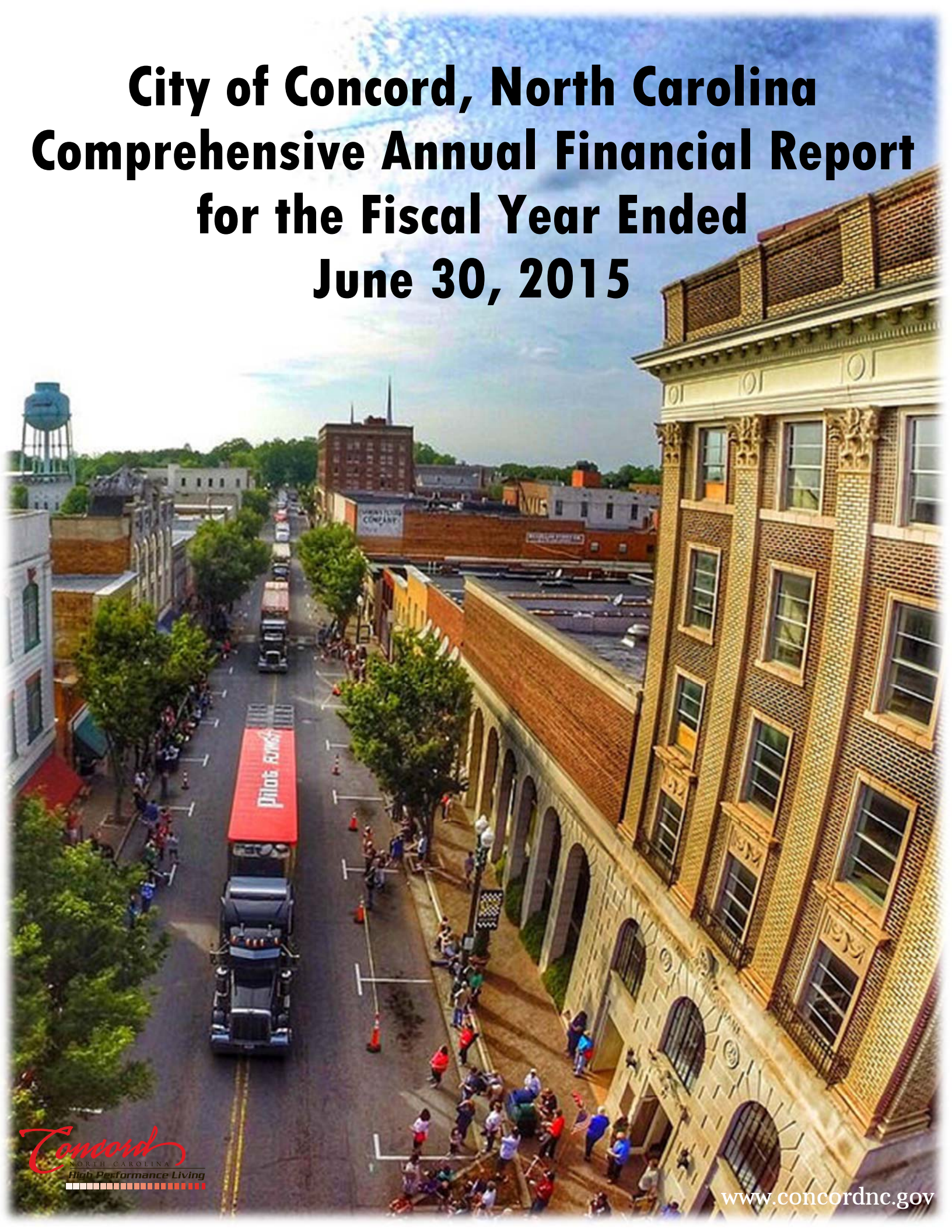


City of Concord, North Carolina Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015



CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2015

Prepared by:
Finance Department

City of Concord, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015

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October 23, 2015

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, 2015, 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 2015.

This report was prepared by the Finance Department of the City of Concord and consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Concord has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Concord's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Concord's financial statements have been audited by Potter & Company, P.A. a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Concord for the fiscal year ended June 30, 2015, 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 unmodified opinion on the City of Concord's financial statements for the fiscal year ended June 30, 2015, and is fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Concord was part of a broader, federally and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of

Finance

federal and state awards. These reports are contained in the compliance section of this report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Concord's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

The City of Concord is located in the north central portion of Cabarrus County, North Carolina (the "County"). The County is located in the east central part of the Charlotte-Gastonia-Concord MSA. The City, incorporated in 1796, is the County seat and covers an area of approximately 60.06 square miles with an estimated population of 85,560. The City adjoins the City of Charlotte, North Carolina, and is one of seven incorporated municipalities in Cabarrus County.

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

The City provides its citizens with a wide range of services that include public safety, solid waste and recycling, transportation, recreational activities, planning and community development services, and general administration. In addition, the City owns and operates electric, water, stormwater and wastewater utilities, a general aviation airport, and a municipal golf course. The Cities of Concord and Kannapolis have entered into a joint inter-local agreement that established a fixed route public transportation service, Concord/Kannapolis Area Transit System that began in April of 2004. The City has a Housing Department, which provides housing and housing assistance programs for low-income residents through funding from the Department of Housing and Urban Development. This report includes all of the City's activities related to those services, as well as activities of all component units of the City.

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

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

North Carolina General Statutes require formal budgetary accounting for all funds. The departments of the City are required to submit request for appropriations to the City Manager in February each year. These requests are used as a starting point for developing a proposed budget. The City Manager presents the proposed budget no later than June 1. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30. Budgets are legally enacted by adoption by the governing board of an Annual Budget Ordinance or a Capital Project Ordinance. The Annual Budget Ordinance and Capital

Project Ordinance may be formally amended as required by the governing board within the guidelines of the Local Government Budget and Fiscal Control Act. Changes of functions and total budgets of any fund require approval of the governing board. The City Manager is authorized to reallocate departmental appropriations, as he considers necessary, and to affect interdepartmental transfers within a fund as long as it does not exceed 10% of the appropriated monies for the department whose allocation is reduced. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. A Capital Project Ordinance is used to establish a budget for a project that extends over more than one fiscal year. Capital Project's budget to actual comparisons for each governmental fund for which a capital project budget has been adopted is also included in this report.

Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end 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

The unemployment rate for Cabarrus County at June of 2015 was 5.5%, which is a decrease from a rate of 6.0% in June of 2014. The state's unemployment rate for June of 2015 was 5.8%.

Unemployment has decreased and sales tax collections continue to rebound. Foreclosures have continued to decrease which will aid in property tax collections. The sales tax revenues continue to recover. Construction is also rebounding in the Charlotte region. Utility revenue remains steady with small growths in consumption.

The North Carolina Fiscal Research Division states (May 6, 2015) that the State of North Carolina's economy is continuing to gain strength. The revenue outlook reflects a continuation of moderate, steady economic growth. Employment growth will continue to show improvement as employment markets continue to stabilize. The State forecast envisions the pace of growth to remain stable with the States growth in economic activity keeping pace with the nation as a whole. Sales tax collections have continued to grow and are projected to grow above average at 5.4%. One important element in the strengthening of the State's overall economy is the continuous improvement in the housing market. With so many jobs directly and indirectly tied to housing, the recent improvements in housing are encouraging.

The City's economy has benefitted from the City's proximity to Charlotte, ongoing improvements to major interstate highways, the City's partnership with the State to improve other major thoroughfares within the City and the available land zoned for business development located within the City. This has led to increased economic growth and diversification over the past 20 years. Principal products manufactured in the City now include lithium battery membranes,

coffee, electrical wiring devices and accessories, foods, motorsports equipment, plastics, printing and publishing, concrete products, lumber and wood, specialized colorings, fabricated metal and machinery products, mobile and modular home components, corrugated packaging and textiles. The distribution, warehousing and shipping industry is a growing sector of the City's economy. This industry benefits from proximity to Charlotte (a regional trucking and manufacturing center with a major commercial international airport, including major freight operations). The most recent investment can be partially traced to the many major transportation projects in Concord that are just completed, currently underway or that will begin in 2016. Concord has great access to Interstate 85, which has six existing interchanges in the City. North Carolina Department of Transportation (NCDOT) projects that are programmed with Concord's participation will continue to enhance the City's accessibility. The I 85 project from NC 73 to 29-601 Connector in Rowan County is currently in progress. This project will include significant improvements to the interchanges and Exits 58 (US29) and 60 (Copperfield/Dale Earnhardt). The George Liles Parkway extension that is currently underway will not only link US 29 in Concord directly to I-85, it will provide enhanced access to approximately 3000 acres of property zoned for business development in the geographic middle of the City, including the former Philip Morris site (Aleo). The northeastern part of Charlotte's Interstate 485 Outerbelt is now completed. This provides easy access to the western side of Concord and will spur even more industrial and commercial development in that area. The City is partnering with NCDOT to widen Derita Road, running by Concord Regional Airport, as development along that corridor has been accelerated due to the completion of I-485. I-485 has added another direct route to access I-77, in addition to NC 73 and I-85.

Concord has also evolved into a major tourist destination in North Carolina. Concord Mills has one of the highest numbers of visitors of any attraction in North Carolina and has added a new aquarium to its offerings. Charlotte Motor Speedway, the ZMax Dragway and NASCAR team race shops bring in hundreds of thousands of people that use lodging and restaurants and shop. This has also led to the development of other facilities such as the Embassy Suites Resort/Concord Convention Center, the Great Wolf Lodge and many other limited service hotels.

Concord has been aggressive in pursuing grants to continue capital improvements in the City. The City has received the following awards:

- Housing HUD Capital Fund Grant for capital improvements and upgrades to public housing facilities.
- Various Federal Transportation Grants for Airport Improvements.
- Federal transportation grants for traffic management purposes.

The City is engaged in short-range and long-range planning to provide the necessary infrastructure to accommodate the City's future growth. The City, other local governments, and local business leaders cooperate in economic recruiting and development efforts. The Cabarrus Economic Development Commission, 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 is experiencing extensive continued economic development activity.

LONG TERM FINANCIAL PLANNING

There has been a significant increase in available industrial/distribution facility “product” in the form of speculative buildings constructed or under construction that has been spurred by the City providing investment grants. An 88,000-square-foot spec building was recently sold to an expanding industry, in the International Business Park, between Poplar Tent Road and N.C. 73 and construction of a \$12 million, 277,000-square-foot spec building nearby on International Drive at the intersection with Poplar Tent Road is complete. Federal Express SmartPost is also opening a new distribution facility in the same business park. Also complete, is a 403,750 spec building in the Concord Airport Business Park located off Derita Road and the same developer has completed another 150,000-square-foot building in the same area; this builder has plans for additional construction. Amazon has taken half the space in the larger Derita Road building and the developer is negotiating with several other companies for space in the other buildings which are already available or soon to be under construction. The Derita Road area is attracting other investment. S&D continues to up-fit the buildings on the second campus they acquired to meet their needs. A new business park, the River Oaks Corporate Center is under development up the street at the intersection of Derita Road and Poplar Tent Road with their first building and tenant recently announced.

One of the most exciting developments is the return to manufacturing at the former Philip Morris property. The purchaser, Alevo, is manufacturing battery storage GridBanks that serve as reservoirs that store and deliver grid electricity on demand for the electrical grid. The additional undeveloped acreage on site, combined with other properties along George Liles Parkway extension currently under construction, means Concord has over 3,000 acres of property zoned for business near the geographic center of the City.

Retail development has also made a comeback. New shopping centers are under construction across the city and a new hotel is being built. The Concord Mills/Speedway area continues to be strong with new restaurants under construction and more on the way.

Downtown continues to move forward with several new restaurants and wine shops moving into existing storefronts. The historic Helig-Myers building has been renovated into market rate apartments. This project is establishing the viability of residential development in downtown, helping to support the further diversification of retail businesses.

Consistent with the Council goal established a few years ago, the construction of a new City Hall located at the intersection of Cabarrus and Market, adjacent to the Police Headquarters, is being completed with an opening planned for December of 2015. This cost was financed rather than using reserves as this would deplete any excess in the capital reserve and fund balance over the City Council’s goal.

Concord Regional Airport (CRA) continues to be a vital resource in supporting the business and general aviation communities. A promising development has been the addition of even more scheduled commercial operations at Concord Regional Airport through the Allegiant Airlines flights to destinations in Florida. Service has been widely successful. The activity has already helped to solidify the airport’s position in qualifying for FAA funding for airports with commercial type operations. The City has obtained grants to construct a commercial terminal for the commercial customers. The project has been bid and will be under construction before the end of the year. The City will also participate in the costs associated with construction of a parking deck adjacent to the commercial terminal. Financing for this project will close in November of 2015.

The Burrage Road Bridge replacement and the street rehabilitation have recently been completed. In addition, funds will be used to continue the design work for improvements to Brookwood Avenue, matching dollars for the traffic management grant and for the Virginia Street improvements.

Three important transportation projects will take place in the I-85 – Exit 49 area. These include a “fly over” directly into the first entrance to Concord Mills Mall, pedestrian improvements along Bruton Smith Boulevard and the completion of the Derita Road widening project, including the bridge, from the Rocky River to the end of Concord Mills Boulevard. NCDOT has agreed to fund these projects over the next five years. Concord helped with the NCDOT ranking of these projects for funding by providing a 20% match for the projects.

With Alevo in operation and the George Liles Parkway extension project well underway, there is likely to be a push for public/private partnerships in developing the infrastructure needed to support development that will lead to job growth along this important corridor. The City will need to play a role in making sure the street systems serving such properties are well planned and are multi-modal in nature.

Concord continues the partnership with CATS on the 80x Concord Express running between Charlotte and Concord, although the ridership continues to go down due to the amount of construction going on between Concord and Charlotte that is undermining the ability of the system to stay on schedule. Safe and reliable service is the most important factor for system customers.

The first phases of the Hector H. Henry, II Greenway adjacent to Moss Creek, have been completed. Developing other sections of the Hector H. Henry, II Greenway remains a priority. Fire Station #11, located on Weddington Road at the Rocky River has opened. This site will also be used as a trail head and parking for the Greenway and the Weddington Road Bark (dog) Park that are currently under construction at that location. Continued development of the McEachern Greenway is also a priority as planning continues on connecting the section in Mickey McGee Park north to beyond Cabarrus Avenue. Funds are already budgeted for construction of part of this segment.

This City is investing in its electrical infrastructure to cover new growth in the western part of the City as well as to upgrade system capacity and reliability in existing areas. The City continues to monitor operations and procedures to ensure that the electric department is well positioned to meet the new challenges in today’s electric markets.

The City continues to plan for future needs related to the City’s water resources. Demand has started to grow again with the current economic expansion. Concord, Kannapolis and Albemarle have jointly funded the work necessary to construct a line to bring treated Yadkin River water from the Albemarle system. This project has been planned for years to proactively prepare for the future. Potable water will begin flowing in October.

For FY 2015-16, the recommended Concord property tax rate continues to be among the lowest third of full service North Carolina municipalities with populations greater than 35,000 and the lowest of those that do not charge solid waste and /or recycling fees. The tax rate remains at \$.48 per \$100 of valuation.

CASH MANAGEMENT POLICIES AND PRACTICES

The City maintains a cash and investment pool that is used by all funds, except those restricted by statute or other legal reasons. This pool is used to facilitate disbursement and investment and to maximize investment income. North Carolina statute G.S. 159-30(c) authorizes the City to invest in U.S. Government Agency Securities, U.S. Treasury obligations, commercial paper, bankers' acceptances, certificates of deposits and the North Carolina Capital Management Trust (NCCMT), a SEC-registered mutual fund. The maturities of investments vary. Investment earnings include unrealized gains and losses from the implementation of the Governmental Accounting Standards Board ("GASB") Statement 31, which require certain investments to be recorded at market value. The City does not expect to realize these gains or losses because the City has historically held investments to maturity.

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

As of June 30, 2015, the City's cash resources were invested as follows:

U.S. Government agencies	59%
Commercial Paper	33%
NCCMT	7%
All other	1%
Total	<u>100%</u>

The average yield on investments at June 30, 2015 is estimated at 1% as compared to less than 1% for all taxable money market funds for the same period.

RISK MANAGEMENT

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

Additional information on the City's risk management activity can be found in the notes to the financial statements.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City of Concord administers a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The City is required by Article 12D of G.S. Chapter 143 to provide these benefits and has chosen to fund the benefit

payments on a pay as you go basis through appropriations made in the General Fund operating budget. The annual required contribution for the 2015 year was determined as part of the December 31, 2013 actuarial valuation using the projected unit credit actuarial cost method.

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

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

The City of Concord also provides postretirement health benefits to retirees and their dependents. As of the end of the current fiscal year, there were 91 retired employees receiving benefits, which are being partially funded.

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

FISCAL POLICIES

One of the City's most important fiscal policies is the Reserve Policy. This policy ensures that the City always maintain adequate reserves.

RESERVE POLICY

1. The City will maintain an unassigned General Fund fund balance minimum between 30% and 35% of General Fund expenditures.
2. The City will evaluate ending unassigned General Fund fund balance each year to determine if an amount is available for transfer to the capital reserve fund. Any amount over the unassigned General Fund balance target is deemed available for transfer to the capital reserve account for future capital projects.
3. These policies will be evaluated each year during the budget process.

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, 2014. 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 twenty-five consecutive years.

The presentation of this report could not have been accomplished without the assistance and dedication of the entire staff of the Finance Department. Special thanks go to Deputy Finance Director, Jessica Jones, and the entire accounting staff for their contribution and preparation of this report. We also appreciate the cooperation and assistance of the other City departments, as well as the assistance of the City's independent auditor, Potter & Company, P.A., in their preparation of this report. In addition, we express our appreciation to the Mayor and City Council for their continued support and leadership in conducting the financial activities of the City in a responsible and progressive manner.

Respectfully submitted,



W. Brian Hiatt
City Manager



Pam Hinson
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Concord
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett

Mayor

John Sweat, Jr.

Mayor Pro Tempore

W. Lamar Barrier
Alfred M. Brown, Jr.
Jennifer Parsley
David W. Phillips
Jim Ramseur
Ella Mae Small

W. Brian Hiatt

City Manager

Pam T. Hinson

Finance Director

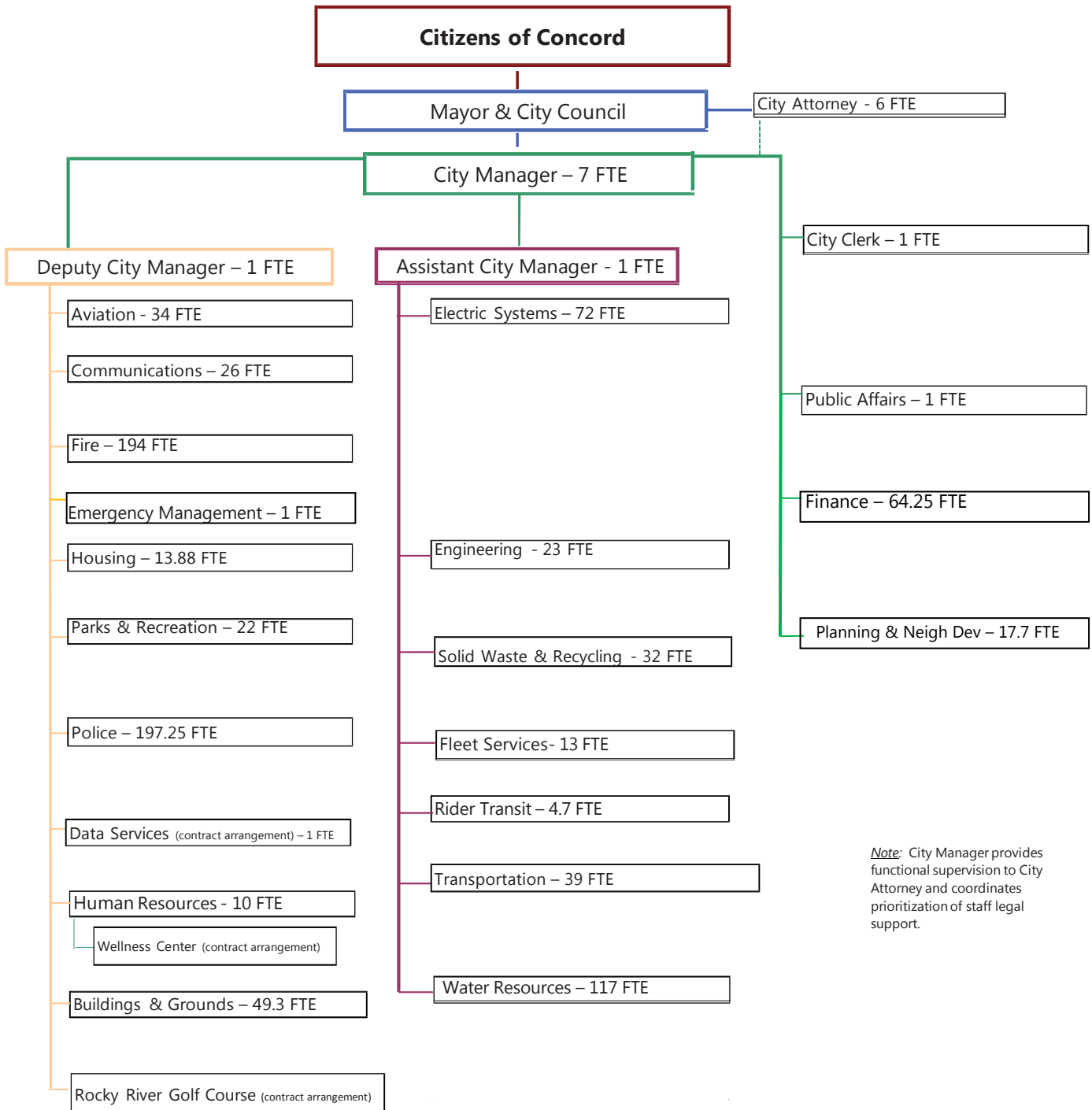
VaLerie Kolczynski

City Attorney

Kim Deason

City Clerk

CITY ORGANIZATIONAL CHART





POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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, which represents 100 percent of the assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City of Concord ABC Board, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of City of Concord ABC Board were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of June 30, 2015, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance's and the Health Care Plan of the City of Concord's Schedules of Funding Progress and Schedules of Employer Contributions, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, respectively, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Concord, North Carolina. The introductory section, the other supplementary information section, the statistical section, and the Schedule of Expenditures of Federal and State Awards, as required by 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 other supplementary information section and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the other supplementary information section and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied by us in the audit of basic financial statements and, accordingly, we express no opinion on them or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015, on our consideration of the City of Concord's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of the 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* in considering the City of Concord's internal control over financial reporting and compliance.

October 23, 2015
Monroe, North Carolina

Potter & Company

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, 2015. 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 and deferred outflows of resources for the City’s governmental and business type activities exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$811,298,011 (*net position*). Of this amount, \$206,459,430 (*unrestricted net position*) may be used to meet the government’s ongoing obligations to citizens and creditors.
- The government’s total net position increased by \$51,234,078 (7%). The growth is attributable to an increase in cash and investments and an increase in capital assets.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$107,058,329, an increase of \$13,261,208 in comparison with the prior year. Approximately 46 percent of this total amount or \$49,498,656 is available for spending at the government’s discretion (*unassigned*). The increase in combined ending fund balance numbers is a result of an excess of revenues over expenditures for the fiscal year in the general fund. Other governmental funds continue to increase the assigned amount for future capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$50,118,453 or 75 percent of total general fund expenditures and transfers.
- The City holds the following underlying bond ratings at June 30, 2015:

	GO Bonds	LOBS/COPS	Revenue Bonds
Fitch	AA+	AA	AA
Moody’s	Aa1	Aa2	Aa2
Standard & Poor’s	AAA	AA+	AA

OVERVIEW OF FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

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

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

The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. The proprietary fund statements offer short and long term financial information about the activities the government operates like businesses, such as the electric, water and wastewater systems. The fiduciary fund statement only reports assets and liabilities and is not reported on the government wide financial statement. Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* includes all of the City's assets, deferred inflows/outflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the City of Concord itself (known as the primary government), but also a legally separate ABC Board and First Concord Corporation,

for which the City of Concord is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 31 through 33 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, reflected in the government wide financial statements, 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 non major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Concord adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented

using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual resources and charges.

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise Funds are used to report the same functions as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, wastewater, stormwater, aviation, golf course, transit and public housing operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position 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, Data Service department and Building and Grounds department. Because these operations benefit predominately business type rather than governmental activities, the internal service fund has been blended within the business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for electric, water, wastewater, stormwater, and aviation operations, all of which are considered to be major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 44 through 47 of this report.

Fiduciary Funds

The City of Concord accounts for two fiduciary funds. Fiduciary Funds use accounting much like Proprietary fund types and are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Concord's programs. The Fiduciary Fund statements are located on pages 48 through 49 of this document.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 51 through 81 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 and post retirement health benefits to its employees. Required supplementary information can be found on pages 82 through 88 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 required supplemental information. Combining and individual fund statements and schedules can be found on pages 91 through 104 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 143 through 144.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of resources for the City exceeded liabilities and deferred inflows of resources by \$811,298,011 as of June 30, 2015.

By far the largest portion of the City's net position (72 percent) reflects its investment in capital assets (e.g., land, buildings, automotive equipment, office and other equipment, electric system and distributions stations, water treatment and storage facilities, water distribution lines, and wastewater lines, less any related debt still outstanding that was issued to acquire those assets). The City of Concord uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Concord's Statement of Net Position
Table 1

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$102,360,662	\$121,729,958	\$153,153,769	\$172,088,377	\$255,514,431	\$293,818,335
Capital assets	301,151,837	330,450,488	368,906,519	371,433,111	670,058,356	701,883,599
Total Assets	403,512,499	452,180,446	522,060,288	543,521,488	925,572,787	995,701,934
Deferred outflows of resources	242,749	2,336,568	1,734,712	2,787,162	1,977,461	5,123,730
Long-term liabilities outstanding	37,030,002	50,696,284	103,861,286	102,975,294	140,891,288	153,671,578
Other liabilities	6,288,666	10,012,483	13,653,336	14,636,585	19,942,002	24,649,068
Total liabilities	43,318,668	60,708,767	117,514,622	117,611,879	160,833,290	178,320,646
Deferred inflows of resources	4,206,729	7,054,604	2,446,296	4,152,403	6,653,025	11,207,007
Net position:						
Net investment in capital assets	279,817,761	303,629,133	273,797,482	279,995,482	553,615,243	583,624,615
Restricted	21,976,987	21,213,966	-	-	21,976,987	21,213,966
Unrestricted	54,435,103	61,910,544	130,036,600	144,548,886	184,471,703	206,459,430
Total net position	\$356,229,851	\$386,753,643	\$403,834,082	\$424,544,368	\$760,063,933	\$811,298,011

(2014 Net position restated see Note 19)

An additional portion of the City's net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$206,459,430) 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 position, 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 \$30,523,792 in net position reported in connection with the City of Concord's governmental type activities. This increase is associated with an increase in capital assets and restricted cash and investments.

During the current fiscal year, total net position for business-type activities increased by \$20,710,286. The increase in current assets is a result of growth in cash and investments. A reduction in business-type expenses and the continued growth in non-restricted cash have contributed to the large increase in net position.

