857	3,155	3,648
879	729	725	775	918	927
na	na	9,416	115,832	127,747	136,958
58	85	71	91	86	93
19	8	8	9	8	9
23	38	6	26	8	10
400	377	585	370	226	199
na	na	na	na	na	92
na	na	na	na	na	87
617	543	607	693	1,007	524
3	7	8	44	-	53
2	1	2	1	2	1
122	117	175	130	118	27
35	71	80	86	89	87
na	2,843	3,186	5,488	10,220	10,367
na	61,237	64,755	66,700	68,751	71,625
na	na	na	na	25,477	26,639
23,819	24,224	24,537	24,933	26,194	26,945
1,860	1,878	1,992	2,083	2,132	na
12	12	12	12	12	12
26,117	26,930	27,836	28,993	31,130	32,629
na	na	na	na	na	73
na	na	na	na	na	11
na	na	na	na	na	13
na	na	602	893	1,122	1,202
na	na	54	260	270	304
22,807	23,210	24,181	25,417	27,550	29,050
8,128	8,363	8,541	8,159	8,048	8,071

(Continued)

**CITY OF CONCORD, NORTH CAROLINA**

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

	<b>Fiscal Year</b>			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Golf Course				
Total Green Fee Rounds	26,834	35,463	34,462	30,236
Cart Fee Rounds	25,400	34,103	31,138	26,160
Tournaments hosted	na	na	54	51
Aviation				
Avgas (annual gallons)	na	na	na	na
Jeta (annual gallons)	na	na	na	na
Operations = take off & landing (2)	na	na	na	na
Tax Base listings				
T Hanger	na	na	na	na
HIC	na	na	na	na
Tiedown	na	na	na	na
Corporate	na	na	na	na
Ground	na	na	na	na
Office	na	na	na	na
Public Housing				
Units in use	174	174	174	174
Housing Choice Vouchers	534	534	534	534

- (1) For fiscal year ending 98-00 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

**Table 17**  
**Page 2 of 2**  
**(Continued)**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
30,338	27,727	30,210	29,920	31,657	35,018
24,981	23,736	29,001	27,226	27,571	29,978
48	48	60	51	63	73
285,305	291,936	355,297	330,900	309,740	277,269
1,425,787	1,579,367	1,746,389	1,904,926	1,858,589	1,926,918
65,141	66,782	68,914	67,416	63,084	64,660
63	65	64	68	65	67
25	22	26	30	29	40
34	34	36	38	34	42
3	5	5	5	5	6
4	5	7	8	7	8
11	17	15	18	18	18
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	Fiscal Year			
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Police				
Stations	1	1	1	1
Patrol Units	na	na	na	na
Fire				
Stations	6	6	6	7
Fire Units	10	10	10	13
Solid Waste & Recycling				
Refuse collection trucks	na	na	na	na
Other Public Works				
Paved streets (miles)	253	260	266	276
Signalized Street	na	na	na	na
Control Beacons	na	na	na	na
Parks and recreation				
Facilities (City owned):				
Parks (acreage)	na	na	na	6
Playgrounds	5	5	5	5
Gymnasiums	3	3	3	3
Basketball courts	6	6	7	7
Tennis courts	9	9	11	15
Playing fields	4	4	11	13
Swimming pool	1	1	1	1
Green Way	na	na	na	na
Walking Trails	na	na	na	na
Stormwater				
Storm Sewers (miles)	na	na	na	na
Electric				
Substations	10	11	12	12
Water				
Water Mains (miles)	na	na	na	na
Fire hydrants	na	na	na	na
Storage capacity (million of gallons)	11	11	11	11
Transit				
Buses	na	na	na	na
Wastewater				
Sanitary sewers (miles)	na	na	na	na
Treatment capacity (thousands of gallons)	na	na	2,595,450	2,966,569
Golf Course	1	1	1	1
Aviation				
Terminal	1	1	1	1
T Hangers	33	33	33	67
Corporate Hanger	na	na	na	na
Hanger in Common	1	1	2	3
Acreage approximately	na	na	na	na
Public Housing				
Units	174	174	174	174

**Table 18**

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1	1	1	1	1	1
90	98	104	110	116	116
8	8	8	8	8	8
14	14	14	14	14	14
na	na	na	na	na	23
283	285	293	300	308	312
na	12	12	13	13	13
na	na	na	na	8	6
13	13	13	83	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
na	na	1	1	2	2
na	na	3	3	3	3
na	na	na	na	na	na
12	12	12	12	12	12
na	na	na	na	na	628
na	na	na	na	na	3,910
13	14	14	14	14	14
na	na	na	8	8	8
na	455	458	462	475	500
3,052,661	3,117,292	2,978,056	2,937,536	2,946,068	3,340,866
1	1	1	1	1	1
1	1	1	1	1	1
67	67	67	67	67	67
2	2	2	2	2	2
4	5	5	5	6	6
na	na	na	na	585	585
174	174	174	174	174	174

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INDEPENDENT AUDITOR'S 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 City Council  
City of Concord  
Concord, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of and for the year ended June 30, 2007, which collectively comprises the City of Concord's basic financial statements, and have issued our report thereon dated October 31, 2007. 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.

**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 opinions 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 the 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.

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
October 31, 2007

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

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

**Compliance**

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Concord's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Concord's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of 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, 2007.

**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 the 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.

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
October 31, 2007

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR STATE PROGRAM AND ON 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 City Council  
City of Concord  
Concord, North Carolina

**Compliance**

We have audited the compliance of the City of Concord, North Carolina, with the types of compliance requirements described in the *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, 2007. 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; 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 of 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, 2007.

