

CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal year ended June 30, 2005

Prepared by:
Finance Department

City of Concord, North Carolina
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2005

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October 20, 2005

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, 2005, 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 2005.

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, 2005, 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, 2005, 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.

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

PROFILE OF THE CITY

The City of Concord is located in the north central portion of Cabarrus County, North Carolina (the "County"). The County is located in the east central part of the Metrolina Urban Region. The City, incorporated in 1796, is the County seat and covers an area of approximately 56.31 square miles with an approximate population of 62,291. The City is located approximately one mile northeast of the City of Charlotte, North Carolina, and is one of five incorporated municipalities in the County.

The City is governed by the council-manager form of government. The seven-member non-partisan City Council, along with the Mayor, is elected at large for four-year alternating terms. The Mayor and Council members serve as the City's policy making body, adopting an annual balanced budget, establishing legislative direction for the City, and 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 reliever 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 experience rapid growth, as evidenced by local building permit records. Much of this growth is attributable to the City's position in the Charlotte metropolitan region. The City believes that its short-range and long-range planning has provided 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

In July 2002 the City Council selected an architect to conduct a needs assessment and design of a new Police Headquarters. The needs assessment was completed in December 2002 and the design and construction bid documents were completed in spring of 2004. Construction was started in fiscal year 2005 and the project is expected to cost \$14.7M with estimated completion in 2006.

The City and the Convention and Visitor's Bureau have worked together to make a Convention Center off Speedway Boulevard a reality. A formal contract was signed with John Q. Hammons for the development of a \$40M, 310-suite Embassy Suites Hotel and an adjoining 40,000+ square feet convention center. Construction began in December 2004 and a grand opening is scheduled for the end of calendar year 2006. The Convention Center is located on city owned land adjacent to the Rocky River Golf Club, a Dan Maples designed municipal golf course facility.

The City continues to develop its general aviation reliever airport, known as Concord Regional Airport. As of October 1, 2005 the Contract Air Traffic Control Tower is fully funded by FAA. The City has completed an extensive runway extension project, which has resulted in two 7,400 feet runways and one 6,350 feet runway. The entire Instrument Landing System (ILS) has been replaced that also included a new Automated Weather Observation System (AWOS). The completion of this expansion project allows existing and future customers to have full use of their aircraft and provides the needed runway length to attract larger aircraft. Final project costs are expected to total approximately \$11.2 million and will be funded with an allocation of 90% federal and 10% local funds.

Chip Ganassi Racing Team has located its corporate headquarters adjacent to Concord Regional Airport, providing an investment of \$15,500,000 to fund the construction of their headquarters facility and a hangar. The headquarters building is complete and plans for the construction of the hangar are underway. Ganassi Racing anticipates having 350 employees at this site within five years.

Hendricks Motorsports will also occupy a 58,000 square foot hangar currently being constructed on airport property. The anticipated completion date is January 25, 2006 with an estimated cost of \$4.7M. The Hendrick Hangar project includes a corporate hangar, office/shop facility, storage, and vehicle parking. This hangar project is expected to provide additional jobs and once complete the hangar will house approximately \$50M of aircraft.

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, 2005, the City's cash resources were invested as follows:

U.S. Government agencies	31%
Commercial Paper	31%
NCCMT	31%
Other	<u>7%</u>
Total	<u>100%</u>

The average yield on investments at June 30, 2005 is estimated at 3.18% as compared to the three-month treasury bill at 3.147%.

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 2005 year was determined as part of the December 31, 2004 actuarial valuation using the projected unit credit actuarial cost method.

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

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

The City of Concord also provides postretirement health benefits to retirees and their dependents. As of the end of the current fiscal year, there were 81 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, 2004. 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 sixteen consecutive years.

The City competed against 30 finalists in the National Civic League's All-America City Award Program in June 2004 and was selected as one of the ten winning cities, the only North Carolina city designated since 2004. The award encourages and recognizes civic excellence, honoring communities in which citizens, government, business and nonprofit organizations demonstrate successful resolution of critical community issues. The All-America City Award is the nation's longest running and most prestigious civic recognition program.

The timely presentation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. Special thanks go to Pam Hinson, Deputy Finance Director, Senior Accountant, Karen Broadway and the entire Finance 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

Joyce A. Allman, CLGFO
Finance Director

Certificate of Achievement

CITY OF CONCORD, NORTH CAROLINA

CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body

City Council

J. Scott Padgett	Mayor
Alfred M. Brown, Jr.	Mayor Pro Tempore
W. Lamar Barrier	
Randy Grimes	
Hector H. Henry, II	
David W. Phillips	
Jim Ramseur	
Allen T. Small	
W. Brian Hiatt	City Manager
Joyce A. Allman	Finance Director
Albert Benschhoff	City Attorney
Vickie C. Weant	City Clerk

Organizational Chart

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, 2005, 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, 2005, and the respective changes in financial position and cash flows, where applicable, 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 September 12, 2005 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 required supplementary information on pages 13 through 25 and 74 through 75 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

September 12, 2005

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, 2005. 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 \$546,351,296 (*net assets*). Of this amount, \$78,811,496 (*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 \$14,650,494. The growth is attributable to an increase in restricted assets relating to cash and investments from issued debt.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,040,691, an increase of \$19,095,032 in comparison with the prior year. Approximately 47 percent of this total amount or \$23,050,762 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 \$19,425,095 or 41 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. 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 (Exhibits 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 J) are *Fund Financial Statements*. These statements focus on the activities of the individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the proprietary fund statements.

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 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 private-sector companies. The two government-wide statements report the City's *net assets* and how they have changed.

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

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

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

The basic governmental fund financial statements can be found on pages 30-39 of this report.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, aviation, golf course, 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 predominantly 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 non-major funds are 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.

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 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 77 through 95 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 128-129.

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 \$546,351,296 as of June 30, 2005.

By far the largest portion of the City's net assets (81 percent) reflects its investment in capital assets (e.g., land, buildings, automotive equipment, office and other equipment, electric system and distribution 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	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 54,704,360	\$ 34,347,608	\$ 65,419,233	\$ 63,130,642	\$ 120,123,593	\$ 97,478,250
Capital assets	354,976,340	358,947,247	259,429,942	250,392,956	614,406,282	609,340,203
Total Assets	<u>409,680,700</u>	<u>393,294,855</u>	<u>324,849,175</u>	<u>313,523,598</u>	<u>734,529,875</u>	<u>706,818,453</u>
Long-term liabilities outstanding	47,075,762	33,850,663	129,769,764	130,678,001	176,845,526	164,528,664
Other liabilities	4,524,886	3,387,431	6,808,167	7,201,556	11,333,053	10,588,987
Total liabilities	<u>51,600,648</u>	<u>37,238,094</u>	<u>136,577,931</u>	<u>137,879,557</u>	<u>188,178,579</u>	<u>175,117,651</u>
Net assets:						
Invested in capital assets, net of related debt	309,986,003	326,920,735	134,962,615	131,359,965	444,948,618	458,280,700
Restricted	14,161,024	1,726,972	8,430,158	9,724,792	22,591,182	11,451,764
Unrestricted	33,933,025	27,409,054	44,878,471	34,559,284	78,811,496	61,968,338
Total net assets	<u>\$ 358,080,052</u>	<u>\$ 356,056,761</u>	<u>\$ 188,271,244</u>	<u>\$ 175,644,041</u>	<u>\$ 546,351,296</u>	<u>\$ 531,700,802</u>

An additional portion of the City's net assets (4 percent) represents resources that are subject to external restrictions on how that may be used. The remaining balance of unrestricted net assets (\$78,811,496) may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was an increase of \$6,523,971 in unrestricted net assets reported in connection with the City of Concord's governmental-type activities. Governmental-type activities continue to receive capital contributions for infrastructure expansions.

Business-type total net assets increased by \$12,627,203 during the current fiscal year. The water fund (36%), the wastewater fund (12%) and the regional airport fund (43%) made up the majority of this increase.

City of Concord's Changes in Net Assets

Table 2

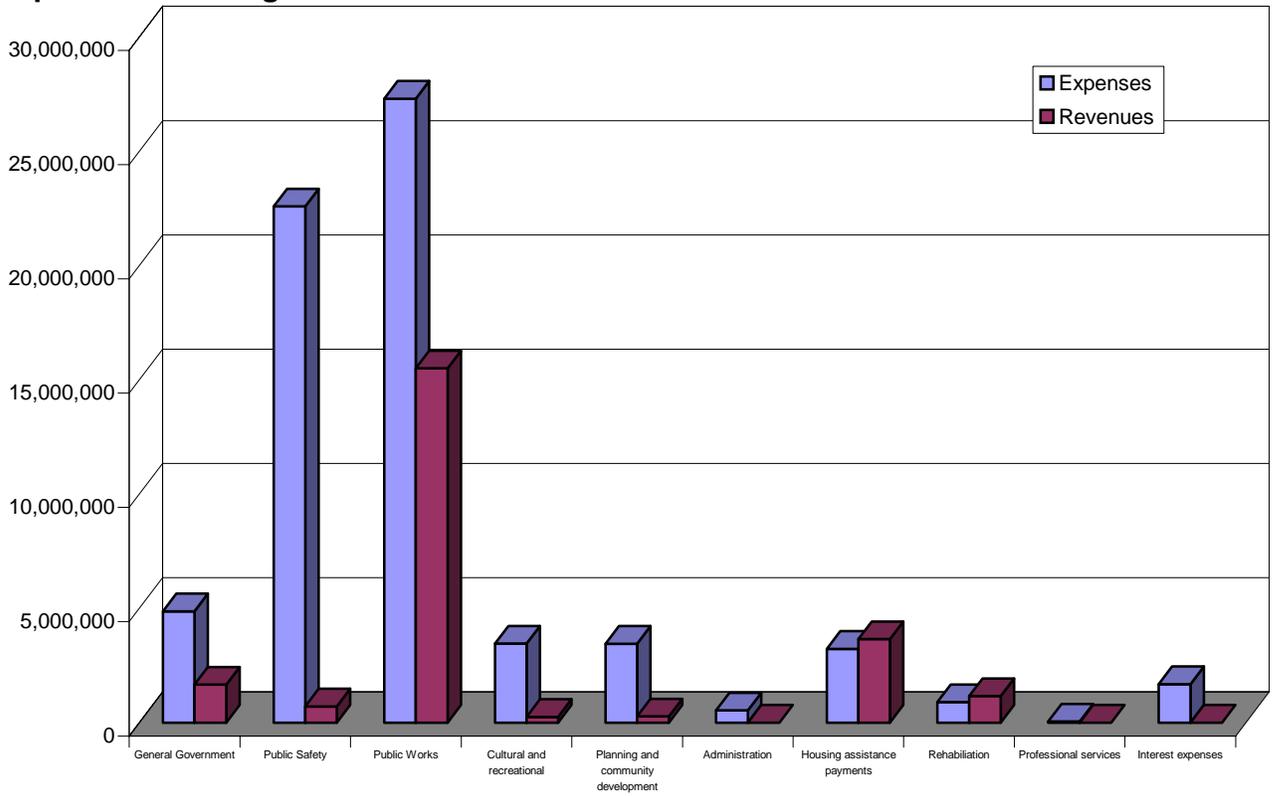
	Governmental Activites		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 3,355,385	\$ 3,108,528	\$ 85,766,381	\$ 81,362,918	\$ 89,121,766	\$ 84,471,446
Operating grants/ contributions	6,604,130	6,174,770	2,015,190	3,570,403	8,619,320	9,745,173
Capital grants/contributions	13,276,425	14,746,573	7,937,240	6,614,817	21,213,665	21,361,390
General revenues:						
Ad valorem taxes	30,055,475	27,085,722	-	-	30,055,475	27,085,722
Other taxes	11,721,923	11,227,814	-	-	11,721,923	11,227,814
Grants and contributions not restricted to specific programs	2,729,405	2,794,866	-	-	2,729,405	2,794,866
Investment earnings	915,247	230,081	1,381,335	639,566	2,296,582	869,647
Miscellaneous gain(loss)	840,042	1,157,108	366,158	(351,920)	1,206,200	805,188
Total revenues	<u>69,498,032</u>	<u>66,525,462</u>	<u>97,466,304</u>	<u>91,835,784</u>	<u>166,964,336</u>	<u>158,361,246</u>
Expenses:						
General government	4,876,678	4,557,587	-	-	4,876,678	4,557,587
Public safety	22,594,274	21,523,893	-	-	22,594,274	21,523,893
Public works	27,309,037	26,934,935	-	-	27,309,037	26,934,935
Cultural & recreational	3,465,415	3,525,572	-	-	3,465,415	3,525,572
Planning & community development	3,459,007	3,214,575	-	-	3,459,007	3,214,575
Administration	540,718	477,794	-	-	540,718	477,794
Housing assistance payments	3,231,539	3,149,939	-	-	3,231,539	3,149,939
Rehabilitation	897,186	603,691	-	-	897,186	603,691
Professional services	49,974	23,183	-	-	49,974	23,183
Interest on long term debt	1,685,824	1,525,505	-	-	1,685,824	1,525,505
Electric	-	-	45,875,830	43,493,600	45,875,830	43,493,600
Water	-	-	12,335,344	12,884,358	12,335,344	12,884,358
Wastewater	-	-	12,619,272	12,004,226	12,619,272	12,004,226
Regional airport	-	-	8,476,592	7,102,300	8,476,592	7,102,300
Other nonmajor business-type activities	-	-	4,897,152	3,919,178	4,897,152	3,919,178
Total expenses	<u>68,109,652</u>	<u>65,536,674</u>	<u>84,204,190</u>	<u>79,403,662</u>	<u>152,313,842</u>	<u>144,940,336</u>
Increase (decrease) in net assets before transfers	1,388,380	988,788	13,262,114	12,432,122	14,650,494	13,420,910
Transfers	634,911	(2,798,252)	(634,911)	2,798,252	-	-
Increase (decrease) in net assets	2,023,291	(1,809,464)	12,627,203	15,230,374	14,650,494	13,420,910
Net assets, July 1	356,056,761	357,866,225	175,644,041	160,413,667	531,700,802	518,279,892
Net assets, June 30	<u>\$ 358,080,052</u>	<u>\$ 356,056,761</u>	<u>\$ 188,271,244</u>	<u>\$ 175,644,041</u>	<u>\$ 546,351,296</u>	<u>\$ 531,700,802</u>

Governmental Activities

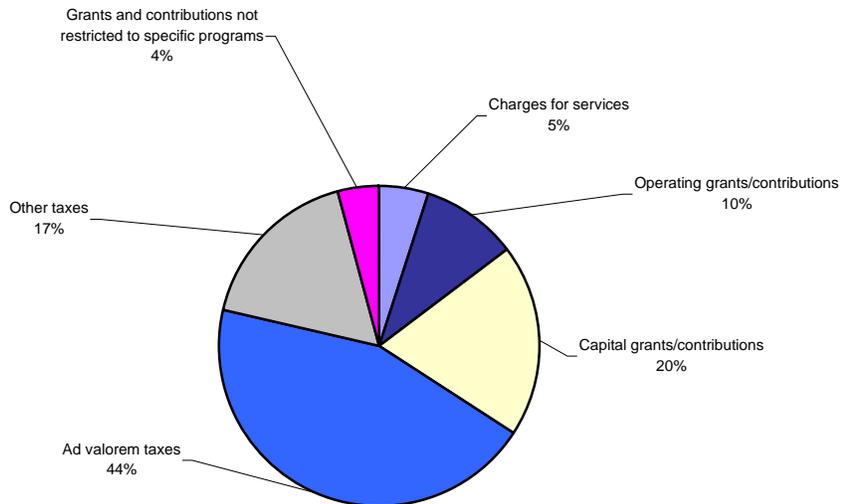
Net assets for governmental activities increased by \$2,023,291 in fiscal year 2005. Over one half (60%) of this increase is the result of a transfer from the City's electric fund into the transportation fund. Table 2 above, illustrates key elements of the increase in the governmental activities net assets. Listed below are a few points highlighting significant changes in net assets.

- Property taxes increased by \$2,969,753 (11%) during the year. Much of this increase is due to a real property revaluation in 2004.
- Investment earnings increased \$685,166 (three times the earnings from the previous year) due to the continuing rise in interest rates.
- For the most part, increases in expenses (4%) closely parallel inflation and growth in the demand for services that are required for the 3% increase in population.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type Activities

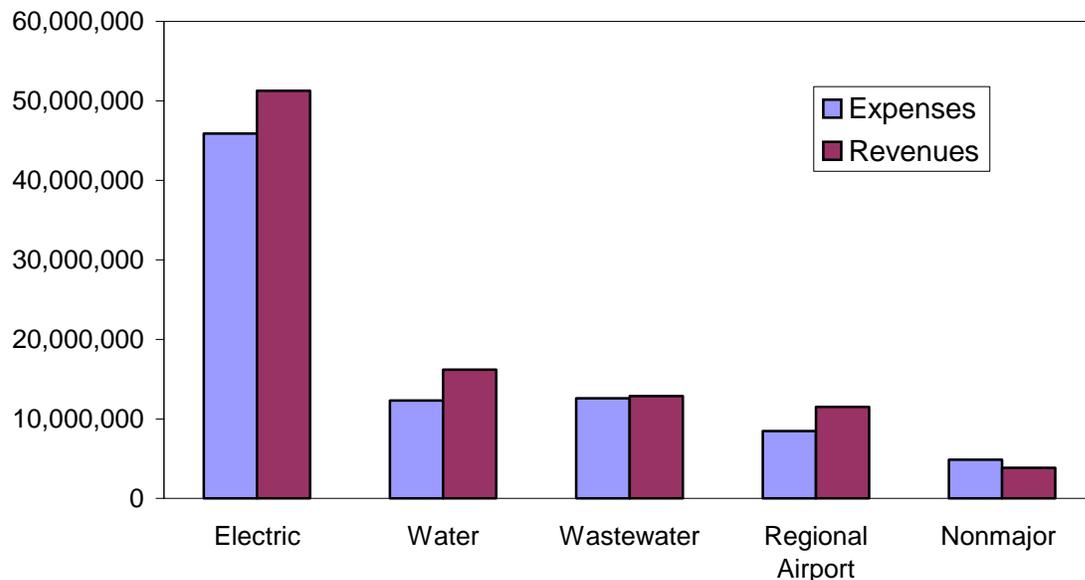
Business-type activities increased the City’s net assets by \$12,627,203. The water, wastewater and a regional airport fund recorded capital contributions of \$1,034,386, \$1,829,253 and \$4,417,063, respectively, in the most recent fiscal year. Developers of subdivisions within the City’s service area donated this water and wastewater infrastructure. Capital contributions for the regional airport fund were a result of federal grants to extend the runway and for land acquisition.

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

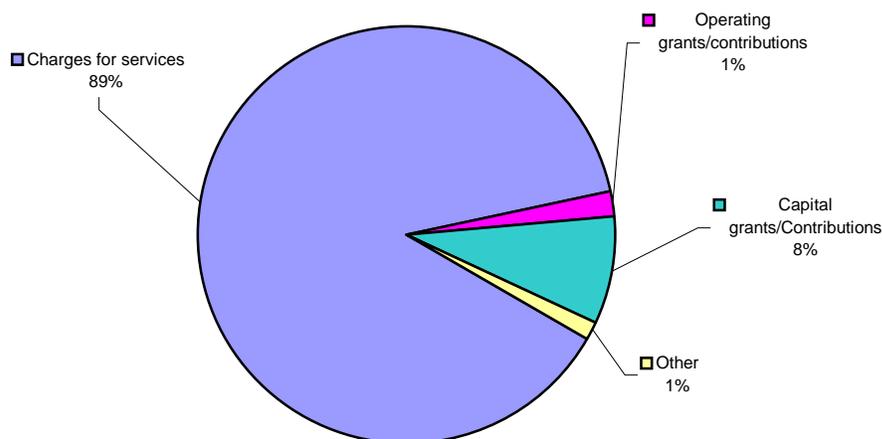
- Charges for services for business-type activities increased by 5%. The City’s water and wastewater divisions account for a significant portion of this increase. The average residential wastewater rate increased 3.7% while the average residential water rate increased 8.5%. Aviation charges for service increased 19% 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.
- Capital contributions increased by 20% this fiscal year. Water, wastewater and aviation divisions continue to benefit from developers who agree to expand infrastructure as part of their projects.
- Increases in expenses (6%) are closely related to inflation and growth in the demand for services that are required for the 3% increase in population. Electric operating expenses increased 5%. The City purchases the majority of power from Duke Energy, thus an increase in wholesale rates affect operating costs of this division.

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.

Expenses and Program Revenues - Business-Type Activities



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 \$49,040,691, an increase of 33 percent in comparison with the prior year. Approximately 47 percent (\$23,050,762) of this total amount constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of 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 (\$1,450,907), 2) to fund eligible Powell Bill expenses (\$930,633), 3) to reserve the amount required by state statute (\$23,530,471) and 4) for a variety of other restricted purposes (\$77,918).

The general fund is the principal operating fund of the City of Concord. At the end of the current fiscal year, the unreserved fund balance in the general fund was \$19,425,095, while total fund balance for the general fund reached \$31,605,484. 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 47 percent of total general fund expenditures, while total fund balance represents 76 percent of that same amount.

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 \$19,069,961 \$12,127,089 and \$6,586,873, respectively. The unrestricted net assets of the regional airport fund, and all other enterprise funds were \$6,280,925 and \$337,214 respectively. The total growth in net assets for all these funds was \$12,614,760. Factors affecting the growth have already been addressed in the discussion of the City's business-type activities.