City of Concord's Changes in Net Position

Table 2

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$7,333,523	\$7,751,145	\$132,216,625	\$133,656,500	\$139,550,148	\$141,407,645
Operating grants/ contributions	7,707,977	7,336,269	7,764,200	3,301,773	15,472,177	10,638,042
Capital grants/contributions	31,991,743	34,238,961	9,201,434	5,895,701	41,193,177	40,134,662
General revenues:						
Ad valorem taxes	46,423,570	46,125,496	-	-	46,423,570	46,125,496
Other taxes	14,042,681	16,917,828	-	-	14,042,681	16,917,828
Grants and contributions not restricted to specific programs	3,142,852	3,932,956	-	-	3,142,852	3,932,956
Investment earnings	1,260,653	640,669	1,669,623	1,001,886	2,930,276	1,642,555
Miscellaneous/Gain(loss) capital asset sales	996,503	954,545	468,406	272,280	1,464,909	1,226,825
Total revenues	112,899,502	117,897,869	151,320,288	144,128,140	264,219,790	262,026,009
Expenses:						
General government	5,195,490	4,691,595	-	-	5,195,490	4,691,595
Public safety	36,879,444	36,851,383	-	-	36,879,444	36,851,383
Public works	29,664,081	28,327,081	-	-	29,664,081	28,327,081
Cultural & recreational Planning & community development	4,685,065	4,662,500	-	-	4,685,065	4,662,500
Administration	3,186,781	3,037,830	-	-	3,186,781	3,037,830
Housing assistance payments	1,036,472	2,076,215	-	-	1,036,472	2,076,215
Rehabilitation	4,279,279	4,127,317	-	-	4,279,279	4,127,317
Interest on long term debt	568,412	214,316	-	-	568,412	214,316
Electric	1,002,581	1,435,986	-	-	1,002,581	1,435,986
Water	-	-	75,116,682	70,822,661	75,116,682	70,822,661
Wastewater	-	-	16,135,531	18,869,903	16,135,531	18,869,903
Regional airport	-	-	14,182,892	13,947,646	14,182,892	13,947,646
Stormwater	-	-	11,766,345	10,060,171	11,766,345	10,060,171
Other nonmajor business-type activities	-	-	3,783,127	3,664,112	3,783,127	3,664,112
Total expenses	86,497,605	85,424,223	128,827,680	125,367,708	215,325,285	210,791,931
Increase (decrease) in net position before transfers	26,401,897	32,473,646	22,492,608	18,760,432	48,894,505	51,234,078
Transfers	(1,713,823)	(1,949,854)	1,713,823	1,949,854	-	-
Increase (decrease) in net position	24,688,074	30,523,792	24,206,431	20,710,286	48,894,505	51,234,078
Net position, July 1	335,648,646	356,229,851	382,073,947	403,834,082	717,722,593	760,063,933
Net position, June 30	\$360,336,720	\$386,753,643	\$406,280,378	\$424,544,368	\$766,617,098	\$811,298,011

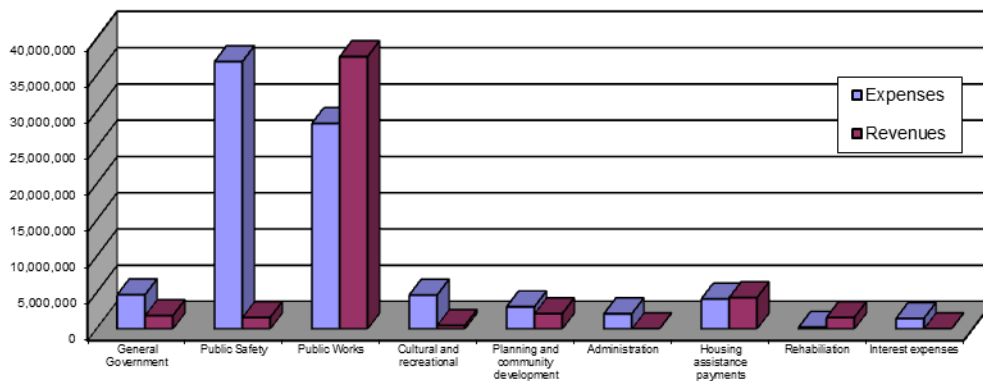
*Beginning Net Position restated (Note 19)

Governmental Activities

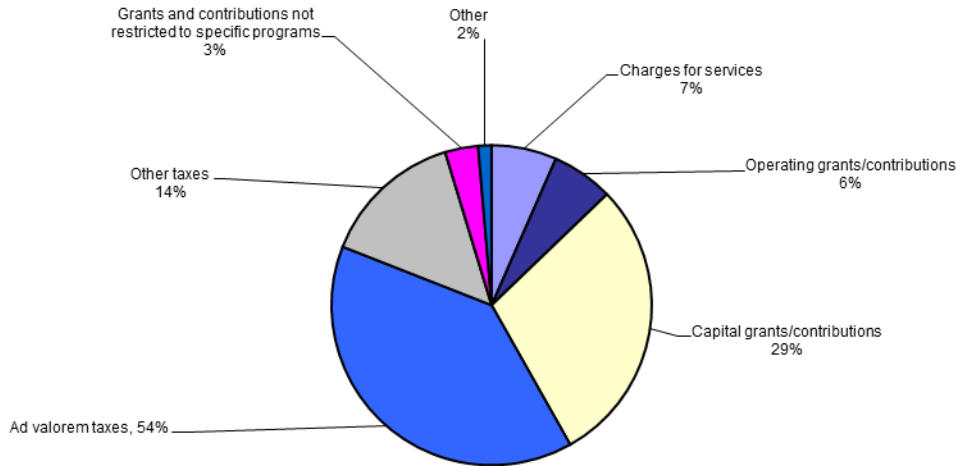
In fiscal year 2015, the net position of governmental activities increased by \$30,523,792, or more than 8%. This increase in net position results due to increases in program revenues and decreases in expenses. Table 2 above, illustrates key elements of the changes in the governmental activities net position. Listed below are a few points highlighting significant changes in net position.

- Other taxes increased by \$2,875,147 (20%) during the year. This increase confirms that the economy is continuing to recover. Sales tax revenue represents the majority of the growth in this area.
- Capital grants/contributions increased \$2,247,218 due to an increase in developer contributed capital related to infrastructure.
- Charges for services increased 6%, \$417,622, as revenues city-wide continue to recover.
- The total governmental activities decrease in expenses was 1%. The City continues to operate as conservatively as possible while maintaining existing services.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



Business-type Activities

Business type activities increased the City's net position by \$20,710,286 (5%).

Key elements of the increase in business type activities, illustrated in table 2 located on page 20 are as follows:

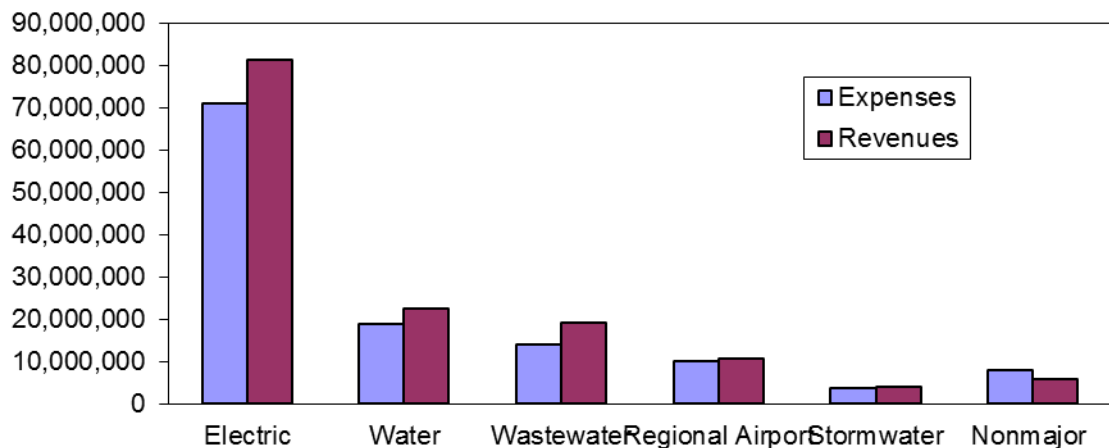
- Charges for services for business-type activities increased by 1%, \$1,439,875.
 - Usage remained relatively stable for the water and wastewater customers, the wastewater division's charges for service increased 7%. The increase is due to a small increase in consumption and an average wastewater rate increase of 3%. Water charges for service also increased around 8%. There was an average water rate increase of 3% and small consumption increases as well. The City continues to encourage customers to conserve and use less water and a tier water rate schedule was adopted in FY2010 by City Council to encourage conservation.
 - Aviation charges for service decreased 16% 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 decrease in fuel sales was a result of dropping fuel costs, not a decrease in gallons sold.
 - Stormwater charges for service increased 2% when compared to last year's collections. The Stormwater program has operated for six full years, and the billing has been fully implemented. An internal review of the system is continuing to discover customers who should be added to the billing for Stormwater fees, but most customers are now being billed. With no major growth anticipated, the City expects this revenue source to remain stable in the future year.
 - Electric charges for service remained stable for fiscal year 2015, with a small increase. Duke Energy Corporation is the main supplier for City power. During calendar year 2008, these wholesale costs increased approximately 18.5%. Due to these large increases, the City evaluated rates during fiscal year 2009 and

hired a rate consultant. Despite past efforts to hold down retail costs and continued efforts to cut current operating costs, it became necessary to begin raising retail rates to better reflect the rising wholesale costs in order to maintain current customer service and system maintenance levels. Adjustments are now considered based on a cost of service analysis taking into account the Duke changes in January of every year. Due to Duke's schedule for wholesale increases, FY 2015 reflected no retail rate increase.

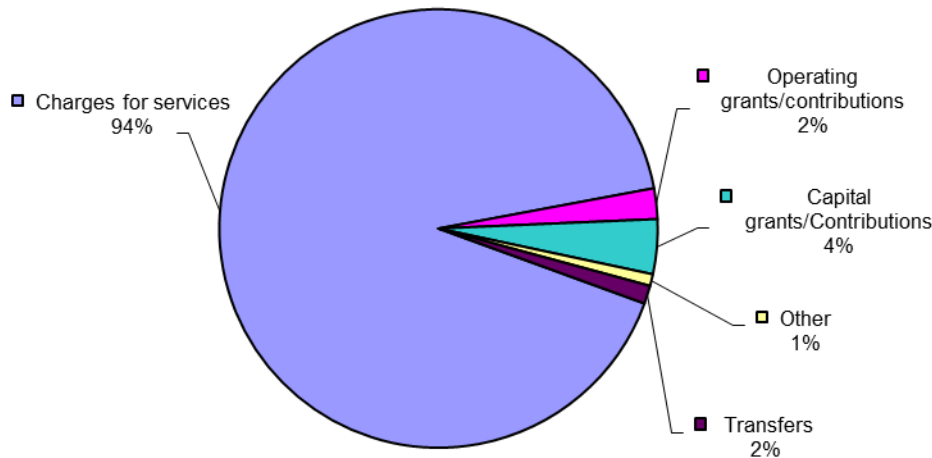
- Expenses decreased over 2% when compared to the prior year. The City had implemented budget cuts in the prior years when revenues began to slow due to the economic conditions within the nation and our area of the state. These conservative measures remained a practice of the City in FY2015 which ensured that operating costs did not outpace the City's revenue sources.
 - Electric operating expenses decreased over 6% due to a decrease in purchased power. The City received a purchase power true up from Duke Power which enables the City to offset the actual costs of purchasing power.
 - Wastewater operating costs decreased 2%, as this department did not have any major issues such as weather related droughts. Water operating expenses increased 17%. This increase is a result of completing some large capital projects.
 - The airport operating expenses decreased over 14%; the majority of this decrease was associated with lower fuel prices. The airport also works to manage operations as conservatively as possible.

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

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, unassigned 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 \$107,058,329, an increase of 14 percent in comparison with the prior year. Funds that are available for spending at the government's discretion (unassigned) represent 46% of the City's ending fund balance. The remaining fund balance is classified as follows to indicate that it is not available for new spending because it has already been obligated: 1) non spendable inventories and prepaids (\$166,024), 2) restricted for streets, public safety and state statute stabilization (\$21,047,942), 3) committed for future capital, planning & community development, and housing assistance (\$17,164,075), and 4) assigned for specific purposes in other governmental funds (\$19,181,632).

The general fund is the principal operating fund of the City of Concord. At the end of the current fiscal year, the unassigned fund balance in the general fund was \$50,118,453, while total fund balance for the general fund reached \$69,743,640; representing an increase of \$11,864,112. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned general fund balance represents 75 percent of total general fund expenditures and transfers out, while total fund balance represents 104 percent of that same amount. Key factors in the fund balance increase are as follows:

- The City's general fund operating revenues actually exceeded operating expenditures by \$16,222,485. Transfers to other funds decreased by \$5,384,408 when compared to the prior year. The majority of the total transfers, \$56,509,339, are for capital projects and debt service. Other tax revenue grew 20% or \$2,875,147.

Other governmental fund balance increased \$1,397,096 due to reserve funds being increased to complete future capital projects.

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 position of the electric fund, the water fund, the wastewater fund, the regional airport fund, and the stormwater fund at the end of the year were \$66,340,341, \$46,708,649, \$16,711,384, \$5,725,295 and \$10,645,515 respectively. The unrestricted net position of all other enterprise funds was \$905,094. The total growth in net position for the proprietary funds was \$20,710,286. Factors affecting the growth are addressed in more detail in the discussion of the City of Concord's business-type activities which begin on page 22 of this document.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Total amendments to the General Fund increased revenues and expenditures by \$2,093,144 or 3%. This is a significant budgetary variance between original and final amended budget for the City. The major adjustment to the budget is related to non-operating one time transfers for planned future projects. The significant operating amendment relates to the Transportation operating budget that was adjusted to reflect an increase in street repair cost and State Street Aid funding (\$845,966) and the City settled a prior year property tax refund appeal (\$447,504). At year-end, *actual* revenues and transfers in exceeded *final amended budget* numbers by almost 4%. *Actual* expenditures and transfers out were less than *final budgetary* figures by 11.8%, resulting in excess of revenues over expenditures (before transfers) of \$16,222,485.

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, 2015, totals \$701,883,599 (net of accumulated depreciation). These assets include land, buildings, machinery and other equipment, improvements and infrastructure. The total net increase in the City of Concord's investment in capital assets for the current fiscal year was 4.7 percent (a 9.7 percent increase for governmental activities and less than one percent increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations and enhancements/improvements to the electric transmission lines in amount of \$2,918,108.
- Purchase of vehicles and equipment for general fund totaling \$2,214,461.
- Construction costs of new City Hall totaling \$12,005,441

- The extension of the distribution and transmission lines for the City's water system and upgrades/improvements to the system in the amount of \$3,759,140.
- The construction of fire station 11 totaling \$2,134,970.
- Extension and improvements of the Parks & Recreation facilities, grounds, and the greenway systems totaling \$1,833,162.
- Airport improvements totaling \$2,193,843.

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

Capital Assets

Table 3

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 53,419,775	\$ 54,019,394	\$ 40,892,255	\$ 40,612,034	\$ 94,312,030	\$ 94,631,428
Construction in progress	5,641,842	19,431,187	14,357,959	25,089,047	19,999,801	44,520,234
Buildings and systems	48,453,990	48,453,990	58,936,302	59,092,553	107,390,292	107,546,543
Improvements other than buildings	2,789,762	3,428,642	434,287,501	440,386,097	437,077,263	443,814,739
Machinery and equipment	29,413,749	29,558,172	27,959,835	29,440,229	57,373,584	58,998,401
Infrastructure	526,325,461	559,702,068	-	-	526,325,461	559,702,068
Sub-total	666,044,579	714,593,453	576,433,852	594,619,960	1,242,478,431	1,309,213,413
Less Accum. Depreciation	(364,892,742)	(384,142,965)	(207,527,333)	(223,186,849)	(572,420,075)	(607,329,814)
Total	\$ 301,151,837	\$ 330,450,488	\$ 368,906,519	\$ 371,433,111	\$ 670,058,356	\$ 701,883,599

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$125,817,499 (principal). Of this amount, \$0 comprises debt backed by the full faith and credit of the City and \$76,189,999 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$39,415,000 and \$10,212,500 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds

Table 4

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Installment purchases	\$ 3,645,000	\$ 3,375,000	\$ 7,440,000	\$ 6,837,500	\$ 11,085,000	\$ 10,212,500
Revenue Bonds	2,483,722	2,187,937	80,941,278	74,002,062	83,425,000	76,189,999
Installment notes	15,143,300	26,720,725	7,186,700	12,694,275	22,330,000	39,415,000
Total long-term debt	\$ 21,272,022	\$ 32,283,662	\$ 95,567,978	\$ 93,533,837	\$ 116,840,000	\$ 125,817,499

In the current fiscal year, the City of Concord's total debt increased by \$8,977,499 (8 percent). In December of 2014, City of Concord completed the financing process to support the construction of the new City Hall and related projects, and refunding outstanding Series 2005 Certificates of Participation for savings. The sale included \$29.34 million of Limited Obligation Bonds (Series 2014A), and \$5.28 million of Taxable Limited Obligation Bonds (Series 2014B). There is more information available in note 7 of this document regarding refunding and advance refunding issues in prior years.

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 City's debt as a percentage of assessed value of taxable property is .31%. The legal debt margin (excess of the amount of debt legally authorized over the amount of debt outstanding) for the City is \$752,253,794. The current debt limitation for the City of Concord is \$782,349,519, 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 63 through 68 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Cabarrus County at June of 2015 was 5.5%, which is a decrease from a rate of 6.0% in June of 2014. The state's unemployment rate for June of 2015 was 5.8%. The City of Concord's unemployment rate at June of 2014 was 4.0% (not published for June 2015).
- Population has increased from 27,347 in 1990 to an estimated 85,560 as of July 1, 2014 (per the Office of State Budget and Management), which represents a growth rate of 213%. The City experienced a 8% growth in current year population when compared to the certified population estimate as of July 1, 2013.

- The economic climate will be the biggest factor impacting future Concord budget recommendations. Unemployment has decreased and sales tax collections continue to rebound. Foreclosures have continued to decrease which will aid in property tax collections. The sales tax revenues continue to recover. Of course, some of this is related to the on-going recovery in the construction industry; this area has seen construction rebound quickly. Utility revenue remains steady with small growths in consumption.
- The City's Planning & Community Development Department continues to focus on economic development within the City. This position provides a direct resource for the Cabarrus County Economic Development Commission staff and a liaison for any business seeking to locate or expand in Concord. Job creation and expansion of the tax base has to be a priority.
- The North Carolina Fiscal Research Division states that the State's revenue outlook for the 2015-17 biennium reflects a continuation of moderate, steady economic growth. Employment growth will continue to show improvement as employment markets continue to stabilize. Concern along the economic front continues as global economic weakness and social instability continue to keep risks slightly elevated. Nonetheless, the forecast envisions the pace of growth to remain stable in 2015 and into 2016, with the State's growth in economic activity keeping pace with the nation as a whole.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2016. The amount of unassigned fund balance in the general fund is \$50,118,453 as of July 1, 2015. Concord has no appropriation from fund balance for the 2016 fiscal year.

The tax base used in the fiscal year 2016 budget preparation represents an estimated 3% increase in real property values from fiscal year 2015 projections. One cent on the City's tax rate produces \$945,983 in revenue, after the City's estimated collection rate is applied. This rate compares favorably to past City tax rates and remains one of the lowest in the state among medium to large size cities. The fiscal year 2016 budget does not include a tax increase. The City has now experienced the full financial impact of the Philip Morris plant closure that has resulted in a total assessed value decline of 82% (\$895 million) since the closure was announced in June of 2007. The property value losses associated with Philip Morris should now be fully realized in prior years and future declines are not anticipated. The site has been purchased and as development occurs there, the City should regain some of this lost tax base.

The City's contract to purchase power from Duke Energy is based on Duke Energy's system average cost. Costs are tied to Duke's expenditures and go up (or down) depending upon market conditions and infrastructure investment. As anticipated, wholesale costs from Duke Energy are starting to stabilize. This is leading to more predictability in the rates Concord charges its customers. In fact, fiscal year 2012-13 saw the first Purchased Power Adjustment (PPA) that reduced user costs. No increases were needed for fiscal years 2013-14, and 2014-15; projections for fiscal year 2015-16 also include no increases. Duke Energy continues to pursue retail rate increases that would be consistent with what it has passed on to its wholesale customers like Concord and is receiving incremental approvals from the North Carolina Utility Commission for such adjustments. Concord is impacted by the comparison of the Concord rates with Duke's. Staff will continue to make sure the same principles applied to retail rate reviews are used for the setting of wholesale rates so our customers are not subsidizing Duke's retail customers. At the same time, the wholesale energy market is changing and Concord must be preparing now for future wholesale purchase contracts, including talking with all potential suppliers.

Concord, Kannapolis and Albemarle jointly funded a line to bring treated Yadkin River water from the Albemarle system. The bidding process is complete for the project and construction was completed in September of 2015. Concord funded its portion from reserves. Though no change was recommended in fiscal year 2014, water rate increases, an average of 3 percent, were implemented in fiscal year 2015 and fiscal year 2016. Rates are evaluated annually against the amounts needed to fund major capital projects and to meet increasing environmental standards. Upfront capacity purchases, such as the “take or pay” amount in the Albemarle agreement, have also resulted in the need to adjust rates in fiscal year 2015 and fiscal year 2016. Faced with the reality that Cabarrus County has no additional water sources within its boundaries, we must go outside to obtain water. As a result, water continues to be more expensive in Cabarrus County than for its neighbors who are adjacent to free water sources fed by larger rivers. The Water and Sewer Authority of Cabarrus County has completed a new master plan for the entire County. This data will be used to develop strategic plans for upcoming water and wastewater budgets.

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. Although it was difficult, the 2014 budget year did not include any rate increase for wastewater charges, as the City elected to defer some capital projects to future years. Fiscal year 2015 included an average customer rate increase of 3% and the fiscal year 2016 budget also includes moderate rate increases, an average of 3 percent, as the City begins to address capital needs.

There is no increase in the stormwater fee that was implemented in fiscal year 2005-06 to meet the mandated Phase II stormwater requirements. The fee remains at \$4.30 per Equivalent Residential Unit. Revenues in fiscal year 2014-15 were used for required system mapping, for maintenance projects, to match federal dollars for stream restoration projects and to expand maintenance of the existing system. Many of these projects will continue to be funded in the 2016 budget.

The City began construction on a new City Hall in fiscal year 2015. The City Hall should be completed in December of 2015 with current cost estimates of \$20 million. The debt service has been included in the fiscal year 2016 budget as the City secured financing in late 2014.

The following material projects impact NCDOT facilities and are programmed with Concord’s participation:

I 85 Widening Projects and NC 73 to 29-601 Connector in Rowan County –

- The project between Concord Mills Boulevard and NC 73 is complete. Concord participated with NCDOT to provide sidewalks and bicycle accommodations along both Poplar Tent Road and NC 73.
- NCDOT is now getting ready to start another I-85 project from NC 73 to 29-601 Connector in Rowan County. This will include significant improvements to the interchanges at Exits 58 (US 29) and 60 (Copperfield/Dale Earnhardt). The City of Concord and the City of Kannapolis are cooperating to include aesthetic improvements to the end of the bridges at these interchanges.

Derita Road – Traffic congestion is choking this important corridor that serves the Airport, the growing industrial area, and Concord Mills. Concord was required to pick up the total cost to match the Federal funds for this NCDOT Road. The match is estimated to be \$3,036,763. Phase I design and permitting are complete and right-of-way acquisition is underway with construction delayed to allow the full project to be bid at the same time.

George Liles Parkway Extension – Project underway with Blythe acting as contractor. There are incentives for contractor to finish portion between Weddington and Concord Parkway (US 29) first, current completion date is summer of 2015. The entire project to Roberta Road should be completed in 2017, including the interchange at US 29.

Due to the economic conditions during the recession, the City has been very modest in providing performance based salary adjustments, if at all. As the economy continues to recover, merit pays are included in the budget for 2016. Here is what the City has done since the economic down turn.

FY09/10: No merit increases, no adjustment to the pay structure

FY10/11: Flat, across-the board \$600 salary increase at evaluation date

FY11/12: Across the board 1.5% or \$600 (whichever was larger) salary increase effective December 2011

FY12/13: \$400/\$500/\$600 lump-sum payments based on merit.

FY13/14: 2% salary adjustment effective July 1, 2013 for those with current evaluation ratings of at least meets expectations. Merit adjustments were also available on the evaluation date from 1% to 3% based on evaluation ratings.

FY 14/15: Adjustments applied from the salary study.

Proposed FY15/16: Merit adjustments are available on the evaluation date from 1% to 3% based on evaluation ratings.

It is clear that many employers in the public and private sectors are enhancing their compensation offers as the economy strengthens. During the recession, the City tried to benefit its coworkers by managing positions to provide stability to employees. Many positions were frozen or eliminated, but no one was laid off. Now we are seeing other employers begin to rapidly ramp up hiring experienced personnel to meet the expanding workload. There were no overall adjustments to our pay structure that raised entry level salaries during this time. Fiscal year 2015 included money which funded a comprehensive classification and pay study. The results were implemented in fiscal year 2015. The City wants to make sure we capture the new reality in attracting and retaining good employees. The City is already seeing some of our best professionals being targeted by other organizations, and other local governments and companies paying more to new employees for the same level of work.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Concord's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Concord, P.O. Box 308, Concord, North Carolina 28026. This report may also be viewed on the City's website located at the following address: <http://www.concordnc.gov>.

STATEMENT OF NET POSITION
June 30, 2015

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 72,493,357	\$ 123,087,098	\$ 195,580,455	\$ 2,588,469
Receivables, net	13,650,197	35,141,935	48,792,132	-
Due from (to) other funds	2,654,969	(2,654,969)	-	-
Inventories	134,528	4,100,484	4,235,012	962,828
Prepaid expenses	33,539	220,842	254,381	33,247
Restricted assets - cash and investments	30,007,897	10,551,663	40,559,560	-
Net pension asset	2,755,471	1,641,324	4,396,795	55,908
Capital assets:				
Non-depreciable	73,450,581	65,701,081	139,151,662	1,743,197
Depreciable, net	256,999,907	305,732,030	562,731,937	242,103
Total assets	452,180,446	543,521,488	995,701,934	5,625,752
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	1,898,349	1,130,770	3,029,119	-
Deferred charge on refunding	438,219	1,656,392	2,094,611	-
Total deferred outflows of resources	2,336,568	2,787,162	5,123,730	-
LIABILITIES				
Accounts payable and accrued liabilities	7,345,708	11,800,224	19,145,932	642,576
Accrued interest payable	-	298,302	298,302	-
Unearned revenues	2,903	-	2,903	-
Deposits	2,663,872	2,538,059	5,201,931	-
Non-current liabilities:				
Due within one year:				
Long-term debt	4,366,269	9,353,562	13,719,831	-
Installment purchases	270,000	602,500	872,500	-
Due in more than one year:				
Long-term debt	42,955,015	86,784,232	129,739,247	-
Long-term installment purchases	3,105,000	6,235,000	9,340,000	-
Total liabilities	60,708,767	117,611,879	178,320,646	642,576
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	6,971,099	4,152,403	11,123,502	139,623
Prepaid taxes	83,505	-	83,505	-
Total deferred inflows of resources	7,054,604	4,152,403	11,207,007	139,623
NET POSITION				
Net investment in capital assets	303,629,133	279,995,482	583,624,615	1,985,300
Restricted for:				
Streets	3,389,298	-	3,389,298	-
Stabilization by State Statute	17,332,700	-	17,332,700	-
Other	491,968	-	491,968	-
Unrestricted	61,910,544	144,548,886	206,459,430	2,858,253
Total net position	\$ 386,753,643	\$ 424,544,368	\$ 811,298,011	\$ 4,843,553

See Notes to Financial Statements.