**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 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 the 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.

*McGladrey & Pullen, LLP*

Greensboro, North Carolina  
October 31, 2007

**CITY OF CONCORD, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Year Ended June 30, 2007

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Grant/ Contract Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>Federal Financial Assistance</b>					
U. S. Department of Housing and Urban Development:					
Direct Programs:					
Community Development Block Grant/Entitlement	14.218	B-04-MC-37-0012	\$ 164,268	\$ -	\$ -
	14.218	B-05-MC-37-0012	191,179	-	-
	14.218	B-06-MC-37-0012	179,946	-	99,565
			<b>535,393</b>	<b>-</b>	<b>99,565</b>
HOME Program - Program Income	14.239	M-02-DC-370209	16,538	-	-
	14.239	M-03-DC-370209	74,527	-	116,463
	14.239	M-04-DC-370209	-	-	1,613
	14.239	M-05-DC-370209	4,002	-	45,732
	14.239	M-06-DC-370209	29,998	-	8,004
			<b>125,065</b>	<b>-</b>	<b>171,812</b>
Public Housing: Operating subsidy	14.850	A-3249	1,043,119	-	-
Public Housing Capital Fund	14.872	NC19P00850	94,697	-	-
	14.872	NC19P00850	165,000	-	-
			<b>259,697</b>	<b>-</b>	<b>-</b>
Section 8, Housing Assistance Payments for Housing Vouchers	14.871	A-3344-V	3,329,166	-	-
Ross Homeownership Grant	14.870	NC008RHH003A005	59,050	-	-
	14.870	NC008RFS018A005	35,361	-	-
			<b>94,411</b>	<b>-</b>	<b>-</b>
U.S. Department of Commerce					
Direct Program:					
Economic adjustment assistance	11.307	EDA#04-79-05437	249,381	-	915,436

(Continued)

**CITY OF CONCORD, NORTH CAROLINA**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)**

Year Ended June 30, 2007

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Grant/Contract Number</b>	<b>Fed. (Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
U. S. Department of Transportation					
Passed through North Carolina Department of Transportation:					
Airport Program:					
Land acquisition	20.106	36237.29.9.1	\$ -	\$ 3,305	\$ 1,367
Airport master plan	20.106	36237.29.9.2	-	147,567	-
Air 21 - Apron	20.106	36237.29.10.3	-	251,660	26,122
Runway extension	20.106	36237.29.10.2	500,000	100,000	-
			<b>500,000</b>	<b>502,532</b>	<b>27,489</b>
Transit Planning and Research	20.514	TCSP-1004	-	1,300,334	69,523
Federal Transit:					
Metropolitan Planning Grant	20.505	-	-	195,667	48,917
Urbanized Area Grant	20.505	FTA-NC-90-233-00	-	24,975	2,500
Federal Transit Grant	20.507	FTA-NC-90-2333-00	1,336,984	77,852	873,341
			<b>1,336,984</b>	<b>298,494</b>	<b>924,758</b>
U.S. Department of Environmental Protection Agency					
Direct Program:					
Brownfield's Coop Agreement	66.811	BP-97408803-0	48,885	-	-
			<b>48,885</b>	<b>-</b>	<b>-</b>
<b>Total federal awards</b>			<b>7,522,101</b>	<b>2,101,360</b>	<b>2,208,583</b>
<b>State Financial Assistance</b>					
Department of Transportation:					
Powell Bill	N/A		-	1,746,887	-
North Carolina Department of Environmental and Natural Resources:					
Urban and community and forestry grant	N/A		-	175,000	118,893
North Carolina Department of Transportation					
TEA -21	N/A	#8.E660201	-	71,250	-
Small Urban Fund	N/A		-	100,000	-
			<b>-</b>	<b>2,093,137</b>	<b>118,893</b>
<b>Total state awards</b>			<b>-</b>	<b>2,093,137</b>	<b>118,893</b>
<b>Total federal and state awards</b>			<b>\$ 7,522,101</b>	<b>\$ 4,194,497</b>	<b>\$ 2,327,476</b>

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, 2007

(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:

	<b>Intergovernmental Revenues</b>	<b>Operating Grants</b>	<b>Capital Contributions</b>	<b>Total</b>
Federal assistance:				
General fund	\$ 43,944	\$ -	\$ -	\$ 43,944
Special revenue funds:				
Housing assistance	3,560,013	-	-	3,560,013
Community development	535,393	-	-	535,393
Brownfield Coop	48,885	-	-	48,885
Home	120,065	-	-	120,065
Cabarrus Avenue Roundabout	1,471,583	-	-	1,471,583
Enterprise funds:				
Regional Airport	-	-	1,074,644	1,074,644
Housing Department	-	1,022,813	-	1,022,813
Transit	-	1,781,323	-	1,781,323
<b>Total federal</b>	<b>5,779,883</b>	<b>2,804,136</b>	<b>1,074,644</b>	<b>9,658,663</b>
State assistance:				
General fund	2,399,612	-	-	2,399,612
<b>Total state</b>	<b>2,399,612</b>	<b>-</b>	<b>-</b>	<b>2,399,612</b>
	<b>\$ 8,179,495</b>	<b>\$ 2,804,136</b>	<b>\$ 1,074,644</b>	<b>\$ 12,058,275</b>

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2007

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

Federal Awards

Internal control over major federal program:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.871	Section 8 Housing Choice Vouchers
20.507	Federal Transit Grant

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

Auditee qualified as low-risk auditee?  yes  no

(Continued)



CITY OF CONCORD, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2007

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There were no prior year audit findings.