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 \$1,672,379 or 3%. This does not represent a significant budgetary variance between original and final amended budget for the City. The differences that do exist between the *original budget* and the *final amended budget* can be briefly summarized as follows:

- Funds were appropriated for prior year encumbrances in the amount of \$597,950.
- Funds were appropriated from prior year Powell Bill funds that are restricted for street projects in the amount of \$679,577. It is the City's policy to appropriate any unused Powell Bill funds for current resurfacing projects. Collections in excess of budget from the Powell Bill distribution (\$231,216) were also added back to the street resurfacing expenditure during the year.
- General fund revenues are also analyzed near year-end to determine if fund balance appropriations should be amended and to determine whether transfers should be reduced. This process is a normal year-end procedure performed by the Finance Director to ensure that the final amended budget correctly reflects actual City activities.
- No appropriation from fund balance was required to balance the final amended budget for the general fund.

At year-end, *actual* revenues exceeded *final amended budget* numbers by 2%. *Actual* expenditures were less than *final budgetary* figures by 10%, 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, 2005, totals \$614,406,282 (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 1 percent decrease for governmental activities and a 3.6 percent increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations and enhancements to the electric transmission lines in amount of \$3,082,539.
- Construction of airport runway extension and improvements totaling \$6,529,798.

- Construction began on the Cabarrus Avenue Roundabout project (Phase I of Cabarrus Avenue improvements) in the amount of \$345,373.
- Construction continued on new police headquarters in the amount of \$2,183,786.
- The extension of the distribution and transmission lines for the City's water system totaling \$2,626,502.
- The extension of the distribution and transmission lines for the City's wastewater system totaling \$3,047,663.

City of Concord's Capital Assets

Table 3

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$ 31,481,015	\$ 29,757,091	\$ 30,093,006	\$ 29,199,974	\$ 61,574,021	\$ 58,957,065
Construction in progress	5,240,137	1,886,544	28,112,335	22,528,775	33,352,472	24,415,319
Buildings and systems	25,217,969	25,007,679	44,279,902	43,051,631	69,497,871	68,059,310
Improvements other than building	2,350,572	2,334,671	236,574,420	228,408,410	238,924,992	230,743,081
Machinery and equipment	24,155,934	23,041,603	17,896,503	17,004,136	42,052,437	40,045,739
Infrastructure	492,649,923	480,843,909	-	-	492,649,923	480,843,909
Sub-total	581,095,550	562,871,497	356,956,166	340,192,926	938,051,716	903,064,423
Less accumulated depreciation	(226,119,210)	(203,924,250)	(97,526,224)	(89,799,970)	(323,645,434)	(293,724,220)
Total	\$ 354,976,340	\$ 358,947,247	\$ 259,429,942	\$ 250,392,956	\$ 614,406,282	\$ 609,340,203

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements located on page 59.

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$171,918,358 (principal). Of this amount, \$4,410,000 comprises debt backed by the full faith and credit of the City and \$106,119,587 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$56,122,486 and \$5,266,285 outstanding in installment notes and purchases, respectively.

General Obligation, Installment Purchases and Revenue Bonds

Table 4

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation bonds	\$ 659,432	\$ 759,477	\$ 3,750,568	\$ 4,845,522	\$ 4,410,000	\$ 5,604,999
Installment purchases	894,862	1,463,919	4,371,423	28,755	5,266,285	1,492,674
Revenue Bonds	3,810,629	3,943,691	102,308,958	105,887,425	106,119,587	109,831,116
Installment notes	39,197,890	25,509,634	16,924,596	17,799,529	56,122,486	43,309,163
Total long-term debt	\$ 44,562,813	\$ 31,676,721	\$ 127,355,545	\$ 128,561,231	\$ 171,918,358	\$ 160,237,952

The City of Concord's total debt decreased by \$11,680,406 (7 percent) during the current fiscal year. New debt is listed below:

- \$27,000,000 of Certificates of Participation (classified as installment notes) was issued in December of 2004 for the construction of a new Police headquarters as well as related communication equipment. \$16,105,000 is associated with the Police project and is part of the governmental funds. The remaining \$10,895,000 is part of a refunding agreement associated with the City's golf course. This part of the issue is accounted for in the business-type activities.
- New debt was issued as an Installment Financing Agreement with Bank of America in October of 2004 to construct a hangar at the City's airport. The agreement terms are \$4,500,000 for 20 years at a rate of 5.01%.

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 \$488,284,253. The current debt limitation for the City of Concord is \$550,332,456, 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 May 31, 2005 was 4.1%, which is a decrease from a rate of 6.1% a year ago. The state's unemployment rate for September of 2005 was 5.5%.
- Population has increased from 27,347 in 1990 to an estimated 63,431 in 2005 (per the City's business & development division), which represents an annual growth rate of approximately 6%.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2006. The amount available for appropriation in the general fund is \$19,425,095. Concord has appropriated \$1,400,000 of this amount for the 2006 fiscal year. This appropriation was made to avoid a property tax increase for fiscal year 2006. The tax base used in the fiscal year 2006 budget preparation represented a 2% increase in real property values from fiscal year 2005, which is attributed to the anticipated growth.

Wastewater rates and charges were increased for the 2006 budget year, but no water rate increases were included in next year's budget. 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 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 2.2% for residential customers. These rate increases were necessary to meet the revenue requirements to finance operations and debt service for 2006 and subsequent fiscal years.

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 Internet located at the following address: <http://www.ci.concord.nc.us>.

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STATEMENT OF NET ASSETS
June 30, 2005

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 33,179,807	\$ 37,576,150	\$ 70,755,957	\$ 1,421,016
Receivables, net	8,189,271	9,927,493	18,116,764	-
Inventories	59,593	3,515,558	3,575,151	909,120
Prepaid expenses	13,990	326,646	340,636	26,666
Restricted assets - cash and investments	13,152,473	8,430,158	21,582,631	-
Loans receivable, noncurrent	-	1,122,837	1,122,837	-
Capital assets:				
Non-depreciable	36,721,152	58,205,341	94,926,493	20,000
Depreciable, net	318,255,188	201,224,601	519,479,789	246,323
Bond issuance costs, net	109,226	4,520,391	4,629,617	-
Total assets	409,680,700	324,849,175	734,529,875	2,623,125
LIABILITIES				
Accounts payable and accrued liabilities	3,784,161	6,086,120	9,870,281	502,362
Accrued interest payable	-	627,035	627,035	-
Unearned revenues	740,725	95,012	835,737	-
Non-current liabilities:				
Due within one year:				
Long-term debt	4,889,091	7,070,828	11,959,919	-
Long-term installment purchases	427,332	441,398	868,730	-
Due in more than one year:				
Long-term debt	40,992,462	116,738,622	157,731,084	-
Long-term installment purchases	467,530	3,930,025	4,397,555	-
Deposits	299,347	1,588,891	1,888,238	-
Total liabilities	51,600,648	136,577,931	188,178,579	502,362
NET ASSETS				
Invested in capital assets, net of related debt	323,138,476	143,392,773	466,531,249	266,323
Restricted:				
Streets and highways	930,633	-	930,633	-
Other	77,918	-	77,918	-
Unrestricted	33,933,025	44,878,471	78,811,496	1,854,440
Total net assets	\$ 358,080,052	\$ 188,271,244	\$ 546,351,296	\$ 2,120,763

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

STATEMENT OF ACTIVITIES
Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
General government	\$ 4,876,684	\$ 1,664,787	\$ -	\$ -
Public safety	22,644,217	579,516	134,295	-
Public works	27,309,050	38,964	2,192,838	13,276,425
Cultural and recreational	3,465,420	254,378	-	-
Planning and community development	3,459,013	270,777	-	-
Administration	540,718	-	-	-
Housing assistance payments	3,231,539	21,694	3,638,240	-
Rehabilitation	897,186	525,269	638,757	-
Professional services	-	-	-	-
Interest expense	1,685,825	-	-	-
Total governmental activities	68,109,652	3,355,385	6,604,130	13,276,425
Business-type activities:				
Electric	45,875,830	50,625,078	-	644,095
Water	12,335,344	15,171,631	-	1,034,386
Wastewater	12,619,272	11,032,814	-	1,829,253
Regional airport	8,476,592	7,112,333	-	4,417,063
Other nonmajor business-type activities	4,897,152	1,824,525	2,015,190	12,443
Total business-type activities	84,204,190	85,766,381	2,015,190	7,937,240
Total primary government	\$ 152,313,842	\$ 89,121,766	\$ 8,619,320	\$ 21,213,665
Component unit - City of Concord, ABC Board	\$ 5,290,193	\$ 5,543,927	\$ -	\$ -

General revenues:

Taxes:

Ad valorem

Other

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
\$ (3,211,897)	\$ -	\$ (3,211,897)	\$ -
(21,930,406)	-	(21,930,406)	-
(11,800,823)	-	(11,800,823)	-
(3,211,042)	-	(3,211,042)	-
(3,188,236)	-	(3,188,236)	-
(540,718)	-	(540,718)	-
428,395	-	428,395	-
266,840	-	266,840	-
-	-	-	-
(1,685,825)	-	(1,685,825)	-
(44,873,712)	-	(44,873,712)	-
-	5,393,343	5,393,343	-
-	3,870,673	3,870,673	-
-	242,795	242,795	-
-	3,052,804	3,052,804	-
-	(1,044,994)	(1,044,994)	-
-	11,514,621	11,514,621	-
(44,873,712)	11,514,621	(33,359,091)	-
-	-	-	253,734
30,055,475	-	30,055,475	-
11,721,923	-	11,721,923	-
2,729,405	-	2,729,405	-
915,247	1,381,335	2,296,582	23,134
840,042	366,158	1,206,200	7,863
634,911	(634,911)	-	-
46,897,003	1,112,582	48,009,585	30,997
2,023,291	12,627,203	14,650,494	284,731
356,056,761	175,644,041	531,700,802	1,836,032
\$ 358,080,052	\$ 188,271,244	\$ 546,351,296	\$ 2,120,763

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2005

ASSETS	General	Other Governmental Funds	Total Governmental Funds
Cash and investments	\$ 25,460,861	\$ 7,718,946	\$ 33,179,807
Receivables:			
Ad valorem taxes, net	727,739	2,471	730,210
Due from other governmental agencies	1,196,527	158,952	1,355,479
Sales tax refunds	252,166	17,812	269,978
Interest	139,740	23,440	163,180
Due from other funds	4,377,210	-	4,377,210
Other, net	3,741,298	466,528	4,207,826
Inventories	59,593	-	59,593
Prepaid items	13,990	-	13,990
Restricted assets- cash and investments	-	13,152,473	13,152,473
Total assets	\$ 35,969,124	\$ 21,540,622	\$ 57,509,746
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 2,595,205	\$ 1,188,956	\$ 3,784,161
Due to other funds	624	2,913,988	2,914,612
Deferred revenues	1,468,464	2,471	1,470,935
Deposits	299,347	-	299,347
Total liabilities	4,363,640	4,105,415	8,469,055
Fund Balances (Deficits)			
Reserved by State statute	9,720,931	13,809,540	23,530,471
Reserved for encumbrances	1,450,907	-	1,450,907
Reserved for streets, Powell Bill	930,633	-	930,633
Reserved for other specific uses	18,325	-	18,325
Reserved for inventories	59,593	-	59,593
Unreserved:			
Designated for subsequent year's expenditures - general fund	1,400,000	-	1,400,000
Undesignated			
General fund	18,025,095	-	18,025,095
Capital project funds	-	1,602,900	1,602,900
Special revenue funds	-	4,940,707	4,940,707
Debt service	-	(2,917,940)	(2,917,940)
Total fund balances (deficits)	31,605,484	17,435,207	49,040,691
Total liabilities and fund balances	\$ 35,969,124	\$ 21,540,622	\$ 57,509,746

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS

June 30, 2005

Fund balances - total governmental funds	\$ 49,040,691
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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	\$ 581,095,550	
Less accumulated depreciation	<u>226,119,210</u>	354,976,340

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>42,476</u>	109,226

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	(44,204,701)	
Governmental installment purchases	(894,862)	
Accrued vacation payable	<u>(1,676,852)</u>	(46,776,415)

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

Deferred revenues		<u>730,210</u>
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Net assets of governmental activities	<u><u>\$ 358,080,052</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, 2005

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 29,869,327	\$ 74,705	\$ 29,944,032
Other taxes	11,721,923	-	11,721,923
Unrestricted intergovernmental revenues	2,216,581	-	2,216,581
Restricted intergovernmental revenues	2,451,858	5,091,684	7,543,542
Licenses and permits	1,810,650	-	1,810,650
Investment earnings	698,326	216,921	915,247
Investment earnings, restricted	22,562	-	22,562
Program income	-	546,963	546,963
Other revenues	1,779,627	3,100	1,782,727
Total revenues	50,570,854	5,933,373	56,504,227
Expenditures			
Current:			
General government	3,557,999	-	3,557,999
Public safety	21,063,625	-	21,063,625
Public works	7,721,365	-	7,721,365
Cultural and recreational	3,252,320	-	3,252,320
Planning and community development	3,359,082	74,705	3,433,787
Administration	-	540,718	540,718
Housing assistance payments	-	3,231,539	3,231,539
Rehabilitation	-	897,186	897,186
Professional services	-	49,974	49,974
Capital outlay	1,602,785	3,866,797	5,469,582
Debt service	1,086,984	3,844,027	4,931,011
Total expenditures	41,644,160	12,504,946	54,149,106
Excess (deficiency) of revenues over (under) expenditures	8,926,694	(6,571,573)	2,355,121
Other Financing Sources (Uses)			
Debt issued	-	16,105,000	16,105,000
Transfers from other funds	-	7,492,150	7,492,150
Transfers to other funds	(5,625,002)	(1,232,237)	(6,857,239)
Total other financing sources (uses)	(5,625,002)	22,364,913	16,739,911
Net change in fund balances	3,301,692	15,793,340	19,095,032
Fund Balances			
Beginning	28,303,792	1,641,867	29,945,659
Ending	\$ 31,605,484	\$ 17,435,207	\$ 49,040,691

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, 2005**

Net change in fund balances - total governmental funds		\$ 19,095,032
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	\$ 18,419,053	
Current year's depreciation	<u>22,721,091</u>	(4,302,038)
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		3,218,908
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund		
Current year amortization of bond issuance costs	(6,068)	
Change in accrued interest payable	26,278	
Change in long-term compensated absences	<u>51,845</u>	72,055
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
		111,443
Proceeds from debt issued		(16,105,000)
Net effect of sale of capital assets to decrease net assets		<u>(67,109)</u>
Change in net assets of governmental activities		<u>\$ 2,023,291</u>

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 28,869,331	\$ 28,869,331	\$ 29,028,382	\$ 159,051
Prior years	624,625	561,894	597,044	35,150
Penalties and interest	225,000	234,800	243,901	9,101
	29,718,956	29,666,025	29,869,327	203,302
Other taxes:				
Local government sales tax	10,050,000	10,850,000	11,721,923	871,923
Unrestricted intergovernmental revenues:				
Officers' fees	50,000	50,000	54,913	4,913
Utilities franchise tax	2,000,000	2,000,000	1,884,613	(115,387)
Beer and wine tax	200,000	270,313	270,314	1
Payments in lieu of taxes	7,500	7,500	-	(7,500)
Fire protection	6,600	6,600	6,741	141
	2,264,100	2,334,413	2,216,581	(117,832)
Restricted intergovernmental revenues:				
State Street-Aid allocations	1,700,000	1,931,216	1,931,216	-
FEMA	-	-	25,091	25,091
Department of Justice	-	74,312	121,098	46,786
Cabarrus County schools	110,000	110,000	122,196	12,196
Transportation (federal, state and local)	355,700	355,700	239,060	(116,640)
Other restricted intergovernmental revenues	-	15,152	13,197	(1,955)
	2,165,700	2,486,380	2,451,858	(34,522)
Licenses and permits:				
Vehicle licenses	450,750	270,835	307,809	36,974
Zoning permits	180,000	215,552	227,707	12,155
Cable franchise	400,000	431,884	431,884	-
Fire permits and inspections	135,000	141,330	145,863	4,533
Privilege license	590,000	665,500	668,488	2,988
Other	18,450	31,795	28,899	(2,896)
	1,774,200	1,756,896	1,810,650	53,754
Investment earnings	750,000	750,000	698,326	(51,674)
Investment earnings restricted	1,500	17,731	22,562	4,831
	751,500	767,731	720,888	(46,843)

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other general revenues:				
Public safety	\$ 260,116	\$ 306,139	\$ 311,457	\$ 5,318
Environmental protection	354,000	263,528	270,493	6,965
Miscellaneous	308,201	858,339	943,015	84,676
Recreational	299,900	329,600	254,378	(75,222)
Economic development	15,500	15,500	284	(15,216)
	<u>1,237,717</u>	<u>1,773,106</u>	<u>1,779,627</u>	<u>6,521</u>
Total revenues	47,962,173	49,634,552	50,570,854	936,302
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	131,839	131,839	121,543	10,296
Operating expenditures	88,925	106,600	102,083	4,517
Governing body cost allocations	(110,382)	(110,382)	(111,813)	1,431
	<u>110,382</u>	<u>128,057</u>	<u>111,813</u>	<u>16,244</u>
Administrative department:				
Salaries and employee benefits	553,679	553,679	565,080	(11,401)
Professional services	187,675	195,779	136,511	59,268
Operating expenditures	80,420	76,320	68,532	7,788
Capital outlay	25,000	36,131	36,054	77
Administrative cost allocations	(358,333)	(358,333)	(357,695)	(638)
	<u>488,441</u>	<u>503,576</u>	<u>448,482</u>	<u>55,094</u>
Public Service administration department:				
Salaries and employee benefits	162,346	162,506	167,604	(5,098)
Professional services	22,760	22,760	20,428	2,332
Operating expenditures	196,600	207,915	205,412	2,503
Debt service	287,535	287,535	293,856	(6,321)
Administrative cost allocations	(468,469)	(474,524)	(481,111)	6,587
	<u>200,772</u>	<u>206,192</u>	<u>206,189</u>	<u>3</u>
Finance department:				
Salaries and employee benefits	644,826	644,826	631,223	13,603
Professional services	180,832	80,705	48,534	32,171
Operating expenditures	73,215	75,442	60,919	14,523
Capital outlay	-	105,400	50,400	55,000
Finance cost allocations	(439,605)	(439,605)	(385,005)	(54,600)
	<u>459,268</u>	<u>466,768</u>	<u>406,071</u>	<u>60,697</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Tax department:				
Salaries and employee benefits	\$ 156,460	\$ 162,615	\$ 166,319	\$ (3,704)
Professional services	11,940	17,290	17,041	249
Operating expenditures	107,434	110,549	99,453	11,096
Capital outlay	25,000	10,380	10,359	21
	300,834	300,834	293,172	7,662
Legal department:				
Salaries and employee benefits	283,477	283,477	279,616	3,861
Professional services	15,000	9,000	8,187	813
Operating expenditures	41,233	47,233	44,407	2,826
	339,710	339,710	332,210	7,500
Human resources:				
Salaries and employee benefits	339,018	339,018	335,777	3,241
Professional services	183,476	178,876	94,822	84,054
Operating expenditures	109,107	147,618	102,186	45,432
Human resources cost allocations	(315,801)	(309,746)	(266,085)	(43,661)
	315,800	355,766	266,700	89,066
Nondepartmental:				
Salaries and employee benefits	600,000	496,924	2,368	494,556
Professional services	-	37,807	29,806	8,001
Operating expenditures	771,103	747,161	786,609	(39,448)
Capital outlay	-	-	394	(394)
Outside agencies	151,000	146,843	130,702	16,141
Cost allocations	1,157,562	1,056,787	934,546	122,241
	2,679,665	2,485,523	1,884,425	601,098
Total general government	4,894,872	4,786,426	3,949,062	837,364
Public safety:				
Police department:				
Salaries and employee benefits	8,165,968	8,266,544	8,290,444	(23,900)
Professional services	118,317	149,821	141,389	8,432
Operating expenditures	897,249	1,112,269	883,978	228,291
Capital outlay	495,530	548,481	461,828	86,653
Fleet service cost allocations	352,896	453,671	453,670	1
	10,029,960	10,530,786	10,231,309	299,477