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STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 4,691,595	\$ 1,816,245	\$ -	\$ -	\$ (2,875,350)	\$ -	\$ (2,875,350)	\$ -
Public safety	36,851,383	1,394,849	172,310	-	(35,284,224)	-	(35,284,224)	-
Public works	28,327,081	391,750	3,009,510	34,140,162	9,214,341	-	9,214,341	-
Cultural and recreational	4,662,500	356,987	-	98,799	(4,206,714)	-	(4,206,714)	-
Planning and community development	3,037,830	2,090,776	-	-	(947,054)	-	(947,054)	-
Administration	2,076,215	-	-	-	(2,076,215)	-	(2,076,215)	-
Housing assistance payments	4,127,317	1,197,220	3,092,705	-	162,608	-	162,608	-
Rehabilitation	214,316	503,318	1,061,744	-	1,350,746	-	1,350,746	-
Interest expense	1,435,986	-	-	-	(1,435,986)	-	(1,435,986)	-
Total governmental activities	85,424,223	7,751,145	7,336,269	34,238,961	(36,097,848)	-	(36,097,848)	-
Business-type activities:								
Electric	70,822,661	81,118,401	-	-	-	10,295,740	10,295,740	-
Water	18,869,903	21,517,196	-	925,550	-	3,572,843	3,572,843	-
Wastewater	13,947,646	16,167,934	-	3,043,582	-	5,263,870	5,263,870	-
Regional airport	10,060,171	8,612,280	-	1,926,569	-	478,678	478,678	-
Stormwater	3,664,112	3,896,251	-	-	-	232,139	232,139	-
Golf course	1,736,164	1,689,930	-	-	-	(46,234)	(46,234)	-
Housing	2,198,236	357,823	1,268,602	-	-	(571,811)	(571,811)	-
Transit	4,068,815	296,685	2,033,171	-	-	(1,738,959)	(1,738,959)	-
Total business-type activities	125,367,708	133,656,500	3,301,773	5,895,701	-	17,486,266	17,486,266	-
Total primary government	\$ 210,791,931	\$ 141,407,645	\$ 10,638,042	\$ 40,134,662	(36,097,848)	17,486,266	(18,611,582)	-
Component unit - City of Concord, ABC Board	\$ 8,666,790	\$ 9,455,189	\$ -	\$ -	-	-	-	788,399
General revenues:								
Taxes:								
Ad valorem					46,125,496	-	46,125,496	-
Local government sales tax					16,917,828	-	16,917,828	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					3,932,956	-	3,932,956	-
Investment earnings					640,669	1,001,886	1,642,555	806
Gain on sale of capital assets					306,560	94,073	400,633	-
Miscellaneous					647,985	178,207	826,192	130,253
Total general revenues not including transfers					68,571,494	1,274,166	69,845,660	131,059
Transfers					(1,949,854)	1,949,854	-	-
Total general revenues and transfers					66,621,640	3,224,020	69,845,660	131,059
Change in net position					30,523,792	20,710,286	51,234,078	919,458
Net position - beginning, as restated (Note 19)					356,229,851	403,834,082	760,063,933	3,924,095
Net position - ending	\$ 386,753,643	\$ 424,544,368	\$ 811,298,011	\$ 4,843,553				

See Notes to Financial Statements

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2015

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 56,940,000	\$ 15,553,357	\$ 72,493,357
Receivables:			
Ad valorem taxes, net	2,674,554	4,357	2,678,911
Due from other governmental agencies	477,342	40,504	517,846
Sales tax refunds	2,749,058	140,559	2,889,617
Interest	156,228	65,469	221,697
Due from other funds	3,380,963	-	3,380,963
Other, net	6,000,020	1,342,106	7,342,126
Inventories	134,528	-	134,528
Prepaid items	31,496	141	31,637
Restricted assets - cash and investments	6,352,566	23,655,331	30,007,897
Total assets	\$ 78,896,755	\$ 40,801,824	\$ 119,698,579
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,728,281	\$ 2,756,784	\$ 6,485,065
Due to other funds	-	725,994	725,994
Unearned revenues	2,903	-	2,903
Deposits	2,663,872	-	2,663,872
Total liabilities	6,395,056	3,482,778	9,877,834
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	2,674,554	4,357	2,678,911
Prepaid taxes	83,505	-	83,505
Total deferred inflows of resources	2,758,059	4,357	2,762,416
FUND BALANCES (DEFICITS)			
Non Spendable			
Inventories	134,528	-	134,528
Prepays	31,496	-	31,496
Restricted			
Stabilization by State Statute	15,743,921	1,588,779	17,332,700
Transportation	3,389,298	-	3,389,298
Public safety	325,944	-	325,944
Committed			
Future capital purchases	-	16,455,703	16,455,703
Planning and community development	-	624,515	624,515
Housing assistance	-	83,857	83,857
Assigned			
Future capital purchases	-	19,181,632	19,181,632
Unassigned	50,118,453	(619,797)	49,498,656
Total fund balances (deficits)	69,743,640	37,314,689	107,058,329
Total liabilities, deferred inflows of resources and fund balances	\$ 78,896,755	\$ 40,801,824	\$ 119,698,579

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION

June 30, 2015

Fund balances - total governmental funds	\$ 107,058,329
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Amounts reported for governmental activities in the statement of net position 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	\$ 714,593,453	
Less accumulated depreciation	<u>384,142,965</u>	330,450,488

Net pension asset		2,755,471
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Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,898,349
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Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Bond insurance cost	4,842	
Less accumulated amortization	<u>2,940</u>	1,902

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	(28,908,662)	
HUD Loan	(1,538,000)	
Governmental installment purchases	(3,375,000)	
Separation allowance	(2,027,800)	
OPEB Liability	(9,718,800)	
Accrued vacation payable	<u>(2,952,530)</u>	(48,520,792)

Deferred charge on refunding	633,412	
Less accumulated amortization	<u>195,193</u>	438,219

Bond premium	(2,437,022)	
Less accumulated amortization	<u>(261,530)</u>	(2,175,492)

Pension related deferrals		(6,971,099)
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Costs of health claims not accrued in the governmental fund statements		(410,462)
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Costs of workers' compensation claims reserves not accrued in the governmental fund statements		(450,181)
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Liabilities for earned revenues considered deferred inflows of resources in fund statements		<u>2,678,911</u>
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Net position of governmental activities		<u><u>\$ 386,753,643</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, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 45,653,724	\$ 104,399	\$ 45,758,123
Other taxes	16,917,828	-	16,917,828
Unrestricted intergovernmental revenues	3,932,956	-	3,932,956
Restricted intergovernmental revenues	3,800,861	4,866,723	8,667,584
Licenses and permits	2,004,511	-	2,004,511
Investment earnings	406,617	234,052	640,669
Investment earnings, restricted	23,385	-	23,385
Program income	-	2,460,878	2,460,878
Other revenues	3,631,102	555,811	4,186,913
Total revenues	76,370,984	8,221,863	84,592,847
Expenditures			
Current:			
General government	4,321,256	-	4,321,256
Public safety	34,244,381	-	34,244,381
Public works	10,463,847	-	10,463,847
Cultural and recreational	4,335,081	-	4,335,081
Planning and community development	2,903,271	104,399	3,007,670
Administration	-	2,076,215	2,076,215
Housing assistance payments	-	4,127,317	4,127,317
Rehabilitation	-	214,316	214,316
Issuance costs	-	536,661	536,661
Capital outlay	3,056,217	14,632,705	17,688,922
Debt service	824,446	1,886,685	2,711,131
Total expenditures	60,148,499	23,578,298	83,726,797
Excess (deficiency) of revenues over (under) expenditures	16,222,485	(15,356,435)	866,050
Other Financing Sources (Uses)			
Financing proceeds	-	14,004,825	14,004,825
Premium on bonds issued	-	1,203,981	1,203,981
Issuance of refunding bonds	-	8,895,000	8,895,000
Premium on refunding bonds	-	760,844	760,844
Payment to refunded bonds escrow agent	-	(10,519,638)	(10,519,638)
Transfers from other funds	2,150,966	20,112,354	22,263,320
Transfers to other funds	(6,509,339)	(17,703,835)	(24,213,174)
Total other financing sources (uses)	(4,358,373)	16,753,531	12,395,158
Net change in fund balances	11,864,112	1,397,096	13,261,208
Fund Balances			
Beginning	57,879,528	35,917,593	93,797,121
Ending	\$ 69,743,640	\$ 37,314,689	\$ 107,058,329

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, 2015

Net change in fund balances - total governmental funds	\$ 13,261,208
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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	\$ 17,688,922	
Capital contributions	32,975,100	
Current year's depreciation	<u>(21,327,920)</u>	29,336,102

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,898,349
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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 position.

Principal payments	11,997,185
Premium	94,136

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 insurance costs	(484)	
Current year amortization of deferred charge on refunding	(44,652)	
Change in law enforcement officers special separation allowance	(156,991)	
Change in OPEB liability	(748,737)	
Pension expense	(108,759)	
Change in long-term compensated absences	<u>12,775</u>	(1,046,848)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (see Note 2)	367,373
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Costs of health claims not accrued in the governmental fund statements	(410,462)
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Costs of workers' compensation claims not accrued in the governmental fund statements	(311,272)
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Proceeds from debt issued	(22,899,825)
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Premium on debt issued	(1,964,825)
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Loss on refunding	240,122
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Basis of property disposed of during the year	<u>(37,451)</u>
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Change in net position of governmental activities	<u><u>\$ 30,523,792</u></u>
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See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 43,974,856	\$ 43,974,856	\$ 45,958,413	\$ 1,983,557
Prior years	534,650	(1,465,354)	(384,339)	1,081,015
Penalties and interest	275,000	275,000	79,650	(195,350)
	44,784,506	42,784,502	45,653,724	2,869,222
Other taxes:				
Local government sales tax	14,152,270	14,152,270	16,917,828	2,765,558
Unrestricted intergovernmental revenues:				
Officers' fees	35,000	35,000	35,538	538
Utilities sales tax	2,700,000	3,700,000	3,489,861	(210,139)
Beer and wine tax	338,000	397,188	397,189	1
Fire protection	10,000	10,000	10,368	368
	3,083,000	4,142,188	3,932,956	(209,232)
Restricted intergovernmental revenues:				
State Street-Aid allocations	2,216,400	2,216,400	2,262,055	45,655
Cabarrus County schools	453,000	453,000	642,426	189,426
Transportation (federal, state and local)	306,755	306,755	267,694	(39,061)
On-behalf of payments - Fire and Rescue	-	-	25,132	25,132
Other restricted intergovernmental revenues	634,043	704,827	603,554	(101,273)
	3,610,198	3,680,982	3,800,861	119,879
Licenses and permits:				
Vehicle licenses	443,000	469,478	561,215	91,737
Zoning permits	188,000	211,003	224,070	13,067
Fire permits and inspections	150,000	187,160	188,266	1,106
Business registration fee	1,120,000	1,015,000	1,014,860	(140)
Other	16,500	16,500	16,100	(400)
	1,917,500	1,899,141	2,004,511	105,370
Investment earnings	-	465,630	406,617	(59,013)
Investment earnings restricted	-	19,092	23,385	4,293
	-	484,722	430,002	(54,720)
Other general revenues:				
Public safety	145,440	145,440	195,567	50,127
Environmental protection	1,865,520	1,995,088	2,090,776	95,688
Miscellaneous	459,160	943,371	987,772	44,401
Recreational	258,775	324,240	356,987	32,747
	2,728,895	3,408,139	3,631,102	222,963
Total revenues	70,276,369	70,551,944	76,370,984	5,819,040

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL (Continued)

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	\$ 175,761	\$ 192,761	\$ 181,658	\$ 11,103
Professional services	62,500	68,542	68,587	(45)
Operating expenditures	88,098	104,125	106,445	(2,320)
Governing body cost allocations	(218,670)	(218,670)	(245,081)	26,411
	<u>107,689</u>	<u>146,758</u>	<u>111,609</u>	<u>35,149</u>
City Manager's Office:				
Salaries and employee benefits	690,835	730,835	728,698	2,137
Professional services	243,915	193,915	160,981	32,934
Operating expenditures	59,002	59,002	53,746	5,256
Administrative cost allocations	(446,313)	(446,313)	(540,004)	93,691
	<u>547,439</u>	<u>537,439</u>	<u>403,421</u>	<u>134,018</u>
Public Service Administration department:				
Salaries and employee benefits	191,441	185,941	74,290	111,651
Professional services	2,684	8,184	6,197	1,987
Operating expenditures	367,095	927,095	789,958	137,137
Capital outlay	560,000	-	-	-
Debt service	392,516	392,516	392,516	-
Administrative cost allocations	(1,204,535)	(1,204,535)	(718,090)	(486,445)
	<u>309,201</u>	<u>309,201</u>	<u>544,871</u>	<u>(235,670)</u>
Risk Management department:				
Salaries and employee benefits	195,655	210,655	211,452	(797)
Professional services	93,110	93,110	78,792	14,318
Operating expenditures	88,960	89,860	47,943	41,917
Capital outlay	28,000	28,000	27,237	763
Risk management cost allocations	(231,580)	(231,580)	(213,017)	(18,563)
	<u>174,145</u>	<u>190,045</u>	<u>152,407</u>	<u>37,638</u>
Finance department:				
Salaries and employee benefits	1,012,471	1,020,471	999,026	21,445
Professional services	43,068	43,068	55,167	(12,099)
Operating expenditures	83,487	83,487	76,759	6,728
Capital outlay	90,000	90,000	41,978	48,022
Finance cost allocations	(682,793)	(682,793)	(706,992)	24,199
	<u>546,233</u>	<u>554,233</u>	<u>465,938</u>	<u>88,295</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Tax department:				
Salaries and employee benefits	\$ 254,352	\$ 258,852	\$ 241,158	\$ 17,694
Professional services	19,506	19,506	15,901	3,605
Operating expenditures	165,902	191,244	200,996	(9,752)
Cost allocations	7,471	7,471	7,224	247
	<u>447,231</u>	<u>477,073</u>	<u>465,279</u>	<u>11,794</u>
Legal department:				
Salaries and employee benefits	549,164	549,164	477,104	72,060
Professional services	53,500	53,500	45,397	8,103
Operating expenditures	49,812	49,812	38,059	11,753
Cost allocations	(390,669)	(390,669)	(345,667)	(45,002)
	<u>261,807</u>	<u>261,807</u>	<u>214,893</u>	<u>46,914</u>
Human resources:				
Salaries and employee benefits	522,798	522,798	410,062	112,736
Professional services	97,145	97,145	104,963	(7,818)
Operating expenditures	123,887	123,887	63,600	60,287
Human resources cost allocations	(419,578)	(419,578)	(354,251)	(65,327)
	<u>324,252</u>	<u>324,252</u>	<u>224,374</u>	<u>99,878</u>
Wellness center:				
Professional services	469,751	469,751	450,442	19,309
Operating expenditures	15,702	15,702	13,707	1,995
Wellness center cost allocations	(162,516)	(162,516)	(173,128)	10,612
	<u>322,937</u>	<u>322,937</u>	<u>291,021</u>	<u>31,916</u>
Nondepartmental:				
Professional services	48,187	48,187	47,900	287
Operating expenditures	3,135,315	2,354,515	1,110,521	1,243,994
Outside agencies	-	4,375	(3,493)	7,868
Capital outlay	79,441	79,441	109,441	(30,000)
Cost allocations	817,073	817,073	754,246	62,827
	<u>4,080,016</u>	<u>3,303,591</u>	<u>2,018,615</u>	<u>1,284,976</u>
Total general government	7,120,950	6,427,336	4,892,428	1,534,908
Public safety:				
Police department:				
Salaries and employee benefits	12,858,637	13,172,306	13,390,904	(218,598)
Professional services	284,088	284,088	250,602	33,486
Operating expenditures	2,927,318	3,320,201	2,363,716	956,485
Capital outlay	753,830	640,778	649,999	(9,221)
Cost allocations	646,506	646,506	614,025	32,481
	<u>17,470,379</u>	<u>18,063,879</u>	<u>17,269,246</u>	<u>794,633</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Communications:				
Salaries and employee benefits	\$ 1,199,814	\$ 1,214,814	\$ 1,187,108	\$ 27,706
Professional services	11,328	11,328	6,863	4,465
Operating expenditures	93,322	93,322	89,856	3,466
Capital outlay	52,000	52,000	-	52,000
Cost allocations	14,155	14,155	13,688	467
	<u>1,370,619</u>	<u>1,385,619</u>	<u>1,297,515</u>	<u>88,104</u>
Fire department:				
Salaries and employee benefits	12,699,890	12,944,890	12,846,170	98,720
Professional services	195,637	195,637	162,774	32,863
Operating expenditures	2,153,748	2,155,248	1,806,812	348,436
Capital outlay	949,710	927,107	732,314	194,793
Debt service	428,870	428,870	431,930	(3,060)
Cost allocations	559,728	559,728	530,644	29,084
	<u>16,987,583</u>	<u>17,211,480</u>	<u>16,510,644</u>	<u>700,836</u>
Code enforcement:				
Salaries and employee benefits	500,376	500,376	489,200	11,176
Professional services	2,304	2,304	80	2,224
Operating expenditures	215,734	215,734	107,130	108,604
	<u>718,414</u>	<u>718,414</u>	<u>596,410</u>	<u>122,004</u>
Emergency management:				
Salaries and employee benefits	106,336	112,336	111,350	986
Professional services	15,000	15,000	-	15,000
Operating expenditures	37,089	37,089	9,494	27,595
	<u>158,425</u>	<u>164,425</u>	<u>120,844</u>	<u>43,581</u>
Radio shop:				
Salaries and employee benefits	184,565	184,565	165,249	19,316
Professional services	2,881	2,881	2,323	558
Operating expenditures	97,218	120,218	96,393	23,825
Capital outlay	22,000	22,000	23,430	(1,430)
	<u>306,664</u>	<u>329,664</u>	<u>287,395</u>	<u>42,269</u>
Total public safety	<u>37,012,084</u>	<u>37,873,481</u>	<u>36,082,054</u>	<u>1,791,427</u>
Public works:				
Traffic services:				
Salaries and employee benefits	318,918	328,918	328,668	250
Professional services	9,653	9,653	10,277	(624)
Operating expenditures	208,699	185,539	105,545	79,994
Capital outlay	24,000	47,160	47,722	(562)
Cost allocations	29,504	29,504	28,520	984
	<u>590,774</u>	<u>600,774</u>	<u>520,732</u>	<u>80,042</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation signal:				
Salaries and employee benefits	\$ 342,634	\$ 342,634	\$ 252,429	\$ 90,205
Professional services	5,576	149,346	54,680	94,666
Operating expenditures	351,709	543,710	333,352	210,358
Capital outlay	15,000	15,000	5,509	9,491
Cost allocations	16,514	16,514	15,969	545
	<u>731,433</u>	<u>1,067,204</u>	<u>661,939</u>	<u>405,265</u>
Transportation:				
Salaries and employee benefits	1,677,842	1,677,842	1,505,232	172,610
Professional services	22,737	22,737	19,094	3,643
Operating expenditures	3,045,242	3,081,895	1,275,405	1,806,490
Capital outlay	380,500	356,203	341,302	14,901
Cost allocations	280,800	280,800	244,069	36,731
	<u>5,407,121</u>	<u>5,419,477</u>	<u>3,385,102</u>	<u>2,034,375</u>
Fleet services:				
Salaries and employee benefits	887,912	987,912	1,003,298	(15,386)
Professional services	630	630	1,810	(1,180)
Operating expenditures	2,755,591	2,804,348	2,133,244	671,104
Capital outlay	123,329	123,329	79,986	43,343
Cost allocations	(3,628,709)	(3,628,709)	(2,885,100)	(743,609)
	<u>138,753</u>	<u>287,510</u>	<u>333,238</u>	<u>(45,728)</u>
Solid waste and recycling:				
Salaries and employee benefits	1,835,708	1,843,491	1,694,037	149,454
Professional services	103,698	127,583	81,209	46,374
Operating expenditures	3,880,191	3,872,408	3,515,962	356,446
Capital outlay	434,285	434,285	368,023	66,262
Cost allocations	281,220	281,220	262,403	18,817
	<u>6,535,102</u>	<u>6,558,987</u>	<u>5,921,634</u>	<u>637,353</u>
Cemetery:				
Salaries and employee benefits	405,465	405,465	376,765	28,700
Professional services	12,700	12,700	8,692	4,008
Operating expenditures	121,814	125,611	98,096	27,515
Capital outlay	34,000	30,203	27,965	2,238
Cost allocations	197	197	191	6
	<u>574,176</u>	<u>574,176</u>	<u>511,709</u>	<u>62,467</u>
Total public works	<u>13,977,359</u>	<u>14,508,128</u>	<u>11,334,354</u>	<u>3,219,502</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,424,011	\$ 1,424,011	\$ 1,294,390	\$ 129,621
Professional services	279,309	274,299	243,592	30,707
Operating expenditures	1,312,262	1,312,262	1,059,314	252,948
Capital outlay	91,000	667,800	601,311	66,489
Cost allocations	1,924,090	1,924,090	1,737,785	186,305
Total cultural and recreational	5,030,672	5,602,462	4,936,392	666,070
Planning and community development				
Planning department:				
Salaries and employee benefits	1,248,300	1,270,300	1,166,132	104,168
Professional services	440,942	524,442	317,658	206,784
Operating expenditures	436,794	557,960	529,554	28,406
Capital outlay	-	30,000	-	30,000
Incentive grants	1,020,442	1,020,442	452,099	568,343
Cost allocations	506,521	506,521	437,828	68,693
Total planning and community development	3,652,999	3,909,665	2,903,271	1,006,394
Total expenditures	66,794,064	68,321,072	60,148,499	8,218,301
Excess of revenues over expenditures	3,482,305	2,230,872	16,222,485	13,991,613
Other Financing Sources (Uses)				
Fund balance appropriated	1,750,117	2,841,220	-	2,841,220
Transfers from other funds	1,424,500	2,150,966	2,150,966	-
Transfers to other funds	(6,656,922)	(7,223,058)	(6,509,339)	(713,719)
Total other financing uses	(3,482,305)	(2,230,872)	(4,358,373)	2,127,501
Net change in fund balance	\$ -	\$ -	11,864,112	\$ 11,864,112
Fund Balance				
Beginning			57,879,528	
Ending			\$ 69,743,640	

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

June 30, 2015

ASSETS	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Current Assets									
Cash and investments	\$ 48,675,927	\$ 42,743,860	\$ 13,540,114	\$ 4,987,459	\$ 10,821,804	\$ 564,560	\$ 121,333,724	\$ 1,753,374	
Receivables:									
Accounts receivable, net	21,343,244	5,363,092	2,040,196	2,387,981	181,242	1,501,358	32,817,113	-	
Due from other governmental agencies	-	-	-	-	-	1,336,606	1,336,606	-	
Interest	112,875	90,759	29,586	13,133	18,552	1,611	266,516	-	
Other receivables	-	-	-	-	-	657,065	657,065	64,635	
Inventories and prepaid expenses	3,478,671	593,395	118,127	37,025	1,460	81,091	4,309,769	11,557	
Total current assets	73,610,717	48,791,106	15,728,023	7,425,598	11,023,058	4,142,291	160,720,793	1,829,566	
Noncurrent Assets									
Restricted assets - cash and investments	3,155,301	1,864,458	2,100,529	84,017	-	36,592	7,240,897	3,310,766	
Net pension asset	331,079	308,215	144,215	158,285	94,971	70,788	1,107,553	533,771	
Capital assets	136,885,716	146,647,430	116,096,849	97,379,013	58,174,007	31,628,751	586,811,766	7,808,194	
Less accumulated depreciation	(71,844,646)	(59,419,911)	(41,947,461)	(23,302,722)	(15,421,269)	(8,325,640)	(220,261,649)	(2,925,200)	
Total noncurrent assets	68,527,450	89,400,192	76,394,132	74,318,593	42,847,709	23,410,491	374,898,567	8,727,531	
Total assets	142,138,167	138,191,298	92,122,155	81,744,191	53,870,767	27,552,782	535,619,360	10,557,097	
DEFERRED OUTFLOWS OF RESOURCES									
Contributions to pension plan	228,093	212,341	99,355	109,048	65,429	48,769	763,035	367,735	
Deferred charge on refunding	396,419	931,081	153,923	47,267	-	127,702	1,656,392	-	
Total deferred outflows of resources	624,512	1,143,422	253,278	156,315	65,429	176,471	2,419,427	367,735	
LIABILITIES									
Current Liabilities									
Accounts payable and accrued expenses	6,739,112	1,911,040	558,330	1,092,829	55,620	410,450	10,767,381	1,032,843	
Current portion of long-term debt	2,303,579	3,223,428	2,116,091	880,663	50,243	868,527	9,442,531	513,531	
Accrued interest	79,520	122,054	64,879	3,807	-	7,609	277,869	20,433	
Due to other funds	-	-	-	-	-	2,654,969	2,654,969	-	
Total current liabilities	9,122,211	5,256,522	2,739,300	1,977,299	105,863	3,941,555	23,142,750	1,566,807	
Noncurrent Liabilities									
Long-term debt due after one year	21,471,091	33,568,979	16,533,835	7,653,623	191,812	4,997,042	84,416,382	8,602,850	
Deposits	1,906,790	509,942	725	84,010	-	36,592	2,538,059	-	
Total noncurrent liabilities	23,377,881	34,078,921	16,534,560	7,737,633	191,812	5,033,634	86,954,441	8,602,850	
Total liabilities	32,500,092	39,335,443	19,273,860	9,714,932	297,675	8,975,189	110,097,191	10,169,657	
DEFERRED INFLOWS OF RESOURCES									
Pension deferrals	837,600	779,757	364,851	400,446	240,268	179,088	2,802,010	1,350,393	
NET POSITION									
Net investment in capital assets	43,084,646	52,510,871	56,025,338	66,059,833	42,752,738	17,669,882	278,103,308	1,892,174	
Unrestricted	66,340,341	46,708,649	16,711,384	5,725,295	10,645,515	905,094	147,036,278	(2,487,392)	
Total net position	\$ 109,424,987	\$ 99,219,520	\$ 72,736,722	\$ 71,785,128	\$ 53,398,253	\$ 18,574,976	\$ 425,139,586	\$ (595,218)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(595,218)		
Net position of business-type activities							<u>\$ 424,544,368</u>		

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2015

	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Operating Revenues									
Charges for services	\$ 79,776,943	\$ 19,931,148	\$ 15,263,071	\$ 8,601,277	\$ 3,873,016	\$ 1,705,289	\$ 129,150,744	\$ 10,214,092	
Other operating revenues	1,341,458	1,586,048	904,863	11,003	23,235	639,149	4,505,756	-	
Total operating revenue	81,118,401	21,517,196	16,167,934	8,612,280	3,896,251	2,344,438	133,656,500	10,214,092	
Operating Expenses									
General and administrative	2,524,765	-	-	-	-	1,338,590	3,863,355	6,188,802	
Professional services	-	-	-	-	-	3,164,439	3,164,439	1,203,107	
Water plant and lakes	-	4,789,464	-	-	-	-	4,789,464	-	
Water line operation and maintenance	-	8,841,752	-	-	-	-	8,841,752	-	
Wastewater line and plant	-	-	10,140,607	-	-	-	10,140,607	-	
Purchased power	50,865,046	-	-	-	-	-	50,865,046	-	
Power line and plant	12,378,402	-	-	-	-	-	12,378,402	-	
Airport operation and maintenance	-	-	-	7,620,004	-	-	7,620,004	-	
Stormwater operation and maintenance	-	-	-	-	1,997,095	-	1,997,095	-	
Utilities	-	-	-	-	-	244,801	244,801	-	
Housing maintenance and repairs	-	-	-	-	-	323,547	323,547	-	
Operating supplies	-	-	-	-	-	380,644	380,644	-	
Other operating costs	-	-	-	-	-	780,952	780,952	2,398,371	
Depreciation and amortization	4,071,799	3,823,173	3,002,656	2,063,792	1,667,017	1,619,504	16,247,941	230,241	
Total operating expenses	69,840,012	17,454,389	13,143,263	9,683,796	3,664,112	7,852,477	121,638,049	10,020,521	
Operating income (loss)	11,278,389	4,062,807	3,024,671	(1,071,516)	232,139	(5,508,039)	12,018,451	193,571	
Nonoperating Revenues (Expenses)									
Operating subsidy	-	-	-	-	-	3,301,773	3,301,773	-	
Interest earned on investments	414,513	320,278	162,412	41,730	57,743	5,210	1,001,886	2,509	
Interest expense	(982,649)	(1,415,514)	(804,383)	(376,375)	-	(150,738)	(3,729,659)	(141,180)	
Gain (loss) on sale of capital assets	161	10,514	20,771	-	62,627	-	94,073	-	
Other	-	-	14,071	14,014	-	95,222	123,307	-	
Total nonoperating revenues (expenses)	(567,975)	(1,084,722)	(607,129)	(320,631)	120,370	3,251,467	791,380	(138,671)	
Income (loss) before capital contributions and transfers	10,710,414	2,978,085	2,417,542	(1,392,147)	352,509	(2,256,572)	12,809,831	54,900	
Capital contributions	-	925,550	3,043,582	1,926,569	-	-	5,895,701	-	
Transfers in	-	127,873	294,585	793,091	-	1,408,322	2,623,871	-	
Transfers out	(639,007)	(6,050)	(3,241)	(3,889)	(2,161)	(19,669)	(674,017)	-	
Transfers in (out)	(639,007)	121,823	291,344	789,202	(2,161)	1,388,653	1,949,854	-	
Change in net position	10,071,407	4,025,458	5,752,468	1,323,624	350,348	(867,919)	20,655,386	54,900	
Net Position									
Beginning, as restated (Note 19)	99,353,580	95,194,062	66,984,254	70,461,504	53,047,905	19,442,895		(650,118)	
Ending	\$ 109,424,987	\$ 99,219,520	\$ 72,736,722	\$ 71,785,128	\$ 53,398,253	\$ 18,574,976		\$ (595,218)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							54,900		
Change in net position of business-type activities							\$ 20,710,286		

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

	Major Enterprise Funds						Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund	Nonmajor Enterprise Funds		
Cash Flows From Operating Activities								
Receipts from customers	\$ 73,519,105	\$ 21,622,734	\$ 15,981,710	\$ 8,248,602	\$ 3,939,706	\$ 933,209	\$ 124,245,066	\$ 10,149,682
Payments to employees	(5,305,932)	(3,688,333)	(1,594,546)	(1,769,652)	(1,275,873)	(616,533)	(14,250,869)	(6,119,172)
Payments to suppliers	(60,625,336)	(11,423,901)	(8,102,278)	(5,238,540)	(773,445)	(3,428,557)	(89,592,057)	(2,972,723)
Net cash provided by (used in) operating activities	7,587,837	6,510,500	6,284,886	1,240,410	1,890,388	(3,111,881)	20,402,140	1,057,787
Cash Flows From Noncapital Financing Activities								
Due to (from) other funds	-	-	-	-	-	(1,184,193)	(1,184,193)	-
Transfers in	-	127,873	294,585	793,091	-	1,408,322	2,623,871	-
Transfers out	(639,007)	(6,050)	(3,241)	(3,889)	(2,161)	(19,669)	(674,017)	-
Operating grants received	-	-	-	-	-	3,301,773	3,301,773	-
Net cash provided by (used in) noncapital financing activities	(639,007)	121,823	291,344	789,202	(2,161)	3,506,233	4,067,434	-
Cash Flows From Capital and Related Financing Activities								
Principal payment on long-term debt	(1,985,911)	(2,953,092)	(2,000,212)	(811,500)	-	(5,865,000)	(13,615,715)	(138,600)
Interest paid	(986,985)	(1,512,423)	(811,630)	(376,908)	-	(170,145)	(3,858,091)	(120,747)
Financing proceeds	-	-	-	-	-	5,719,886	5,719,886	6,968,039
Bond issuance costs	-	-	-	-	-	(139,312)	(139,312)	-
Acquisition and construction of capital assets	(3,545,245)	(2,917,657)	(1,468,164)	(2,607,579)	(471,240)	(11,978)	(11,021,863)	(4,073,391)
Capital contributions - federal grant	-	-	-	1,926,569	-	-	1,926,569	-
Proceeds from the sale of capital assets	68,571	10,514	20,771	6,549	62,627	-	169,032	-
Net cash provided by (used in) capital and related financing activities	(6,449,570)	(7,372,658)	(4,259,235)	(1,862,869)	(408,613)	(466,549)	(20,819,494)	2,635,301
Cash Flows From Investing Activities								
Earnings on investments	412,913	311,499	158,047	41,048	55,761	5,338	984,606	2,509
Net cash provided by (used in) investing activities	412,913	311,499	158,047	41,048	55,761	5,338	984,606	2,509
Net increase (decrease) in cash and cash equivalents	912,173	(428,836)	2,475,042	207,791	1,535,375	(66,859)	4,634,686	3,695,597
Cash and cash equivalents:								
Beginning	50,919,055	45,037,154	13,165,601	4,863,685	9,286,429	668,011	123,939,935	1,368,543
Ending	\$ 51,831,228	\$ 44,608,318	\$ 15,640,643	\$ 5,071,476	\$ 10,821,804	\$ 601,152	\$ 128,574,621	\$ 5,064,140

Noncash investing, capital and financing activities:

The City of Concord received noncash capital contributions in the Water and Wastewater Funds in the amount of \$3,969,132 representing donated capital assets.

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2015

	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Operating income (loss)	\$ 11,278,389	\$ 4,062,807	\$ 3,024,671	\$ (1,071,516)	\$ 232,139	\$ (5,508,039)	\$ 12,018,451	\$ 193,571	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	4,071,799	3,823,173	3,002,656	2,063,792	1,667,017	1,619,504	16,247,941	230,241	
Pension expense	13,068	12,165	5,692	6,247	3,749	2,794	43,715	21,069	
Other income	-	-	14,071	7,465	-	121,718	143,254	-	
Changes in assets and liabilities:									
(Increase) decrease in:									
Accounts receivable	(7,599,296)	105,538	(200,295)	(371,143)	43,455	(1,445,543)	(9,467,284)	(64,410)	
Due from other governmental agencies	-	-	-	-	-	2,364,402	2,364,402	-	
Inventories and prepaid expenses	(785,810)	51,417	(13,602)	96,315	(230)	(8,331)	(660,241)	16,611	
Deferred outflows of resources for pensions	(228,093)	(212,341)	(99,355)	(109,048)	(65,429)	(48,769)	(763,035)	(367,735)	
Increase (decrease) in:									
Accounts payable and accrued expenses	683,344	(1,455,795)	505,676	589,300	(14,563)	(236,456)	71,506	843,230	
Vacation accrual	5,170	14,566	5,960	(14,762)	(1,556)	5,857	15,235	40,169	
OPEB liability	89,963	83,751	39,187	43,010	25,806	19,235	300,952	145,041	
Deposits	59,303	25,219	225	750	-	1,747	87,244	-	
Net cash provided by (used in) operating activities	\$ 7,587,837	\$ 6,510,500	\$ 6,284,886	\$ 1,240,410	\$ 1,890,388	\$ (3,111,881)	\$ 20,402,140	\$ 1,057,787	

See Notes to Financial Statements

CITY OF CONCORD, NORTH CAROLINA

Exhibit K

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash	<u>\$ 965,969</u>	<u>\$ 2,493,133</u>
Total assets	<u><u>\$ 965,969</u></u>	<u><u>\$ 2,493,133</u></u>
LIABILITIES		
Agency payable	<u>\$ -</u>	<u>\$ 2,493,133</u>
NET POSITION		
Net position held in trust for OPEB benefits and other purposes	<u><u>\$ 965,969</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

CITY OF CONCORD, NORTH CAROLINA

Exhibit L

FIDUCIARY FUNDS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2015**

	Other Postemployment Benefit Trust Fund
Additions:	
Employer contributions	\$ 887,653
Member contributions	245,223
	<u>1,132,876</u>
Investment income	38,145
Total additions	<u>1,171,021</u>
Deductions:	
Benefits	<u>1,032,876</u>
Change in net position	138,145
Net position, beginning	<u>827,824</u>
Net position, ending	<u><u>\$ 965,969</u></u>

See Notes to Financial Statements

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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 exclusively for the purpose of promoting the general welfare of the citizens of the City as a financing vehicle of the City. It will carry out this function through the acquisition, construction, sale or lease of real estate and improvements, facilities and equipment for the use of the City. In the event First Concord is unable to meet its debt service requirements, the City would be held liable. First Concord Corporation's activities, which have a June 30 year-end, are included in the funds in which the activity takes place.

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

The City Council appoints the members of the Alcoholic Beverage Control Board. In addition, the ABC Board is required by State statute to distribute a share of its surpluses to the General Fund of the City. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at City of Concord ABC Board, 230 International Drive, Concord, North Carolina 28027.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

The government reports the following major governmental fund:

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of fees intended to recover the cost of connecting new customers or reconnecting current customers to the water and wastewater systems. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

Pension Trust Fund: The City maintains a Pension Trust Fund – the Other Postemployment Benefit Fund. Pension trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefit Fund accounts for the City's contributions for healthcare coverage provided to qualified retirees.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, 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, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Concord because the tax is levied by Cabarrus County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Housing Assistance Fund, the Municipal Service District Fund, the Additional Vehicle Tax Fund, the Electric Operating Fund, the Water Operating Fund, the Wastewater Operating Fund, the Stormwater Operating Fund, the Golf Course Operating Fund, the Regional Airport Operating Fund, the Housing Department Operating Fund, and the Internal Service Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Community Development Fund, the Home Fund, the Section 108 Loan/BEDI Grant Fund, the Housing Capital Project Fund, the Parks and Recreation Capital Project Fund, the Transportation Capital Project Fund, the General Fund Capital Project Fund, the General Capital Reserve Project Fund, the Fire and Life Safety Capital Project Fund, the Electric Projects Capital Project Fund, the Water Projects Capital Project Fund, the Wastewater Projects Capital Project Fund, the Airport Capital Project Fund, the Stormwater Capital Project Fund, the Fiber Project Capital Project Fund, the Transit Fund, the Utility Capital Reserve Project Fund, the Golf Capital Project Fund, the 2008 Revenue Bond Capital Projects Fund and First Concord Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting.

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

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

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

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

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

As required by G.S. 159-26(d), the City maintains encumbrance accounts, which are considered to be "budgetary accounts." Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result in unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

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

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

General Statute 159-30.1 allows the City to establish an Other Postemployment Benefit (OPEB) Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the City to make contributions to the Trust. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(b)(8). The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at 21.9957 per share and the Russell 3000 Alpha Tilts Fund B is priced at 53.0437 per share at June 30, 2015.

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 proceeds for the 2014 limited obligation bonds issued by the City and deposits on hand 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 and the deposits will be used for. 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. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

<u>City of Concord Restricted Cash:</u>	
Governmental Activities	
General Fund	
Streets	\$ 3,389,298
Customer deposits	2,663,872
Debt service, extension, and replacement	299,396
Nonmajor governmental funds	
Unexpended bond proceeds	7,199,560
Debt service, extension, and replacement	68
Future capital projects	16,455,703
Total governmental activities	<u>\$ 30,007,897</u>

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Business-type Activities	
Electric Fund	
Customer deposits	\$ 1,906,790
Debt service, extension, and replacement	1,248,511
Water Fund	
Customer deposits	509,942
Debt service, extension, and replacement	1,354,516
Wastewater Fund	
Customer deposits	725
Debt service, extension, and replacement	2,099,804
Regional Airport Fund	
Customer deposits	84,010
Debt service, extension, and replacement	7
Nonmajor enterprise funds	
Customer deposits	36,592
Debt service, extension, and replacement	10
Unexpended bond proceeds	3,310,756
Total business-type activities	<u>\$ 10,551,663</u>
Total Restricted Cash	<u>\$ 40,559,560</u>

AD VALOREM TAXES RECEIVABLE

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (Lien Date); however, interest does not accrue until the following January 6th, and property becomes subject to lien. Liens are published the following May. The taxes levied are based on the assessed values as of January 1st.

ALLOWANCES FOR DOUBTFUL ACCOUNTS

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

INVENTORIES AND PREPAID ITEMS

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

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

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

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The minimum capitalization cost for infrastructure is \$100,000. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. General infrastructure assets acquired prior to July 1, 2001, consist of roads, curbs and gutters, and bridges that were acquired, contributed or that received substantial improvements subsequent to July 1, 1980 and are reported at estimated historical deflated replacement cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City reported \$89,268 in capitalized interest as part of the cost of capital assets under construction in fiscal year 2015.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

	Estimated Useful Life	
	City of Concord (In Years)	ABC Board
Electric plant and distribution systems	25 – 40	–
Waste treatment plant and distribution systems	30 – 60	–
Water plant and distribution system	40 – 50	–
Buildings and improvements	20 – 50	40
Infrastructure assets	40 – 50	–
Leasehold improvements	–	10 – 40
Automobiles and trucks	3 – 6	5
Other property	3 – 10	–
Furniture/equipment	3 – 5	10

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, contributions made to the pension plan in the 2015 fiscal year and an unamortized loss on a bond defeasance for refunding bonds. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and deferrals of pension expense that result from the implementation of GASB Statement 68.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

COMPENSATED ABSENCES

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

they have matured, for example, as a result of employee resignations and retirements. For the governmental activities, compensated absences are generally liquidated by the general fund.

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

NET POSITION AND FUND BALANCES

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents 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 governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year end balance of ending inventories, which are not spendable resources.

Prepays – portion of fund balance that is not an available resource because it represents the year end balance of prepaid expenses, which are not spendable resources.

Restricted Fund Balance – This classification includes amounts that are restricted for specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State statute (G.S. 159-8(a)).

Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain public safety expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by resolution of City of Concord's City Council (highest level of decision-making authority). The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Committed for Future Capital Purchases – portion of fund balance committed by the City Council for future capital purchases.

Committed for Planning and Community Development – portion of fund balance committed by the City Council for planning and community development.

Committed for Housing Assistance – portion of fund balance committed by the City Council for housing assistance payments.

Assigned Fund Balance – portion of fund balance that City of Concord intends to use for specific purposes.

Assigned for Future Capital Purchases – portion of fund balance that has been budgeted by the City Council for various future capital purchases and projects.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City of Concord has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

The City of Concord has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 35% of expenditures. Any portion of the General fund balance in excess of 35% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the City in a future budget.

PENSIONS

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government Employee's Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Concord's employer contributions are recognized when due and the City of Concord has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 position includes a reconciling item that relates to deferred inflows of resources 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 inflows of resources. The \$2,678,911 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 \$367,373 that did not provide current financial resources for the fund. This adjustment reflected on the reconciliation represents the change between the ad valorem taxes outstanding for the years ended June 30, 2015 and June 30, 2014.

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments

Deposits – All of the City’s and the ABC Board’s deposits are either insured or collateralized by using one of two methods. Under the dedicated method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the City’s or the ABC Board’s agents in these units’ names. Under the pooling method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City and the ABC Board, these deposits are considered to be held by their agents in the entities’ names. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2015, the City’s deposits had a carrying amount of \$33,285,778 and a bank balance of \$32,576,263. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$31,326,263 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$16,200 at June 30, 2015.

At June 30, 2015, the carrying amount of deposits for the ABC Board was \$2,578,269 and the bank balance was \$2,556,512. All of the bank balances were covered by federal depository insurance or collateralized deposits.

At June 30, 2015, the City’s investment balances were as follows:

	Reported Value	Less than 6 Months	Reported 6 – 12 Months	Reported 1 – 3 Years	More than 3 Years
U. S. Government agencies	\$ 121,797,584	\$ 3,171,800	\$ 2,911,594	\$ 55,029,915	\$ 60,684,275
U. S. Treasuries	1,707,234	-	-	-	1,707,234
Commercial paper	67,808,761	67,808,761	-	-	-
North Carolina Capital Management Trust – Cash Portfolio	14,961,218	14,961,218	N/A	N/A	N/A
North Carolina Capital Management Trust – Term Portfolio	22,342	N/A	N/A	N/A	N/A
Total	\$ 206,297,139	\$ 85,941,779	\$ 2,911,594	\$ 55,029,915	\$ 62,391,509

* Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

Interest Rate Risk – The investment program is managed so that investments and deposits can be converted to cash when needed with the primary objective being the safety of the investment. The City maintains investments of funds designed to emphasize safety, liquidity, and yield. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s investment policy includes diversification guidelines. With the exception of US treasury securities and the NCCMT, no more than 30% of the City’s total investment portfolio will be invested in a single security type or with a single financial institution. Other limits are certificates of deposit shall not exceed 25% of the City’s total portfolio, commercial paper shall not exceed 25%, and bankers’ acceptances shall not exceed 5%. Another component of the City’s investment policy intended to limit interest rate risk is maturity limits. At least 60% of the investment portfolio will have maturities of no more than 3 years from the date of purchase, 80% of the portfolio will mature in 5 years or less, 90% will mature in 10 years or less.

Credit Risk – The City limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issues nationally recognized statistical rating organizations (NRSROs). As of June 30, 2015, the City’s investments in commercial paper consisted of nine different issuers. All were rated A1 or A1+ by Standard & Poor’s and P1 by Moody’s. The City’s investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poors as of June 30, 2015. The City’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The City's investments in US Government Agencies (Federal Home Loan Bank, Federal Farm Credit, and FNMA) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk – As noted above under Interest Rate Risk, the City's investment policy limits the amount the City may invest in any one issuer. More than 5 percent of the City's investments are in the Federal Home Loan Mortgage Corporation, FNMA Discount Notes, and Federal Home Loan Bank. These investments are 25%, 17%, and 12% respectively, of the City's total investments.

OPEB Trust Fund

At June 30, 2015, the City's Health Care Plan had \$965,969 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer's OPEB Fund was invested as follows: State Treasurer's Short Term Investment Fund (STIF) 25.60%; State Treasurer's Long Term Investment Fund (LTIF) 10.03% and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B 64.37% (the equities were split with 75% in domestic securities and 25% in international securities). The STIF is not an SEC registered security and is stated at fair value. Oversight of the STIF is provided by the State Treasurer's Office to ensure the STIF is managed according to NC General Statutes. The fair value of the City's position in the pool is the same as the value of the pool shares.

Interest Rate Risk – The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2015. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 18.0 years at June 30, 2015.

Credit Risk – The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

At June 30, 2015, the ABC Board did not have any investments.

Note 4. Receivables and Allowances for Doubtful Amounts

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

	Governmental Activities	Business-type Activities
Accounts receivable, net	\$ -	\$ 32,817,113
Ad valorem taxes, net	2,678,911	-
Due from other governmental agencies	517,846	1,336,606
Sales tax refunds	2,889,617	-
Interest	221,697	266,516
Other, net	7,342,126	721,700
	\$ 13,650,197	\$ 35,141,935

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

Governmental Activities, allowance for doubtful ad valorem taxes	<u>\$ 892,970</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 3,928</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 204,157</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 53,419,775	\$ 599,619	\$ -	\$ -	\$ 54,019,394
Construction in progress	5,641,842	14,740,930	951,585	-	19,431,187
Total capital assets, not being depreciated	59,061,617	15,340,549	951,585	-	73,450,581
Capital assets, being depreciated:					
Buildings	48,453,990	-	-	-	48,453,990
Improvements other than buildings	2,789,762	638,880	-	-	3,428,642
Machinery and equipment	29,413,749	2,214,461	2,089,041	19,003	29,558,172
Infrastructure	526,325,461	33,376,607	-	-	559,702,068
Total capital assets, being depreciated	606,982,962	36,229,948	2,089,041	19,003	641,142,872
Accumulated depreciation:					
Buildings	19,830,357	1,819,858	-	-	21,650,215
Improvements other than buildings	1,865,573	105,522	-	-	1,971,095
Machinery and equipment	23,022,713	2,183,311	2,051,590	(26,107)	23,128,327
Infrastructure	320,174,099	17,219,229	-	-	337,393,328
Total accumulated depreciation	364,892,742	21,327,920	2,051,590	(26,107)	384,142,965
Total capital assets, being depreciated, net	242,090,220	\$ 14,902,028	\$ 37,451	\$ 45,110	256,999,907
Government activities capital assets, net	<u>\$ 301,151,837</u>				<u>\$ 330,450,488</u>

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 40,892,255	\$ -	\$ 280,221	\$ -	\$ 40,612,034
Construction in progress	14,357,959	11,085,919	354,831	-	25,089,047
Total capital assets, not being depreciated	55,250,214	11,085,919	635,052	-	65,701,081
Capital assets, being depreciated:					
Buildings	58,936,302	280,221	123,970	-	59,092,553
Improvements other than buildings	434,287,501	6,098,596	-	-	440,386,097
Machinery and equipment	27,959,835	2,323,964	869,677	26,107	29,440,229
Total capital assets, being depreciated	521,183,638	8,702,781	993,647	26,107	528,918,879
Accumulated depreciation:					
Buildings	21,042,049	2,054,726	104,702	-	22,992,073
Improvements other than buildings	168,744,346	11,982,269	-	-	180,726,615
Machinery and equipment	17,740,938	2,495,155	794,039	26,107	19,468,161
Total accumulated depreciation	207,527,333	16,532,150	898,741	26,107	223,186,849
Total capital assets, being depreciated, net	313,656,305	\$ (7,829,369)	\$ 94,906	\$ -	305,732,030
Business-type activities capital assets, net	<u>\$ 368,906,519</u>				<u>\$ 371,433,111</u>

A detailed breakdown of business-type activities capital assets by fund can be found at Schedule 5.

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	\$ 394,755
Public safety	2,610,006
Public works	17,936,414
Culture & recreational	354,103
Planning and community development	32,642
Total depreciation expense – governmental activities	<u>\$ 21,327,920</u>
Business-type activities:	
Electric	\$ 4,065,020
Water	3,846,965
Wastewater	3,001,914
Regional airport	2,066,394
Stormwater	1,667,016
Other nonmajor business-type activities	1,640,712
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	244,129
Total depreciation expense – business-type activities	<u>\$ 16,532,150</u>

Activity for the ABC Board for the year ended June 30, 2015, was as follows:

	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 213,804	\$ 13,344	\$ -	\$ 227,148
Construction in progress	13,400	1,502,649	-	1,516,049
Total capital assets not being depreciated	<u>227,204</u>	<u>1,515,993</u>	-	<u>1,743,197</u>
Capital assets, being depreciated:				
Buildings	51,078	-	-	51,078
Improvements other than buildings	466,182	-	-	466,182
Machinery and equipment	386,411	18,477	-	404,888
Total capital assets, being depreciated	<u>903,671</u>	<u>18,477</u>	-	<u>922,148</u>
Accumulated depreciation	640,255	39,790		680,045
Total capital assets, being depreciated, net	<u>263,416</u>	<u>\$ (21,313)</u>	<u>\$ -</u>	<u>242,103</u>
Component unit capital assets, net	<u>\$ 490,620</u>			<u>\$ 1,985,300</u>

Note 6. Accounts Payable and Accrued Liabilities

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 5,694,316	\$ 10,395,075
Accrued payroll and payroll related liabilities	1,327,267	492,588
Accrued sales tax payable	724	375,741
Other accrued liabilities	323,401	536,820
	<u>\$ 7,345,708</u>	<u>\$ 11,800,224</u>

In addition, the amount shown as unearned revenues on the statement of net position is for rental income received in advance.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt

Installment purchases: The City has various installment purchase contracts to finance equipment additions throughout the City's departments and funds. These contracts range between 1 year and 29 years in duration, depending upon the assets acquired. Interest rates range between 2.58% and 5.15%. The debt is collateralized by the assets acquired and serviced by the funds holding such debt.

Assets acquired through the installment purchase contracts are as follows:

	Governmental Activities	Business-type Activities
Capital Asset		
Machinery and equipment	\$ 5,352,617	\$ 12,050,000
Less accumulated depreciation	892,103	2,102,354
	\$ 4,460,514	\$ 9,947,646

Installment purchases payable at June 30, 2015 are comprised of the following individual issues:

Governmental activities:

\$4,500,000, contract for construction of fire station in fiscal year 2008 due in annual installments of \$270,000 through November 2027; interest 4.44%, to be paid from General Fund	\$ 3,375,000
	\$ 3,375,000

Business-type activities:

\$4,500,000, contract for construction of aviation hangar in fiscal year 2004 due in annual installments of \$225,000; interest 5.01%, payable from Regional Airport Fund	\$ 2,118,750
\$7,550,000, contract for construction of aviation projects in fiscal year 2008 due in annual installments of \$377,500; interest 4.44%, payable from Regional Airport Fund	4,718,750
	\$ 6,837,500

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 270,000	\$ 147,139	\$ 602,500	\$ 306,695
2017	270,000	134,649	602,500	277,961
2018	270,000	122,905	602,500	250,269
2019	270,000	110,917	602,500	222,235
2020	270,000	99,100	602,500	194,443
2021-2025	1,350,000	314,672	2,881,250	551,958
2026-2028	675,000	45,030	943,750	62,955
	\$ 3,375,000	\$ 974,412	\$ 6,837,500	\$ 1,866,516

Revenue Bonds: The City also issued bonds where the City pledges income derived from the Enterprise Fund acquiring or constructing assets with the proceeds to pay debt service. Portions of the Revenue Bonds were used to construct governmental activity assets and therefore, will be repaid by governmental revenue sources. Revenue bonds outstanding at June 30, 2015 are as follows:

Governmental activities:

\$670,180 (of \$23,935,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009 due in annual installments of \$63,700 to \$104,860 through December 1, 2017; interest from 3.00% to 5.00%.	\$ 205,240
\$2,721,512 (of \$40,925,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009B due in annual installments of \$40,565 to \$416,623 through December 2022; interest from 3.00% to 5.00%.	1,982,697
	\$ 2,187,937

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Business-type activities:

\$27,365,000, Utilities Systems Revenue Bonds, Series 2008 due in annual installments of \$500,000 to \$1,595,000; through December 1, 2035; interest from 3.00% to 5.00%	\$ 23,750,000
\$23,264,820 (of \$23,935,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009 due in annual installments of \$2,211,300 to \$3,640,140 through December 1, 2017; interest from 3.00% to 5.00%.	7,124,760
\$38,203,488 (of \$40,925,000 issue), Utilities Systems Refunding Revenue Bonds Series 2009B due in annual installments of \$569,435 to \$5,848,377 through December 2022; interest from 3.00% to 5.00%.	27,832,302
\$17,635,000, Utilities Systems Refunding Revenue Bonds Series 2012 due in annual installments of \$760,000 to \$1,390,000 through December 2028; interest from 2.00% to 5.00%.	15,295,000
	<u>\$ 74,002,062</u>

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 303,398	\$ 86,735	\$ 7,136,603	\$ 3,067,446
2017	312,130	76,152	7,357,870	2,806,967
2018	320,548	64,656	7,579,452	2,525,400
2019	257,688	52,493	5,332,313	2,249,548
2020	267,663	39,903	5,557,337	1,991,447
2021-2025	726,510	63,952	20,443,487	6,707,551
2026-2030	-	-	11,225,000	3,452,641
2031-2035	-	-	7,605,000	1,429,375
2036	-	-	1,765,000	44,125
	<u>\$ 2,187,937</u>	<u>\$ 383,891</u>	<u>\$ 74,002,062</u>	<u>\$ 24,274,500</u>

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

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

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

The City has been in compliance with the covenants as to rates, fees, rentals and charges in Section 6.6 of the General Trust Indenture for the Utilities Systems Revenue Bonds, Series 2008, 2009 and 2012. Section 6.6 of the General Trust Indenture requires the debt service coverage ratio to be no less than 120%.