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 888,166	\$ 856,662	\$ 822,153	\$ 34,509
Professional services	4,112	4,112	5,206	(1,094)
Operating expenditures	50,289	50,289	44,586	5,703
	<u>942,567</u>	<u>911,063</u>	<u>871,945</u>	<u>39,118</u>
Traffic services:				
Salaries and employee benefits	401,743	238,812	236,251	2,561
Professional services	9,100	9,100	-	9,100
Operating expenditures	155,281	161,553	141,440	20,113
Capital outlay	88,000	141,082	82,377	58,705
Fleet service cost allocations	-	-	10,142	(10,142)
	<u>654,124</u>	<u>550,547</u>	<u>470,210</u>	<u>80,337</u>
Fire department:				
Salaries and employee benefits	8,012,240	8,157,240	8,192,587	(35,347)
Professional services	72,532	62,245	58,144	4,101
Operating expenditures	1,343,066	1,360,156	1,202,256	157,900
Capital outlay	417,040	469,142	319,840	149,302
Debt service	520,783	520,783	502,933	17,850
Fleet service cost allocations	164,685	164,685	246,486	(81,801)
	<u>10,530,346</u>	<u>10,734,250</u>	<u>10,522,246</u>	<u>212,004</u>
Radio shop:				
Salaries and employee benefits	170,772	170,772	174,670	(3,898)
Operating expenditures	127,379	147,814	131,792	16,022
Capital outlay	6,384	6,384	6,384	-
Fleet service cost allocations	-	-	5,226	(5,226)
	<u>304,535</u>	<u>324,970</u>	<u>318,072</u>	<u>6,898</u>
Transportation signal:				
Operating expenditures	-	20,372	16,585	3,787
Fleet service cost allocations	-	-	236	(236)
	<u>-</u>	<u>20,372</u>	<u>16,821</u>	<u>3,551</u>
Total public safety	<u>22,461,532</u>	<u>23,071,989</u>	<u>22,430,603</u>	<u>641,386</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works:				
Transportation:				
Salaries and employee benefits	\$ 976,835	\$ 1,127,055	\$ 960,940	\$ 166,115
Professional services	101,480	99,672	14,047	85,625
Operating expenditures	710,617	1,696,794	932,158	764,636
Capital outlay	404,500	313,003	312,775	228
Debt service	55,333	55,333	52,805	2,528
Cost allocations	360,800	360,800	364,394	(3,594)
	<u>2,609,565</u>	<u>3,652,657</u>	<u>2,637,119</u>	<u>1,015,538</u>
Solid waste and recycling:				
Salaries and employee benefits	1,320,126	1,386,126	1,315,742	70,384
Professional services	160,465	68,778	55,585	13,193
Operating expenditures	2,607,712	2,566,458	2,253,764	312,694
Capital outlay	30,000	57,341	58,121	(780)
Debt service	137,086	137,086	127,359	9,727
Cost allocations	321,758	321,758	383,345	(61,587)
	<u>4,577,147</u>	<u>4,537,547</u>	<u>4,193,916</u>	<u>343,631</u>
Stormwater:				
Salaries and employee benefits	642,093	634,340	523,650	110,690
Professional services	108,150	213,895	111,623	102,272
Operating expenditures	191,764	202,726	164,215	38,511
Capital outlay	562,000	545,294	243,236	302,058
Debt service	29,984	29,984	29,986	(2)
Fleet service cost allocations	271,603	271,603	284,990	(13,387)
	<u>1,805,594</u>	<u>1,897,842</u>	<u>1,357,700</u>	<u>540,142</u>
Cemetery:				
Salaries and employee benefits	335,445	335,445	310,293	25,152
Professional services	3,300	9,300	5,600	3,700
Operating expenditures	63,065	57,530	21,178	36,352
Capital outlay	37,965	37,500	5,851	31,649
Cost allocations	-	-	13,990	(13,990)
	<u>439,775</u>	<u>439,775</u>	<u>356,912</u>	<u>82,863</u>
Total public works	<u>9,432,081</u>	<u>10,527,821</u>	<u>8,545,647</u>	<u>1,982,174</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,035,279	\$ 1,042,962	\$ 1,027,920	\$ 15,042
Professional services	237,225	196,376	194,514	1,862
Operating expenditures	918,013	893,351	752,287	141,064
Contributions	50,000	50,000	50,000	-
Capital outlay	249,768	45,202	19,456	25,746
Debt service	80,045	80,045	80,045	-
Cost allocations	1,357,312	1,361,825	1,227,599	134,226
Total cultural and recreational	3,927,642	3,669,761	3,351,821	317,940
Planning and community development:				
Planning department:				
Salaries and employee benefits	1,443,997	1,377,101	1,352,234	24,867
Professional services	513,700	582,396	355,273	227,123
Operating expenditures	539,410	613,813	410,009	203,804
Capital outlay	206,000	208,800	7,945	200,855
Incentive grants	1,304,000	1,304,000	1,141,471	162,529
Cost allocations	94,748	94,748	100,095	(5,347)
Total planning and community development	4,101,855	4,180,858	3,367,027	813,831
Total expenditures	44,817,982	46,236,855	41,644,160	4,592,695
Excess of revenues over expenditures	3,144,191	3,397,697	8,926,694	5,528,997
Other Financing Sources (Uses)				
Appropriated fund balance	1,900,000	-	-	-
Transfers to other funds	(5,044,191)	(3,397,697)	(5,625,002)	(2,227,305)
Total other financing uses	(3,144,191)	(3,397,697)	(5,625,002)	(2,227,305)
Net change in fund balance	\$ -	\$ -	3,301,692	\$ 3,301,692
Fund Balance				
Beginning			28,303,792	
Ending			\$ 31,605,484	

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF NET ASSETS

June 30, 2005

ASSETS	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Current Assets				
Cash and investments	\$ 14,947,645	\$ 10,846,245	\$ 4,397,894	\$ 6,497,349
Receivables:				
Accounts receivable, net	5,477,563	1,835,894	1,513,122	246,191
Due from other governmental agencies	-	3,057	-	-
Sales tax refunds	286,100	94,388	23,806	45,458
Interest	88,405	60,878	22,537	10,184
Due from other funds	-	-	-	-
Other receivables	107,843	-	-	996,500
Loan receivable, current	-	-	237,749	-
Inventories and prepaid expenses	2,899,159	340,201	57,718	66,004
Total current assets	23,806,715	13,180,663	6,252,826	7,861,686
Noncurrent assets:				
Restricted assets - cash and investments	2,856,484	3,899,037	1,674,637	-
Capital assets	93,475,656	102,302,508	71,531,037	63,595,319
Less accumulated depreciation	(38,368,633)	(26,394,629)	(18,000,339)	(7,818,890)
Bond issuance and premium, net	897,799	1,822,648	877,763	19,005
Loan receivable, noncurrent	-	-	1,122,837	-
Total noncurrent assets	58,861,306	81,629,564	57,205,935	55,795,434
Total assets	82,668,021	94,810,227	63,458,761	63,657,120
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	3,484,195	555,574	567,890	909,233
Current portion of long-term debt	1,236,222	2,400,362	1,451,856	2,061,105
Accrued interest	118,589	221,137	155,441	108,690
Deferred revenue	-	48,500	46,500	12
Due to other funds	-	-	-	-
Total current liabilities	4,839,006	3,225,573	2,221,687	3,079,040
Non-current liabilities				
Long-Term Debt due after one year	25,701,137	48,379,770	27,108,000	8,614,913
Deposits	1,133,970	228,363	18,959	172,354
Total non-current liabilities	26,835,107	48,608,133	27,126,959	8,787,267
Total liabilities	31,674,113	51,833,706	29,348,646	11,866,307
NET ASSETS				
Invested in capital assets, net of related debt	31,923,947	30,849,432	27,523,242	45,509,888
Unrestricted (deficit)	19,069,961	12,127,089	6,586,873	6,280,925
Total net assets	\$ 50,993,908	\$ 42,976,521	\$ 34,110,115	\$ 51,790,813

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

Net assets of business - type activities

See Notes to Financial Statements.

Exhibit H

Other Enterprise Funds		Total	Business-type Activities Internal Service Funds
\$ 887,017	\$ 37,576,150	\$ -	
7,733	9,080,503	-	
3,942	6,999	-	
30,306	480,058	70,745	
1,314	183,318	-	
624	624	-	
226,376	1,330,719	-	
-	237,749	-	
341,767	3,704,849	137,355	
<u>1,499,079</u>	<u>52,600,969</u>	<u>208,100</u>	
-	8,430,158	-	
21,158,097	352,062,617	4,893,549	
(3,553,172)	(94,135,663)	(3,390,561)	
903,176	4,520,391	-	
-	1,122,837	-	
<u>18,508,101</u>	<u>272,000,340</u>	<u>1,502,988</u>	
<u>20,007,180</u>	<u>324,601,309</u>	<u>1,711,088</u>	
222,947	5,739,839	346,281	
121,201	7,270,746	241,480	
23,178	627,035	-	
-	95,012	-	
880,495	880,495	582,727	
<u>1,247,821</u>	<u>14,613,127</u>	<u>1,170,488</u>	
10,800,636	120,604,456	64,191	
35,245	1,588,891	-	
<u>10,835,881</u>	<u>122,193,347</u>	<u>64,191</u>	
<u>12,083,702</u>	<u>136,806,474</u>	<u>1,234,679</u>	
7,586,264	143,392,773	1,197,317	
337,214	44,402,062	(720,908)	
<u>\$ 7,923,478</u>	<u>\$ 187,794,835</u>	<u>\$ 476,409</u>	
	<u>476,409</u>		
	<u>\$ 188,271,244</u>		

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating Revenues				
Charges for services	\$ 50,130,478	\$ 14,107,072	\$ 10,149,250	\$ 6,972,732
Other operating revenues	494,600	1,064,559	883,564	139,601
Total operating revenues	50,625,078	15,171,631	11,032,814	7,112,333
Operating Expenses				
General and administrative	422,855	-	-	-
Professional services	-	-	-	-
Water plant and lakes	-	3,407,104	-	-
Water line operation and maintenance	-	4,219,245	-	-
Wastewater line and plant	-	-	9,150,968	-
Purchased power	31,161,240	-	-	-
Power line and plant	9,880,689	-	-	-
Airport operation and maintenance	-	-	-	6,937,140
Utilities	-	-	-	-
Housing maintenance and repairs	-	-	-	-
Operating supplies	-	-	-	-
Other operating costs	-	-	-	-
Depreciation and amortization	3,254,092	2,605,625	2,118,752	1,062,805
Total operating expenses	44,718,876	10,231,974	11,269,720	7,999,945
Operating income (loss)	5,906,202	4,939,657	(236,906)	(887,612)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	-	-	-
Interest earned on loan	-	-	94,372	-
Interest earned on investments	531,318	470,425	190,087	98,692
Interest expense	(1,156,954)	(2,103,370)	(1,349,552)	(476,647)
Gain (loss) on sale of capital assets	20,819	33,450	8,100	6,250
Other	-	207,819	36,719	47,227
Total nonoperating expenses	(604,817)	(1,391,676)	(1,020,274)	(324,478)
Income (loss) before capital contributions and transfers	5,301,385	3,547,981	(1,257,180)	(1,212,090)
Capital contributions	644,095	1,034,386	1,829,253	4,417,063
Transfers in	-	-	1,000,000	2,224,790
Transfers out	(4,436,790)	-	-	-
Transfers in (out)	(4,436,790)	-	1,000,000	2,224,790
Change in net assets	1,508,690	4,582,367	1,572,073	5,429,763
Net Assets:				
Beginning	49,485,218	38,394,154	32,538,042	46,361,050
Ending	\$ 50,993,908	\$ 42,976,521	\$ 34,110,115	\$ 51,790,813

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

Change in net assets of business - type activities

See Notes to Financial Statements.

Exhibit I

Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 1,391,011	\$ 82,750,543	\$ 9,032,437
433,514	3,015,838	-
1,824,525	85,766,381	9,032,437
403,247	826,102	5,791,986
2,291,286	2,291,286	873,872
-	3,407,104	-
-	4,219,245	-
-	9,150,968	-
-	31,161,240	-
-	9,880,689	-
-	6,937,140	-
275,274	275,274	-
337,321	337,321	-
392,876	392,876	965,091
210,607	210,607	1,015,683
570,978	9,612,252	385,676
4,481,589	78,702,104	9,032,308
(2,657,064)	7,064,277	129
2,015,190	2,015,190	-
-	94,372	-
(3,559)	1,286,963	-
(415,563)	(5,502,086)	(129)
(5,170)	63,449	-
10,944	302,709	-
1,601,842	(1,739,403)	(129)
(1,055,222)	5,324,874	-
-	7,924,797	12,443
909,345	4,134,135	-
(332,256)	(4,769,046)	-
577,089	(634,911)	-
(478,133)	12,614,760	12,443
8,401,611		463,966
\$ 7,923,478		\$ 476,409
	12,443	
	\$ 12,627,203	

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2005

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Cash Flows From Operating Activities				
Receipts from customers	\$ 50,838,148	\$ 15,047,991	\$ 11,101,033	\$ 7,009,817
Payments to employees	(3,950,574)	(2,849,473)	(1,189,799)	(1,357,378)
Payments to suppliers	(38,397,825)	(5,324,060)	(6,968,379)	(5,203,393)
Net cash provided by (used in) operating activities	8,489,749	6,874,458	2,942,855	449,046
Cash Flows From Noncapital Financing Activities				
Transfers in	-	-	1,000,000	2,224,790
Transfers out	(4,436,790)	-	-	-
Operating grants received	-	-	-	-
Net cash provided by (used in) noncapital financing activities	(4,436,790)	-	1,000,000	2,224,790
Cash Flows From Capital and Related Financing Activities				
Principal payments on long-term debt	(1,143,632)	(2,341,669)	(1,632,672)	(1,621,183)
Proceeds from issuance of long-term debt	-	-	-	4,500,000
Bond issuance costs	-	-	-	-
Interest paid	(1,139,368)	(2,067,353)	(1,316,158)	(414,498)
Acquisition and construction of capital assets	(4,695,427)	(2,739,614)	(3,198,666)	(6,649,931)
Proceeds from the sale of capital assets	227,086	33,449	8,100	20,303
Capital contributions	644,095	1,034,386	1,829,253	4,417,063
Other capital contributions	-	207,819	36,719	166,100
Net cash provided by (used in) capital and related financing activities	(6,107,246)	(5,872,982)	(4,273,424)	417,854
Cash Flows From Investing Activities				
Earnings on investments	577,677	494,703	212,500	98,477
Payments received on notes receivable	-	-	341,698	-
Net cash provided by investing activities	577,677	494,703	554,198	98,477
Net increase (decrease) in cash and cash equivalents	(1,476,610)	1,496,179	223,629	3,190,167
Cash and cash equivalents:				
Beginning	19,280,739	13,249,103	5,848,902	3,307,182
Ending	\$ 17,804,129	\$ 14,745,282	\$ 6,072,531	\$ 6,497,349

Continued

Exhibit J
Pages 1 and 2
of 4

Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ 2,026,228	\$ 86,023,217	\$ 9,042,505
(95,588)	(9,442,812)	(5,767,204)
(3,351,527)	(59,245,184)	(2,605,779)
(1,420,887)	17,335,221	669,522
909,345	4,134,135	-
(332,256)	(4,769,046)	-
2,015,190	2,015,190	-
2,592,279	1,380,279	-
(10,345,000)	(17,084,156)	(3,854)
10,895,000	15,395,000	-
(554,841)	(554,841)	-
(443,350)	(5,380,727)	(129)
(313,510)	(17,597,148)	(742,078)
-	288,938	64,096
-	7,924,797	12,443
5,944	416,582	-
(755,757)	(16,591,555)	(669,522)
4,928	1,388,285	-
-	341,698	-
4,928	1,729,983	-
420,563	3,853,928	-
466,454	42,152,380	-
\$ 887,017	\$ 46,006,308	\$ -

CITY OF CONCORD, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds			
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund
Operating income (loss)	\$ 5,906,202	\$ 4,939,657	\$ (236,906)	\$ (887,612)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	3,078,880	2,605,625	2,118,752	1,062,805
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	213,070	(93,583)	97,219	(102,528)
Due from other governmental agencies	-	(3,057)	-	-
Due from other funds	-	-	632,553	-
Inventories and prepaid expenses	165,374	227,041	(1,530)	(37,451)
Increase (decrease) in:				
Accounts payable and accrued expenses	(281,210)	(753,485)	426,373	349,963
Vacation accrual	17,810	25,855	(2,572)	4,729
Due to other funds	(759,138)	(127,873)	-	-
Deposits	148,761	81,278	(62,034)	59,128
Deferred revenue	-	(27,000)	(29,000)	12
Net cash provided by (used in) operating activities	\$ 8,489,749	\$ 6,874,458	\$ 2,942,855	\$ 449,046

See Notes to Financial Statements.

Other Enterprise Funds	Total	Business-type Activities Internal Service Funds
\$ (2,657,064)	\$ 7,064,277	\$ 129
570,978	9,437,040	385,676
206,685	320,863	10,068
-	(3,057)	-
(3,942)	628,611	-
(10,173)	343,261	(7,345)
(156,711)	(415,070)	(34,856)
5,693	51,515	14,587
624,414	(262,597)	301,263
4,215	231,348	-
(4,982)	(60,970)	-
\$ (1,420,887)	\$ 17,335,221	\$ 669,522

CITY OF CONCORD, NORTH CAROLINA

Exhibit K

AGENCY FUND

SCHEDULE OF ASSETS AND LIABILITIES
June 30, 2005

ASSETS

Cash	\$ 12,125
Sales tax receivable	12,923
Other receivables	1,434,268
Total assets	<u>\$ 1,459,316</u>

LIABILITIES

Agency payable	<u>\$ 1,459,316</u>
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NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

BLENDED COMPONENT UNIT – FIRST CONCORD CORPORATION

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

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

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

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

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

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

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 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 subsequent year. Also, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cabarrus County is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the County, including the City of Concord. For motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes 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 2004 through February 2005 apply to the fiscal year ended June 30, 2005. Uncollected taxes, which were billed during this period, are shown as a receivable in these financial statements and are offset by deferred revenues. Those taxes for vehicles registered from March 1 through the fiscal year-end apply to the 2005-2006 fiscal year and are not shown as receivables at June 30, 2005. For vehicles registered under the annual system, taxes are due on May 1 of each year. For those vehicles registered and billed under the annual system, uncollected taxes are reported as a receivable on the financial statements and are offset by deferred revenues because the due date and the date upon which interest begins to accrue passed prior to June 30. The taxes for vehicles registered annually that have already been collected as of year-end are also reflected as deferred revenues at June 30, 2005 because they are intended to finance the City's operations during the 2006 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The government reports the following major governmental funds:

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

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 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 system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund type:

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.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

E. Assets, Liabilities and Fund Equity

DEPOSITS AND INVESTMENTS

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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, 2002 revenue bonds and 2001 certificates of participation issued by the City are classified as restricted assets for the respective funds because their use is completely restricted to the purpose for which the bonds were originally issued. Monies set aside for debt service, extension and replacement fund as required by the bond documents or designated for future projects are also classified as restricted assets.

AD VALOREM TAXES RECEIVABLE

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

ALLOWANCES FOR DOUBTFUL ACCOUNTS

Allowances for doubtful accounts are maintained on all types of receivables, which have historically experienced uncollectible accounts. This amount is estimated based on the aging of the related receivables uncollectible at year end.

INVENTORIES

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

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

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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, \$327,376 in capitalized interest.

The estimated useful lives are as follows:

	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 - 20
Automobiles and trucks	3 - 5	3 - 5
Other property	3 - 10	-
Furniture/equipment	3 - 5	10

BOND ISSUANCE COSTS

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

LONG-TERM DEBT

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

COMPENSATED ABSENCES

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 EQUITY

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 equity for amounts that are not appropriable or are legally segregated for a specific purpose. Designations of equity represent tentative management plans that are subject to change.

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

Reserved for 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 2005-2006 budget ordinance.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 \$730,210 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 \$111,443 that did not provide current financial resources for the fund. This adjustment reflected on the reconciliation represents the change between the ad valorem taxes outstanding for the year ended June 30, 2005 and June 30, 2004.

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

Note 3. Cash and Investments

Deposits - All of the City's and the ABC Board's deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City's or the ABC Board's agents in these units' names. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the ABC Board have no policy regarding custodial credit risk for deposits.

At June 30, 2005, the City's deposits had a carrying amount of \$4,713,742 and a bank balance of \$6,608,164. Of the bank balance, \$168,227 was covered by federal depository insurance and \$6,439,937 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$21,925 at June 30, 2005.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

At June 30, 2005, the carrying amount of deposits for the ABC Board was \$1,415,016 and the bank balance was \$1,523,680. All of the bank balances were covered by federal depository insurance. The ABC Board had cash on hand of \$6,000 at June 30, 2005.

At June 30, 2005, the City's investment balances were as follows:

	Fair Value	Less than 6 Months	Reported 6 - 12 Months	Reported 1 - 23 Years
U. S. Government agencies	\$ 34,339,239	\$ 1,997,500	\$ 4,591,515	\$ 27,750,224
Commercial paper	22,667,602	22,667,602	-	-
North Carolina Capital Management Trust - Cash Portfolio	30,596,080	N/A	N/A	N/A
Total	<u>\$ 87,602,921</u>	<u>\$ 24,665,102</u>	<u>\$ 4,591,515</u>	<u>\$ 27,750,224</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 papers to the top rating issues nationally recognized statistical rating organizations (NRSROs). As of June 30, 2005, 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, 2005. The City's investments in US Government Agencies (Federal Home Loan Bank and FNMA) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk – The City places no limit on the amount that the City may invest in any one issuer. More than 5 percent of the City's investments are in the Federal Home Loan Bank and FNMA securities. These investments are 18.5% and 13.9%, respectively, of the City's total investments.

At June 30, 2005, the ABC Board did not have any investments.

NOTES TO FINANCIAL STATEMENTS

Note 4. Receivables and Allowances for Uncollectible Amounts

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

	Governmental Activities	Business-type Activities
Accounts receivable, net	\$ -	\$ 9,080,503
Ad valorem taxes, net	730,210	-
Due from other governmental agencies	1,355,479	6,999
Sales tax refunds	269,978	550,803
Interest	163,180	183,318
Due from other funds	1,462,598	(1,462,598)
Other, net	4,207,826	1,330,719
Loan receivable, current	-	237,749
	<u>\$ 8,189,271</u>	<u>\$ 9,927,493</u>

Governmental Activities, allowance for uncollectible ad valorem taxes	<u>\$ 243,404</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 60,448</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 221,862</u>

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

NOTES TO FINANCIAL STATEMENTS

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

	Rocky River Regional Wastewater		
	Treatment Plant	WSACC Operational	Total
Balance at June 30, 2005	\$ 749,801	\$ 610,785	\$ 1,360,586
Less current portion	210,444	27,305	237,749
Noncurrent portion	<u>\$ 539,357</u>	<u>\$ 583,480</u>	<u>\$ 1,122,837</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	July 1, 2004	Increases	Decreases	June 30, 2005
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 29,757,091	\$ 1,723,924	\$ -	\$ 31,481,015
Construction in progress	1,886,544	3,353,593	-	5,240,137
Total capital assets, not being depreciated	<u>31,643,635</u>	<u>5,077,517</u>	<u>-</u>	<u>36,721,152</u>
Capital assets, being depreciated:				
Buildings	25,007,679	210,290	-	25,217,969
Improvements other than buildings	2,334,671	15,901	-	2,350,572
Machinery and equipment	23,041,603	1,664,649	550,318	24,155,934
Infrastructure	480,843,909	11,806,014	-	492,649,923
Total capital assets, being depreciated	<u>531,227,862</u>	<u>13,696,854</u>	<u>550,318</u>	<u>544,374,398</u>
Accumulated depreciation:				
Buildings	5,862,607	806,211	-	6,668,818
Improvements other than buildings	987,148	132,084	-	1,119,232
Machinery and equipment	15,593,894	1,973,001	526,131	17,040,764
Infrastructure	181,480,601	19,809,795	-	201,290,396
Total accumulated depreciation	<u>203,924,250</u>	<u>22,721,091</u>	<u>526,131</u>	<u>226,119,210</u>
Total capital assets, being depreciated, net	<u>327,303,612</u>	<u>(9,024,237)</u>	<u>24,187</u>	<u>318,255,188</u>
Governmental activities capital assets, net	<u>\$ 358,947,247</u>	<u>\$ (3,946,720)</u>	<u>\$ 24,187</u>	<u>\$ 354,976,340</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 29,199,974	\$ 893,032	\$ -	\$ 30,093,006
Construction in progress	22,528,775	5,583,560	-	28,112,335
Total capital assets, not being depreciated	<u>51,728,749</u>	<u>6,476,592</u>	<u>-</u>	<u>58,205,341</u>
Capital assets, being depreciated:				
Buildings	43,051,631	1,228,271	-	44,279,902
Improvements other than buildings	228,408,410	8,166,010	-	236,574,420
Machinery and equipment	17,004,136	2,535,996	1,643,629	17,896,503
Total capital assets, being depreciated	<u>288,464,177</u>	<u>11,930,277</u>	<u>1,643,629</u>	<u>298,750,825</u>
Accumulated depreciation:				
Buildings	14,792,127	3,229,921	-	18,022,048
Improvements other than buildings	63,757,351	4,165,307	-	67,922,658
Machinery and equipment	11,250,492	1,797,293	1,466,267	11,581,518
Total accumulated depreciation	<u>89,799,970</u>	<u>9,192,521</u>	<u>1,466,267</u>	<u>97,526,224</u>
Total capital assets, being depreciated, net	<u>198,664,207</u>	<u>2,737,756</u>	<u>177,362</u>	<u>201,224,601</u>
Business-type activities capital assets, net	<u>\$ 250,392,956</u>	<u>\$ 9,214,348</u>	<u>\$ 177,362</u>	<u>\$ 259,429,942</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	\$ 1,317,337
Public safety	1,558,629
Public works	19,597,929
Cultural and recreational	217,415
Planning and community development	29,781
Total depreciation expense - governmental activities	<u>\$ 22,721,091</u>

Business-type activities:

Electric	\$ 3,078,881
Water	2,365,595
Wastewater	1,816,864
Regional airport	1,043,800
Other nonmajor business-type activities	502,220
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	385,161
Total depreciation expense - business-type activities	<u>\$ 9,192,521</u>

Activity for the ABC Board for the year ended June 30, 2005, was as follows:

Component unit:	July 1, 2004	Increases	Decreases	June 30, 2005
Capital assets, not being depreciated - land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets, being depreciated:				
Buildings	51,078	-	-	51,078
Improvements other than buildings	181,261	70,984	-	252,245
Machinery and equipment	190,097	47,483	-	237,580
Total capital assets, being depreciated	422,436	118,467	-	540,903
Accumulated depreciation	258,763	35,817	-	294,580
Total capital assets, being depreciated, net	163,673	82,650	-	246,323
Component unit capital assets, net	<u>\$ 183,673</u>	<u>\$ 82,650</u>	<u>\$ -</u>	<u>\$ 266,323</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:

	Governmental Activities	Business-type Activities
Accounts payable	\$ 2,146,670	\$ 5,477,207
Accrued payroll and payroll related liabilities	1,376,062	407,002
Accrued sales tax payable	85	156,149
Other accrued liabilities	261,344	45,762
	<u>\$ 3,784,161</u>	<u>\$ 6,086,120</u>

Note 7. Long-Term Debt

Installment purchases: The City has entered into various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 3 years and 20 years in duration, depending upon the assets acquired. Interest rates range between 2.58% and 5.15%. The debt is collateralized by the assets acquired and serviced by the funds holding such debt.

Assets acquired through the installment purchase contracts are as follows:

	Governmental Activities	Business-type Activities
Capital Asset		
Machinery and equipment	\$ 4,415,984	\$ 1,106,345
Less accumulated depreciation	2,765,301	1,083,181
	<u>\$ 1,650,683</u>	<u>\$ 23,164</u>

The aggregate future minimum payments of the installment purchase contracts as of June 30, 2005, including interest, are as follows:

<u>Year Ending June 30,</u>	Governmental Activities	Business-type Activities
2006	\$ 427,332	\$ 441,398
2007	301,433	427,435
2008	130,793	416,163
2009	83,677	404,890
2010	-	393,618
2011-2015	-	1,799,002
2016-2020	-	1,517,189
2021-2025	-	1,105,771
Total	<u>943,235</u>	<u>6,505,466</u>
Less amount representing interest	48,373	2,134,043
Total debt	<u>\$ 894,862</u>	<u>\$ 4,371,423</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, 2005 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%	\$ 174,432
\$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%	485,000
	<u>\$ 659,432</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%	\$ 2,230,568
\$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	230,000
\$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%	1,290,000
	<u>\$ 3,750,568</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
2006	\$ 98,957	\$ 38,315	\$ 1,051,043	\$ 215,965
2007	97,506	32,505	1,022,494	156,373
2008	96,056	26,762	998,944	97,416
2009	131,913	21,037	678,087	39,583
2010	150,000	13,395	-	-
2011-2012	85,000	4,845	-	-
	<u>\$ 659,432</u>	<u>\$ 136,859</u>	<u>\$ 3,750,568</u>	<u>\$ 509,337</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, 2005 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%	\$ 1,356,264
\$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%	2,454,365
	<u>\$ 3,810,629</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	\$ 4,920,000
\$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%.	10,603,736
\$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%	26,970,000
\$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%	25,330,000
\$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%	34,485,222
	<u>\$ 102,308,958</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loans and installment notes: Loan and installment notes payable at June 30, 2005 are comprised of the following individual issues:

Governmental activities:

\$350,000, 1993 160A-20 Installment Note due in semiannual installments of \$14,583 to \$29,169, through July 1, 2006, plus interest due quarterly at 4.45%	\$ 44,607
\$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	23,048,283
\$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	16,105,000
	<u>\$ 39,197,890</u>

Business-type activities:

\$1,350,000, 1993 160A-20 Installment Note due in semiannual installments of \$56,251 to \$112,449, through July 1, 2006, plus interest due quarterly at 4.45% to be paid from Regional Airport Fund	\$ 167,879
\$1,800,000, 1993 160A-20 Installment Note due in semiannual installments of \$75,000, through July 1, 2006, plus interest due quarterly at 5.92% to be paid from Regional Airport Fund	225,000
\$5,515,000, 1996A 160A-19 Certificate of Participation due in annual installments of \$505,000 to \$690,000, through June 1, 2006, plus interest due semiannually at 5.10% to 5.70% financed through First Concord Corporation, to be paid from Regional Airport Fund	690,000
\$6,703,330, 2001 Certificates of Participation due in annual installments of \$160,858 to \$564,242 through June 1, 2021, plus interest due semiannually at 3.5% to 5.125% financed through First Concord Corporation, to be paid from Regional Airport Fund	4,946,717
\$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	10,895,000
	<u>\$ 16,924,596</u>

NOTES TO FINANCIAL STATEMENTS

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
2006	\$ 3,326,935	\$ 1,767,786	\$ 1,619,733	\$ 734,535
2007	3,418,519	1,626,790	1,277,299	654,033
2008	3,226,929	1,480,503	1,128,071	608,452
2009	3,181,648	1,340,530	1,133,352	565,345
2010	3,135,482	1,202,938	1,144,518	522,300
2011-2015	8,740,226	4,398,679	4,554,774	2,003,795
2016-2020	6,999,831	2,810,355	4,955,169	909,959
2021-2025	3,968,320	1,195,433	1,111,680	50,286
2026-2030	3,200,000	432,000	-	-
	<u>\$ 39,197,890</u>	<u>\$ 16,255,014</u>	<u>\$ 16,924,596</u>	<u>\$ 6,048,705</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2004	Additions	Reductions	June 30, 2005
Governmental activities:				
Installment purchase	\$ 1,463,919	\$ -	\$ 569,057	\$ 894,862
Less current maturities				427,332
Long-term installment purchases				<u>\$ 467,530</u>
Bond payables:				
General obligation bonds	\$ 759,477	\$ -	\$ 100,045	\$ 659,432
Installment notes	25,509,634	16,105,000	2,416,744	39,197,890
Revenue bonds	3,943,691	-	133,062	3,810,629
Total bond payable	<u>\$ 30,212,802</u>	<u>\$ 16,105,000</u>	<u>\$ 2,649,851</u>	43,667,951
Compensated absences	\$ 1,625,007	\$ 1,077,639	\$ 1,025,794	1,676,852
Separation allowance	\$ 465,085	\$ 71,665	\$ -	536,750
Less current maturities:				
General obligation bonds				98,957
Installment notes				3,326,935
Revenue bonds				138,486
Compensated absences				1,324,713
Long-term debt				<u>\$ 40,992,462</u>
Business-type activities:				
Installment purchase	\$ 28,755	\$ 4,500,000	\$ 157,332	\$ 4,371,423
Less current maturities				441,398
Long-term installment purchases				<u>\$ 3,930,025</u>
Bond payables:				
General obligation bonds	\$ 4,845,522	\$ -	\$ 1,094,954	\$ 3,750,568
Installment notes	17,799,529	10,895,000	11,769,933	16,924,596
Revenue bonds	105,887,425	-	3,578,467	102,308,958
Total bond payable	<u>\$ 128,532,476</u>	<u>\$ 10,895,000</u>	<u>\$ 16,443,354</u>	122,984,122
Compensated absences	\$ 759,227	\$ 745,908	\$ 679,807	825,328
Less current maturities:				
General obligation bonds				1,051,043
Installment notes				1,619,733
Revenue bonds				3,748,043
Compensated absences				652,009
Long-term debt				<u>\$ 116,738,622</u>

The legal debt margin of the City at June 30, 2005 was \$488,284,253.

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 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 declined since the execution of the swap, the swap has had a negative fair value of \$39,809 as of June 30, 2005. 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, 2005 the City was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap become positive, the City would be exposed to credit risk in the amount of the derivative's fair value. 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 Baa2 by Moody's or below BBB by S&P and their exposure exceeds \$5,000,000 the fair value of the swap will be fully 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 marketing agent converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rates of 3.65% and the synthetic rate as of June 30, 2005 of 3.65%. As of June 30, 2005, the rate on the City's Bonds was 2.26%, whereas 68% of LIBOR was 2.27%.

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, 2005 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		
2006	\$ 215,000	\$ 1,397,311	\$ 529,321	\$ 2,141,632
2007	225,000	1,389,281	526,357	2,140,638
2008	235,000	1,380,886	523,255	2,139,141
2009	245,000	1,372,126	520,014	2,137,140
2010	255,000	1,363,001	516,636	2,134,637
2011-2015	9,045,000	6,108,185	513,120	15,666,305
2016-2020	18,310,000	3,521,703	388,408	22,220,111
2021-2024	9,860,000	652,985	135,950	10,648,935
Total	\$ 38,390,000	\$ 17,185,478	\$ 3,653,061	\$ 59,228,540

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables and Transfers

A schedule of interfund receivables and payables at June 30, 2005 are as follows:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	\$ 2,913,988
General fund	Internal service fund	582,727
General fund	Nonmajor enterprise fund	880,495
Nonmajor enterprise funds	General fund	624
		\$ 4,377,834

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

A schedule of interfund transfers at June 30, 2005 is as follows:

Transfers To	Transfers From	Total
Nonmajor governmental funds	General fund	\$ 5,354,753
Regional airport fund	Electric fund	2,224,790
Nonmajor governmental funds	Electric fund	1,212,000
Wastewater fund	Electric fund	1,000,000
Nonmajor governmental funds	Nonmajor governmental funds	925,397
Nonmajor enterprise funds	Nonmajor enterprise funds	332,256
Nonmajor enterprise funds	Nonmajor governmental funds	306,840
Nonmajor enterprise funds	General fund	270,249
		\$ 11,626,285

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 contributed to the statewide Local Governmental Employees' Retirement System ("LGERs"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERs provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERs. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(2) Funding policy:

Plan members are required to contribute six percent of their annual covered salary. The City and the ABC Board are required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.78%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement is 5.06% 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, 2005, 2004, and 2003 were \$1,472,933, \$1,406,887 and \$1,396,448, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2005, 2004, and 2003 were \$29,816, \$26,269 and \$25,343, 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, 2004, the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	133
Total	<u>142</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 2005 current year was determined as part of the December 31, 2003 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 5.9% to 9.8% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

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

Annual required contribution	\$ 193,167
Interest on net pension obligation	33,719
Adjustment to annual required contribution	<u>(26,090)</u>
Annual pension cost	200,796
Annual pension cost adjustment	<u>129,131</u>
Increase in net pension obligation	71,665
Net pension obligation beginning of year	<u>465,085</u>
Net pension obligation end of year (included in the General Fund's long-term debt)	<u><u>\$ 536,750</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2003	\$ 146,188	61	\$ 270,521
June 30, 2004	165,599	(17)	465,085
June 30, 2005	200,796	64	536,750

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, 2005 were \$378,509, which consisted of \$280,039 from the City and \$98,470 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

Note 10. Deferred Revenues

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

	Unavailable	Unearned
Governmental funds:		
Reserve for taxes receivable	\$ 730,210	\$ -
Prepaid taxes, not yet earned	-	323,436
Prepaid privilege license, not yet earned	-	408,150
Other prepaid fees	-	9,139
	<u>\$ 730,210</u>	<u>\$ 740,725</u>
Proprietary funds:		
Tap fees, not yet collected	\$ -	\$ 95,000
Other prepaid fees	-	12
	<u>\$ -</u>	<u>\$ 95,012</u>

Note 11. Commitments and Contingencies

The City had commitments on contracts of approximately \$1.2 million related primarily to construction in its Enterprise Funds.

The City participates in a number of federal and State of North Carolina awards. For the fiscal year ended June 30, 2005, 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, 81 retirees are eligible for postretirement health benefits. For the year ended June 30, 2005, the City made payments for postretirement health benefit premiums of \$431,447 of which \$141,178 was collected from former employees.

Note 13. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City is fully insured through several insurance companies and is self funded for workers' compensation only. The City obtains general liability coverage of \$2 million per occurrence, with a \$2 million aggregate limit. The City obtains public official liability coverage of \$1 million per occurrence, with a \$2 million aggregate limit. The City also obtained auto liability coverage of \$1 million for combined single limit and excess general liability of \$4 million. Property is insured through blanket coverage up to \$129 million. Employee health coverage is unlimited through United Health Care unless specified.

NOTES TO FINANCIAL STATEMENTS

Note 13. Risk Management (Continued)

The City is exposed to various risks of loss related to injuries to employees. As of July 1, 2005, the City elected to cover workers' compensation claims up to an individual stop-loss of \$250,000 per employee after which an insurance company will pay any excess up to \$1 million for each occurrence.

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

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

Note 14. Jointly Governed Organization

The City is a member of the Water and Wastewater Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the Towns of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor wastewater system and regional wastewater treatment plant. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Wastewater Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: Two members by the Cabarrus County Board of Commissioners, two members by the City of Concord City Council, two members by the City of Kannapolis City Council, one member by the Town of Harrisburg Town Council, one member by the Town of Mount Pleasant Board of Commissioners, and one member by the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions. The City of Concord paid WSACC approximately \$5.9 million for wastewater treatment and raw water charges during the year ended June 30, 2005. In addition, the City received debt service payments of \$341,698, on its loan receivables from WSACC.

Note 15. Stewardship, Compliance and Accountability

Deficit Fund Balance

North Carolina General Statutes prohibits the City from having a deficit fund in any fund. The Golf Course Fund has deficit net assets in the amount of \$846,361. 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.

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, 2005, \$5,655,000 of the multifamily housing revenue bonds were outstanding.

NOTES TO FINANCIAL STATEMENTS

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

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2005 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statement of the City of Concord, North Carolina.

- ◆ GASB Statement Number 42, "Accounting and Financial Reporting for Impairment of Capital Assets and Insurance Recoveries."
- ◆ GASB Statement Number 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans."
- ◆ GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions."

Additionally, the Governmental Accounting Standards Board issued Statement Number 44, "Economic Condition Reporting: The Statistical Section" which amends portions of previous guidance related to the preparation of a statistical section when presented as a required part of a comprehensive annual financial report (CAFR).

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

Last Six Fiscal Years

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Project Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on on Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 1999	\$ 229,802	\$ 739,636	\$ 509,834	31 %	\$ 3,637,252	14 %
December 31, 2000	137,864	1,101,867	964,003	13	4,099,686	24
December 31, 2001	152,539	1,290,220	1,137,681	12	4,653,063	24
December 31, 2002	213,257	1,504,093	1,290,836	14	5,004,653	26
December 31, 2003	-	1,694,753	1,694,753	-	5,194,849	33
December 31, 2004	-	1,919,004	1,919,004	-	5,446,096	35

**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
2000	\$ 70,356	71 %
2001	81,520	82
2002	120,285	52
2003	143,631	62
2004	163,152	(18)
2005	193,167	67

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, 2004
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	26 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projected salary increases*	5.9% to 9.8%
*Includes inflation at	3.75%
Cost-of-living adjustments	None

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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.

Police Grant Fund - This fund is used to account for federal grants received to provide assistance for the purchase and installation of a new police records technology system.

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.

Firefighter Grant Fund - This fund is used to account for the purchase of a videoconferencing system to be used by the City.

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

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

Capital Project Funds

Public Roadway Capital Project Fund – This fund is used to account for all resources used for the construction and improvement of roads in the City.

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

Debt Service Fund

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

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OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2005

ASSETS	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
Cash and investments	\$ 5,335,838	\$ 2,383,108	\$ -	\$ 7,718,946
Receivables:				
Ad valorem taxes, net	2,471	-	-	2,471
Due from other funds	-	-	-	-
Due from other governmental agencies	158,952	-	-	158,952
Sales tax refunds	5,679	12,133	-	17,812
Interest	23,440	-	-	23,440
Other, net	466,528	-	-	466,528
Restricted assets- cash and investments	-	13,144,060	8,413	13,152,473
Total assets	\$ 5,992,908	\$ 15,539,301	\$ 8,413	\$ 21,540,622
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 341,519	\$ 783,928	63,509	\$ 1,188,956
Due to other funds	51,144	-	2,862,844	2,913,988
Deferred revenues	2,471	-	-	2,471
Total liabilities	395,134	783,928	2,926,353	4,105,415
Fund Balances (Deficit)				
Reserved by State statute	657,067	13,152,473	-	13,809,540
Unreserved:				
Undesignated	4,940,707	1,602,900	(2,917,940)	3,625,667
Total fund balance (deficit)	5,597,774	14,755,373	(2,917,940)	17,435,207
Total liabilities and fund balance	\$ 5,992,908	\$ 15,539,301	\$ 8,413	\$ 21,540,622

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2005

ASSETS	Housing Assistance	Community Development	Police Grant	Brownfield Coop Agreement
Cash and investments	\$ 495,646	\$ 16,883	\$ -	\$ -
Receivables:				
Ad valorem taxes, net	-	-	-	-
Due from other governmental agencies	-	6,841	-	29,867
Sales tax refunds	827	117	-	11
Interest	2,140	-	-	-
Other, net	85,191	179,118	21,285	-
Total assets	\$ 583,804	\$ 202,959	\$ 21,285	\$ 29,878
LIABILITIES AND FUND BALANCE				
Accounts payable and accrued liabilities	\$ 168,506	\$ 18,725	\$ -	\$ 19
Due to other funds	-	-	21,285	29,859
Deferred revenues	-	-	-	-
Total liabilities	168,506	18,725	21,285	29,878
Fund Balances (Deficit)				
Reserved by State statute	88,158	186,076	21,285	29,878
Unreserved:				
Undesignated	327,140	(1,842)	(21,285)	(29,878)
Total fund balance	415,298	184,234	-	-
Total liabilities and fund balance	\$ 583,804	\$ 202,959	\$ 21,285	\$ 29,878

Statement 2

	Home	Capital Reserve	Municipal Service District	Transportation	Total Special Revenue Funds
\$	235,098	\$ 40,430	\$ 83	\$ 4,547,698	\$ 5,335,838
	-	-	2,471	-	2,471
	122,244	-	-	-	158,952
	2	-	-	4,722	5,679
	-	173	-	21,127	23,440
	-	-	3	180,931	466,528
\$	357,344	\$ 40,603	\$ 2,557	\$ 4,754,478	\$ 5,992,908
\$	102,439	\$ -	\$ 86	\$ 51,744	\$ 341,519
	-	-	-	-	51,144
	-	-	2,471	-	2,471
\$	102,439	-	2,557	51,744	395,134
	122,246	173	2,471	206,780	657,067
	132,659	40,430	(2,471)	4,495,954	4,940,707
	254,905	40,603	-	4,702,734	5,597,774
\$	357,344	\$ 40,603	\$ 2,557	\$ 4,754,478	\$ 5,992,908