The debt service coverage ratio calculation for the year ended June 30, 2015, is as follows:

Net Income (GAAP Basis)	\$	19,849,333
Add: Depreciation Expense		10,897,628
Interest Expense		<u>3,202,546</u>
Income available for debt service		33,949,507
Debt service, principal and interest paid (Revenue bond only)	\$	10,231,029
Debt service coverage ratio		332%

The City has pledged future electric, water, and wastewater customer revenues, net of specified operating expenses, to repay \$106,468,308 in electric, water, and wastewater system revenue bonds issued in 2008 through 2012. Proceeds from the bonds provided financing for various projects related to the electric, water, and wastewater systems. The bonds are payable solely from electric, water, and wastewater customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than 9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$98,276,562. Principal and interest paid for the current year and total customer net revenues were \$10,231,029 and \$118,803,531, respectively.

Advance Refunding Bonds: In May 2012, the City issued \$17,635,000 of Utilities Systems advance refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's Series 2002A Utilities Systems Revenue Bonds. The refunding debt was issued at a net interest cost of 2.84%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2015 is \$0. This refunding was undertaken to reduce total debt service payments over the following 17 years by \$3,696,671 and resulted in an economic gain of \$3,068,114. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$1,036,663) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2015 was \$854,287.

Current Refunding Bonds: In May 2009, the City issued \$23,935,000 of Utilities Systems current refunding bonds and retired the outstanding balance of the Series 1998A and 1998B Utilities Systems Revenue Bonds. The current refunding reduced total debt service payments over the following nine years by \$2,231,709 and resulted in an economic gain of \$2,023,033. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$1,322,340) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2015 was \$517,916.

In July 2009, the City issued \$40,925,000 of Utilities Systems current refunding bonds and retired the outstanding balance of the Series 2002B Utilities Systems Revenue Bonds. The current refunding reduced total debt service payments over the following fourteen years by \$631,879 and resulted in an economic gain of \$487,233. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$258,541) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2015 was \$147,738.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loan and installment notes: Loan and installment notes payable at June 30, 2015 are comprised of the following individual issues:

Governmental activities:

\$7,203,000 (of \$9,235,000 issue), 2010 Limited Obligation Bonds due in annual installments of \$39,000 to \$776,100 through June 1, 2021, plus interest due semiannually at 2.5% to 4% financed through First Concord Corporation, to be paid from General Fund.	\$ 4,122,300
\$22,899,825 (of \$29,340,000 issue), 2014A Limited Obligation Bonds due in annual installments of \$440,000 to \$1,419,675 through June 1, 2034, plus interest due semiannually at 2% to 5% financed through First Concord Corporation, to be paid from General Fund.	22,598,425
	<u>\$ 26,720,725</u>

Business-type activities:

\$2,031,700 (of \$9,235,000 issue), 2010 Limited Obligation Bonds due in annual installments of \$11,000 to \$218,900 through June 1, 2021, plus interest due semiannually at 2.5% to 4% financed through First Concord Corporation, to be paid from Regional Airport Fund.	\$ 1,162,700
\$6,440,175 (of \$29,340,000 issue), 2014A Limited Obligation Bonds due in annual installments of \$138,600 to \$467,775 through June 1, 2034, plus interest due semiannually at 2% to 5% financed through First Concord Corporation, to be paid from Internal Service Fund.	6,301,575
\$5,280,000, 2014B Limited Obligation Bonds due in annual installments of \$50,000 to \$915,000 through June 1, 2021, plus interest due semiannually at 0.6% to 2.75% financed through First Concord Corporation, to be paid from Golf Course Fund.	5,230,000
	<u>\$ 12,694,275</u>

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 1,828,050	\$ 1,113,083	\$ 1,261,950	\$ 406,145
2017	1,802,250	1,061,869	1,267,750	387,369
2018	1,798,300	1,000,367	1,286,700	362,037
2019	1,817,900	917,316	1,312,100	327,159
2020	1,820,175	833,207	1,339,825	287,967
2021-2025	6,869,425	3,034,270	2,595,575	958,100
2025-2030	6,934,925	1,535,485	1,860,075	557,980
2031-2034	3,849,700	354,875	1,770,300	163,187
	<u>\$ 26,720,725</u>	<u>\$ 9,850,472</u>	<u>\$ 12,694,275</u>	<u>\$ 3,449,944</u>

Advance Refunding Bonds: In October 2010, the City issued \$9,235,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2001 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.68%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2015 is \$0. This refunding was undertaken to reduce total debt service payments over the following 10 years by \$888,249 and resulted in an economic gain of \$779,763. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$378,135) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2015 was \$214,850.

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

In December 2014, the City issued \$14,175,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2005 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.81%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2015 is \$0. This refunding was undertaken to reduce total debt service payments over the following 15 years by \$1,657,594 and resulted in an economic gain of \$1,368,373. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$379,434) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2015 was \$359,820.

Loan payable: The City of Concord entered into a loan agreement with the US Department of Housing and Urban Development for a Section 108 loan guarantee that will be loaned to Carolina Courts to finance the construction of a multi-purpose athletic facility, a public facility to be used to host athletic camps, leagues, and tournaments. The owner and developer of the project will make payments to the city for the annual debt service. In addition, the loan requires pledge of five years of the Community Development Block Grant revenues in the event the owner/developer is unable to make the debt service requirements.

Governmental activities:

\$1,974,000, Section 108 loan guarantee issued June 2009 due in annual installments of \$109,000 beginning August 2011 through August 2028	\$ 1,538,000
	\$ 1,538,000

Annual debt service requirements to maturity for the loan payable are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2016	\$ 109,000	\$ 74,460
2017	109,000	69,658
2018	109,000	64,732
2019	109,000	59,728
2020	109,000	54,556
2021-2025	545,000	190,590
2026-2029	448,000	49,234
	\$ 1,538,000	\$ 562,958

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

A summary of changes in long-term debt follows:

	July 1, 2014	Additions	Reductions	June 30, 2015
Governmental activities:				
Installment purchases	\$ 3,645,000	\$ -	\$ 270,000	\$ 3,375,000
Less current maturities				270,000
Long-term installment purchases				\$ 3,105,000
Bond payables:				
Installment notes	\$ 15,143,300	\$ 22,899,825	\$ 11,322,400	\$ 26,720,725
Plus premium on limited obligation bonds	261,262	1,964,825	87,742	2,138,345
Revenue bonds	2,483,722	-	295,785	2,187,937
Plus premium on revenue bonds	43,541	-	6,394	37,147
Total bond payable	\$ 17,931,825	\$ 24,864,650	\$ 11,712,321	\$ 31,084,154
HUD loan	\$ 1,647,000	\$ -	\$ 109,000	1,538,000
Compensated absences	\$ 2,965,305	\$ 1,915,819	\$ 1,928,594	2,952,530
Separation allowance	\$ 1,870,809	\$ 156,991	\$ -	2,027,800
OPEB liability	\$ 8,970,063	\$ 748,737	\$ -	9,718,800
Net pension liability (LGRS)	\$ 5,973,816	\$ -	\$ 5,973,816	-
Less current maturities:				
Installment notes				1,828,050
Revenue bonds				303,398
HUD loan				109,000
Compensated absences				2,125,821
Long-term debt				\$ 42,955,015

	July 1, 2014	Additions	Reductions	June 30, 2015
Business-type activities:				
Installment purchases	\$ 7,440,000	\$ -	\$ 602,500	\$ 6,837,500
Less current maturities				602,500
Long-term installment purchases				\$ 6,235,000
Bond payables:				
Installment notes	\$ 7,186,700	\$ 11,720,175	\$ 6,212,600	\$ 12,694,275
Plus premium on limited obligation bonds	73,689	967,750	60,713	980,726
Revenue bonds	80,941,277	-	6,939,215	74,002,062
Plus premium on revenue bonds	2,536,768	-	260,285	2,276,483
Total bond payable	\$ 90,738,434	\$ 12,687,925	\$ 13,472,813	\$ 89,953,546
Compensated absences	\$ 1,270,999	\$ 1,161,223	\$ 1,105,820	1,326,402
OPEB liability	\$ 4,411,853	\$ 445,993	\$ -	4,857,846
Net pension liability (LGRS)	\$ 3,558,361	\$ -	\$ 3,558,361	-
Less current maturities:				
Installment notes				1,261,950
Revenue bonds				7,136,603
Compensated absences				955,009
Long-term debt				\$ 86,784,232

A detailed breakdown of business-type activities long-term debt by fund can be found at Schedule 6 in the supplemental information.

The LGRS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

The legal debt margin of the City at June 30, 2015 was \$752,253,794.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 8. Interfund Receivables, Payables and Transfers

A schedule of interfund receivables and payables at June 30, 2015 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 725,994
General Fund	Nonmajor enterprise funds	2,654,969
		<u>\$ 3,380,963</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

A schedule of interfund transfers at June 30, 2015 is as follows:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 549,500
From the General Fund Capital Reserve Fund to the General Fund for various capital purchases	1,451,800
From the Section 108 Loan/BEDI Grant Fund to the General Fund to return funds previously transferred	149,666
From the General Fund to the Debt Service Fund for debt service principal and interest payments	2,655,126
From the General Fund to the General Fund Capital Projects Fund for various capital projects	131,152
From the General Fund to the Fire and Life Safety Capital Projects Fund for fire department capital projects	22,603
From the General Fund to the Transportation Capital Projects Fund for various transportation projects	1,817,400
From the General Fund to the Home Special Revenue Fund to provide required grant matching funds	34,374
From the General Fund to the Community Development Fund to provide required grant matching funds	2,553
From the General Fund to the Parks Capital Project Fund for various park capital projects	5,010
From the General Fund to the Wastewater Fund for various capital projects	168,000
From the General Fund to the Transit Fund for current operating needs	218,360
From the General Fund to the Golf Course Fund for current operating needs	661,670
From the General Fund to the Regional Airport Fund for current operating needs	793,091
From the Housing Department Operating Fund to the Home Special Revenue Fund to pay for properties transferred to the Housing Department	19,669
From the Community Development Fund to the Section 108 Loan/BEDI Grant Fund to provide required funds	149,666
From the Additional Vehicle Tax Fund to the Transit Fund to move portion of license fee required to be transferred to the Transit Fund	393,292
From the General Fund Capital Projects Fund to the Transportation Capital Project Fund for various transportation capital projects	164,773
From the General Fund Capital Projects Fund to the Debt Service Fund to transfer funds received to refund debt	12,886,438
From the General Fund Capital Projects Fund to the Water Fund to return unused funds on prior capital projects	127,873
From the General Fund Capital Projects Fund to the Wastewater Fund to return unused funds on prior capital projects	126,585
From the General Fund Capital Reserve Fund to the Fire and Life Safety Capital Project Fund for various fire department capital projects	861,362
From the General Fund Capital Reserve Fund to the Parks Capital Project Fund for various park capital projects	1,084,380
From the General Fund Capital Reserve Fund to the General Fund Capital Project Fund for various capital projects	173,000
From the General Fund Capital Reserve Fund to the Golf Fund for various golf capital projects	135,000
From the Electric Fund to the General Fund Capital Project Fund for various capital projects	89,507
From the Water Fund to the General Fund Capital Project Fund for various capital projects	6,050
From the Wastewater Fund to the General Fund Capital Project Fund for various capital projects	3,241
From the Regional Airport Fund to the General Fund Capital Project Fund for various capital projects	3,889
From the Stormwater Fund to the General Fund Capital Project Fund for various capital projects	2,161
	<u>\$ 24,887,191</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations

A. Local Governmental Employee's Retirement System

(1) Plan description:

The City of Concord and the ABC Board are participating employers in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, or at www.osc.nc.gov.

(2) Benefits provided:

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

(3) Contributions:

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Concord and ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Concord's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Concord were \$3,029,119 for the year ended June 30, 2015. Contributions to the pension plan from the ABC Board were \$43,551 for the year ended June 30, 2015.

(4) Refunds of contributions:

City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

- (5) Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2015, the City reported an asset of \$4,396,795 for its proportionate share of the net pension asset. At June 30, 2015, the ABC Board reported an asset of \$55,908 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension asset was based on a projection of the City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the City's proportion was 0.745%, which was a decrease of 0.045% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$173,541. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 480,426
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	10,235,637
Changes in porportion and differences between City contributions and proportionate share of contributions	-	407,439
City contributions subsequent to the measurement date	3,029,119	-
Total	<u>\$ 3,029,119</u>	<u>\$ 11,123,502</u>

\$3,029,119 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ (2,781,432)
2017	(2,781,432)
2018	(2,781,432)
2019	(2,779,206)
2020	-
Thereafter	-
	<u>\$ (11,123,502)</u>

- (6) Actuarial assumptions:

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGRS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

(7) Discount rate:

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(8) Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate:

The following presents the City's proportionate share of the net pension asset calculated using the discounted rate of 7.25 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
City's proportionate share of the net pension liability (asset)	\$ 14,924,621	\$ (4,396,795)	\$ (20,664,801)

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(9) Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

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, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>160</u>
Total	<u><u>172</u></u>

(2) Summary of significant accounting policies:

Basis of accounting – The City has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on a modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

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

(3) Contributions:

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

The annual required contribution for the 2015 year was determined as part of the December 31, 2013 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Item (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

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

Annual required contribution	\$ 533,726
Interest on net pension obligation	93,540
Adjustment to annual required contribution	<u>(158,037)</u>
Annual pension cost	469,229
Employer contributions made during the year	<u>312,238</u>
Increase in net pension obligation	156,991
Net pension obligation beginning of year	<u>1,870,809</u>
Net pension obligation end of year (included in the General Fund's long-term debt)	<u><u>\$ 2,027,800</u></u>

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2013	380,728	52	1,701,191
June 30, 2014	384,674	56	1,870,809
June 30, 2015	469,229	67	2,027,800

(4) Funded Status and Funding Progress:

As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,736,733. The covered payroll (annual payroll of active employees covered by the plan) was \$8,292,842, and the ratio of the UAAL to the covered payroll was 57 percent.

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

C. Supplemental Retirement Income Plan for Law Enforcement Officers

(1) Plan description:

The City contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

(2) 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, 2015 were \$603,800, which consisted of \$424,570 from the City and \$179,230 from the law enforcement officers.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

D. Supplemental Retirement Income Plan for City Employees (non-law enforcement officers)

(1) Plan description:

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

(2) Funding policy:

The City of Concord's policy is to contribute an amount equal to 3.5% of each employee's salary, and all amounts contributed are vested immediately. Also, the city's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2015 were \$1,834,386, which consisted of \$1,193,146 from the City and \$641,240 from the employees. Contribution requirements are established and may be amended by the City Council.

E. Firefighter's and Rescue Squad Workers' Pension Fund

(1) Plan description:

The State of North Carolina contributes, on behalf of the City of Concord, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund 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 the Firefighter's and Rescue Squad Worker's Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

(2) Benefits provided:

FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

(3) Contributions:

Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ended June 30, 2014, the State contributed \$14,627,000 to the plan. The City of Concord's proportionate share of the State's contribution is \$35,647

(4) Refunds of contributions:

Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

- (5) Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:

At June 30, 2015, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriation to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$66,847. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2014 and at June 30, 2013 was 0%.

For the year ended June 30, 2015, the City recognized pension expense of \$25,132 and revenue of \$25,132 for support provided by the State. At June 30, 2015, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

- (6) Actuarial assumptions:

The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in section A of this note.

- (7) Discount rate:

The discount rate used to determine the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

- (8) Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

Note 10. Other Postemployment Benefits

- (1) Plan description:

Under the terms of a City resolution, the City administers a Health Care Plan as a single-employer defined benefit plan. As of July 1, 2004, this plan provided postemployment healthcare benefits to retirees of the City provided they have ten (10) years of service with the City of Concord. The City will pay the portion of health coverage as listed below until the retiree is eligible for Medicare. The City has elected to partially pay the future overall cost of coverage for these benefits. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. A separate report was not issued for the plan.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

Membership of the Health Care Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers	Firefighters
Retirees and dependents receiving benefits	110	-	-
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	558	166	182
Total	668	166	182

(2) Funding policy:

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

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

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

Per a City resolution, the City is required to contribute the pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council.

The current ARC rate is 6.60% of annual covered payroll. The City obtains healthcare coverage through private insurers. The City's required contributions, under a City resolution, for employees not engaged in law enforcement and for law enforcement officers represented 3.03% and 0.94% of covered payroll, respectively. For the year ended June 30, 2015, the City made payments for postretirement health benefit premiums of \$1,941,372 of which \$277,173 was collected from retirees for dependent coverage. The City's obligation to contribute to the Health Care Plan is established and may be amended by the City Council.

(3) Summary of significant accounting policies:

Plan member contributions are recognized in the period in which the contributions are due. Charges are recorded in the appropriate governmental and enterprise funds. Under a City resolution, the contributions are recognized when due and the City will provide the benefits to the Health Care Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments and deposits are reported at cost or amortized cost, which approximates fair value.

(4) Annual OPEB cost and net OPEB obligation:

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 2,711,955
Interest on net obligation	802,915
Adjustment to annual required contribution	<u>(655,941)</u>
Annual OPEB cost (expense)	2,858,929
Contributions made	<u>(1,664,199)</u>
Increase (decrease) in net OPEB obligation	1,194,730
Net OPEB obligation, beginning of year	<u>13,381,916</u>
Net OPEB obligation, end of year	<u>\$ 14,576,646</u>

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	2,618,506	25.9%	11,461,834
2014	2,639,821	27.3%	13,381,916
2015	2,858,928	58.2%	14,576,646

(5) Funded status and funding progress:

As of December 31, 2014, the most recent actuarial valuation date, the plan was 2.8% funded. The actuarial accrued liability for benefits was \$30,176,586 and the actuarial value of assets was \$846,923, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,329,663. The covered payroll (annual payroll of active employees covered by the plan) was \$41,916,012, and the ratio of the UAAL to the covered payroll was 70.0%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

(6) Actuarial methods and assumptions:

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

In the December 31, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 6.00 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using market value of investments. The UAAL is being amortized as a level percentage of projected pay on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

Note 11. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

For the fiscal year ended June 30, 2015, the City made contributions to the State for death benefits of \$0. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0.00% and 0.00% of covered payroll, respectively. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Employment Benefits (Continued)

LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

<u>No. Years Contributing</u>	<u>Years Relief</u>	<u>FY Contributions Resume</u>
less than 10	1	2014
10-20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. The City of Concord will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

Note 12. Deferred Outflows and Inflows of Resources

The City has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Contributions to pension plan in current fiscal year	\$ 3,029,119
Charge on refunding	2,094,611
	<u>\$ 5,123,730</u>

Deferred inflows of resources at year end is comprised of the following:

Prepaid taxes (Governmental Funds)	\$ 83,505
Taxes Receivable, less penalties (Governmental Funds)	2,678,911
	<u>\$ 2,762,416</u>
Pension deferrals	<u>\$ 11,123,502</u>

Note 13. Commitments and Contingencies

The City had commitments on contracts of approximately \$11.6 million related primarily to construction in its Enterprise Funds and construction of the new City Hall.

The City participates in a number of Federal and State of North Carolina awards. For the fiscal ended June 30, 2015, 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.

At June 30, 2015, the City was a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

Note 14. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

<u>Total fund balance – General Fund</u>	<u>\$ 69,743,640</u>
Less:	
Inventories	134,528
Prepays	31,496
Stabilization by State Statute	15,743,921
Streets – Powell Bill	3,389,298
Public Safety	325,944
Remaining Fund Balance	<u>\$ 50,118,453</u>

The City of Concord has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the City in such a manner that available fund balance is at least equal to or greater than 35% of current year expenditures.

NOTES TO FINANCIAL STATEMENTS

Note 14. Fund Balance (Continued)

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. At June 30, 2015 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental activities:	
General Fund	\$ 2,980,310
Nonmajor Funds	11,423,652
Total governmental activities	<u>\$ 14,403,962</u>
Business-type activities:	
Electric Fund	\$ 1,236,541
Water Fund	3,868,700
Wastewater Fund	618,021
Regional Airport Fund	4,096,264
Stormwater Fund	356,806
Nonmajor Funds	2,869,115
Total business-type activities	<u>\$ 13,045,447</u>

Note 15. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. The City is fully insured through several insurance companies and is self-funded for workers' compensation and health benefits. The City obtains general liability coverage of \$1 million per occurrence, with a \$2 million aggregate limit. The City obtains public official liability coverage of \$1 million per occurrence, with a \$3 million aggregate limit. The City obtains law enforcement liability coverage of \$1 million per occurrence, with a \$3 million aggregate limit. The City obtains employment practices liability of \$1 million per occurrence, with a \$3 million aggregate limit. The City also obtained auto liability coverage of \$1 million for combined single limit and excess liability of \$4 million per occurrence. Property is insured through blanket coverage up to \$208,780,321. The housing units are covered per the scheduled values and are not covered within the blanket limit. Employee health coverage is self-insured through Blue Cross Blue Shield of North Carolina unless specified. The City is exposed to various risks of loss related to injuries to employees. The City has self-insured retention of \$750,000 per occurrence on workers' compensation claims. The carrier's attachment point is after the retained \$750,000 is exhausted and will provide up to the policy limit of \$1 million in coverage per occurrence and in the aggregate.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years. The City's property policy provides up to \$5 million in flood coverage for locations that are not located within a Federal Emergency Management Agency ("FEMA") flood zone. This coverage excludes locations that are included in FEMA areas designated as "A" or "V." The City does not have any property located within this designation at year end.

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

City of Concord ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers compensation, and employee health coverage. 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. In accordance with G.S. 18B-700(i), each board member and the employees designated as the general manager and finance officer are bonded in the amount of \$50,000, secured by a corporate surety. In accordance with G.S. 18B-803(b) and (c), all employees who have access to funds are bonded under a blanket bond for \$50,000.

NOTES TO FINANCIAL STATEMENTS

Note 16. Jointly Governed Organization

The City is a member of the Water and Sewer Authority of Cabarrus County ("WSACC"). WSACC was organized by the governing bodies of the Cities of Concord and Kannapolis, the Cities of Harrisburg and Mount Pleasant, and the County of Cabarrus in order to operate and maintain a regional interceptor wastewater system and regional wastewater treatment plant. WSACC is a public corporation of the State of North Carolina under Section 162A-3 of the North Carolina Water and Wastewater Authority Act. WSACC is a jointly governed organization governed by a board appointed by the organizing bodies as follows: two members by the Cabarrus County Board of Commissioners, two members by the City of Concord City Council, two members by the City of Kannapolis City Council, one member by the City of Harrisburg City Council, one member by the City of Mount Pleasant Board of Commissioners, and one member by the Cabarrus County Board of Commissioners upon advice from the other political jurisdictions. The City of Concord paid WSACC approximately \$6.7 million for wastewater treatment and raw water charges during the year ended June 30, 2015.

Note 17. Stewardship, Compliance and Accountability

Deficit Fund Balance

North Carolina General Statutes prohibits the City from having a deficit fund balance in any fund. The Community Development Special Revenue Fund and Debt Service Fund had deficit fund balance in the amount of \$576 and \$614,473, respectively. The deficit balance in fund balance for the Community Development Special Revenue Fund resulted from an excess of rehabilitation expenses over grants received. This deficit will be reduced in the coming years as more grant money is received. The deficit balance in fund balance for the Debt Service Fund resulted from an excess of debt service payments over transfers in prior years. This deficit will be reduced in future years as funds in excess of the annual debt service requirement are transferred in.

Excess of Expenditures over Appropriations

For the year ended June 30, 2015, actual expenditures exceeded appropriations in the Municipal Service District Fund and Additional Vehicle Tax Fund by \$1,109 and \$34,687, respectively. These over-expenditures are the result of actual costs being higher than amounts appropriated due to higher than expected revenues received. Management will review procedures to ensure appropriations are adjusted based on the actual activity observed to ensure compliance in future years.

Note 18. Subsequent Events

Management has evaluated subsequent events through the date the financial statements were available to be issued.

Note 19. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the City to record beginning net pension liability and the effects on net position of contributions made by the City during the measurement period (fiscal year ending June 30, 2014). As a result, net pension for the governmental and business-type activities decreased by \$4,106,869 and \$2,446,296, respectively.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE 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 Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2009	-	3,395,640	3,395,640	-	7,439,469	46 %
December 31, 2010	-	3,313,233	3,313,233	-	7,864,037	42
December 31, 2011	-	3,573,036	3,573,036	-	7,746,401	46
December 31, 2012	-	3,981,099	3,981,099	-	7,943,867	50
December 31, 2013	-	4,163,072	4,163,072	-	7,910,941	53
December 31, 2014	-	4,736,733	4,736,733	-	8,292,842	57

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	
2010	273,092	52	%
2011	370,643	39	
2012	371,915	40	
2013	399,319	50	
2014	438,214	49	
2015	533,726	59	

Notes to the Required Schedules:

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

Valuation date	December 30, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
*Includes inflation at	3.00%
Cost-of-living adjustments	None

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS**

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 Valuation Date (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2006	-	20,318,847	20,318,847	- %	34,379,482	59.1 %
December 31, 2007	-	18,088,200	18,088,200	-	34,691,076	52.1
December 31, 2008	-	25,153,845	25,153,845	-	36,818,549	68.3
December 31, 2010	237,585	23,851,562	23,613,977	1.0	41,605,416	56.8
December 31, 2012	489,939	26,715,502	26,225,563	1.8	41,114,325	63.8
December 31, 2014	846,923	30,176,586	29,329,663	2.8	41,916,012	70.0

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 Last Six Fiscal Years**

Year Ended June 30,	Annual Required Contribution	Percentage Contributed
2010	2,470,787	21 %
2011	2,563,442	25
2012	2,563,442	24
2013	2,513,935	27
2014	2,513,935	29
2015	2,711,955	61

Notes to the Required Schedules:

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

Valuation date	December 30, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	6.00%
Medical cost trend*	7.50%-5.00%
Year of ultimate trend rate	2020
*Includes inflation at	3.00%
Cost-of-living adjustments	None

**CITY OF CONCORD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years ***

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Concord's proportion of the net pension liability (asset) (%)	0.74554%	0.79080%
Concord's proportion of the net pension liability (asset) (\$)	\$ (4,396,795)	\$ 9,532,177
Concord's covered-employee payroll	\$ 42,959,454	\$ 42,130,059
Concord's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(10.08%)	22.19%
Plan fiduciary net position as a percentage of the total pension liability	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

CITY OF CONCORD, NORTH CAROLINA

Exhibit R

**CITY OF CONCORD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Two Fiscal Years**

Local Government Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,029,119	\$ 2,979,012
Contributions in relation to the contractually required contribution	<u>3,029,119</u>	<u>2,979,012</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Concord's covered-employee payroll	43,605,721	42,959,454
Contributions as a percentage of covered-employee payroll	6.95%	6.93%

**CITY OF CONCORD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
Last Fiscal Year ***

Firefighters' and Rescue Squad Workers' Pension

	<u>2015</u>
Concord's proportion of the net pension liability (%)	0.0000%
Concord's proportion of the net pension liability (\$)	\$ -
State's proportionate share of the net pension liability associated with City of Concord	<u>66,847</u>
Total	<u>\$ 66,847</u>
Concord's covered-employee payroll	\$ 8,620,178
Concord's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.78%
Plan fiduciary net position as a percentage of the total pension liability	93.42%

* The amounts presented for the fiscal year ending June 30, 2015 were determined as of June 30, 2014.