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OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2005

ASSETS	Public Roadway	Police Station	Total Capital Projects Funds
Cash and investments	\$ 783,406	\$ 1,599,702	\$ 2,383,108
Receivables:			
Sales tax receivable	327	11,806	12,133
Restricted assets- cash and investments	5,411	13,138,649	13,144,060
Total assets	\$ 789,144	\$ 14,750,157	\$ 15,539,301
LIABILITIES AND FUND BALANCES			
Accounts payable and accrued liabilities	\$ 30,000	\$ 753,928	\$ 783,928
Fund Balances			
Reserved by State statute	-	13,152,473	13,152,473
Unreserved:			
Undesignated	759,144	843,756	1,602,900
Total fund balances	759,144	13,996,229	14,755,373
Total liabilities and fund balances	\$ 789,144	\$ 14,750,157	\$ 15,539,301

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OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2005

	Total Special Revenue Fund	Total Capital Project Fund	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 74,705	\$ -	\$ -	\$ 74,705
Restricted intergovernmental revenues	5,091,684	-	-	5,091,684
Investment earnings	92,886	124,035	-	216,921
Program income	546,963	-	-	546,963
Other revenues	-	3,100	-	3,100
Total revenues	5,806,238	127,135	-	5,933,373
Expenditures				
Current:				
Planning and community development	74,705	-	-	74,705
Administration	540,718	-	-	540,718
Housing assistance payments	3,231,539	-	-	3,231,539
Rehabilitation	897,186	-	-	897,186
Professional services	49,974	-	-	49,974
Capital outlay	726,024	3,140,773	-	3,866,797
Debt service	-	-	3,844,027	3,844,027
Total expenditures	5,520,146	3,140,773	3,844,027	12,504,946
Excess (deficiency) of revenues over (under) expenditures	286,092	(3,013,638)	(3,844,027)	(6,571,573)
Other Financing Sources (Uses)				
Debt issued	-	16,105,000	-	16,105,000
Transfers from other funds	3,234,030	-	4,258,120	7,492,150
Transfers to other funds	(1,232,237)	-	-	(1,232,237)
Total other financing sources	2,001,793	16,105,000	4,258,120	22,364,913
Net change in fund balances	2,287,885	13,091,362	414,093	15,793,340
Fund Balances (Deficit)				
Beginning	3,309,889	1,664,011	(3,332,033)	1,641,867
Ending	\$ 5,597,774	\$ 14,755,373	\$ (2,917,940)	\$ 17,435,207

CITY OF CONCORD, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

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

Year Ended June 30, 2005

	Housing Assistance	Community Development	Police Grant	Brownfield Coop Agreement
Revenues				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Restricted intergovernmental revenues	3,638,240	365,357	487,733	35,961
Investment earnings	9,996	-	-	-
Program income	21,694	259,812	-	-
Total revenues	3,669,930	625,169	487,733	35,961
Expenditures				
Current:				
Planning and community development	-	-	-	-
Administration	306,963	88,735	73,777	26,344
Housing assistance payments	3,231,539	-	-	-
Rehabilitation	-	352,200	-	9,617
Professional services	-	-	49,974	-
Capital outlay	125,008	-	363,982	-
Total expenditures	3,663,510	440,935	487,733	35,961
Excess (deficiency) of revenues over (under) expenditures	6,420	184,234	-	-
Other Financing Sources (Uses)				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources	-	-	-	-
Net change in fund balances	6,420	184,234	-	-
Fund Balances				
Beginning	408,878	-	-	-
Ending	\$ 415,298	\$ 184,234	\$ -	\$ -

Statement 5

Home	Capital Reserve	Firefighter Grant	Municipal Service District	Transportation	Total Special Revenue Fund
\$ -	\$ -	\$ -	\$ 74,705	\$ -	\$ 74,705
237,439	-	34	-	326,920	5,091,684
-	603	-	-	82,287	92,886
23,943	-	-	-	241,514	546,963
261,382	603	34	74,705	650,721	5,806,238
-	-	-	74,705	-	74,705
44,211	-	-	-	688	540,718
-	-	-	-	-	3,231,539
402,431	-	-	-	132,938	897,186
-	-	-	-	-	49,974
-	-	-	-	237,034	726,024
446,642	-	-	74,705	370,660	5,520,146
(185,260)	603	34	-	280,061	286,092
47,500	20,000	-	-	3,166,530	3,234,030
-	-	(63)	-	(1,232,174)	(1,232,237)
47,500	20,000	(63)	-	1,934,356	2,001,793
(137,760)	20,603	(29)	-	2,214,417	2,287,885
392,665	20,000	29	-	2,488,317	3,309,889
\$ 254,905	\$ 40,603	\$ -	\$ -	\$ 4,702,734	\$ 5,597,774

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OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Year Ended June 30, 2005

	Public Roadway	Police Station	Total Capital Projects Funds
Revenues			
Investment earnings	\$ 9,657	\$ 114,378	124,035
Other revenues	3,100	-	3,100
Total revenues	12,757	114,378	127,135
Expenditures			
Capital outlay	917,624	2,223,149	3,140,773
Total expenditures	917,624	2,223,149	3,140,773
Deficiency of revenues under expenditures	(904,867)	(2,108,771)	(3,013,638)
Other Financing Sources			
Debt issued	-	16,105,000	16,105,000
Net change in fund balances	(904,867)	13,996,229	13,091,362
Fund Balances			
Beginning	1,664,011	-	1,664,011
Ending	\$ 759,144	\$ 13,996,229	\$ 14,755,373

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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.

Capital Fund Program – These funds are used to account for capital grants awarded to the City's housing department.

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

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF NET ASSETS

June 30, 2005

	Golf Course Fund	Housing Department Operating Fund	Capital Fund Program	Transit Fund	Total Other Enterprise Funds
ASSETS					
Current Assets					
Cash and investments	\$ 550,000	\$ 337,017	\$ -	\$ -	\$ 887,017
Receivables:					
Accounts receivable, net	6,090	1,593	-	50	7,733
Due from other governments	-	-	3,942	-	3,942
Due from other funds	-	624	-	-	624
Sales tax refunds	20,043	6,014	1,890	2,359	30,306
Interest	-	1,314	-	-	1,314
Other	-	-	-	226,376	226,376
Inventories and prepaid expenses	334,306	7,461	-	-	341,767
Total current assets	910,439	354,023	5,832	228,785	1,499,079
Noncurrent assets:					
Capital assets	9,370,775	8,753,123	501,897	2,532,302	21,158,097
Less accumulated depreciation	(265,352)	(2,924,219)	-	(363,601)	(3,553,172)
Bond issuance and premium, net	903,176	-	-	-	903,176
Total noncurrent assets	10,008,599	5,828,904	501,897	2,168,701	18,508,101
Total assets	10,919,038	6,182,927	507,729	2,397,486	20,007,180
LIABILITIES					
Current Liabilities					
Accounts payable and accrued	\$ 58,259	\$ 24,995	\$ 4,000	\$ 135,693	\$ 222,947
Current portion of long-term debt	100,000	21,201	-	-	121,201
Accrued interest	23,178	-	-	-	23,178
Due to other funds	788,962	-	5,833	85,700	880,495
Total current liabilities	970,399	46,196	9,833	221,393	1,247,821
Noncurrent liabilities					
Long-Term Debt due after one year	10,795,000	5,636	-	-	10,800,636
Deposits	-	35,245	-	-	35,245
Total noncurrent liabilities	10,795,000	40,881	-	-	10,835,881
Total liabilities	11,765,399	87,077	9,833	221,393	12,083,702
NET ASSETS (DEFICIT)					
Invested in capital assets, net of related	(886,401)	5,802,067	501,897	2,168,701	7,586,264
Unrestricted	40,040	293,783	(4,001)	7,392	337,214
Total net assets	\$ (846,361)	\$ 6,095,850	\$ 497,896	\$ 2,176,093	\$ 7,923,478

OTHER ENTERPRISE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS
 Year Ended June 30, 2005

	Golf Course Fund	Housing Department Operating Fund	Capital Fund Program	Transit Fund	Total Other Enterprise Funds
Operating Revenues					
Charges for services	\$ 1,047,644	\$ 229,214	\$ -	\$ 114,153	\$ 1,391,011
Other operating revenues	433,514	-	-	-	433,514
Total operating revenue	1,481,158	229,214	-	114,153	1,824,525
Operating Expenses					
General and administrative	-	369,291	-	33,956	403,247
Professional services	748,862	-	-	1,542,424	2,291,286
Utilities	-	275,274	-	-	275,274
Housing maintenance and repairs	120,834	216,487	-	-	337,321
Operating supplies	257,956	-	-	134,920	392,876
Other operating costs	210,607	-	-	-	210,607
Depreciation and amortization	75,233	220,463	-	275,282	570,978
Total operating expenses	1,413,492	1,081,515	-	1,986,582	4,481,589
Operating income (loss)	67,666	(852,301)	-	(1,872,429)	(2,657,064)
Nonoperating Revenues (Expenses)					
Operating subsidy	-	528,591	366,542	1,120,057	2,015,190
Interest earned on investments	233	(3,792)	-	-	(3,559)
Interest expense	(415,563)	-	-	-	(415,563)
Gain on sale of capital assets	-	(5,170)	-	-	(5,170)
Other	3,748	7,196	-	-	10,944
Total nonoperating revenues (expenses)	(411,582)	526,825	366,542	1,120,057	1,601,842
Income (loss) before transfers	(343,916)	(325,476)	366,542	(752,372)	(1,055,222)
Transfers in	100,000	332,256	-	477,089	909,345
Transfers out	-	-	(332,256)	-	(332,256)
Transfers in (out)	100,000	332,256	(332,256)	477,089	577,089
Change in net assets	(243,916)	6,780	34,286	(275,283)	(478,133)
Net Assets (Deficit):					
Beginning	(602,445)	6,089,070	463,610	2,451,376	8,401,611
Ending	\$ (846,361)	\$ 6,095,850	\$ 497,896	\$ 2,176,093	\$ 7,923,478

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2005

	Golf Course Fund	Housing Department Operating Fund	Capital Fund Program	Transit Fund	Total Other Enterprise Funds
Cash Flows From Operating Activities					
Receipts from customers	\$ 1,471,143	\$ 230,098	\$ 2,632	\$ 322,355	\$ 2,026,228
Payments to employees	-	(95,588)	-	-	(95,588)
Payments to suppliers	(675,815)	(756,273)	62	(1,919,501)	(3,351,527)
Net cash provided by (used in) operating activities	795,328	(621,763)	2,694	(1,597,146)	(1,420,887)
Cash Flows From Noncapital Financing Activities					
Transfers in	100,000	332,256	-	477,089	909,345
Transfers out	-	-	(332,256)	-	(332,256)
Operating grants received	-	528,591	366,542	1,120,057	2,015,190
Net cash provided by noncapital financing activities	100,000	860,847	34,286	1,597,146	2,592,279
Cash Flows From Capital and Related Financing Activities					
Principal payment on long-term debt	(10,345,000)	-	-	-	(10,345,000)
Proceeds from issuance of long-term debt	10,895,000	-	-	-	10,895,000
Bond issuance costs	(554,841)	-	-	-	(554,841)
Interest paid	(443,350)	-	-	-	(443,350)
Acquisition and construction of capital assets	-	(276,530)	(36,980)	-	(313,510)
Other	3,981	1,963	-	-	5,944
Net cash used in capital and related financing activities	(444,210)	(274,567)	(36,980)	-	(755,757)
Cash Flows Provided by Investing Activities					
Earnings on investments	-	4,928	-	-	4,928
Net increase (decrease) in cash and cash equivalents	451,118	(30,555)	-	-	420,563
Cash and cash equivalents:					
Beginning	98,882	367,572	-	-	466,454
Ending	\$ 550,000	\$ 337,017	\$ -	\$ -	\$ 887,017

Continued

OTHER ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2005

	Golf Course Fund	Housing Department Operating Fund	Capital Fund Program	Transit Fund	Total Other Enterprise Funds
Operating income (loss)	\$ 67,666	\$ (852,301)	\$ -	\$ (1,872,429)	\$ (2,657,064)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	75,233	220,463	-	275,282	570,978
Changes in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(5,033)	884	2,632	208,202	206,685
Due from other governmental agencies	-	-	-	-	-
Due from other funds	-	-	(3,942)	-	(3,942)
Inventories and prepaid expenses	(4,190)	(5,983)	-	-	(10,173)
Increase (decrease) in:					
Accounts payable and accrued expenses	(122,328)	5,266	2,693	(42,342)	(156,711)
Vacation accrual	-	5,693	-	-	5,693
Due to other funds	788,962	-	1,311	(165,859)	624,414
Deposits	-	4,215	-	-	4,215
Deferred revenue	(4,982)	-	-	-	(4,982)
Net cash provided by (used in) operating activities	\$ 795,328	\$ (621,763)	\$ 2,694	\$ (1,597,146)	\$ (1,420,887)

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Capital Assets used in the
Operation of Governmental Funds

CITY OF CONCORD, NORTH CAROLINA

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNCTION AND ACTIVITY

June 30, 2005

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment
General Government				
Governing body	\$ -	\$ -	\$ -	\$ 5,429
Administration	4,970,193	14,536,427	290,695	3,665,059
Finance	-	-	-	22,080
Tax office	-	-	-	24,970
Legal	-	-	-	2,113
Human resources	-	-	-	44,148
Total general government	4,970,193	14,536,427	290,695	3,763,799
Public Safety				
Communications	-	-	-	1,590,630
Police	48,130	626,412	110,922	4,715,718
Fire	220,443	3,566,434	113,826	7,988,143
Sign shop	-	45,782	-	335,309
Total public safety	268,573	4,238,628	224,748	14,629,800
Public Works				
Streets	23,807,623	57,850	76,177	1,697,107
Sanitation	-	3,498,290	-	2,531,626
Stormwater	-	-	-	699,923
Cemeteries	-	-	-	6,365
Transportation	50,987	-	-	708
Total public works	23,858,610	3,556,140	76,177	4,935,729
Cultural and Recreational				
Parks and recreational	1,946,087	2,761,766	1,750,467	442,549
Planning and Community				
Development				
Planning and zoning	437,552	-	8,485	342,604
Section 8, Housing Assistance	-	125,008	-	41,453
Total planning and community development	437,552	125,008	8,485	384,057
Total capital assets	\$ 31,481,015	\$ 25,217,969	\$ 2,350,572	\$ 24,155,934

Statement 10

Infrastructure	Construction in Progress	Total
\$ -	\$ -	\$ 5,429
19,573,497	4,749,586	47,785,457
-	45,000	67,080
-	-	24,970
-	-	2,113
-	-	44,148
<u>19,573,497</u>	<u>4,794,586</u>	<u>47,929,197</u>
-	-	1,590,630
-	-	5,501,182
-	-	11,888,846
-	-	381,091
<u>-</u>	<u>-</u>	<u>19,361,749</u>
403,795,450	-	429,434,207
-	-	6,029,916
68,312,059	100,178	69,112,160
-	-	6,365
830,167	345,373	1,227,235
<u>472,937,676</u>	<u>445,551</u>	<u>505,809,883</u>
-	-	6,900,869
138,750	-	927,391
<u>-</u>	<u>-</u>	<u>166,461</u>
138,750	-	1,093,852
<u>\$ 492,649,923</u>	<u>\$ 5,240,137</u>	<u>\$ 581,095,550</u>

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2005

Function/Activity	June 30, 2004	Additions	Retirements	June 30, 2005
General Government				
Governing body	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	44,833,780	2,985,137	33,460	47,785,457
Finance	16,680	50,400	-	67,080
Tax office	14,611	10,359	-	24,970
Legal	2,113	-	-	2,113
Human resources	59,358	-	15,210	44,148
Total general government	44,931,971	3,045,896	48,670	47,929,197
Public Safety				
Communications	1,614,888	6,384	30,642	1,590,630
Police	4,882,362	825,810	206,990	5,501,182
Fire	11,723,690	165,156	-	11,888,846
Sign shop	41,511	339,580	-	381,091
Total public safety	18,262,451	1,336,930	237,632	19,361,749
Public Works				
Streets	416,159,657	13,676,065	401,515	429,434,207
Sanitation	5,850,169	179,747	-	6,029,916
Stormwater	68,927,146	243,236	58,222	69,112,160
Cemeteries	-	6,365	-	6,365
Transportation	857,263	369,972	-	1,227,235
Total public works	491,794,235	14,475,385	459,737	505,809,883
Cultural and Recreational				
Parks and recreational	6,881,413	19,456	-	6,900,869
Planning and Community Development				
Planning and zoning	959,974	7,945	40,528	927,391
Section 8, Housing Assistance	41,453	125,008	-	166,461
Total planning and community development	1,001,427	132,953	40,528	1,093,852
Total capital assets	\$ 562,871,497	\$ 19,010,620	\$ 786,567	\$ 581,095,550

Supplemental Information

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

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HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,819,060	\$ 3,819,060	\$ 3,638,240	\$ (180,820)
Investment earnings	-	-	9,996	9,996
Program income	-	-	21,694	21,694
Total revenues	3,819,060	3,819,060	3,669,930	(149,130)
Expenditures				
Administration	323,280	323,280	306,963	16,317
Housing assistance payments	3,495,780	3,495,780	3,231,539	264,241
Captial outlay	-	127,000	125,008	1,992
Total expenditures	3,819,060	3,946,060	3,663,510	282,550
Excess of revenues over (under) expenditures	-	(127,000)	6,420	(431,680)
Other Financing Sources				
Appropriated fund balance	-	127,000	-	127,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	6,420	\$ (304,680)
Fund Balance				
Beginning			408,878	
Ending			<u>\$ 415,298</u>	

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

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 332,000	\$ 329,163	\$ 2,837	\$ 332,000
Program income	76,062	76,062	-	76,062
Total revenues	408,062	405,225	2,837	408,062
Expenditures				
Administration	81,612	81,612	-	81,612
Rehabilitation	326,450	323,613	2,837	326,450
Total expenditures	408,062	405,225	2,837	408,062
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

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, 2005

	Total Project Authorization	Prior Years	Actual		Total to Date
			Current Year		
Revenues					
Restricted intergovernmental revenues, net of reimbursements	\$ 463,000	\$ -	\$ -		\$ -
Program income	80,000	-	259,812		259,812
Total revenues	543,000	-	259,812		259,812
Expenditures					
Administration	108,600	-	19,299		19,299
Rehabilitation	434,400	-	56,275		56,275
Total expenditures	543,000	-	75,574		75,574
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ 184,238		\$ 184,238

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

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 409,000	\$ 398,345	\$ 10,655	\$ 409,000
Program income	153,639	153,639	-	153,639
Total revenues	562,639	551,984	10,655	562,639
Expenditures				
Administration	108,977	108,977	-	108,977
Rehabilitation	453,662	443,011	10,651	453,662
Total expenditures	562,639	551,988	10,651	562,639
Excess of revenues over (under) expenditures	\$ -	\$ (4)	\$ 4	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B02-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 413,000	\$ 147,233	\$ 234,004	\$ 381,237
Program income	115,000	119,863	-	119,863
Total revenues	528,000	267,096	234,004	501,100
Expenditures				
Administration	105,600	33,052	45,653	78,705
Rehabilitation	422,400	234,041	188,354	422,395
Total expenditures	528,000	267,093	234,007	501,100
Excess of revenues over (under) expenditures	\$ -	\$ 3	\$ (3)	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B03-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 471,000	\$ 275,037	\$ 117,861	\$ 392,898
Program income	80,000	9,450	-	9,450
Total revenues	551,000	284,487	117,861	402,348
Expenditures				
Administration	110,200	11,802	23,783	35,585
Rehabilitation	440,800	272,685	94,083	366,768
Total expenditures	551,000	284,487	117,866	402,353
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ (5)	\$ (5)

POLICE GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 894,150	\$ 294,574	\$ 487,733	\$ 782,307
Expenditures				
Capital outlay	741,750	240,391	363,982	604,373
Professional services	30,000	7,133	49,974	57,107
Administration	122,400	47,050	73,777	120,827
Total expenditures	894,150	294,574	487,733	782,307
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

BROWNFIELD COOP AGREEMENT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2005

	Total Project Budget	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 200,000	\$ 47	\$ 35,961	\$ 36,008
Expenditures				
Administration	45,000	47	26,344	26,391
Rehabilitation	155,000	-	9,617	9,617
Total expenditures	200,000	47	35,961	36,008
Excess of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2005**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,127,698	\$ 267,981	\$ 237,439	\$ 505,420
Program income	876,771	849,770	23,943	873,713
Other income	-	-	-	-
Total revenues	2,004,469	1,117,751	261,382	1,379,133
Expenditures				
Administration	267,389	184,935	44,211	229,146
Rehabilitation	2,017,080	772,651	402,431	1,175,082
Total expenditures	2,284,469	957,586	446,642	1,404,228
Excess (deficiency) of revenues over expenditures	(280,000)	160,165	(185,260)	(25,095)
Other Financing Sources (Uses)				
Transfers in	280,000	232,500	47,500	280,000
Total other financing sources (uses)	280,000	232,500	47,500	280,000
Excess of revenues and other financing sources over expenditures	\$ -	\$ 392,665	(137,760)	\$ 254,905
Fund Balance				
Beginning			392,665	
Ending			\$ 254,905	

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2005

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Other income	\$ -	\$ -	\$ 603	\$ 603
Other Financing Sources (Uses)				
Transfers from other funds	-	20,000	20,000	40,000
Excess of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 20,000</u>	<u>20,603</u>	<u>\$ 40,603</u>
Fund Balance				
Beginning			20,000	
Ending			<u>\$ 40,603</u>	

FIREFIGHTER GRANT FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2005**

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Contributions, net of refunds	\$ 53,454	\$ 53,454	\$ -	\$ 53,454
Restricted intergovernmental revenues	326,210	326,031	34	326,065
Total revenues	379,664	379,485	34	379,519
Expenditures				
Capital outlays	410,851	410,644	-	410,644
Professional services	55,163	55,162	-	55,162
Total expenditures	466,014	465,806	-	465,806
Deficiency of revenues over expenditures	(86,350)	(86,321)	34	(86,287)
Other Financing Sources				
Transfers from (to) other funds	86,350	86,350	(63)	86,287
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ 29	\$ (29)	\$ -
Fund Balance				
Beginning			29	
Ending			\$ -	

MUNICIPAL SERVICE DISTRICT FUND

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

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 59,483	\$ 79,483	\$ 74,705	\$ (4,778)
Expenditures				
Community development	59,483	79,483	74,705	4,778
Excess of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

TRANSPORTATION FUND

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

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ 10,000	\$ 42,000	\$ 82,045	\$ 40,045
Total revenues	10,000	42,000	82,045	40,045
Expenditures				
Contract services	250,745	250,745	688	250,057
Capital outlay	377,000	4,303,555	237,034	4,066,521
Total expenditures	627,745	4,554,300	237,722	4,316,578
Deficiency of revenues over expenditures	(617,745)	(4,512,300)	(155,677)	(4,276,533)
Other Financing Sources (Uses)				
Appropriated fund balance	208,558	2,342,113	-	(2,342,113)
Transfers in	1,335,944	3,096,944	3,101,267	4,323
Transfers out	(926,757)	(926,757)	(925,397)	1,360
Total other financing sources	617,745	4,512,300	2,175,870	(2,336,430)
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	\$ 2,020,193	\$ 2,020,193
Change in net assets:				
Transportation Fund			\$ 2,020,193	
Cabarrus Avenue Roundabout Fund (Statement 25)			193,982	
Additional Vehicle Tax Fund (Statement 26)			242	
			<u>2,214,417</u>	
Fund Balance				
Beginning			2,488,317	
Ending			<u>\$ 4,702,734</u>	

CABARRUS AVENUE ROUNDABOUT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2005

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 2,950,660	\$ 45,664	\$ 326,920	\$ 372,584
Total revenues	2,950,660	45,664	326,920	372,584
Expenditures				
Capital outlay	2,950,660	239,646	132,938	372,584
Total expenditures	2,950,660	239,646	132,938	372,584
Excess of revenues over expenditures	\$ -	\$ (193,982)	\$ 193,982	\$ -

ADDITIONAL VEHICLE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ -	\$ 225,000	\$ 241,514	\$ 16,514
Investment earnings	-	-	242	242
Total revenues	-	225,000	241,756	16,756
Other Financing Sources (Uses)				
Transfers in	-	65,263	65,263	-
Transfers out	-	(290,263)	(306,777)	(16,514)
Total other financing sources	-	(225,000)	(241,514)	(16,514)
Total of revenues and other financing sources	\$ -	\$ -	\$ 242	\$ 242

ELECTRIC OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Changes for services	\$ 47,000,000	\$ 50,024,490	\$ 50,130,478	\$ 105,988
Other operating revenues	410,000	940,608	494,600	(446,008)
Total operating revenues	47,410,000	50,965,098	50,625,078	(340,020)
Operating Expenditures				
Administration	602,592	527,068	422,855	104,213
Purchased power	29,575,000	32,361,000	31,161,240	1,199,760
Power line and plant	12,804,303	13,121,965	9,880,689	3,241,276
Total operating expenditures	42,981,895	46,010,033	41,464,784	4,545,249
Nonoperating Revenues (Expenditures)				
Capital outlay	(745,550)	(1,685,355)	(4,189,501)	(2,504,146)
Interest earned on investments	250,000	316,000	514,963	198,963
Debt service and capital lease payments	(2,337,003)	(2,337,003)	(2,292,084)	44,919
Appropriated Fund Balance	1,022,606	3,232,605	-	(3,232,605)
Gain on sale of capital assets	-	35,500	20,819	(14,681)
Other income	-	-	107,843	107,843
Total nonoperating expenditures	(1,809,947)	(438,253)	(5,837,960)	(5,399,707)
Income before capital contributions and transfers	2,618,158	4,516,812	3,322,334	(1,194,478)
Transfers Out				
To Transportation Fund	-	(1,212,000)	(1,212,000)	-
To Regional Airport Fund	(1,618,158)	(2,304,812)	(2,224,790)	80,022
To Wastewater Fund	(1,000,000)	(1,000,000)	(1,000,000)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	(1,114,456)	\$ (1,114,456)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,254,092)	
Capital outlay			4,189,501	
Debt service			1,135,130	
Change in net assets			\$ 956,083	
Change in net assets:				
Electric Operating Fund			\$ 956,083	
2002 Revenue Bonds Capital Project Fund (Statement 28)			552,607	
			\$ 1,508,690	

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, 2005

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 27,868	\$ 72,088	\$ 16,355	\$ 88,443
	27,868	72,088	16,355	88,443
Expenditures				
Capital outlay:				
100 KV - Substation J	950,000	991,235	180,039	1,171,274
100 KV - Substation K	3,185,000	1,445,532	329,056	1,774,588
100 KV - Substation E	2,100,000	343,030	62,425	405,455
Sub C Conversion	185,215	178,551	-	178,551
100 KV loop construction	-	-	1,964	1,964
Sub L Substation	-	-	1,606	1,606
Debt service reserve	4,872,797	-	-	-
Total expenditures	11,293,012	2,958,348	575,090	3,533,438
Deficiency of revenues over expenditures	(11,265,144)	(2,886,260)	(558,735)	(3,444,995)
Other Financing Sources				
Capital contribution	-	-	536,252	536,252
Operating Transfer In	1,635,215	1,635,215	-	1,635,215
Bond proceeds	9,629,929	9,629,929	-	9,629,929
	11,265,144	11,265,144	536,252	11,801,396
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 8,378,884	(22,483)	\$ 8,356,401
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			575,090	
Change in net assets			\$ 552,607	

WATER OPERATING FUND

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

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 13,100,780	\$ 13,600,780	\$ 14,107,072	\$ 506,292
Other operating revenues	772,250	979,371	1,064,559	85,188
Total operating revenues	13,873,030	14,580,151	15,171,631	591,480
Operating Expenditures				
Water plants and lakes	4,789,779	5,075,631	3,407,104	1,668,527
Water line operation and maintenance	4,590,944	4,613,999	4,219,245	394,754
Total operating expenditures	9,380,723	9,689,630	7,626,349	2,063,281
Nonoperating Revenues (Expenditures)				
Interest earned on investments	75,000	250,000	408,900	158,900
Capital outlay	(2,422,500)	(2,999,613)	(1,485,017)	1,514,596
Debt service	(4,644,807)	(4,644,807)	(4,445,039)	199,768
Gain on sale of capital assets	-	-	33,450	33,450
Miscellaneous revenues	-	3,683	3,819	136
Appropriated Fund Balance	2,500,000	2,500,216	-	(2,500,216)
Total nonoperating expenditures	(4,492,307)	(4,890,521)	(5,483,887)	(593,366)
Income before capital contributions				
	-	-	2,061,395	2,061,395
Capital Contributions	-	-	1,034,386	1,034,386
Excess of revenues, capital contributions in over expenditures	\$ -	\$ -	3,095,781	\$ 3,095,781
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,605,625)	
Capital outlay			1,485,017	
Debt service			2,341,669	
Change in net assets			\$ 4,316,842	
Change in net assets:				
Water Operating Fund			\$ 4,316,842	
2002 Revenue Bonds Capital Project Fund (Statement 30)			265,525	
			\$ 4,582,367	

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, 2005

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 104,836	\$ 271,188	\$ 61,525	\$ 332,713
Other revenue	-	50,000	204,000	254,000
	<u>104,836</u>	<u>321,188</u>	<u>265,525</u>	<u>586,713</u>
Expenditures				
Administrative	637,586	620,438	-	620,438
Capital Outlay:				
Capitalized Interest	723,939	663,788	-	663,788
Cost of issuance	-	2,104	7,563	9,667
Peak Shaving Generator	321,980	340,808	-	340,808
Hillgrove Treatment Plant	3,933,639	3,963,357	30,066	3,993,423
Highway 73 East Tank	1,159,400	1,064,864	39,644	1,104,508
Coddle Creek Plant Upgrade	5,919,043	5,020,813	847,475	5,868,288
Exposition Center Water Line	1,707,808	1,707,808	-	1,707,808
Eastfield Water Line	4,383,394	3,857,628	24,183	3,881,811
Total expenditures	<u>18,786,789</u>	<u>17,241,608</u>	<u>948,931</u>	<u>18,190,539</u>
Loss before other financing sources	<u>(18,681,953)</u>	<u>(16,920,420)</u>	<u>(683,406)</u>	<u>(17,603,826)</u>
Other Financing Sources				
Capital contributions	-	50,000	-	50,000
Bond proceeds	18,681,953	15,913,415	-	15,913,415
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (957,005)</u>	<u>(683,406)</u>	<u>\$ (1,640,411)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			948,931	
Change in net assets			<u>\$ 265,525</u>	

WASTEWATER OPERATING FUND

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

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 10,001,904	\$ 10,188,904	\$ 10,149,250	(39,654)
Other operating revenues	802,000	802,000	883,564	81,564
Total operating revenues	10,803,904	10,990,904	11,032,814	41,910
Operating Expenditures				
Wastewater line and plant	9,419,401	9,433,559	9,150,968	282,591
Nonoperating Revenues (Expenditures)				
Interest earned on investments	75,000	75,000	190,087	115,087
Loan repayments	335,555	335,555	335,554	(1)
Capital outlay	(1,155,665)	(2,355,318)	(1,369,411)	985,907
Debt service	(2,904,730)	(2,904,730)	(2,964,645)	(59,915)
Gain on sale of capital assets	-	-	8,100	8,100
Appropriated Fund Balance	1,265,337	2,292,148	-	(2,292,148)
Total nonoperating expenditures	(2,384,503)	(2,557,345)	(3,800,315)	(1,242,970)
Loss before capital contributions and transfers in	(1,000,000)	(1,000,000)	(1,918,469)	(918,469)
Capital Contributions	-	-	1,865,972	1,865,972
Transfers In				
From Electric Fund	1,000,000	1,000,000	1,000,000	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	947,503	\$ 947,503
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(2,118,752)	
Capital outlay			1,369,411	
Debt service			1,615,093	
Principal payments received on notes			(241,182)	
Change in net assets			\$ 1,572,073	

GOLF COURSE OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,209,543	\$ 1,209,543	\$ 1,047,644	\$ (161,899)
Other operating revenues	492,335	505,222	433,514	(71,708)
Total operating revenues	1,701,878	1,714,765	1,481,158	(233,607)
Operating Expenditures				
Professional services	861,156	861,156	748,862	112,294
Operating supplies	235,407	265,407	257,956	7,451
Maintenance	117,035	199,922	120,834	79,088
Other operating costs	284,521	284,521	210,607	73,914
Total operating expenditures	1,498,119	1,611,006	1,338,259	272,747
Nonoperating Revenues (Expenditures)				
Interest earned on investment	660	660	-	(660)
Miscellaneous revenue	4,550	4,550	3,748	(802)
Total nonoperating expenditures	5,210	5,210	3,748	(1,462)
Income before transfers	208,969	108,969	146,647	37,678
Transfers in (out)				
From general fund	402,613	502,613	100,000	(402,613)
Among golf course funds	(611,582)	(611,582)	(443,343)	168,239
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	(196,696)	\$ (196,696)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(6,265)	
Change in net assets			\$ (202,961)	
Change in net assets:				
Golf Course Operating Fund			\$ (202,961)	
First Concord Capital Project Fund			(40,955)	
			\$ (243,916)	

REGIONAL AIRPORT OPERATING FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 5,945,740	\$ 6,826,740	\$ 6,972,732	\$ 145,992
Other operating revenues	111,800	137,202	139,601	2,399
Total operating revenues	6,057,540	6,963,942	7,112,333	148,391
Operating Expenditures				
Airport operation and maintenance	6,191,300	7,135,093	6,937,140	197,953
Total operating expenditures	6,191,300	7,135,093	6,937,140	197,953
Nonoperating Revenues (Expenditures)				
Interest earned on investment	-	30,000	96,601	66,601
Capital outlay	(533,334)	(6,020,361)	(6,737,432)	(717,071)
Debt service	(370,070)	(632,120)	(495,061)	137,059
Miscellaneous revenues	15,000	44,550	53,476	8,926
Appropriated Fund Balance	-	1,290,264	-	(1,290,264)
Total nonoperating expenditures	(888,404)	(5,287,666)	(7,082,416)	(1,794,750)
Income (loss) before capital contributions and transfers	(1,022,164)	(5,458,817)	(6,907,223)	(1,448,406)
Capital Contributions	900,000	4,700,000	4,417,063	(282,937)
Transfers In (Out)				
From Electric Fund	1,618,158	2,304,812	2,224,790	(80,022)
Among Airport Funds	(1,495,994)	(1,545,995)	(1,169,980)	376,015
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	(1,435,350)	\$ (1,435,350)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(679,723)	
Capital outlay			6,737,432	
Debt service			327,499	
Change in net assets			\$ 4,949,858	
Change in net assets:				
Regional Airport Operating Fund			\$ 4,949,858	
First Concord Capital Project Fund			479,905	
			\$ 5,429,763	

HOUSING DEPARTMENT OPERATING FUND

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

Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 320,060	\$ 320,060	\$ 229,214	\$ (90,846)
Operating Expenditures				
Administrative	364,565	354,565	369,291	(14,726)
Utilities	266,270	266,270	275,274	(9,004)
Housing maintenance and repairs	247,225	257,225	216,487	40,738
Total operating expenditures	878,060	878,060	861,052	17,008
Nonoperating Revenues (Expenditures)				
Operating subsidy	542,000	542,000	528,591	(13,409)
Interest earned on investments	10,000	10,000	(3,792)	(13,792)
Miscellaneous	6,000	6,000	7,196	1,196
Loss on sale of capital assets	-	-	(5,170)	(5,170)
Total nonoperating revenues	558,000	558,000	526,825	(31,175)
Gain before transfer in	-	-	(105,013)	(105,013)
Transfer in	-	-	332,256	332,256
Excess of revenues over expenditures	\$ -	\$ -	227,243	\$ 227,243
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(220,463)	
Change in net assets			\$ 6,780	

CAPITAL FUND PROGRAM

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2005**

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Capital outlay	\$ 737,342	\$ 414,000	\$ 334,236	\$ 748,236
Other Financing Sources (Uses)				
Federal grants	839,342	556,550	366,542	923,092
Excess of other financing sources over expenditures	102,000	142,550	32,306	174,856
Transfers Out				
Housing Department Operating Fund	(102,000)	(417,414)	(332,256)	(749,670)
Excess of other financing sources over expenditures and transfers	\$ -	\$ (274,864)	(299,950)	\$ (574,814)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			334,236	
Change in net assets			\$ 34,286	

TRANSIT FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2005**

	Total Project Authorization	Actual Prior Years	Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 194,434	\$ 210,735	\$ 114,153	\$ 324,888
Operating Expenditures				
Administrative	171,851	153,768	33,956	187,724
Professional services	494,810	489,266	1,542,424	2,031,690
Operating supplies	54,307	54,307	134,920	189,227
Miscellaneous	3,384	5,777	-	5,777
Total operating expenditures	724,352	703,118	1,711,300	2,414,418
Nonoperating Revenues (Expenditures)				
Operating subsidy	2,962,765	2,839,438	1,120,057	3,959,495
Capital outlay	(2,532,303)	(2,532,302)	-	(2,532,302)
Interest earned on investments	-	750	-	750
Excess (deficiency) of revenues over expenditures before transfer in	(99,456)	(184,497)	(477,090)	(661,587)
Transfer In	99,456	191,890	477,089	668,979
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 7,393	(1)	\$ 7,392
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(275,282)	
Capital outlay			-	
Change in net assets			\$ (275,283)	

INTERNAL SERVICE FUND

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

Year Ended June 30, 2005

	Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 1,413,970	\$ 1,381,875	\$ 32,095
Professional services	65,163	63,519	1,644
Other expenses	463,674	343,188	120,486
Capital outlay	152,600	166,629	(14,029)
Debt service	1,853	2	1,851
Building and grounds allocation	(2,097,260)	(1,881,405)	(215,855)
	-	73,808	(73,808)
Data Services			
Salaries and benefits	62,228	63,388	(1,160)
Professional services	744,868	750,000	(5,132)
Other expenses	335,800	277,667	58,133
Capital outlay	206,502	115,106	91,396
Data services allocation	(1,349,398)	(1,169,694)	(179,704)
	-	36,467	(36,467)
Fleet Services			
Salaries and benefits	675,625	713,133	(37,508)
Professional services	350	390	(40)
Other expenses	908,081	932,819	(24,738)
Capital outlay	115,845	115,845	-
Debt service	6,113	127	5,986
Fleet services allocation	(1,706,014)	(1,687,594)	(18,420)
	-	74,720	(74,720)
Engineering			
Salaries and benefits	1,549,449	1,504,396	45,053
Professional services	7,500	1,265	6,235
Other expenses	172,259	121,872	50,387
Capital outlay	45,669	44,678	991
Engineering allocation	(1,774,877)	(1,683,881)	(90,996)
	-	(11,670)	11,670
Call Center			
Salaries and benefits	247,467	252,249	(4,782)
Other expenses	23,848	15,296	8,552
Capital outlay	22,775	22,230	545
Billing allocation	(294,090)	(280,473)	(13,617)
	-	9,302	(9,302)

INTERNAL SERVICE FUND

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2005**

	Budget	Actual	Variance - Favorable (Unfavorable)
Billing			
Salaries and benefits	\$ 653,965	\$ 616,980	\$ 36,985
Professional services	7,000	1,150	5,850
Other expenses	224,379	190,224	34,155
Capital Outlay	97,621	48,064	49,557
Billing allocation	(982,965)	(856,881)	(126,084)
	-	(463)	463
Customer Service			
Salaries and benefits	596,786	613,306	(16,520)
Professional services	6,980	1,372	5,608
Other expenses	64,898	48,061	16,837
Capital outlay	50,195	50,190	5
Customer service allocation	(718,859)	(672,491)	(46,368)
	-	40,438	(40,438)
Warehouse Operations			
Salaries and benefits	431,624	445,336	(13,712)
Professional services	5,500	4,980	520
Other expenses	53,091	34,653	18,438
Capital outlay	109,200	102,795	6,405
Warehouse allocation	(599,415)	(530,092)	(69,323)
	-	57,672	(57,672)
Utilities Collection			
Salaries and benefits	215,535	201,323	14,212
Professional services	52,629	51,196	1,433
Other expenses	21,519	16,994	4,525
Utilities collection allocation	(289,683)	(269,926)	(19,757)
	-	(413)	413
Deficiency of revenues over expenditures	\$ -	279,861	\$ (279,861)
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		385,676	
Capital outlay		(665,537)	
Change in net assets before capital contributions		\$ -	

FIRST CONCORD CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2004

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 680,856	\$ 680,856	\$ -	\$ 680,856
Contribution	305,700	-	5,700	5,700
Investment earnings	499,632	493,313	126,360	619,673
Miscellaneous earnings	2,765	2,765	-	2,765
Total revenue	1,488,953	1,176,934	132,060	1,308,994
Expenditures				
Debt service	11,402,070	8,257,851	5,731,102	13,988,953
Cost of issuance	1,011,752	357,316	-	357,316
Administration	-	-	2,600	2,600
Capital outlay:				
Lake Concord Road Widening	6,483,344	6,483,344	-	6,483,344
International Drive Turnlane	463,935	428,726	17,818	446,544
Pitt School Turnlane	432,717	432,717	-	432,717
Roberta Church Turnlane	42,510	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	1,028,680	288,670	279,079	567,749
Village Greenway	301,765	23,223	8,550	31,773
JW McGee Junior Park	916,154	563,890	352,263	916,153

FIRST CONCORD CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2004

	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	1,010,761	2,183,786	3,194,547
Communication equipment	835,000	-	-	-
Total expenditures	56,373,398	36,594,596	8,575,198	45,169,794
Deficiency of revenues over expenditures	(54,884,445)	(35,417,662)	(8,443,138)	(43,860,800)
Other Financing Sources				
Transfers in	12,900,692	9,630,140	5,871,442	15,501,582
Bond proceeds	41,983,753	25,878,753	16,374,141	42,252,894
Total other financing sources	54,884,445	35,508,893	22,245,583	57,754,476
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ 91,231	13,802,445	\$ 13,893,676
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay - Governmental activities			2,841,496	
Debt service principal payments			3,550,000	
Bond proceeds			(16,374,141)	
Depreciation and amortization			(1,723,630)	
Change in net assets			\$ 2,096,170	
The change in First Concord net assets is allocated as follows:				
Debt Service Fund			\$ 414,093	
Public Roadway Capital Project Fund			(626,066)	
General fixed asset account group			1,869,193	
Golf Course Fund			(40,955)	
Regional Airport Fund			479,905	
			\$ 2,096,170	