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Section 108 Loan/BEDI Grant Fund - This fund is used to account for funds received from a Section 108 loan and Brownfield Economic Development Initiative grant.

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.

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

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

Capital Project Funds

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

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

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

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

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

Debt Service Fund

Debt Service Fund - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of certain governmental funds.

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2015

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
ASSETS				
Cash and investments	\$ 784,387	\$ 14,768,970	\$ -	\$ 15,553,357
Receivables:				
Ad valorem taxes, net	4,357	-	-	4,357
Due from other governmental agencies	40,504	-	-	40,504
Sales tax refunds	-	140,559	-	140,559
Interest	440	65,029	-	65,469
Other, net	15,844	1,326,262	-	1,342,106
Prepaid items	141	-	-	141
Restricted assets - cash and investments	-	23,655,306	25	23,655,331
Total assets	\$ 845,673	\$ 39,956,126	\$ 25	\$ 40,801,824
LIABILITIES				
Accounts payable and accrued liabilities	\$ 78,196	\$ 2,665,092	\$ 13,496	\$ 2,756,784
Due to other funds	3,143	121,849	601,002	725,994
Total liabilities	81,339	2,786,941	614,498	3,482,778
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	4,357	-	-	4,357
Total deferred inflows of resources	4,357	-	-	4,357
FUND BALANCES (DEFICITS)				
Restricted				
Stabilization by State Statute	56,929	1,531,850	-	1,588,779
Committed				
Future capital purchases	-	16,455,703	-	16,455,703
Planning and community development	624,515	-	-	624,515
Housing assistance	83,857	-	-	83,857
Assigned				
Future capital purchases	-	19,181,632	-	19,181,632
Unassigned	(5,324)	-	(614,473)	(619,797)
Total fund balance (deficit)	759,977	37,169,185	(614,473)	37,314,689
Total liabilities, deferred inflows of resources, and fund balances	\$ 845,673	\$ 39,956,126	\$ 25	\$ 40,801,824

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NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2015

ASSETS	Housing Assistance	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Cash and investments	\$ 126,123	\$ -	\$ 363,511	\$ 292,832	\$ 1,921	\$ -	\$ 784,387
Receivables:							
Ad valorem taxes, net	-	-	-	-	4,357	-	4,357
Due from other governmental agencies	-	4,460	-	36,044	-	-	40,504
Interest	293	-	-	-	-	147	440
Other, net	15,844	-	-	-	-	-	15,844
Prepaid items	-	141	-	-	-	-	141
Total assets	\$ 142,260	\$ 4,601	\$ 363,511	\$ 328,876	\$ 6,278	\$ 147	\$ 845,673
LIABILITIES							
Accounts payable and accrued liabilities	\$ 42,266	\$ 2,181	\$ -	\$ 31,828	\$ 1,921	\$ -	\$ 78,196
Due to other funds	-	2,996	-	-	-	147	3,143
Total liabilities	42,266	5,177	-	31,828	1,921	147	81,339
DEFERRED INFLOWS OF RESOURCES							
Property taxes receivable	-	-	-	-	4,357	-	4,357
Total deferred inflows of resources	-	-	-	-	4,357	-	4,357
FUND BALANCES (DEFICITS)							
Restricted							
Stabilization by State Statute	16,137	4,601	-	36,044	-	147	56,929
Committed							
Planning and community development	-	-	363,511	261,004	-	-	624,515
Housing assistance	83,857	-	-	-	-	-	83,857
Unassigned	-	(5,177)	-	-	-	(147)	(5,324)
Total fund balances (deficit)	99,994	(576)	363,511	297,048	-	-	759,977
Total liabilities, deferred inflows of resources, and fund balances	\$ 142,260	\$ 4,601	\$ 363,511	\$ 328,876	\$ 6,278	\$ 147	\$ 845,673

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2015

ASSETS	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Cash and investments	\$ 1,595,668	\$ 11,422,910	\$ -	\$ -	\$ 1,750,392	\$ 14,768,970
Receivables:						
Interest	-	26,607	-	38,422	-	65,029
Sales tax refunds	-	-	140,559	-	-	140,559
Other, net	100,000	1,226,262	-	-	-	1,326,262
Restricted assets - cash and investments	-	-	7,199,603	16,455,703	-	23,655,306
Total assets	\$ 1,695,668	\$ 12,675,779	\$ 7,340,162	\$ 16,494,125	\$ 1,750,392	\$ 39,956,126
LIABILITIES						
Accounts payable and accrued liabilities	\$ 232,462	\$ 533,225	\$ 1,409,697	\$ -	\$ 489,708	\$ 2,665,092
Due to other funds	-	-	121,849	-	-	121,849
Total liabilities	232,462	533,225	1,531,546	-	489,708	2,786,941
FUND BALANCES						
Restricted						
Stabilization by State Statute	100,000	1,252,869	140,559	38,422	-	1,531,850
Committed						
Future capital purchases	-	-	-	16,455,703	-	16,455,703
Assigned						
Future capital purchases	1,363,206	10,889,685	5,668,057	-	1,260,684	19,181,632
Unassigned	-	-	-	-	-	-
Total fund balances	1,463,206	12,142,554	5,808,616	16,494,125	1,260,684	37,169,185
Total liabilities and fund balances	\$ 1,695,668	\$ 12,675,779	\$ 7,340,162	\$ 16,494,125	\$ 1,750,392	\$ 39,956,126

NONMAJOR GOVERNMENTAL FUNDS

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

Year Ended June 30, 2015

	Total Special Revenue Funds	Total Capital Project Funds	Debt Service Fund	Total Other Governmental Funds
Revenues				
Ad valorem taxes	\$ 104,399	\$ -	\$ -	\$ 104,399
Restricted intergovernmental revenues	3,602,862	1,263,861	-	4,866,723
Investment earnings	1,320	232,705	27	234,052
Program income	1,700,538	760,340	-	2,460,878
Other revenues	555,811	-	-	555,811
Total revenues	5,964,930	2,256,906	27	8,221,863
Expenditures				
Current:				
Planning and community development	104,399	-	-	104,399
Administration	524,764	1,551,451	-	2,076,215
Housing assistance payments	4,127,317	-	-	4,127,317
Rehabilitation	214,316	-	-	214,316
Issuance costs	-	536,661	-	536,661
Capital outlay	21,820	14,610,885	-	14,632,705
Debt service	188,076	-	1,698,609	1,886,685
Total expenditures	5,180,692	16,698,997	1,698,609	23,578,298
Excess (deficiency) of revenues over (under) expenditures	784,238	(14,442,091)	(1,698,582)	(15,356,435)
Other Financing Sources (Uses)				
Financing proceeds	-	14,004,825	-	14,004,825
Premium on bonds issued	-	1,203,981	-	1,203,981
Issuance of refunding bonds	-	8,895,000	-	8,895,000
Premium on refunding bonds	-	760,844	-	760,844
Payment to refunded bonds escrow agent	-	-	(10,519,638)	(10,519,638)
Transfers from other funds	206,262	4,364,528	15,541,564	20,112,354
Transfers to other funds	(692,624)	(17,011,211)	-	(17,703,835)
Total other financing sources (uses)	(486,362)	12,217,967	5,021,926	16,753,531
Net change in fund balances	297,876	(2,224,124)	3,323,344	1,397,096
Fund Balances (Deficit)				
Beginning	462,101	39,393,309	(3,937,817)	35,917,593
Ending	\$ 759,977	\$ 37,169,185	\$ (614,473)	\$ 37,314,689

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NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

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

Year Ended June 30, 2015

	Housing Assistance	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Revenues							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ 104,399	\$ -	\$ 104,399
Restricted intergovernmental revenues	3,092,705	399,472	-	110,685	-	-	3,602,862
Investment earnings	1,045	-	-	-	-	275	1,320
Program income	1,197,220	23,929	-	86,372	-	393,017	1,700,538
Other income (loss)	4,224	-	551,587	-	-	-	555,811
Total revenue	4,295,194	423,401	551,587	197,057	104,399	393,292	5,964,930
Expenditures							
Current:							
Planning & community development	-	-	-	-	104,399	-	104,399
Administration	312,445	133,261	-	79,058	-	-	524,764
Housing assistance payments	4,127,317	-	-	-	-	-	4,127,317
Rehabilitation	-	119,230	-	95,086	-	-	214,316
Capital outlay	-	21,820	-	-	-	-	21,820
Debt service	-	-	188,076	-	-	-	188,076
Total expenditures	4,439,762	274,311	188,076	174,144	104,399	-	5,180,692
Excess (deficiency) of revenues over (under) expenditures	(144,568)	149,090	363,511	22,913	-	393,292	784,238
Other Financing Sources (Uses)							
Transfers from other funds	-	2,553	149,666	54,043	-	-	206,262
Transfers to other funds	-	(149,666)	(149,666)	-	-	(393,292)	(692,624)
Total other financing sources (uses)	-	(147,113)	-	54,043	-	(393,292)	(486,362)
Net change in fund balances	(144,568)	1,977	363,511	76,956	-	-	297,876
Fund Balances (Deficit)							
Beginning	244,562	(2,553)	-	220,092	-	-	462,101
Ending	\$ 99,994	\$ (576)	\$ 363,511	\$ 297,048	\$ -	\$ -	\$ 759,977

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

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

Year Ended June 30, 2015

	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Revenues						
Restricted intergovernmental revenues	\$ 98,799	\$ 1,165,062	\$ -	\$ -	\$ -	\$ 1,263,861
Program income	-	391,750	-	-	368,590	760,340
Investment earnings	-	80,737	5,457	146,511	-	232,705
Total revenues	98,799	1,637,549	5,457	146,511	368,590	2,256,906
Expenditures						
Administration	39,150	(8,548)	425,178	-	1,095,671	1,551,451
Issuance costs	-	-	536,661	-	-	536,661
Capital outlay	1,256,293	2,691,761	8,448,406	-	2,214,425	14,610,885
Total expenditures	1,295,443	2,683,213	9,410,245	-	3,310,096	16,698,997
Excess (deficiency) of revenues over expenditures	(1,196,644)	(1,045,664)	(9,404,788)	146,511	(2,941,506)	(14,442,091)
Other Financing Sources (Uses)						
Financing proceeds	-	-	14,004,825	-	-	14,004,825
Premium on bonds issued	-	-	1,203,981	-	-	1,203,981
Issuance of refunding bonds	-	-	8,895,000	-	-	8,895,000
Premium on refunding bonds	-	-	760,844	-	-	760,844
Transfers in	1,089,390	1,982,173	409,000	-	883,965	4,364,528
Transfers out	-	-	(13,305,669)	(3,705,542)	-	(17,011,211)
Total other financing sources (uses)	1,089,390	1,982,173	11,967,981	(3,705,542)	883,965	12,217,967
Net change in fund balances	(107,254)	936,509	2,563,193	(3,559,031)	(2,057,541)	(2,224,124)
Fund Balances (Deficit)						
Beginning	1,570,460	11,206,045	3,245,423	20,053,156	3,318,225	39,393,309
Ending	\$ 1,463,206	\$ 12,142,554	\$ 5,808,616	\$ 16,494,125	\$ 1,260,684	\$ 37,169,185

Nonmajor Enterprise Funds

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

The following funds have been established as Enterprise Funds:

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

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

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

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NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF NET POSITION

June 30, 2015

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 564,560	\$ -	\$ 564,560
Receivables:				
Accounts receivable, net	-	6,343	1,495,015	1,501,358
Due from other governments	-	147,476	1,189,130	1,336,606
Interest	-	1,611	-	1,611
Other	657,065	-	-	657,065
Inventories and prepaid expenses	72,672	8,419	-	81,091
Total current assets	729,737	728,409	2,684,145	4,142,291
Noncurrent assets:				
Restricted assets - cash and investments	-	36,592	-	36,592
Net pension asset	-	57,598	13,190	70,788
Capital assets	9,629,001	11,186,012	10,813,738	31,628,751
Less accumulated depreciation	(285,013)	(5,381,726)	(2,658,901)	(8,325,640)
Total noncurrent assets	9,343,988	5,898,476	8,168,027	23,410,491
Total assets	10,073,725	6,626,885	10,852,172	27,552,782
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	-	39,682	9,087	48,769
Deferred charge on refunding	127,702	-	-	127,702
Total deferred outflows of resources	127,702	39,682	9,087	176,471
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	87,063	129,151	194,236	410,450
Current portion of long-term debt	840,000	25,339	3,188	868,527
Accrued interest	7,609	-	-	7,609
Due to other funds	108,310	145,091	2,401,568	2,654,969
Total current liabilities	1,042,982	299,581	2,598,992	3,941,555
Noncurrent liabilities				
Long-term debt due after one year	4,793,229	183,969	19,844	4,997,042
Deposits	-	36,592	-	36,592
Total noncurrent liabilities	4,793,229	220,561	19,844	5,033,634
Total liabilities	5,836,211	520,142	2,618,836	8,975,189
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	145,718	33,370	179,088
NET POSITION				
Net investment in capital assets	3,710,759	5,804,286	8,154,837	17,669,882
Unrestricted	654,457	196,421	54,216	905,094
Total net position	\$ 4,365,216	\$ 6,000,707	\$ 8,209,053	\$ 18,574,976

NONMAJOR ENTERPRISE FUNDS

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

Year Ended June 30, 2015

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,050,781	\$ 357,823	\$ 296,685	\$ 1,705,289
Other operating revenues	639,149	-	-	639,149
Total operating revenue	1,689,930	357,823	296,685	2,344,438
Operating Expenses				
General and administrative	-	1,142,556	196,034	1,338,590
Professional services	793,808	-	2,370,631	3,164,439
Utilities	-	244,801	-	244,801
Maintenance and repairs	-	323,547	-	323,547
Operating supplies	-	-	380,644	380,644
Other operating costs	781,106	-	(154)	780,952
Depreciation and amortization	12,437	485,407	1,121,660	1,619,504
Total operating expenses	1,587,351	2,196,311	4,068,815	7,852,477
Operating income (loss)	102,579	(1,838,488)	(3,772,130)	(5,508,039)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	1,268,602	2,033,171	3,301,773
Interest earned on investments	-	5,210	-	5,210
Interest expense	(148,813)	(1,925)	-	(150,738)
Other	(2,266)	97,488	-	95,222
Total nonoperating revenues (expenses)	(151,079)	1,369,375	2,033,171	3,251,467
Income (loss) before transfers	(48,500)	(469,113)	(1,738,959)	(2,256,572)
Transfers In (Out)				
Transfers Out	-	(19,669)	-	(19,669)
Transfers In	796,670	-	611,652	1,408,322
Transfers in (out)	796,670	(19,669)	611,652	1,388,653
Change in net position	748,170	(488,782)	(1,127,307)	(867,919)
Net Position				
Beginning, as restated (Note 19)	3,617,046	6,489,489	9,336,360	19,442,895
Ending	\$ 4,365,216	\$ 6,000,707	\$ 8,209,053	\$ 18,574,976

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2015

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,501,697	\$ 403,196	\$ (971,684)	\$ 933,209
Payments to employees	-	(460,889)	(155,644)	(616,533)
Payments to suppliers	(1,607,289)	(1,203,197)	(618,071)	(3,428,557)
Net cash provided by (used in) operating activities	(105,592)	(1,260,890)	(1,745,399)	(3,111,881)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	(238,432)	(47,409)	(898,352)	(1,184,193)
Transfers in	796,670	-	611,652	1,408,322
Transfers out	-	(19,669)	-	(19,669)
Operating grants received	-	1,268,602	2,033,171	3,301,773
Net cash provided by noncapital financing activities	558,238	1,201,524	1,746,471	3,506,233
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(5,865,000)	-	-	(5,865,000)
Interest paid	(168,220)	(1,925)	-	(170,145)
Financing proceeds	5,719,886	-	-	5,719,886
Bond issuance costs	(139,312)	-	-	(139,312)
Acquisition and construction of capital assets	-	(10,906)	(1,072)	(11,978)
Proceeds from the sale of capital assets	-	-	-	-
Net cash used in capital and related financing activities	(452,646)	(12,831)	(1,072)	(466,549)
Cash Flows Provided by Investing Activities				
Earnings on investments	-	5,338	-	5,338
Net decrease in cash and cash equivalents	-	(66,859)	-	(66,859)
Cash and cash equivalents:				
Beginning	-	668,011	-	668,011
Ending	\$ -	\$ 601,152	\$ -	\$ 601,152

Continued

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2015

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating income (loss)	\$ 102,579	\$ (1,838,488)	\$ (3,772,130)	\$ (5,508,039)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	12,437	485,407	1,121,660	1,619,504
Pension expense	-	2,274	520	2,794
Other income	(2,266)	123,984	-	121,718
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in:				
Accounts receivable	(185,967)	8,793	(1,268,369)	(1,445,543)
Due from other governmental agencies	-	(87,404)	2,451,806	2,364,402
Inventories and prepaid expenses	(14,926)	6,595	-	(8,331)
Deferred outflows of resources for pensions	-	(39,682)	(9,087)	(48,769)
Increase (decrease) in:				
Accounts payable and accrued expenses	(17,449)	55,999	(275,006)	(236,456)
Vacation accrual	-	4,234	1,623	5,857
OPEB liability	-	15,651	3,584	19,235
Deposits	-	1,747	-	1,747
Net cash provided by (used in) operating activities	\$ (105,592)	\$ (1,260,890)	\$ (1,745,399)	\$ (3,111,881)

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

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF FUNCTION AND ACTIVITY

June 30, 2015

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government							
Governing body	\$ -	\$ -	\$ -	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	3,341,070	5,821,500	377,386	1,135,953	715,909	9,085,204	20,477,022
Finance	-	-	-	169,706	-	-	169,706
Tax office	-	-	-	79,152	-	-	79,152
Legal	-	-	-	-	-	-	-
Human resources	-	451,282	-	51,244	-	-	502,526
Total general government	3,341,070	6,272,782	377,386	1,441,484	715,909	9,085,204	21,233,835
Public Safety							
Communications	-	-	-	1,654,864	-	-	1,654,864
Police	-	14,586,391	24,000	7,212,507	-	-	21,822,898
Fire	1,712,593	14,581,340	202,354	10,745,154	-	2,802,950	30,044,391
Sign shop	-	-	-	46,837	-	-	46,837
Total public safety	1,712,593	29,167,731	226,354	19,659,362	-	2,802,950	53,568,990
Public Works							
Streets	41,020,545	329,085	76,177	4,016,364	551,300,805	5,422,015	602,164,991
Sanitation	-	3,498,290	206,147	2,824,146	-	221,608	6,750,191
Cemeteries	-	-	191,523	183,636	168,239	-	543,398
Transportation	50,987	-	-	-	6,843,848	-	6,894,835
Fleet Services	-	1,024,796	-	547,547	-	-	1,572,343
Total public works	41,071,532	4,852,171	473,847	7,571,693	558,312,892	5,643,623	617,925,758
Cultural and Recreational							
Parks and recreation	7,456,647	8,006,848	1,900,154	706,976	-	1,899,410	19,970,035
Planning and Community Development							
Planning and zoning	437,552	29,450	450,901	157,461	673,267	-	1,748,631
Section 8, Housing Assistance	-	125,008	-	21,196	-	-	146,204
Total planning and community development	437,552	154,458	450,901	178,657	673,267	-	1,894,835
Total capital assets	\$ 54,019,394	\$ 48,453,990	\$ 3,428,642	\$ 29,558,172	\$ 559,702,068	\$ 19,431,187	\$ 714,593,453

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2015

Function/Activity	June 30, 2014	Additions	Retirements/ Transfers	June 30, 2015
General Government				
Governing body	\$ 5,429	\$ -	\$ -	\$ 5,429
Administration	12,302,742	8,923,640	749,360	20,477,022
Finance	392,178	41,978	264,450	169,706
Tax office	79,152	-	-	79,152
Legal	-	-	-	-
Human resources	502,526	-	-	502,526
Total general government	13,282,027	8,965,618	1,013,810	21,233,835
Public Safety				
Communications	1,631,434	23,430	-	1,654,864
Police	21,479,181	649,999	306,282	21,822,898
Fire	27,794,368	2,946,739	696,716	30,044,391
Sign shop	46,837	-	-	46,837
Total public safety	50,951,820	3,620,168	1,002,998	53,568,990
Public Works				
Streets	566,264,940	36,061,393	161,342	602,164,991
Sanitation	6,602,535	551,970	404,314	6,750,191
Cemeteries	521,284	27,965	5,851	543,398
Transportation	6,894,835	-	-	6,894,835
Fleet services	1,492,357	34,876	(45,110)	1,572,343
Total public works	581,775,951	36,676,204	526,397	617,925,758
Cultural and Recreational				
Parks and recreation	18,122,830	1,857,605	10,400	19,970,035
Planning and Community Development				
Planning and zoning	1,765,747	450,901	468,017	1,748,631
Section 8, Housing Assistance	146,204	-	-	146,204
Total planning and community development	1,911,951	450,901	468,017	1,894,835
Total capital assets	\$ 666,044,579	\$ 51,570,496	\$ 3,021,622	\$ 714,593,453

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Supplemental Information

- Budget to actual comparison for other major and nonmajor governmental funds, enterprise funds and internal service fund of the primary government
- Statement of changes in assets and liabilities - agency funds
- Schedule of Ad Valorem Tax Receivable
- Analysis of Current Tax Levy
- Schedule of Cash and Investment Balances
- Supplemental Financial Data Schedule Section 8 Housing Programs
- Schedule of Business-Type Activities Capital Assets

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HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,681,167	\$ 3,681,167	\$ 3,092,705	\$ (588,462)
Investment earnings	500	500	1,045	545
Program income	1,008,000	1,008,000	1,197,220	189,220
Other income (loss)	500	500	4,224	3,724
Total revenues	4,690,167	4,690,167	4,295,194	(394,973)
Expenditures				
Administration	306,858	306,858	312,445	(5,587)
Housing assistance payments	4,483,859	4,483,859	4,127,317	356,542
Total expenditures	4,790,717	4,790,717	4,439,762	350,955
Excess of revenues over expenditures	(100,550)	(100,550)	(144,568)	(44,018)
Other Financing Sources				
Appropriated fund balance	100,550	100,550	-	(100,550)
Total other financing sources	100,550	100,550	-	(100,550)
Excess of revenues and other financing sources over expenditures	\$ -	\$ -	(144,568)	\$ (144,568)
Fund Balance				
Beginning			244,562	
Ending			<u>\$ 99,994</u>	

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B10-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 425,304	\$ 425,304	\$ -	\$ 425,304
Program income	39,534	39,534	-	39,534
Total revenues	464,838	464,838	-	464,838
Expenditures				
Administration	92,895	92,895	-	92,895
Rehabilitation	371,943	371,943	-	371,943
Total expenditures	464,838	464,838	-	464,838
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B11-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 355,477	\$ 290,110	\$ 65,366	\$ 355,476
Program income	44,606	44,606	-	44,606
Total revenues	400,083	334,716	65,366	400,082
Expenditures				
Administration	75,800	75,799	46,587	122,386
Rehabilitation	305,504	258,917	-	258,917
Total expenditures	381,304	334,716	46,587	381,303
Excess (deficiency) of revenues over expenditures	18,779	-	18,779	18,779
Other Financing Uses				
Transfers Out	(18,779)	-	(18,779)	(18,779)
Total other financing uses	(18,779)	-	(18,779)	(18,779)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B12-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 420,764	\$ 342,050	\$ 77,911	\$ 419,961
Program income	25,498	25,497	-	25,497
Total revenues	446,262	367,547	77,911	445,458
Expenditures				
Administration	61,038	61,038	684	61,722
Rehabilitation	307,997	306,509	-	306,509
Total expenditures	369,035	367,547	684	368,231
Excess (deficiency) of revenues over expenditures	77,227	-	77,227	77,227
Other Financing Uses				
Transfers Out	(77,227)	-	(77,227)	(77,227)
Total other financing uses	(77,227)	-	(77,227)	(77,227)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B13-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,036	\$ 268,324	\$ 142,976	\$ 411,300
Program income	20,276	20,276	-	20,276
Total revenues	501,312	288,600	142,976	431,576
Expenditures				
Administration	71,128	71,127	-	71,127
Rehabilitation	376,524	220,026	97,903	317,929
Total expenditures	447,652	291,153	97,903	389,056
Excess (deficiency) of revenues over expenditures	53,660	(2,553)	45,073	42,520
Other Financing Sources (Uses)				
Transfers In	-	-	2,553	2,553
Transfers Out	(53,660)	-	(53,660)	(53,660)
Total other financing sources (uses)	(53,660)	-	(51,107)	(51,107)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (2,553)	\$ (6,034)	\$ (8,587)

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B14-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,426	\$ -	\$ 113,219	\$ 113,219
Program income	15,000	-	23,929	23,929
Total revenues	496,426	-	137,148	137,148
Expenditures				
Administration	99,285	-	85,990	85,990
Rehabilitation	397,141	-	43,147	43,147
Total expenditures	496,426	-	129,137	129,137
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ 8,011	\$ 8,011

SECTION 108 LOAN/BEDI GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Investment earnings	\$ 16,429	\$ 16,429	\$ -	\$ 16,429
Restricted intergovernmental revenues	1,000,000	1,000,000	-	1,000,000
Other income	711,299	523,222	551,587	1,074,809
Total revenues	1,727,728	1,539,651	551,587	2,091,238
Expenditures				
Rehabilitation	2,676,880	2,676,879	-	2,676,879
Total expenditures	2,676,880	2,676,879	-	2,676,879
Excess (deficiency) of revenues over expenditures	(949,152)	(1,137,228)	551,587	(585,641)
Other Financing Sources (Uses)				
Debt issued	1,974,000	1,974,000	-	1,974,000
Debt service	(1,024,848)	(836,772)	(188,076)	(1,024,848)
Transfers In	249,596	99,930	149,666	249,596
Transfers Out	(249,596)	(99,930)	(149,666)	(249,596)
Total other financing sources (uses)	949,152	1,137,228	(188,076)	949,152
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ -	\$ -	363,511	\$ 363,511
Fund Balance				
Beginning			-	
Ending			\$ 363,511	