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2005

Fiscal Year	Uncollected Balance June 30, 2004	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2005
2004 - 2005	\$ -	\$ 29,739,025	\$ 29,143,606	\$ 595,419
2003 - 2004	569,919	-	479,631	90,288
2002 - 2003	169,412	-	104,601	64,811
2001 - 2002	78,377	-	30,575	47,802
2000 - 2001	156,648	-	68,881	87,767
1999 - 2000	(659)	-	(10,677)	10,018
1998 - 1999	22,297	-	(9,852)	32,149
1997 - 1998	11,394	-	(6,208)	17,602
1996 - 1997	11,963	-	(3,377)	15,340
1995 - 1996	12,623	-	205	12,418
1994 - 1995	7,992	-	7,992	-
	<u>\$ 1,039,966</u>	<u>\$ 29,739,025</u>	<u>\$ 29,805,377</u>	<u>973,614</u>
Less allowance for uncollectible ad valorem taxes receivable				243,404
Ad valorem taxes receivable				<u><u>\$ 730,210</u></u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 29,640,173	\$ 74,145	
Penalties collected	43,064	76	
Taxes written off	47,919	-	
Total collections and credits	<u>\$ 29,731,156</u>	<u>\$ 74,221</u>	\$ 29,805,377
Refunds and discounts			(14,746)
Interest billed and collected during the year			201,320
Taxes written off			(47,919)
Total Ad valorem taxes			<u><u>\$ 29,944,032</u></u>

ANALYSIS OF CURRENT TAX LEVY
Year Ended June 30, 2005

	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 5,473,450,466	0.43	\$ 23,535,837	\$ 23,535,837	\$ -
Current year's rate, Motor vehicles	285,376,279	0.43	1,227,118	-	1,227,118
Prior year taxes, Motor vehicles	202,602,000	0.45	911,709	-	911,709
Penalties		-	27,939	27,939	-
Discoveries/additional listings:					
Current year taxes, City wide	1,059,874,419	0.43	4,557,460	4,557,460	-
Current year's rate, Motor vehicles	846,575	0.43	3,622	-	3,622
Prior year taxes, Motor vehicles	851,409	0.45	3,787	-	3,787
Penalties		-	36,614	36,614	-
Abatements:					
Current year's rate, City wide	(131,223,489)	0.43	(564,261)	(564,261)	-
Current year's rate, Motor vehicles	(6,409,768)	0.43	(27,562)	-	(27,562)
Prior year taxes, Motor vehicles	(6,212,193)	0.45	(27,955)	-	(27,955)
Penalties		-	(18,490)	(18,490)	-
Total for year	\$ 6,879,155,698		29,665,818	27,575,099	2,090,719
Less uncollected tax at June 30, 2005			594,372	349,849	244,523
Current year's taxes collected			\$ 29,071,446	\$ 27,225,250	\$ 1,846,196
Current levy collection percentage			98.00%	98.73%	88.30%
Distribution of levy:					
General Fund			\$ 29,665,818		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2005

	Reported Value	Fair Value
Cash		
On hand	\$ 21,925	\$ 21,925
Demand deposits	4,053,998	4,053,998
Certificates of deposit	659,744	659,744
Total cash	<u>4,735,667</u>	<u>4,735,667</u>
Investments		
North Carolina Capital Management Trust	30,596,080	30,596,080
FNMA Discount Notes	12,163,209	12,041,068
Federal Home Loan	16,176,030	15,995,782
Commercial Paper	22,667,602	22,817,858
State Government Securities	6,000,000	6,000,000
Total investments	<u>87,602,921</u>	<u>87,450,788</u>
Total cash and investments	<u>\$ 92,338,588</u>	<u>\$ 92,186,455</u>
Distribution by Fund		
General Fund		\$ 25,460,861
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		495,646
Community Development		16,883
Home		235,098
Transportation Fund		4,547,698
Capital Reserve		40,430
Municipal Service District		83
Debt Service Fund (Restricted)		8,413
Capital Project Funds:		
Public Roadway:		
Unrestricted		783,406
Restricted		5,411
Police Station:		
Unrestricted		1,599,702
Restricted		13,138,649
Enterprise Funds:		
Electric Fund:		
Unrestricted	14,947,645	
Restricted	<u>2,856,484</u>	17,804,129

SCHEDULE OF CASH AND INVESTMENT BALANCES (Continued)
June 30, 2005

Distribution by Fund (Continued)		
Water Fund:		
Unrestricted	\$ 10,846,245	
Restricted	<u>3,899,037</u>	\$ 14,745,282
Wastewater Fund:		
Unrestricted	4,397,894	
Restricted	<u>1,674,637</u>	6,072,531
Regional Airport Fund:		
Unrestricted	6,497,349	
Restricted	<u>-</u>	6,497,349
Golf Course Fund - Unrestricted		550,000
Housing Department Fund - Unrestricted		<u>337,017</u>
Total reported value		<u><u>\$ 92,338,588</u></u>

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2005

Line Item	Account Description	Low Rent Public Housing	Housing Choice Vouchers	Public Housing Capital Fund
Assets:				
Current Assets:				
Cash:				
111	Cash - unrestricted	\$ 349,392	\$ 495,646	\$ -
100	Total cash	349,392	495,646	-
Accounts and notes receivable:				
124	Accounts receivable - other government	6,014	826	-
125	Accounts receivable - miscellaneous	624	-	-
126	Accounts receivable - tenants- dwelling rents	8,729	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(7,136)	-	-
129	Accrued interest receivable	1,312	2,140	-
120	Total receivables	9,543	2,966	-
142	Prepaid expenses and other assets	250	-	-
143	Inventories	7,211	-	-
150	Total current assets	366,396	498,612	-
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	(2,924,219)	(56,974)	-
167	Construction in progress	-	-	501,896
180	Total non-current assets	1,517,921	42,407	501,896
190	Total Assets	\$ 1,884,317	\$ 541,019	\$ 501,896
Liabilities and Equity:				
Liabilities:				
Current Liabilities:				
312	Accounts payable (less than or equal to 90 days)	\$ 15,179	\$ 3,888	\$ -
321	Accrued wage/payroll taxes payable	9,766	6,741	-
322	Accrued compensated absences	26,837	9,503	-
331	Accounts payable - HUD PHA programs	-	161,903	-
341	Tenant security deposits	35,245	662	-
310	Total current liabilities	87,027	182,697	-
300	Total liabilities	87,027	182,697	-
Equity:				
Contributed Capital:				
508.1	Invested in capital assets, net of related debt	1,517,921	42,407	501,896
512.1	Unrestricted net assets	279,369	315,915	-
513	Total equity	1,797,290	358,322	501,896
600	Total liabilities and equity	\$ 1,884,317	\$ 541,019	\$ 501,896

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS (Continued)
Year Ended June 30, 2005

Line Item	Account Description	Voucher Program 14.850	Voucher Program 14.871	Voucher Program 14.872
Revenues:				
703	Net tenant rental revenue	\$ 229,214	\$ -	\$ -
706	HUD PHA grants	528,591	3,524,007	35,000
706.1	Capital grants	-	-	366,543
711	Investment income - unrestricted	-	4,423	-
714	Fraud recovery	-	2,751	-
715	Other income	7,197	18,943	-
716	Gain/loss on sale of fixed assets	(5,170)	-	-
720	Investment income - restricted	-	5,575	-
700	Total revenues	759,832	3,555,699	401,543
Expenses:				
Administrative:				
911	Administrative salaries	212,736	195,822	-
912	Auditing fees	439	1,656	-
914	Compensated absences	5,692	3,277	-
915	Employee benefit contributions	67,280	58,676	-
916	Other operating - administrative	50,310	175,818	-
924	Tenant services - other	8,341	-	-
931	Water	50,509	-	-
932	Electricity	53,250	-	-
933	Gas	120,481	-	-
938	Other utility expenses	51,034	-	-
941	Ordinary maintenance and operations - labor	46,460	-	-
942	Ordinary maintenance and operations - materials and other	66,159	-	-
943	Ordinary maintenance and operations - contract costs	103,868	-	-
961	Insurance premiums	7,808	-	-
963	Bad debt - tenant rents	5,223	-	-
969	Total operating expenses	849,590	435,249	-
970	Excess of operating revenues over operating expenses	(89,758)	3,120,450	401,543
973	Housing assistance payments	-	3,231,539	-
974	Depreciation expense	220,463	7,470	-
900	Total expenses	1,070,053	3,674,258	-
1001	Operating transfers in	35,000	-	(35,000)
1000	Excess of revenue over expenses	(275,221)	(118,559)	366,543
1103	Beginning equity	2,063,882	380,622	464,917
1104	Prior period adjustments, equity transfers & correction of errors	8,629	96,259	(329,564)
	Ending equity	\$ 1,797,290	\$ 358,322	\$ 501,896
1113	Maxium annual contributions commitment (per ACC)	\$ -	\$ 3,638,240	\$ -
1115	Contingency reserve, ACC program reserve	-	330,059	-
1116	Total annual contributions available	-	3,968,299	-
1120	Gross number of units	2,088	6,408	-
1121	Number of unit months leased	2,014	6,304	-

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2005

	July 1, 2004	Increases	Decreases	June 30, 2005
Electric Fund				
Capital assets, not being depreciated:				
Land	\$ 543,644	\$ -	\$ -	\$ 543,644
Construction in progress	2,754,514	493,190	-	3,247,704
Total capital assets, not being depreciated	<u>3,298,158</u>	<u>493,190</u>	<u>-</u>	<u>3,791,348</u>
Capital assets, being depreciated:				
Buildings	4,792,302	-	-	4,792,302
Improvements other than buildings	76,148,595	3,111,145	-	79,259,740
Machinery and equipment	5,166,826	1,091,092	625,652	5,632,266
Total capital assets, being depreciated	<u>86,107,723</u>	<u>4,202,237</u>	<u>625,652</u>	<u>89,684,308</u>
Accumulated depreciation:				
Buildings	421,942	2,375,104	-	2,797,046
Improvements other than buildings	31,806,234	9,917	-	31,816,151
Machinery and equipment	3,656,174	693,860	594,598	3,755,436
Total accumulated depreciation	<u>35,884,350</u>	<u>3,078,881</u>	<u>594,598</u>	<u>38,368,633</u>
Total capital assets, being depreciated, net	<u>50,223,373</u>	<u>1,123,356</u>	<u>31,054</u>	<u>51,315,675</u>
Electric Fund capital assets, net	<u>\$ 53,521,531</u>	<u>\$ 1,616,546</u>	<u>\$ 31,054</u>	<u>\$ 55,107,023</u>
Water Fund				
Capital assets, not being depreciated:				
Land	\$ 460,479	\$ -	\$ -	\$ 460,479
Construction in progress	12,223,366	106,022	-	12,329,388
Total capital assets, not being depreciated	<u>12,683,845</u>	<u>106,022</u>	<u>-</u>	<u>12,789,867</u>
Capital assets, being depreciated:				
Buildings	10,822,777	-	-	10,822,777
Improvements other than buildings	74,685,053	2,260,146	-	76,945,199
Machinery and equipment	1,629,438	373,446	258,219	1,744,665
Total capital assets, being depreciated	<u>87,137,268</u>	<u>2,633,592</u>	<u>258,219</u>	<u>89,512,641</u>
Accumulated depreciation:				
Buildings	6,456,173	59,522	-	6,515,695
Improvements other than buildings	16,563,935	2,162,807	-	18,726,742
Machinery and equipment	1,267,145	143,266	258,219	1,152,192
Total accumulated depreciation	<u>24,287,253</u>	<u>2,365,595</u>	<u>258,219</u>	<u>26,394,629</u>
Total capital assets, being depreciated, net	<u>62,850,015</u>	<u>267,997</u>	<u>-</u>	<u>63,118,012</u>
Water fund capital assets, net	<u>\$ 75,533,860</u>	<u>\$ 374,019</u>	<u>\$ -</u>	<u>\$ 75,907,879</u>

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)**June 30, 2005**

	July 1, 2004	Increases	Decreases	June 30, 2005
Wastewater Fund				
Capital assets, not being depreciated:				
Land	\$ 624,967	\$ 37,800	\$ -	\$ 662,767
Construction in progress	198,766	252,945	-	451,711
Total capital assets, not being depreciated	<u>823,733</u>	<u>290,745</u>	<u>-</u>	<u>1,114,478</u>
Capital assets, being depreciated:				
Buildings	5,115,272	-	-	5,115,272
Improvements other than buildings	60,917,322	2,794,719	-	63,712,041
Machinery and equipment	1,796,390	113,202	320,346	1,589,246
Total capital assets, being depreciated	<u>67,828,984</u>	<u>2,907,921</u>	<u>320,346</u>	<u>70,416,559</u>
Accumulated depreciation:				
Buildings	2,576,078	46,353	-	2,622,431
Improvements other than buildings	12,734,386	1,526,222	-	14,260,608
Machinery and equipment	1,193,357	244,289	320,346	1,117,300
Total accumulated depreciation	<u>16,503,821</u>	<u>1,816,864</u>	<u>320,346</u>	<u>18,000,339</u>
Total capital assets, being depreciated, net	<u>51,325,163</u>	<u>1,091,057</u>	<u>-</u>	<u>52,416,220</u>
Wastewater activities capital assets, net	<u>\$ 52,148,896</u>	<u>\$ 1,381,802</u>	<u>\$ -</u>	<u>\$ 53,530,698</u>
Regional Airport Fund				
Capital assets, not being depreciated:				
Land	\$ 16,799,074	\$ 855,232	\$ -	\$ 17,654,306
Construction in progress	7,151,564	4,434,147	-	11,585,711
Total capital assets, not being depreciated	<u>23,950,638</u>	<u>5,289,379</u>	<u>-</u>	<u>29,240,017</u>
Capital assets, being depreciated:				
Buildings	14,556,822	1,228,271	-	15,785,093
Improvements other than buildings	16,657,440	-	-	16,657,440
Machinery and equipment	1,956,621	132,281	176,133	1,912,769
Total capital assets, being depreciated	<u>33,170,883</u>	<u>1,360,552</u>	<u>176,133</u>	<u>34,355,302</u>
Accumulated depreciation:				
Buildings	2,448,571	507,006	-	2,955,577
Improvements other than buildings	2,652,796	466,361	-	3,119,157
Machinery and equipment	1,835,803	70,433	162,080	1,744,156
Total accumulated depreciation	<u>6,937,170</u>	<u>1,043,800</u>	<u>162,080</u>	<u>7,818,890</u>
Total capital assets, being depreciated, net	<u>26,233,713</u>	<u>316,752</u>	<u>14,053</u>	<u>26,536,412</u>
Regional airport fund capital assets, net	<u>\$ 50,184,351</u>	<u>\$ 5,606,131</u>	<u>\$ 14,053</u>	<u>\$ 55,776,429</u>

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)**June 30, 2005**

	July 1, 2004	Increases	Decreases	June 30, 2005
Other Enterprise Funds				
Capital assets, not being depreciated:				
Land	\$ 10,771,810	\$ -	\$ -	\$ 10,771,810
Construction in progress	200,565	297,256	-	497,821
Total capital assets, not being depreciated	<u>10,972,375</u>	<u>297,256</u>	<u>-</u>	<u>11,269,631</u>
Capital assets, being depreciated:				
Buildings	7,764,458	-	-	7,764,458
Machinery and equipment	6,454,861	825,975	263,279	7,017,557
Total capital assets, being depreciated	<u>14,219,319</u>	<u>825,975</u>	<u>263,279</u>	<u>14,782,015</u>
Accumulated depreciation:				
Buildings	2,889,363	241,936	-	3,131,299
Machinery and equipment	3,298,013	645,445	131,024	3,812,434
Total accumulated depreciation	<u>6,187,376</u>	<u>887,381</u>	<u>131,024</u>	<u>6,943,733</u>
Total capital assets, being depreciated, net	<u>8,031,943</u>	<u>(61,406)</u>	<u>132,255</u>	<u>7,838,282</u>
Other enterprise fund capital assets, net	<u>\$ 19,004,318</u>	<u>\$ 235,850</u>	<u>\$ 132,255</u>	<u>\$ 19,107,913</u>
Business-type activities capital assets, net	<u>\$ 250,392,956</u>	<u>\$ 9,214,348</u>	<u>\$ 177,362</u>	<u>\$ 259,429,942</u>

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

Fiscal Year	Ad Valorem Taxes		Other Taxes	Intergovernmental	Licenses and Permits	Investment Earnings	Other	Total
1996	\$ 9,151,620		\$ 4,123,258	\$ 6,106,864	\$ 428,859	\$ 692,568	\$ 942,428	\$ 21,445,597
1997	12,260,848	(2)	3,277,607	6,386,457	531,976	843,213	1,060,840	24,360,939
1998	14,455,461		4,553,302	7,372,902	668,739	684,280	2,924,767	30,659,451
1999	25,257,541	(3)	5,580,693	7,479,726	837,125	1,340,896	2,399,393	42,895,371
2000	20,326,627		6,872,624	8,465,829	945,442	1,562,820	1,904,079	40,077,421
2001	23,579,177		8,936,432	9,338,374	908,844	1,825,950	1,799,135	46,387,912
2002	25,787,012		7,985,401	7,363,722	945,704	1,291,565	2,000,410	45,373,814
2003	26,363,349		8,098,765	9,573,441	1,548,846	567,965	2,097,822	48,250,188
2004	27,034,919		11,227,814	9,090,821	1,901,077	241,981	1,503,760	51,000,372
2005	29,944,032		11,721,923	9,760,123	1,810,650	937,809	2,329,690	56,504,227

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

(2) Increase due to annexation.

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

CITY OF CONCORD, NORTH CAROLINA

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Cultural and Recreational	Planning and Community Development	Administration	Housing Assistance Payments
1996	\$ 4,126,480	\$ 8,828,176	\$ 4,625,812	\$ 2,316,844	\$ 827,126	\$ 231,245	\$ 1,154,236
1997	6,917,596	9,735,661	4,806,881	2,318,512	1,006,747	244,972	1,124,398
1998	3,031,140	10,675,497	6,974,713	2,411,488	1,132,798	246,124	1,318,229
1999	3,083,074	12,102,053	5,490,801	1,547,630	1,616,000	294,664	1,581,389
2000	2,451,277	13,995,533	6,029,347	2,356,494	1,648,904	420,118	1,974,644
2001	2,999,180	15,510,669	6,652,657	2,705,964	1,682,892	276,225	1,689,147
2002	3,422,366	17,450,440	6,311,292	3,030,065	3,113,589	394,144	2,676,489
2003	3,359,490	18,563,975	6,340,360	3,025,981	3,637,961	433,935	3,151,869
2004	3,174,553	20,229,685	7,755,198	3,321,160	3,201,518	477,794	3,149,939
2005	3,557,999	21,063,625	7,721,365	3,252,320	3,433,787	540,718	3,231,539

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

Table 2

Rehabilitation	Professional Services	Public Services	Public Facilities Improvements	Protective Services	Capital Outlay	Debt Service	Totals
\$ 271,579	\$ -	\$ 45,221	\$ 44,744	\$ 192,258	\$ 856,924	\$ 1,421,178	\$ 24,941,823
356,165	-	30,927	32,524	60,419	769,445	1,841,653	29,245,900
589,756	-	11,000	2,443	40,156	1,775,464	4,549,765	32,758,573
502,003	-	21,426	3,375	113,590	10,129,283	2,105,535	38,590,823
423,092	-	87,743	-	128,924	9,746,141	3,063,391	42,325,608
736,203	-	11,585	-	76,563	10,547,291	3,532,915	46,421,291
760,562	-	41,252	-	-	16,720,834	5,680,788	59,601,821
953,413	39,112	-	-	19,222	5,675,625	4,976,559	50,177,502
603,691	23,183	-	-	-	4,294,814	1,176,462	47,407,997
897,186	49,974	-	-	-	5,469,582	4,931,011	54,149,106

CITY OF CONCORD, NORTH CAROLINA

PROPERTY TAX LEVIES AND COLLECTIONS - ALL FUNDS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy		Current Tax Collections	Percent of Levy Collected		Delinquent Tax Collections	Total Tax Collections
1996	\$ 9,315,562		\$ 9,035,356	97.0	%	\$ 210,888	\$ 9,246,244
1997	12,455,165	(1)	12,039,342	96.7		312,643	12,351,985
1998	14,634,954	(1)	14,226,166	97.2		305,993	14,532,159
1999	25,395,470	(2)	24,904,224	98.1		353,317	25,257,541
2000	20,628,680		19,899,697	96.5		428,176	20,327,873
2001	23,837,784		22,839,769	95.8		805,173	23,644,942
2002	25,719,073		25,068,758	97.5		848,706	25,917,464
2003	26,200,348		25,573,728	97.6		728,656	26,302,384
2004	26,821,016		26,168,438	97.6		752,352	26,920,790
2005	29,739,025		29,143,606	98.0		661,771	29,805,377

(1) Increase due to annexation.

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

Table 3

Percent of Total Tax Collected to Tax Levy		Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
99.3	% \$	684,548	7.3 %
99.2		788,032	6.3
99.3		890,827	6.1
99.5		380,640	1.5
98.5		1,005,564	4.9
99.2		1,157,029	4.9
100.8		1,324,014	5.1
100.4		1,221,978	4.7
100.4		1,122,204	4.2
100.2		973,614	3.3

TAXABLE PROPERTY ASSESSED VALUE
Last Ten Fiscal Years

Fiscal Year	Real Property	Personal Property	Public Service Companies	Total Assessed Value	Ratio of Assessed Value to Estimated Value (2)
1996	\$ 1,470,303,756	\$ 578,264,032	\$ 40,956,447	\$ 2,089,524,235	- %
1997	2,039,226,552 (1)	716,077,938	54,342,532	2,809,647,022	-
1998	2,040,104,999	1,066,777,777 (3)	62,191,757	3,169,074,533	-
1999	3,920,178,069 (4)	1,418,026,978 (4)	77,816,637	5,416,021,684	-
2000	3,338,326,673	1,462,334,330	75,546,547	4,876,207,550	-
2001	3,678,123,184	1,539,619,200	79,395,905	5,297,138,289	-
2002	3,954,204,079	1,632,640,703	103,038,552	5,689,883,334	-
2003	4,084,506,708	1,612,753,738	105,896,665	5,803,157,111	-
2004	4,130,330,811	1,704,945,305	92,385,143	5,927,661,259	-
2005	5,054,574,359	1,725,103,531	99,477,808	6,879,155,698	100

(1) Increase due to annexation.