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015**

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 1,207,849	\$ 451,276	\$ 110,685	\$ 561,961
Program income	309,478	223,105	86,372	309,477
Total revenues	1,517,327	674,381	197,057	871,438
Expenditures				
Administration	432,635	277,305	79,058	356,363
Rehabilitation	1,392,507	430,756	95,086	525,842
Total expenditures	1,825,142	708,061	174,144	882,205
Excess (deficiency) of revenues over expenditures	(307,815)	(33,680)	22,913	(10,767)
Other Financing Sources (Uses)				
Transfers In	307,815	253,772	54,043	307,815
Total other financing sources	307,815	253,772	54,043	307,815
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 220,092	76,956	\$ 297,048
Fund Balance				
Beginning			220,092	
Ending			\$ 297,048	

MUNICIPAL SERVICE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 87,794	\$ 103,290	\$ 104,399	\$ 1,109
Expenditures				
Community development	87,794	103,290	104,399	(1,109)
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

ADDITIONAL VEHICLE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 310,000	\$ 358,355	\$ 393,017	\$ 34,662
Investment earnings	-	250	275	25
Total revenues	<u>310,000</u>	<u>358,605</u>	<u>393,292</u>	<u>34,687</u>
Other Financing Uses				
Transfers out	(310,000)	(358,605)	(393,292)	(34,687)
Total other financing uses	<u>(310,000)</u>	<u>(358,605)</u>	<u>(393,292)</u>	<u>(34,687)</u>
Total of revenues and other financing sources	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance				
Beginning			-	
Ending			<u>\$ -</u>	

PARKS AND RECREATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Revenues				
Contributions	\$ 50,250	\$ 50,250	\$ -	\$ 50,250
Restricted intergovernmental revenues	635,000	536,201	98,799	635,000
Total operating revenues	685,250	586,451	98,799	685,250
Operating Expenditures				
Park Light Project	66,144	-	36,500	36,500
Hartsell Rec Ctr Renov	26,500	23,850	2,650	26,500
Hector Henry Greenway	2,901,249	1,114,239	1,233,543	2,347,782
McEachern Greenway	1,306,330	418,234	22,750	440,984
Lake Howell Park	14,031	-	-	-
Total operating expenditures	4,314,254	1,556,323	1,295,443	2,851,766
Deficiency of revenues over expenditures before transfers	(3,629,004)	(969,872)	(1,196,644)	(2,166,516)
Transfers In				
Transfers in	3,629,004	2,540,332	1,089,390	3,629,722
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 1,570,460	\$ (107,254)	\$ 1,463,206

TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Revenues				
Restricted intergovernmental revenues	\$ 6,774,850	\$ 2,379,073	\$ 1,165,062	\$ 3,544,135
Investment earnings	186,944	149,858	80,737	230,595
Program income	1,220,389	1,149,208	391,750	1,540,958
Total operating revenues	8,182,183	3,678,139	1,637,549	5,315,688
Operating Expenditures				
Poplar Tent/Hwy 29 CMAQ	940,973	389,587	3,072	392,659
Hwy 601/Hwy 3 CMAQ	1,394,915	259,824	244,484	504,308
Future Improvements	3,484,362	8,548	(8,548)	-
Signal & Fiber - Lake Concord Rd	243,305	243,303	-	243,303
Signal & Fiber - 29/LC/NCDOT	206,252	206,252	-	206,252
Derita Rd	3,786,763	1,252,507	161,609	1,414,116
Poplar Tent/Hwy 73 Sidewalks & Bike Ln	500,000	-	157,041	157,041
Cabarrus RR Bridge Railing	250,000	-	-	-
Burrage Rd NE Street	900,000	-	404,191	404,191
Terminal Court	110,400	-	-	-
G Liles Village Signal	83,113	83,114	-	83,114
Traffic Mgmt Center	297,500	-	144,968	144,968
NE Subset Sidewalk Extension	525,916	-	-	-
Weddington Rd NW Extension	338,609	181,602	-	181,602
Virginia St SE Segment Improvements	1,050,000	-	-	-
Brookwood Phase Design	2,602,400	-	-	-
US 29 Bridge 66 & 69	15,553	-	-	-
ITS Expansion	1,250,000	-	-	-
Infrastructure	657,795	152,340	-	152,340
Burrage Rd Bridge Replacement	2,672,399	1,029,189	1,388,123	2,417,312
Morehead Improvements	1,676,500	1,488,227	188,273	1,676,500
Total operating expenditures	22,986,755	5,294,493	2,683,213	7,977,706
Deficiency of revenues over expenditures before transfers	(14,804,572)	(1,616,354)	(1,045,664)	(2,662,018)
Other Financing Sources (Uses)				
Transfers In	14,804,572	12,822,399	1,982,173	14,804,572
Transfers Out	-	-	-	-
Total other financing sources	14,804,572	12,822,399	1,982,173	14,804,572
Excess of revenues and transfers over expenditures	\$ -	\$ 11,206,045	\$ 936,509	\$ 12,142,554

GENERAL FUND CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures				
Contract services	\$ 1,069,792	\$ 599,771	\$ 425,178	\$ 1,024,949
Capital outlay	2,523,933	1,512,725	224,679	1,737,404
Total expenditures	3,593,725	2,112,496	649,857	2,762,353
Deficiency of revenues over expenditures before transfers	(3,593,725)	(2,112,496)	(649,857)	(2,762,353)
Transfer In	3,758,498	3,358,500	409,000	3,767,500
Transfer Out	(164,773)	-	(164,773)	(164,773)
Excess of revenues and transfers over expenditures	\$ -	\$ 1,246,004	\$ (405,630)	\$ 840,374

Change in net position:

General Fund Capital Projects Fund	\$ (405,630)
First Concord Capital Project Fund (Statement 46)	2,968,823
	<u>\$ 2,563,193</u>

GENERAL CAPITAL RESERVE PROJECT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Investment Earnings	\$ 431,652	\$ 659,388	\$ 146,511	\$ 805,899
Expenditures				
Capital outlay	16,119,877	-	-	-
Total expenditures	16,119,877	-	-	-
Excess (deficiency) of revenues over expenditures	(15,688,225)	659,388	146,511	805,899
Other Financing Sources (Uses)				
Transfers In	19,393,767	19,393,768	-	19,393,768
Transfers Out	(3,705,542)	-	(3,705,542)	(3,705,542)
Total other financing sources (uses)	15,688,225	19,393,768	(3,705,542)	15,688,226
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 20,053,156	(3,559,031)	\$ 16,494,125
Fund Balance				
Beginning			20,053,156	
Ending			\$ 16,494,125	

FIRE AND LIFE SAFETY CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Other income	\$ 368,591	\$ -	\$ 368,590	\$ 368,590
Operating Expenditures				
Capital outlay	5,946,167	1,375,385	3,310,096	4,685,481
Total operating expenditures	5,946,167	1,375,385	3,310,096	4,685,481
Deficiency of revenues over expenditures before transfers	(5,577,576)	(1,375,385)	(2,941,506)	(4,316,891)
Transfer In (Out)	5,577,576	4,693,610	883,965	5,577,575
Excess of revenues and transfers over expenditures	\$ -	\$ 3,318,225	\$ (2,057,541)	\$ 1,260,684

ELECTRIC OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 79,618,053	\$ 79,618,053	\$ 79,776,943	\$ 158,890
Other operating revenues	1,058,520	1,235,070	1,341,458	106,388
Total operating revenues	80,676,573	80,853,123	81,118,401	265,278
Operating Expenditures				
Administration	3,012,787	3,112,787	2,493,744	619,043
Purchased power	60,437,604	60,437,604	50,865,046	9,572,558
Power line and plant	12,490,383	13,718,257	12,127,979	1,590,278
Total operating expenditures	75,940,774	77,268,648	65,486,769	11,781,879
Nonoperating Revenues (Expenditures)				
Capital outlay	(2,133,822)	(2,137,601)	(1,696,501)	441,100
Interest earned on investments	-	360,000	414,513	54,513
Debt service and capital lease payments	(2,972,885)	(2,972,885)	(2,968,560)	4,325
Appropriated Fund Balance	1,994,915	2,805,248	-	(2,805,248)
Gain on sale of capital assets	-	64,770	161	(64,609)
Total nonoperating expenditures	(3,111,792)	(1,880,468)	(4,250,387)	(2,369,919)
Income before capital contributions and transfers	1,624,007	1,704,007	11,381,245	9,677,238
Transfers In (Out)				
Transfers out	(1,624,007)	(1,704,007)	(1,704,007)	-
Excess of revenues over expenditures and transfers	\$ -	\$ -	9,677,238	\$ 9,677,238
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(4,071,799)	
Capital outlay			1,696,501	
Unfunded OPEB Expense			(89,963)	
Pension expense			215,025	
Health claims incurred but not reported			(49,318)	
Increase to workers comp claims reserve			(106,765)	
Debt service			1,985,911	
Change in net position			\$ 9,256,830	
Change in net position:				
Electric Operating Fund			\$ 9,256,830	
Electric Projects Capital Projects Fund (Statement 28)			814,577	
Utility Capital Reserve Project Fund (Statement 34)			-	
			\$ 10,071,407	

ELECTRIC PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Expenditures				
Contract cost	\$ 1,069,268	\$ 140,523	\$ 250,423	\$ 390,946
Capital outlay	4,370,219	2,216,937	1,848,744	4,065,681
Total operating expenditures	5,439,487	2,357,460	2,099,167	4,456,627
Deficiency of revenues over expenditures before transfers	(5,439,487)	(2,357,460)	(2,099,167)	(4,456,627)
Transfer In	5,439,487	4,374,487	1,065,000	5,439,487
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 2,017,027	(1,034,167)	\$ 982,860
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			1,848,744	
Change in net position			\$ 814,577	

WATER OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 18,470,000	\$ 18,470,000	\$ 19,931,148	\$ 1,461,148
Other operating revenues	1,060,700	1,489,158	1,586,048	96,890
Total operating revenues	19,530,700	19,959,158	21,517,196	1,558,038
Operating Expenditures				
Repairs and maintenance	1,275,134	1,283,283	527,892	755,391
Water plants and lakes	6,132,504	6,246,004	4,370,706	1,875,298
Water line operation and maintenance	6,375,292	6,508,120	5,633,906	874,214
Total operating expenditures	13,782,930	14,037,407	10,532,504	3,504,903
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	320,050	320,050
Capital outlay	(920,268)	(923,668)	(262,603)	661,065
Debt service	(4,376,258)	(4,376,258)	(4,368,606)	7,652
Gain on sale of capital assets	-	10,514	10,514	-
Appropriated Fund Balance	789,571	608,476	-	(608,476)
Total nonoperating expenditures	(4,506,955)	(4,680,936)	(4,300,645)	380,291
Income before capital contributions and transfers	1,240,815	1,240,815	6,684,047	5,443,232
Transfers In (Out)				
To Project Fund	(1,240,815)	(1,240,815)	(1,240,815)	-
Capital Contributions	-	-	925,550	925,550
Excess of revenues, capital contributions over expenditures	\$ -	\$ -	6,368,782	\$ 6,368,782
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,823,173)	
Unfunded OPEB Expense			(83,751)	
Pension expense			200,176	
Health claims incurred but not reported			(45,913)	
Capital outlay			262,603	
Debt service			2,953,092	
Change in net position			\$ 5,831,816	
Change in net position:				
Water Operating Fund			\$ 5,831,816	
2008 Revenue Bonds Capital Project Fund (Statement 30)			228	
Water Projects Capital Project Fund (Statement 31)			(1,934,459)	
First Concord Capital Project Fund (Statement 46)			127,873	
			\$ 4,025,458	

2008 REVENUE BONDS CAPITAL PROJECT FUND - WATER FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Interest earned on investments	\$ 10,651	\$ 10,423	\$ 228	\$ 10,651
	10,651	10,423	228	10,651
Expenditures				
Capital Outlay:				
Fire Flow Improvements	265,859	137,713	10,542	148,255
Albemarle Waterline	1,971,578	-	1,971,578	1,971,578
Total expenditures	2,237,437	137,713	1,982,120	2,119,833
Deficiency of revenues over expenditures	(2,226,786)	(127,290)	(1,981,892)	(2,109,182)
Other Financing Sources				
Bond proceeds	2,226,786	2,226,785	-	2,226,785
	2,226,786	2,226,785	-	2,226,785
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,099,495	(1,981,892)	\$ 117,603
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			1,982,120	
Change in net position			\$ 228	

WATER PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Contract cost	\$ 470,302	\$ 370,721	\$ 3,169,224	\$ 3,539,945
Capital outlay	14,925,084	4,918,931	762,202	5,681,133
Total operating expenditures	15,395,386	5,289,652	3,931,426	9,221,078
Deficiency of revenues over expenditures before transfers	(15,395,386)	(5,289,652)	(3,931,426)	(9,221,078)
Transfer In	15,395,386	14,347,568	1,234,765	15,582,333
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 9,057,916	(2,696,661)	\$ 6,361,255
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			762,202	
Change in net position			\$ (1,934,459)	

WASTEWATER OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 14,590,000	\$ 14,590,000	\$ 15,263,071	\$ 673,071
Other operating revenues	437,000	862,350	904,863	42,513
Total operating revenues	15,027,000	15,452,350	16,167,934	715,584
Operating Expenditures				
Repairs and maintenance	677,552	687,991	333,923	354,068
Wastewater line and plant	10,153,773	10,266,245	9,834,677	431,568
Total operating expenditures	10,831,325	10,954,236	10,168,600	785,636
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	119,000	162,412	43,412
Capital outlay	(1,903,824)	(2,008,773)	(1,300,164)	708,609
Debt service	(2,811,842)	(2,811,842)	(2,804,595)	7,247
Miscellaneous Revenues	-	-	14,071	14,071
Gain (loss) on sale of capital assets	-	20,771	20,771	-
Appropriated Fund Balance	523,232	185,971	-	(185,971)
Total nonoperating expenditures	(4,192,434)	(4,494,873)	(3,907,505)	587,368
Income before capital contributions and transfers in	3,241	3,241	2,091,829	2,088,588
Capital Contributions	-	-	3,043,582	3,043,582
Transfers In (Out)				
From General Fund	-	-	-	-
Transfers out	(3,241)	(3,241)	(3,241)	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	5,132,170	\$ 5,132,170
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,002,656)	
Capital outlay			1,300,164	
Unfunded OPEB Expense			(39,187)	
Pension expense			93,663	
Health claims incurred but not reported			(21,483)	
Debt service			2,000,212	
Change in net position			\$ 5,462,883	
Change in net position:				
Wastewater Operating Fund			\$ 5,462,883	
Wastewater Projects Capital Project Fund (Statement 33)			163,000	
First Concord Capital Project Fund (Statement 46)			126,585	
			\$ 5,752,468	

WASTEWATER PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Operating Expenditures				
Contract cost	\$ 95,000	\$ 23,853	\$ 5,000	\$ 28,853
Capital outlay	1,058,754	-	168,000	168,000
Total operating expenditures	1,153,754	23,853	173,000	196,853
Deficiency of revenues over expenditures before transfers	(1,153,754)	(23,853)	(173,000)	(196,853)
Transfer In	1,153,754	985,754	168,000	1,153,754
Excess of revenues and transfers over expenditures	\$ -	\$ 961,901	(5,000)	\$ 956,901
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			168,000	
Change in net position			\$ 163,000	

UTILITY CAPITAL RESERVE PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital outlay	\$ 4,400,000	\$ -	\$ -	\$ -
Other Financing Sources				
Transfers In	4,400,000	4,400,000	-	4,400,000
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 4,400,000</u>	<u>-</u>	<u>\$ 4,400,000</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			<u>\$ -</u>	
The change in net position is allocated as follows:				
Electric Operating Fund			<u>\$ -</u>	

REGIONAL AIRPORT OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 10,428,575	\$ 10,519,369	\$ 8,601,277	\$ (1,918,092)
Other operating revenues	12,300	15,434	11,003	(4,431)
Total operating revenues	10,440,875	10,534,803	8,612,280	(1,922,523)
Operating Expenditures				
Airport operation and maintenance	10,039,338	10,148,309	7,656,217	2,492,092
Total operating expenditures	10,039,338	10,148,309	7,656,217	2,492,092
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	39,004	41,723	2,719
Capital outlay	(30,000)	(385,510)	(413,736)	(28,226)
Debt service	(936,869)	(936,869)	(933,730)	3,139
Miscellaneous revenues	6,000	12,549	14,014	1,465
Appropriated Fund Balance	24,807	24,807	-	(24,807)
Total nonoperating expenditures	(936,062)	(1,246,019)	(1,291,729)	(45,710)
Income (loss) before capital contributions and transfers	(534,525)	(859,525)	(335,666)	523,859
Capital Contributions	-	699,597	516,657	(182,940)
Transfers In (Out)				
Transfers in	793,091	793,091	793,091	-
Transfers out	(258,566)	(633,163)	(415,223)	217,940
Deficiency of revenues and operating transfers over expenditures	\$ -	\$ -	558,859	\$ 558,859
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,661,375)	
Capital outlay			413,736	
Unfunded OPEB Expense			(43,010)	
Pension expense			102,801	
Health claims incurred but not reported			(23,578)	
Debt service			602,500	
Change in net position			\$ (50,067)	
Change in net position:				
Regional Airport Operating Fund			\$ (50,067)	
Airport Capital Project Fund (Statement 36)			1,566,569	
First Concord Capital Project Fund (Statement 46)			(192,878)	
			\$ 1,323,624	

AIRPORT CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 11,461,205	\$ 5,911,541	\$ 1,409,912	\$ 7,321,453
Total operating revenues	11,461,205	5,911,541	1,409,912	7,321,453
Operating Expenditures				
Capital outlay	12,744,914	6,632,007	2,193,843	8,825,850
Total operating expenditures	12,744,914	6,632,007	2,193,843	8,825,850
Deficiency of revenues over expenditures before transfers	(1,283,709)	(720,466)	(783,931)	(1,504,397)
Transfer In	1,283,709	949,975	156,657	1,106,632
Excess of revenues and transfers over expenditures	\$ -	\$ 229,509	(627,274)	\$ (397,765)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			2,193,843	
Change in net position			\$ 1,566,569	

STORMWATER OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 3,720,000	\$ 3,720,000	\$ 3,873,016	\$ 153,016
Other operating revenues	13,000	13,000	23,235	10,235
Total operating revenues	3,733,000	3,733,000	3,896,251	163,251
Operating Expenditures				
Stormwater operation and maintenance	2,433,261	2,486,995	2,006,429	480,566
Total operating expenditures	2,433,261	2,486,995	2,006,429	480,566
Nonoperating Revenues (Expenditures)				
Capital outlay	(385,000)	(447,345)	(384,273)	63,072
Interest earned on investments	-	53,900	57,743	3,843
Gain on sale of capital assets	-	62,627	62,627	-
Appropriation to Fund Balance	(384,578)	(385,026)	-	385,026
Total nonoperating expenditures	(769,578)	(715,844)	(263,903)	451,941
Income before capital contributions and transfers	530,161	530,161	1,625,919	1,095,758
Transfers Out				
To Project Fund	(530,161)	(530,161)	(530,161)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	1,095,758	\$ 1,095,758
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,667,017)	
Debt service			-	
Unfunded OPEB Expense			(25,806)	
Pension expense			61,680	
Health claims incurred but not reported			(14,147)	
Capital outlay			384,273	
Change in net position			\$ (165,259)	
Change in net position:				
Stormwater Operating Fund			\$ (165,259)	
Stormwater Capital Project Fund (Statement 38)			515,607	
			\$ 350,348	

STORMWATER CAPITAL PROJECTS FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 140,000	\$ 140,000	\$ -	\$ 140,000
Total operating revenues	<u>140,000</u>	<u>140,000</u>	<u>-</u>	<u>140,000</u>
Operating Expenditures				
Contract cost	7,650	7,650	12,393	20,043
Capital outlay	4,378,254	1,398,348	86,967	1,485,315
Total operating expenditures	<u>4,385,904</u>	<u>1,405,998</u>	<u>99,360</u>	<u>1,505,358</u>
Deficiency of revenues over expenditures before transfers	<u>(4,245,904)</u>	<u>(1,265,998)</u>	<u>(99,360)</u>	<u>(1,365,358)</u>
Transfer In	4,245,904	3,717,904	528,000	4,245,904
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 2,451,906</u>	<u>428,640</u>	<u>\$ 2,880,546</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>86,967</u>	
Change in net position			<u><u>\$ 515,607</u></u>	

GOLF COURSE OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,077,889	\$ 1,077,889	\$ 1,050,781	\$ (27,108)
Other operating revenues	599,686	599,686	639,149	39,463
Total operating revenues	1,677,575	1,677,575	1,689,930	12,355
Operating Expenditures				
Professional services	814,691	837,291	778,285	59,006
Other operating costs	733,329	960,729	714,717	246,012
Total operating expenditures	1,548,020	1,798,020	1,493,002	305,018
Nonoperating Revenues (Expenditures)				
Capital outlay	-	-	-	-
Miscellaneous revenue	19,967	19,967	(2,266)	(22,233)
Appropriated Fund Balance	(149,522)	(41,240)	-	41,240
Total nonoperating revenues	(129,555)	(21,273)	(2,266)	19,007
Income before transfers	-	(141,718)	194,662	336,380
Transfers in (out)				
Transfers in	998,050	998,050	661,670	(336,380)
Among golf course funds	(998,050)	(856,332)	(856,332)	-
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Depreciation			(33,435)	
Change in net position			\$ (33,435)	
Change in net position:				
Golf Course Operating Fund			\$ (33,435)	
Golf Capital Project Fund (Statement 40)			119,477	
First Concord Capital Project Fund (Statement 46)			662,128	
			\$ 748,170	

GOLF CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Contract services	\$ 140,000	\$ -	\$ 15,523	\$ 15,523
Total operating expenditures	<u>140,000</u>	<u>-</u>	<u>15,523</u>	<u>15,523</u>
Deficiency of revenues over expenditures before transfers	<u>(140,000)</u>	<u>-</u>	<u>(15,523)</u>	<u>(15,523)</u>
Transfer In	<u>140,000</u>	<u>5,000</u>	<u>135,000</u>	<u>140,000</u>
Excess (deficiency) of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 5,000</u>	<u>119,477</u>	<u>\$ 124,477</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>-</u>	
Change in net position			<u>\$ 119,477</u>	

HOUSING DEPARTMENT OPERATING FUND

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 330,000	\$ 330,000	\$ 357,823	\$ 27,823
Total operating revenues	330,000	330,000	357,823	27,823
Operating Expenditures				
Administrative	560,772	950,772	939,373	11,399
Utilities	255,000	255,000	244,801	10,199
Housing maintenance and repairs	374,388	337,386	323,547	13,839
Total operating expenditures	1,190,160	1,543,158	1,507,721	35,437
Nonoperating Revenues (Expenditures)				
Operating subsidy	780,660	1,073,658	999,562	(74,096)
Interest earned on investments	2,000	2,000	5,210	3,210
Miscellaneous	15,000	75,000	97,488	22,488
Capital outlay	-	-	(5,635)	(5,635)
Debt service	(2,100)	(2,100)	(1,925)	175
Appropriated Fund Balance	84,269	84,269	-	(84,269)
Total nonoperating revenues	879,829	1,232,827	1,094,700	(138,127)
Loss before transfers	19,669	19,669	(55,198)	(74,867)
Transfers in (out)				
Transfer out	(19,669)	(19,669)	(19,669)	-
Transfer in	-	-	-	-
Excess of revenues and transfers over expenditures	\$ -	\$ -	(74,867)	\$ (74,867)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Unfunded OPEB Expense			(15,651)	
Pension expense			37,408	
Health claims incurred but not reported			(8,580)	
Capital outlay			5,635	
Depreciation			(485,407)	
Change in net position			\$ (541,462)	
Change in net position:				
Housing Department Operating Fund			\$ (541,462)	
Housing Capital Project Fund (Statement 42)			52,680	
			\$ (488,782)	

HOUSING CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Administrative	\$ 821,791	\$ 229,783	\$ 216,360	\$ 446,143
Capital outlay	185,019	132,339	52,680	185,019
Total expenditures	1,006,810	362,122	269,040	631,162
Other Financing Sources (Uses)				
Federal grants	1,006,810	362,122	269,040	631,162
Excess of other financing sources over expenditures	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			52,680	
Change in net position			\$ 52,680	

TRANSIT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 540,170	\$ 292,170	\$ 296,685	\$ 588,855
Total operating revenues	540,170	292,170	296,685	588,855
Operating Expenditures				
Administrative	445,519	182,868	199,052	381,920
Professional services	5,161,856	2,430,283	2,370,631	4,800,914
Operating supplies	2,875,655	867,326	380,644	1,247,970
Miscellaneous	-	6,294	(154)	6,140
Total operating expenditures	8,483,030	3,486,771	2,950,173	6,436,944
Nonoperating Revenues (Expenditures)				
Operating subsidy	13,034,894	8,947,365	2,033,171	10,980,536
Gain on sale of capital assets	60,210	60,210	-	60,210
Capital outlay	(7,561,954)	(7,298,873)	(1,072)	(7,299,945)
Deficiency of revenues over expenditures before transfers	(2,409,710)	(1,485,899)	(621,389)	(2,107,288)
Transfer In	2,409,710	1,504,012	611,652	2,115,664
Excess of revenues and transfers over expenditures	\$ -	\$ 18,113	(9,737)	\$ 8,376
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,121,660)	
Unfunded OPEB Expense			(3,584)	
Pension expense			8,567	
Health claims incurred but not reported			(1,965)	
Capital outlay			1,072	
Change in net position			\$ (1,127,307)	

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2015

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 2,090,764	\$ 2,076,732	\$ 14,032
Professional services	35,700	15,942	19,758
Other expenses	831,381	541,313	290,068
Capital outlay	62,203	52,554	9,649
Building and grounds allocation	(3,020,048)	(2,730,861)	(289,187)
	-	(44,320)	44,320
Data Services			
Salaries and benefits	88,503	96,538	(8,035)
Professional services	1,061,398	1,079,268	(17,870)
Other expenses	524,921	548,150	(23,229)
Capital outlay	532,724	223,297	309,427
Data services allocation	(2,277,529)	(1,901,069)	(376,460)
	(69,983)	46,184	(116,167)
Engineering			
Salaries and benefits	1,632,382	1,478,541	153,841
Professional services	15,835	13,430	2,405
Other expenses	248,678	146,078	102,600
Capital outlay	12,000	7,245	4,755
Engineering allocation	(1,908,895)	(1,626,552)	(282,343)
	-	18,742	(18,742)
Call Center			
Salaries and benefits	448,256	442,545	5,711
Professional services	1,050	465	585
Other expenses	92,170	62,387	29,783
Capital outlay	10,500	8,576	1,924
Call center allocation	(605,492)	(548,668)	(56,824)
	(53,516)	(34,695)	(18,821)
Billing			
Salaries and benefits	573,631	593,273	(19,642)
Professional services	76,016	18,385	57,631
Other expenses	331,492	334,336	(2,844)
Billing allocation	(1,048,652)	(1,046,002)	(2,650)
	(67,513)	(100,008)	32,495