(2) At the last revaluation in 2005, the ratio of assessed value to estimated actual value was 100%. While there should be some increase in estimated actual value each year, the City has no means to accurately measure the change in ratio of assessed value to estimated actual value. North Carolina law requires that the revaluation of property be completed every eight years.

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

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

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

Fiscal Year	City of Concord	Cabarrus County	Total
1996	0.44	0.56	1.00
1997	0.44	0.61	1.05
1998	0.46	0.66	1.12
1999	0.46	0.70	1.16
2000	0.42	0.59	1.01
2001	0.45	0.56	1.01
2002	0.45	0.56	1.01
2003	0.45	0.56	1.01
2004	0.45	0.56	1.01
2005	0.43	0.53	0.96

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

Fiscal Year	City of Concord		Cabarrus County*	Total
1996	\$ 9,315,562		\$ 33,258,185	\$ 42,573,747
1997	12,455,165	(1)	36,273,701	48,728,866
1998	14,634,954		44,047,896	58,682,850
1999	24,829,090	(2)	63,851,333	88,680,423
2000	20,628,680		57,858,576	78,487,256
2001	23,837,784		63,486,700	87,324,484
2002	25,719,073		63,540,114	89,259,187
2003	26,200,348		64,433,348	90,633,696
2004	26,821,016		66,459,272	93,280,288
2005	29,739,025	(3)	74,720,131	104,459,156

(1) Increase due to annexation.

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

(3) Increase due to reassessment of property value.

* Source: Cabarrus County Tax Department

PRINCIPAL TAXPAYERS**June 30, 2005**

Taxpayer	Type of Business	2005 Assessed Valuation	Percent of Total Assessed Valuation	Tax Levy
Philip Morris, Inc.	Tobacco	\$ 1,085,959,054	19.90 %	\$ 4,669,623
Concord Mills LTS Partnership	Developer/mall	185,688,900	3.40	798,462
Charlotte Motor Speedway	Racing/restaurant	150,309,293	2.75	646,329
Concord Telephone Company	Utility (telephone)	54,042,719	0.99	232,383
Pass & Seymour/LeGrand	Electrical manufacturer	42,578,852	0.78	183,089
Bell/Sysco Food Services, Inc.	Food distributor	29,718,557	0.54	127,789
Browning Ferris Industries	Waste management	28,751,260	0.53	123,630
S&D Coffee Company	Manufacturer/distributor	25,096,331	0.46	107,914
Concord Mills Residual	Real estate developer	22,641,695	0.41	97,359
Jack Roush, LLC	Racing	22,346,038	0.41	96,087
		<u>\$ 1,647,132,699</u>	<u>30.17 %</u>	<u>\$ 7,082,665</u>

**COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2005**

Total assessed value		<u>\$ 6,879,155,698</u>
Debt limit: 8% of total assessed value (1)		\$ 550,332,456
Gross debt:		
Outstanding general obligation bonds	\$ 4,410,000	
Notes payable	56,122,486	
Installment purchase notes	<u>5,266,285</u>	
		65,798,771
Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>3,750,568</u>	<u>62,048,203</u>
Legal debt margin		<u><u>\$ 488,284,253</u></u>

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

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
Last Ten Fiscal Years**

Fiscal Year	Population Estimate*	Taxable Property Assessed Value	Gross Bonded Debt	Debt Payable From Enterprise Revenues	Net Bonded Debt	Ratio Net Bonded Debt to Taxable Property Assessed Value	Net Bonded Debt Per Capita
1996	41,784	\$ 2,089,524,235	\$ 15,950,000	\$ 14,323,074	\$ 1,626,926	0.08	\$ 39
1997	42,431	2,809,647,022	(1) 14,760,001	13,250,890	1,509,111	0.05	36
1998	45,168	3,169,074,533	13,320,001	11,927,254	1,392,747	0.04	31
1999	46,488	5,416,021,684	(2) 11,900,000	10,622,165	1,277,835	0.02	27
2000	50,564	4,876,207,550	10,600,000	9,428,375	1,171,625	0.02	23
2001	56,280	5,297,138,289	9,320,000	8,253,135	1,066,865	0.02	19
2002	58,710	5,689,883,334	8,060,000	7,096,806	963,194	0.02	16
2003	59,791	5,803,157,111	6,820,000	5,959,390	860,610	0.01	14
2004	61,584	5,927,661,259	5,604,999	4,845,522	759,477	0.01	12
2005	63,431	6,879,155,698	4,410,000	3,750,568	659,432	0.01	10

(1) Increase due to annexation.

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

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

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

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Debt Service Expenditures by Enterprise Funds	Total Debt Service (A)	Total General Expenditures (A)	Ratio of Debt Service to Total General Expenditures
1996	\$ 1,395,000	\$ 966,335	\$ (2,248,236)	\$ 113,099	\$ 24,941,823	0.5 %
1997	1,535,000	816,086	(2,150,063)	201,023	29,245,900	0.7
1998	1,440,000	801,760	(2,039,664)	202,096	32,758,573	0.6
1999	1,420,000	726,415	(1,951,920)	194,495	38,590,823	0.5
2000	1,300,000	656,539	(1,776,953)	179,586	42,325,608	0.4
2001	1,280,000	591,307	(1,699,020)	172,287	46,421,291	0.4
2002	1,260,000	523,625	(1,618,274)	165,351	59,601,821	0.3
2003	1,240,000	456,290	(1,537,866)	158,424	50,177,502	0.3
2004	1,215,000	388,867	(1,452,723)	151,144	47,407,997	0.3
2005	1,130,000	307,260	(1,293,048)	144,212	54,149,106	0.3

(A) Governmental Fund Types

**COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2005**

Jurisdiction	Net General Obligation Debt Outstanding (1)	Percentage Applicable to City of Concord Taxpayers	Amount Applicable to City of Concord Taxpayers
City of Concord	\$ 4,410,000	100.00 %	\$ 4,410,000
Cabarrus County (2)	97,805,000	49.16	48,080,938
Total			<u><u>\$ 52,490,938</u></u>

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

(2) Source: Cabarrus County Finance Department

**REVENUE BOND COVERAGE
UTILITY DEPARTMENT
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenues Available for Revenue Bond Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest	Total	
1995	\$ 45,850,021	\$ 33,879,543	\$ 11,970,478	\$ 870,000	\$ 3,308,607	\$ 4,178,607	2.86
1996	47,282,344	34,299,682	12,982,662	905,000	3,273,291	4,178,291	3.11
1997	49,544,867	36,741,960	12,802,907	940,000	1,895,447	2,835,447	4.52
1998	52,946,809	41,564,653	11,382,156	1,750,000	2,698,907	4,448,907	2.56
1999	60,776,843	43,428,038	17,348,805	1,845,000	4,450,364	6,295,364	2.76
2000	65,353,419	45,910,251	19,443,168	2,825,000	6,016,915	8,841,915	2.20
2001	63,347,022	50,959,787	12,387,235	2,950,000	5,885,931	8,835,931	1.40
2002	68,563,188	53,306,589	15,256,599	2,975,002	5,566,954	8,541,956	1.79
2003	74,193,411	56,092,749	18,100,662	3,430,000	4,816,242	8,246,242	2.20
2004	78,021,353	58,242,101	19,779,252	4,195,000	4,648,151	8,843,151	2.24

(1) Total operating revenues plus investment earnings exclusive of revenue bond investment earnings.

(2) Total operating expenses exclusive of depreciation and amortization.

(3) Includes principal and interest of revenue bonds only.

DEMOGRAPHIC STATISTICS
Last Ten Fiscal Years

Fiscal Year	(1) Population	(2) Per Capita Income	(3) School Enrollment*	Unemployment Rate*	
1996	41,784	\$ 21,200	16,451	3.3	% **
1997	42,431	21,702	17,159	2.6	**
1998	45,168	22,304	17,844	2.3	**
1999	46,488	28,071	18,469	1.9	**
2000	50,564	23,895	18,237	2.6	**
2001	56,280	27,514	19,088	4.1	**
2002	58,710	27,855	20,900	5.6	**
2003	59,791	29,842	21,763	5.5	**
2004	61,584	N/A	22,446	7.7	**
2005	63,431	N/A	23,906	4.6	**

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

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

(3) Per Cabarrus County Schools

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

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

N/A Not available

CITY OF CONCORD, NORTH CAROLINA

PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS

Last Ten Fiscal Years

Fiscal Year	Total Assessed Property Value (1)	Commercial Construction		Residential Construction	
		Number of Units	Value	Number of Units	Value
1996	\$ 2,089,524,235	195	\$ 17,591,261	429	\$ 41,117,857
1997	2,809,647,022	179	16,110,000	663	57,762,783
1998	3,169,074,533	98	72,436,799	668	69,446,842
1999	5,416,021,684	202	106,101,215	1,055	93,856,395
2000	4,876,207,550	248	94,712,388	605	60,901,240
2001	5,297,138,289	160	86,361,433	762	60,286,147
2002	5,689,883,334	166	68,174,372	867	54,282,599
2003	5,803,157,111	117	69,934,895	543	52,220,972
2004	5,927,661,259	153	96,057,130	661	66,722,907
2005	6,879,155,698	267	89,780,696	761	82,201,212

(1) Assessed value from Table 4

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

N/A Not Available

Table 14

<u>Multifamily Construction</u>		
<u>Number</u>	<u>Value</u>	<u>Bank Deposits (2) (in Thousands)</u>
36 (292 Units) \$	14,130,872	\$ 555,012
30 (247 Units)	9,096,500	658,283
31 (9 Units)	2,060,000	697,295
71 (904 Units)	24,994,654	758,333
23 (447 Units)	5,121,240	1,141,225
123	5,798,200	929,495
4 (7 Units)	10,951,916	1,062,557
8 (54 Units)	3,319,336	1,184,743
25 Units	2,216,000	1,840,979
2 (3 Units)	468,000	N/A

MISCELLANEOUS STATISTICAL DATA
June 30, 2005

Date of Incorporation 1796	<u>Population</u>	
Date of City Charter 1798	2005 Residents	
Form of Government, Council-Manager	Population	63,431
	Male	49%
	Female	51%
<u>Land Area</u>	Population by race:	
55.43 Square Miles	White	79%
	Black	15%
	Other Races	6%
<u>Elevation</u>	Age (Estimated):	
704 Feet Above Sea Level	(1-19)	18,204
	(20-34)	14,906
	(35-64)	23,279
	(65+)	7,040
<u>Climate</u>	Household size 2.61 per unit	
Average January Temperature	Census Households:	
High 49 degrees/Low 27 degrees	1990	11,671
Average July temperature	2000	20,962
High 90 degrees/Low 67 degrees		
<u>Transportation</u>	<u>Registered Voters</u>	
Major Highways:	August 1, 2005	36,872
Interstate 85	August 1, 2004	37,329
U. S. Routes 29 and 601	August 1, 2003	36,302
U. S. Routes 73 and 49	August 1, 2002	35,779
Rail:	August 1, 2002	35,779
The City is served by Southern Railway Company	August 1, 2001	34,863
Air:	August 1, 2000	35,485
Charlotte Douglas International Airport is	September 1, 1999	33,817
approximately 25 miles from the City	September 1, 1998	31,836
Concord Regional Airport - scheduled service	September 1, 1997	30,126
Ground:		
Greyhound and Trailways bus services	<u>Economy</u>	
Privately-owned taxicab service	Labor Force, June 2005	32,023
Charlotte Area Transit Service (CATS)	Employed Residents, June 2005	30,597
Concord Kannapolis Area Transit (Rider)	Unemployed Residents, June 2005	1,426
	Unemployment Rate, June 2005	4.5%

MISCELLANEOUS STATISTICAL DATA (Continued)
June 30, 2005

<u>Fire Protection</u>		<u>Motels/Hotels</u>	<u>Units</u>
Stations	8	Affordable Efficiency Suites	29
Firemen and officers (exclusive of volunteer firemen)	151	Concord Hotel	35
Administration	4	Holiday Inn Express at Northlite	81
		Hampton Inn at Copperfield	102
		Hampton Inn at Speedway	125
		Hawthorne Suites	84
<u>Police Protection</u>		Holiday Inn Express at Concord Parkway	95
Station (plus 4 substations)	1	Holiday Inn Express at Speedway	79
Policemen and officers	142	Mayfair Motel	54
Administration	18	Bestvalue Inn	32
		Sleep Inn at Copperfield	82
<u>Communications</u>		Sleep Inn at Gateway	119
Televisions: All major networks plus Cablevision		Wingate Inn	93
Local Newspaper:		Springhill Suites	95
Independent Tribune		Comfort Suites	84
Cabarrus Neighbors		Suburban Lodge	101
Regional Newspaper:			
Charlotte Observer			
		<u>Public Recreation</u>	
<u>Miles of Streets</u>		Acreage approximately	469
Paved	449.30	Facilities (City-owned):	
Unpaved	6.10	Parks	83
		Playgrounds	14
		Gymnasiums	3
<u>Education</u>		Basketball Courts	9
Public Schools:		Tennis Courts	14
Elementary	16	Playing Fields	28
Middle School	6	Swimming Pools	1
High School	5	Golf Course	317
Long School Exceptional Childrens Center	1		
Parochial and Private Schools	4		
Higher Education:		<u>Utilities</u>	
Located within the City is the Rowan-Cabarrus		Telephone	Concord Telephone Company
Community College, Cabarrus College of Health		Electric	City of Concord
Sciences, Louise Harkey School of Nursing and		Electric	Duke Energy Corporation
Barber Scotia College		Gas	Public Service Company
		Water	City of Concord
		Sewer	City of Concord

MISCELLANEOUS STATISTICAL DATA (Continued)
June 30, 2005

<u>Housing</u>		<u>Scope of Government</u>	
Estimated Housing Units	26,133	Full-time City Employees	846
Single-family housing units	19,393	Part-time City Employees	31
Manufactured homes	1,403		
Multi-family housing units	716	<u>Financial Institutions</u>	
Townhomes	395	Commercial Banks	8
Condominium apartment units	264		
Rental apartment units	3,962		
Average Assessed Value of Single-family housing units	\$ 141,500		
Average Assessed Value of Condominium Apartments	\$ 265,064		
Average Rent, One-Bedroom Apartments	\$ 614		
Average Rent, Two-Bedroom Apartments	\$ 727		
Average Rent, Three-Bedroom Apartments	\$ 919		
Average Rent, Four-Bedroom Apartments	\$ 1,030		
Average Rent, Five-Bedroom Apartments	\$ 1,390		
Public Housing Units			
Publicly-Assisted Housing Units	400		
<u>Medical Facilities</u>		<u>Beds</u>	
Hospitals:			
Northeast Medical	457		
Nursing Homes:			
St. Andrews Center	56		
Universal Health Care	120		
Brian Center	110		
Five Oaks Nursing Center	184		
Avante' at Concord	120		

McGladrey & Pullen

Certified Public Accountants

**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, the discretely presented component unit, each major fund, and the aggregated remaining fund information of the City of Concord, North Carolina, as of and for the year ended June 30, 2005, which collectively comprises the City of Concord's basic financial statements, and have issued our report thereon dated September 12, 2005. We did not audit the financial statements of the City of Concord ABC Board. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the City of Concord ABC Board were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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, federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 12, 2005

**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, 2005. The City of Concord's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

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

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 12, 2005

McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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 its major State program for the year ended June 30, 2005. The City of Concord's major State program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major State program is the responsibility of the City of Concord's management. Our responsibility is to express an opinion on the City of Concord's compliance based on our audit.

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

In our opinion, the City of Concord complied, in all material respects, with the requirements referred to above that are applicable to its major State program for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

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

McGladrey & Pullen, LLP

Greensboro, North Carolina
September 12, 2005

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Financial Assistance					
U. S. Department of Housing and Urban Development:					
Direct Programs:					
Community Development Block Grant/Entitlement	14.218	B-99-MC-37-0012	\$ 2,837	\$ -	\$ -
	14.218	B-01-MC-37-0012	10,653	-	-
	14.218	B-02-MC-37-0012	234,005	-	-
	14.218	B-03-MC-37-0012	117,862	-	-
	14.218	B-04-MC-37-0012	-	-	75,573
			365,357	-	75,573
HOME Program - Program Income	14.239	M-00-DC-370209	36,920	-	-
	14.239	M-01-DC-370209	12,000	-	-
	14.239	M-02-DC-370209	93,308	-	113,366
	14.239	M-03-DC-370209	74,981	-	50,467
	14.239	M-04-DC-370209	20,230	-	27,111
			237,439	-	190,944
Public Housing: Operating subsidy	14.850	A-3249	1,074,354	-	-
Public Housing Capital Fund	14.872	NC19P00850102	109,957	-	-
	14.872	NC19P00850103	204,884	-	-
	14.872	NC19P00850104	54,394	-	-
			369,235	-	-
Section 8, Housing Assistance Payments for Housing Vouchers	14.871	A-3344-V	3,663,512	-	-
U.S. Department of Justice					
Direct Programs:					
Gas masks	16.592	2002LBBX2228	5,252	-	2,394
Cops in school	16.710	2002SHWX0530	65,493	-	-
Technology equipment	16.710	2003CKWX0046	487,733	-	-
Crime scene evidence collection	16.592	2003LBBX2695	7,137	-	793
Firearm training	16.592	2004LBBX1151	5,825	-	647
Bulletproof vest program	16.607	-	18,473	-	18,473
Checkpoint equipment	-	-	-	6,697	-
			589,913	6,697	22,307
U.S. Department of Homeland Security					
Direct Programs:					
Fire safety house	97.044	EMW2003FG01293	25,091	-	10,752
Assistance to firefighters grant	97.044	EMW2002FG06422	-	-	43
State of domestic preparedness	97.004	HS-TE-02-1106	1,020	-	-
SHSGP-hazardous materials	97.004	HS-TE-03-4104	21,739	-	-
			47,850	-	10,795

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U. S. Department of Transportation					
Passed through North Carolina Department of Transportation:					
Airport Program:					
Runway extension	20.106	36237.29.7.1	\$ 1,348,753	\$ -	\$ 149,861
Airport master plan	20.106	36237.29.6.2	118,682	-	13,186
Air21	20.106	36237.29.7.3	150,000	-	16,667
Airport expansion	20.106	36237.29.8.1	60,198	-	6,688
Runway extension	20.106	36237.29.9.2	504,504	-	56,056
Runway extension	20.106	36237.29.9.4	1,453,500	-	161,500
Airport land	20.106	36237.29.9.3	500,000	100,000	25,000
			4,135,637	100,000	428,958
Transit Planning and Research	20.514	TCSP-1004	-	180,931	-
Federal Transit:					
Metropolitan Planning Grant	20.505	-	-	180,435	52,500
Urbanized Area Grant	20.505	FTA-NC-90-233-00	751,595	6,420	790,351
			751,595	186,855	842,851
U.S. Department of Commerce					
Direct Program:					
Economic adjustment assistance	11.307	EDA#04-79-05437	600,072	-	609,995
U.S. Department of Environmental Protection Agency					
Direct Program:					
Brownfield's Coop Agreement	66.811	BP-97408803-0	35,961	-	-
			11,870,925	474,483	2,181,423
Total federal awards					
State Financial Assistance					
Department of Transportation:					
Powell Bill	N/A		-	1,674,003	-
North Carolina Department of Insurance					
Bike rodeo equipment	N/A		-	3,750	-
PC maintenance grant	N/A		-	2,500	-
North Carolina Department of Cultural Resources:					
Parks and Rec. Trust Fund	N/A		-	-	212,852
			-	1,680,253	212,852
Total state awards					
Total federal and state awards			\$ 11,870,925	\$ 2,154,736	\$ 2,394,275

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, 2005

(1) General

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the City of Concord, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and *The State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) Relationship to Basic Financial Statements

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

	Intergovernmental Revenues	Operating Grants	Capital Contributions	Total
Federal assistance:				
General fund	\$ 155,716	\$ -	\$ -	\$ 155,716
Special revenue funds:				
Housing assistance	3,638,240	-	-	3,638,240
Community development	365,357	-	-	365,357
Police grant	487,733	-	-	487,733
Brownfield Coop	35,961	-	-	35,961
Home	237,439	-	-	237,439
Transportation	326,920	-	-	326,920
Firefighter grant	34	-	-	34
Enterprise funds:				
Regional Airport	-	-	4,417,063	4,417,063
Housing Department	-	528,591	-	528,591
CIAP	-	366,543	-	366,543
Transit	-	1,120,057	-	1,120,057
Total federal	5,247,400	2,015,191	4,417,063	11,679,654
State assistance:				
General fund	2,183,473	-	-	2,183,473
Total state	2,183,473	-	-	2,183,473
	\$ 7,430,873	\$ 2,015,191	\$ 4,417,063	\$ 13,863,127

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2005

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal program:

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

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

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

Identification of major programs:

CFDA Numbers	Name of Federal Program
11.307	Economic Adjustment Assistance
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund
16.710	Public Safety Partnership and Community Policing Grants
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs \$356,000

Auditee qualified as low-risk auditee? yes no

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

Year Ended June 30, 2005

State Award

Internal control over major State program:

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

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

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

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

Section II. Financial Statement Findings

None reported

Section III. Federal Award Findings and Questioned Costs

None reported

Section IV. State Award Findings and Questioned Costs

None reported

CITY OF CONCORD, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2005

There were no prior year audit findings.