(Continued)

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 Year Ended June 30, 2015

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Customer Service			
Salaries and benefits	\$ 815,025	\$ 841,249	\$ (26,224)
Professional services	4,800	2,770	2,030
Other expenses	570,015	492,058	77,957
Customer service allocation	(1,443,356)	(1,421,479)	(21,877)
	<u>(53,516)</u>	<u>(85,402)</u>	<u>31,886</u>
Warehouse Operations			
Salaries and benefits	437,875	458,235	(20,360)
Other expenses	86,679	86,217	462
Warehouse allocation	(524,554)	(553,611)	29,057
	<u>-</u>	<u>(9,159)</u>	<u>9,159</u>
Utilities Collection			
Salaries and benefits	217,412	193,405	24,007
Professional services	65,700	72,847	(7,147)
Other expenses	127,333	108,165	19,168
Utilities collection allocation	(425,265)	(385,850)	(39,415)
	<u>(14,820)</u>	<u>(11,433)</u>	<u>(3,387)</u>
Total operating expenditures	<u>(259,348)</u>	<u>(220,091)</u>	<u>(39,257)</u>
Transfers out	(259,348)	(259,348)	-
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>(39,257)</u>	<u>\$ (39,257)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		(244,131)	
Unfunded OPEB Expense		(145,041)	
Pension expense		346,666	
Health claims incurred but not reported		(79,512)	
Increase to workers comp claims reserve		(130,397)	
Capital outlay		291,672	
Change in net position		<u>\$ -</u>	
Change in net position:			
Internal Service Fund		\$ -	
Fiber Optic Capital Project Fund (Statement 45)		-	
First Concord Capital Project Fund (Statement 46)		54,900	
		<u>\$ 54,900</u>	

FIBER PROJECT CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

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

FIRST CONCORD CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2015

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 329,326	\$ 329,325	\$ -	\$ 329,325
Investment earnings	-	712,486	7,999	720,485
Miscellaneous earnings	-	24,939	-	24,939
Total revenue	329,326	1,066,750	7,999	1,074,749
Expenditures				
Debt service	36,783,586	29,838,011	2,295,794	32,133,805
Cost of issuance	1,940,976	548,896	817,786	1,366,682
Administration	-	3,809	-	3,809
Capital outlay:				
City Hall	22,000,000	861,478	12,005,441	12,866,919
Police Headquarters	14,737,000	14,547,983	-	14,547,983
Communication equipment	1,164,326	1,160,722	-	1,160,722
Total expenditures	76,625,888	46,960,899	15,119,021	62,079,920
Deficiency of revenues over expenditures	(76,296,562)	(45,894,149)	(15,111,022)	(61,005,171)
Other Financing Sources (Uses)				
Transfers in	38,545,977	28,923,542	4,025,483	32,949,025
Issuance of refunding bonds	23,410,000	9,235,000	14,175,000	23,410,000
Premium on refunding bonds	1,708,931	508,201	1,200,730	1,708,931
Payment to refunded bonds escrow agent	(25,650,191)	(9,180,000)	(16,470,191)	(25,650,191)
Bond proceeds	36,550,000	16,374,141	20,445,000	36,819,141
Premium on bonds issued	1,731,845	-	1,731,845	1,731,845
Total other financing sources	76,296,562	45,860,884	25,107,867	70,968,751
Deficiency of revenues and other financing sources over expenditures	\$ -	\$ (33,265)	9,996,845	\$ 9,963,580
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			12,005,441	
Financing proceeds			(37,552,575)	
Debt service principal payments			17,535,000	
Issuance costs			375,191	
Depreciation and amortization			(2,238,486)	
Change in net position			\$ 121,416	
The change in First Concord net position is allocated as follows:				
Debt Service Fund			\$ 3,323,344	
General Fund Capital Projects Fund			2,968,823	
Governmental activities			(6,949,359)	
Internal Service Fund			54,900	
Water Fund			127,873	
Wastewater Fund			126,585	
Golf Course Fund			662,128	
Regional Airport Fund			(192,878)	
			\$ 121,416	

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2015

	Balance July 1, 2014	Addition	Deduction	Balance June 30, 2015
Joe Cannon Trust:				
Assets:				
Cash	\$ 242,200	\$ 92,619	\$ 62,280	\$ 272,539
Liabilities:				
Agency payable	\$ 242,200	\$ 92,619	\$ 62,280	\$ 272,539
Employee's Insurance Fund:				
Assets:				
Cash	\$ 1,758,153	\$ 8,698,552	\$ 8,236,111	\$ 2,220,594
Liabilities:				
Agency payable	\$ 1,758,153	\$ 8,698,552	\$ 8,236,111	\$ 2,220,594
Total agency funds:				
Assets:				
Cash	\$ 2,000,353	\$ 8,791,171	\$ 8,298,391	\$ 2,493,133
Liabilities:				
Agency payable	\$ 2,000,353	\$ 8,791,171	\$ 8,298,391	\$ 2,493,133

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SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2015

Fiscal Year	Uncollected Balance June 30, 2014	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 46,943,610	\$ 46,174,814	\$ 768,796
2013-2014	1,422,122	-	469,706	952,416
2012-2013	535,382	-	169,423	365,959
2011-2012	351,529	-	(197,970)	549,499
2010-2011	233,554	-	(247,621)	481,175
2009-2010	145,953	-	16,474	129,479
2008-2009	161,275	-	18,289	142,986
2007-2008	77,639	-	8,296	69,343
2006-2007	75,053	-	3,460	71,593
2005-2006	42,532	-	1,897	40,635
2004-2005	37,012	-	37,012	-
	<u>\$ 3,082,051</u>	<u>\$ 46,943,610</u>	<u>\$ 46,453,780</u>	<u>3,571,881</u>
Less allowance for uncollectible ad valorem taxes receivable				892,970
Ad valorem taxes receivable				<u><u>\$ 2,678,911</u></u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 45,574,074	\$ 103,441	
Releases of prior years' taxes	744,010	-	
Taxes written off	32,133	122	
Total collections and credits	<u>\$ 46,350,217</u>	<u>\$ 103,563</u>	\$ 46,453,780
Interest billed and collected during the year			80,608
Releases of prior years' taxes			(744,010)
Taxes written off			(32,255)
Total Ad valorem taxes			<u><u>\$ 45,758,123</u></u>

ANALYSIS OF CURRENT LEVY
Year Ended June 30, 2015

Fiscal Year	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 8,762,213,629	0.48	\$ 42,058,625	\$ 42,058,625	\$ -
Municipal Service District	43,529,009	0.23	100,117	100,117	-
Current year's rate, Motor vehicles	748,608,150	0.48	3,593,319	-	3,593,319
Prior year taxes, Motor vehicles	836,399	0.42	4,015	-	4,015
Penalties			79,081	79,081	-
Discoveries/additional listings:					
Current year taxes, City wide	237,400,713	0.48	1,139,523	1,139,523	-
Current year taxes, MSD	815,070	0.23	1,875	1,875	-
Current year's rate, Motor vehicles	13,260	0.48	64	-	64
Prior year taxes, Motor vehicles	178,700	0.42	858	-	858
Penalties			53,410	53,410	-
Abatements:					
Current year's rate, City wide	(14,014,710)	0.48	(67,271)	(67,271)	-
Current year's rate, MSD	(1,296)	0.23	(3)	(3)	-
Current year's rate, Motor vehicles	-	0.48	-	-	-
Prior year taxes, Motor vehicles	(209,938)	0.42	(1,008)	-	(1,008)
Penalties			(18,995)	(18,995)	-
Total for year	\$ 9,779,368,986		46,943,610	43,346,362	3,597,248
Less uncollected tax at June 30, 2015			768,796	769,450	(654)
Current year's taxes collected			\$ 46,174,814	\$ 42,576,912	\$ 3,597,902
Current levy collection percentage			98.36%	98.22%	100.02%
Distribution of levy:					
General Fund			\$ 46,841,531		
Municipal Service District			102,079		
			\$ 46,943,610		

**SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2015**

	Reported Value	Fair Value
Cash		
On hand	\$ 16,200	\$ 16,200
Demand deposits	30,739,447	30,739,447
Certificates of deposit	2,546,331	2,546,331
Total cash	33,301,978	33,301,978
Investments		
North Carolina Capital Management Trust	14,983,560	14,983,560
Federal Farm Credit	9,986,325	9,986,325
FNMA Discount Notes	34,399,243	34,399,243
Federal Home Loan	25,420,405	25,501,108
Federal Home Loan Mortgage Corporation	51,991,611	51,991,611
US Treasury Obligation	1,707,234	1,707,234
Commercial Paper	67,808,761	67,808,761
Total investments	206,297,139	206,377,842
Total cash and investments	\$ 239,599,117	\$ 239,679,820
Distribution by Fund		
General Fund:		
Unrestricted	\$ 56,940,000	
Restricted	6,352,566	\$ 63,292,566
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		126,123
Section 108 Loan/BEDI Grant Fund		363,511
Home Fund		292,832
Municipal Service District		1,921
Capital Project Funds:		
Parks (Unrestricted)		1,595,668
Transportation (Unrestricted)		11,422,910
General Fund Capital Project Fund:		
Unrestricted	-	
Restricted	7,199,603	7,199,603
General Fund Capital Reserve Project Fund (Restricted)		16,455,703
Fire and Life Safety (Unrestricted)		1,750,392
Debt Service Fund (Restricted)		25

(Continued)

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2015

Distribution by Fund (Continued)		
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 48,675,927	
Restricted	3,155,301	\$ 51,831,228
Water Fund:		
Unrestricted	42,743,860	
Restricted	1,864,458	44,608,318
Wastewater Fund:		
Unrestricted	13,540,114	
Restricted	2,100,529	15,640,643
Regional Airport Fund:		
Unrestricted	4,987,459	
Restricted	84,017	5,071,476
Stormwater Fund (Unrestricted)		10,821,804
Golf Course Fund (Unrestricted)		-
Housing Department Fund:		
Unrestricted	564,560	
Restricted	36,592	601,152
Internal Service Fund:		
Unrestricted	1,753,374	
Restricted	3,310,766	5,064,140
Other Postemployment Benefit Trust Fund		965,969
Agency Fund		2,493,133
Total reported value		\$ 239,599,117

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2015

Line Item	Account Description	Low Rent Public Housing 14,850	Housing Choice Vouchers 14,871	Public Housing Capital Fund 14,872	PH Family Self Sufficiency under ROSS 14,877	Family Self Sufficiency 14,896
Assets:						
Current Assets:						
Cash:						
111	Cash - unrestricted	\$ 628,777	\$ 37,663	\$ -	\$ -	\$ -
113	Cash - other restricted	22,905	82,027	-	-	-
114	Cash - tenant security deposits	36,592	-	-	-	-
115	Cash - restricted for payment of current liabilities	1,880	6,796	-	-	-
100	Total cash	690,154	126,486	-	-	-
Accounts and notes receivable:						
121	Accounts receivable - PHA projects	-	4,107	-	-	-
122	Accounts receivable - HUD other projects	-	10,684	-	-	-
125	Accounts receivable - miscellaneous	-	1,053	-	-	-
126	Accounts receivable - tenants - dwelling units	9,771	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(3,428)	-	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-	-	-
129	Accrued interest receivable	1,611	293	-	-	-
120	Total receivables	7,954	16,137	-	-	-
142	Prepaid expenses and other assets	-	-	-	-	-
143	Inventories	10,087	-	-	-	-
143.1	Allowance for obsolete inventories	(1,668)	-	-	-	-
150	Total current assets	706,527	142,623	-	-	-
Noncurrent Assets:						
161	Land	577,382	-	-	-	-
162	Buildings	2,783,495	-	-	-	-
164	Furniture, equipment, machinery - administration	119,961	-	-	-	-
165	Leasehold improvements	25,391	-	-	-	-
166	Accumulated depreciation	(1,660,876)	-	-	-	-
167	Construction in progress	-	-	-	-	-
174	Other assets	57,598	-	-	-	-
180	Total non-current assets	1,902,951	-	-	-	-
190	Total Assets	2,609,478	142,623	-	-	-
200	Deferred Outflow of Resources	39,681	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 2,649,159	\$ 142,623	\$ -	\$ -	\$ -
Liabilities and Equity:						
Liabilities:						
Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 25,616	\$ 12,263	\$ -	\$ -	\$ -
321	Accrued wage/payroll taxes payable	9,647	4,719	-	-	-
322	Accrued compensated absences	25,339	1,338	-	-	-
341	Tenant security deposits	36,592	-	-	-	-
342	Unearned revenue	46	5,633	-	-	-
343	Current portion of long-term debt - capital projects/mortgage rev bonds	47,883	-	-	-	-
345	Other current liabilities	1,880	6,796	-	-	-
310	Total current liabilities	147,003	30,749	-	-	-
Non-current Liabilities:						
351	Long-term debt, net of current - capital projects/mortgage revenue	97,208	-	-	-	-
353	Non-current liabilities - other	31,485	10,996	-	-	-
354	Accrued compensated absences - non current	9,854	520	-	-	-
357	Accrued pension and OPEB liabilities	174,115	-	-	-	-
350	Total non-current liabilities	312,662	11,516	-	-	-
300	Total liabilities	459,665	42,265	-	-	-
400	Deferred Inflow of Resources	145,718	-	-	-	-
Equity:						
Contributed Capital:						
508.4	Net investment in capital assets	1,700,262	-	-	-	-
511.4	Restricted net position	-	71,031	-	-	-
512.4	Unrestricted net position	343,514	29,327	-	-	-
513	Total equity	2,043,776	100,358	-	-	-
600	Total liabilities, deferred inflows of resources and equity	\$ 2,649,159	\$ 142,623	\$ -	\$ -	\$ -

(Continued)

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2015

Line Item	Account Description	Low Rent Public Housing 14.850	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	PH Family Self Sufficiency under ROSS 14.877	Family Self Sufficiency 14.896
Revenues:						
70300	Net tenant rental revenue	\$ 356,888	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	123,984	-	-	-	-
70600	HUD PHA operating grants	730,817	3,092,705	436,193	17,329	25,949
70610	Capital grants	-	-	58,315	-	-
71100	Investment income - unrestricted	4,407	359	-	-	-
71400	Fraud recovery	-	-	-	-	-
71500	Other income	935	1,201,608	-	-	-
71600	Gain or loss on sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total revenues	1,217,031	4,294,672	494,508	17,329	25,949
Expenses:						
Administrative:						
91100	Administrative salaries	165,621	141,830	-	-	-
91200	Auditing fees	1,041	1,780	-	-	-
91500	Employee benefit contributions	86,199	47,015	-	-	-
91600	Office expenses	175,884	43,573	-	-	-
91800	Travel	6,684	1,812	-	-	-
91900	Other	33,730	21,672	-	-	-
92100	Tenant services - salaries	-	-	-	5,067	7,600
92300	Tenant services - employee benefit contributions	-	-	-	1,040	1,560
92400	Tenant services - other	99,291	9,378	-	11,222	16,789
93100	Water	43,548	-	-	-	-
93200	Electricity	75,085	-	-	-	-
93300	Gas	73,126	-	-	-	-
93600	Sewer	44,744	-	-	-	-
93800	Other utility expense	8,297	-	-	-	-
94100	Ordinary maintenance and operations - labor	134,025	23,469	-	-	-
94200	Ordinary maintenance and operations - materials and other	109,317	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	441,593	-	-	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	49,048	8,957	-	-	-
96100	Insurance premiums	21,911	-	-	-	-
96200	Other general expense	33,671	9,567	-	-	-
96210	Compensated absences	22,166	3,392	-	-	-
96400	Bad debt - tenant rents	16,154	-	-	-	-
96720	Interest on notes payable (short and long term)	1,925	-	-	-	-
96900	Total operating expenses	1,643,060	312,445	-	17,329	25,949
97000	Excess of operating revenues over expenditures	(426,029)	3,982,227	494,508	-	-
97100	Extraordinary maintenance	26,486	-	-	-	-
97300	Housing assistance payments	-	2,974,599	-	-	-
97350	HAP portability-in	-	1,152,718	-	-	-
97400	Depreciation expense	116,301	-	-	-	-
90000	Total expenses	1,785,847	4,439,762	-	17,329	25,949
10010	Operating transfer in	436,193	-	-	-	-
10020	Operating transfer out	-	-	(436,193)	-	-
10030	Operating transfers from/to primary government	(19,669)	-	-	-	-
10000	Excess of revenue over expenses	(152,292)	(145,090)	58,315	-	-
11030	Beginning equity	2,223,601	245,448	-	-	-
11040	Prior period adjustments, equity transfers & correction of errors	(27,533)	-	(58,315)	-	-
	Ending equity	\$ 2,043,776	\$ 100,358	\$ -	\$ -	\$ -
Memo information:						
11170	Administrative fee equity	-	29,327	-	-	-
11180	Housing assistance payments equity	-	71,031	-	-	-
11190	Unit months available	2,077	6,492	-	-	-
11210	Number of unit months leased	2,017	4,859	-	-	-
11270	Excess cash	383,324	-	-	-	-
11620	Building purchases	-	-	47,409	-	-
11640	Furniture & equipment - administrative purchases	-	-	5,635	-	-
11650	Leasehold improvement purchases	-	-	5,271	-	-

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2015

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Electric Fund					
Capital assets, not being depreciated:					
Land	\$ 1,172,514	\$ -	\$ -	\$ -	\$ 1,172,514
Construction in progress	3,185,250	2,717,221	284,419	-	5,618,052
Total capital assets, not being depreciated	4,357,764	2,717,221	284,419	-	6,790,566
Capital assets, being depreciated:					
Buildings	5,608,551	-	-	-	5,608,551
Improvements other than buildings	115,820,457	210,106	-	-	116,030,563
Machinery and equipment	7,985,284	902,336	358,650	(72,934)	8,456,036
Total capital assets, being depreciated	129,414,292	1,112,442	358,650	(72,934)	130,095,150
Accumulated depreciation:					
Buildings	2,092,164	155,911	-	-	2,248,075
Improvements other than buildings	59,575,836	3,352,064	-	-	62,927,900
Machinery and equipment	6,474,801	557,045	290,241	(72,934)	6,668,671
Total accumulated depreciation	68,142,801	4,065,020	290,241	(72,934)	71,844,646
Total capital assets, being depreciated, net	61,271,491	(2,952,578)	68,409	-	58,250,504
Electric Fund capital assets, net	\$ 65,629,255	\$ (235,357)	\$ 352,828	\$ -	\$ 65,041,070
Water Fund					
Capital assets, not being depreciated:					
Land	\$ 814,060	\$ -	\$ -	\$ -	\$ 814,060
Construction in progress	4,725,200	2,305,102	-	-	7,030,302
Total capital assets, not being depreciated	5,539,260	2,305,102	-	-	7,844,362
Capital assets, being depreciated:					
Buildings	15,169,384	-	-	-	15,169,384
Improvements other than buildings	119,352,826	1,454,038	-	-	120,806,864
Machinery and equipment	2,664,694	173,335	28,565	17,356	2,826,820
Total capital assets, being depreciated	137,186,904	1,627,373	28,565	17,356	138,803,068
Accumulated depreciation:					
Buildings	3,826,523	494,286	-	-	4,320,809
Improvements other than buildings	49,541,623	3,196,001	-	-	52,737,624
Machinery and equipment	2,216,009	156,678	28,565	17,356	2,361,478
Total accumulated depreciation	55,584,155	3,846,965	28,565	17,356	59,419,911
Total capital assets, being depreciated, net	81,602,749	(2,219,592)	-	-	79,383,157
Water Fund capital assets, net	\$ 87,142,009	\$ 85,510	\$ -	\$ -	\$ 87,227,519

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2015

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Wastewater Fund					
Capital assets, not being depreciated:					
Land	\$ 1,065,402	\$ -	\$ -	\$ -	\$ 1,065,402
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	1,065,402	-	-	-	1,065,402
Capital assets, being depreciated:					
Buildings	1,920,754	-	-	-	1,920,754
Improvements other than buildings	106,154,797	4,429,181	-	-	110,583,978
Machinery and equipment	2,573,833	82,565	129,683	-	2,526,715
Total capital assets, being depreciated	110,649,384	4,511,746	129,683	-	115,031,447
Accumulated depreciation:					
Buildings	621,254	50,279	-	-	671,533
Improvements other than buildings	36,483,571	2,778,753	-	-	39,262,324
Machinery and equipment	1,970,405	172,882	129,683	-	2,013,604
Total accumulated depreciation	39,075,230	3,001,914	129,683	-	41,947,461
Total capital assets, being depreciated, net	71,574,154	1,509,832	-	-	73,083,986
Wastewater Fund capital assets, net	\$ 72,639,556	\$ 1,509,832	\$ -	\$ -	\$ 74,149,388
Regional Airport Fund					
Capital assets, not being depreciated:					
Land	\$ 26,236,458	\$ -	\$ -	\$ -	\$ 26,236,458
Construction in progress	6,273,102	2,193,843	-	-	8,466,945
Total capital assets, not being depreciated	32,509,560	2,193,843	-	-	34,703,403
Capital assets, being depreciated:					
Buildings	23,848,366	-	-	-	23,848,366
Improvements other than buildings	36,316,743	-	-	-	36,316,743
Machinery and equipment	2,080,565	413,736	65,485	81,685	2,510,501
Total capital assets, being depreciated	62,245,674	413,736	65,485	81,685	62,675,610
Accumulated depreciation:					
Buildings	9,372,824	860,539	-	-	10,233,363
Improvements other than buildings	10,316,803	1,084,852	-	-	11,401,655
Machinery and equipment	1,530,501	121,003	65,485	81,685	1,667,704
Total accumulated depreciation	21,220,128	2,066,394	65,485	81,685	23,302,722
Total capital assets, being depreciated, net	41,025,546	(1,652,658)	-	-	39,372,888
Regional Airport Fund capital assets, net	\$ 73,535,106	\$ 541,185	\$ -	\$ -	\$ 74,076,291

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2015

	July 1, 2014	Increases	Decreases	Transfers	June 30, 2015
Stormwater Fund					
Capital assets, not being depreciated:					
Land	\$ 114,282	\$ -	\$ -	\$ -	\$ 114,282
Construction in progress	105,067	86,967	-	-	192,034
Total capital assets, not being depreciated	<u>219,349</u>	<u>86,967</u>	<u>-</u>	<u>-</u>	<u>306,316</u>
Capital assets, being depreciated:					
Buildings	76,509	-	-	-	76,509
Improvements other than buildings	55,769,057	-	-	-	55,769,057
Machinery and equipment	1,835,608	384,273	197,756	-	2,022,125
Total capital assets, being depreciated	<u>57,681,174</u>	<u>384,273</u>	<u>197,756</u>	<u>-</u>	<u>57,867,691</u>
Accumulated depreciation:					
Buildings	13,172	2,891	-	-	16,063
Improvements other than buildings	12,553,305	1,520,574	-	-	14,073,879
Machinery and equipment	1,385,532	143,551	197,756	-	1,331,327
Total accumulated depreciation	<u>13,952,009</u>	<u>1,667,016</u>	<u>197,756</u>	<u>-</u>	<u>15,421,269</u>
Total capital assets, being depreciated, net	<u>43,729,165</u>	<u>(1,282,743)</u>	<u>-</u>	<u>-</u>	<u>42,446,422</u>
Stormwater Fund capital assets, net	<u>\$ 43,948,514</u>	<u>\$ (1,195,776)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,752,738</u>
Nonmajor Enterprise Funds					
Capital assets, not being depreciated:					
Land	\$ 11,489,539	\$ -	\$ 280,221	\$ -	\$ 11,209,318
Construction in progress	69,340	3,782,786	70,412	-	3,781,714
Total capital assets, not being depreciated	<u>11,558,879</u>	<u>3,782,786</u>	<u>350,633</u>	<u>-</u>	<u>14,991,032</u>
Capital assets, being depreciated:					
Buildings	12,312,738	280,221	123,970	-	12,468,989
Improvements other than buildings	873,621	5,271	-	-	878,892
Machinery and equipment	10,819,851	367,719	89,538	-	11,098,032
Total capital assets, being depreciated	<u>24,006,210</u>	<u>653,211</u>	<u>213,508</u>	<u>-</u>	<u>24,445,913</u>
Accumulated depreciation:					
Buildings	5,116,112	490,820	104,702	-	5,502,230
Improvements other than buildings	273,208	50,025	-	-	323,233
Machinery and equipment	4,163,690	1,343,996	82,309	-	5,425,377
Total accumulated depreciation	<u>9,553,010</u>	<u>1,884,841</u>	<u>187,011</u>	<u>-</u>	<u>11,250,840</u>
Total capital assets, being depreciated, net	<u>14,453,200</u>	<u>(1,231,630)</u>	<u>26,497</u>	<u>-</u>	<u>13,195,073</u>
Nonmajor Enterprise Funds capital assets, net	<u>\$ 26,012,079</u>	<u>\$ 2,551,156</u>	<u>\$ 377,130</u>	<u>\$ -</u>	<u>\$ 28,186,105</u>
Business-type activities capital assets, net	<u>\$368,906,519</u>	<u>\$ 3,256,550</u>	<u>\$ 729,958</u>	<u>\$ -</u>	<u>\$371,433,111</u>

SCHEDULE OF BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

June 30, 2015

	July 1, 2014	Increases	Decreases	June 30, 2015	Current Maturities
Electric Fund					
Revenue bonds	\$ 23,792,340	\$ -	\$ 1,985,911	\$ 21,806,429	\$ 2,043,202
Plus premium on revenue bonds	616,119	-	69,704	546,415	-
Compensated absences	356,465	299,762	294,592	361,635	260,377
Net pension liability (LGERS)	717,773	-	717,773	-	-
OPEB liability	970,228	89,963	-	1,060,191	-
Electric Fund long-term debt	\$ 26,452,925	\$ 389,725	\$ 3,067,980	\$ 23,774,670	\$ 2,303,579
Water Fund					
Revenue bonds	\$ 37,100,017	\$ -	\$ 2,953,092	\$ 34,146,925	\$ 3,041,105
Plus premium on revenue bonds	1,653,846	-	153,042	1,500,804	-
Compensated absences	238,661	231,775	217,209	253,227	182,323
Net pension liability (LGERS)	668,206	-	668,206	-	-
OPEB liability	807,700	83,751	-	891,451	-
Water Fund long-term debt	\$ 40,468,430	\$ 315,526	\$ 3,991,549	\$ 36,792,407	\$ 3,223,428
Wastewater Fund					
Revenue bonds	\$ 20,048,920	\$ -	\$ 2,000,212	\$ 18,048,708	\$ 2,052,296
Plus premium on revenue bonds	266,803	-	37,539	229,264	-
Compensated absences	82,644	92,092	86,132	88,604	63,795
Net pension liability (LGERS)	312,655	-	312,655	-	-
OPEB liability	244,163	39,187	-	283,350	-
Wastewater Fund long-term debt	\$ 20,955,185	\$ 131,279	\$ 2,436,538	\$ 18,649,926	\$ 2,116,091
Regional Airport Fund					
Installment purchase	\$ 7,440,000	\$ -	\$ 602,500	\$ 6,837,500	\$ 602,500
Installment notes	1,371,700	-	209,000	1,162,700	204,600
Plus premium on LOBs	73,689	-	10,164	63,525	-
Compensated absences	116,933	81,225	95,987	102,171	73,563
Net pension liability (LGERS)	343,158	-	343,158	-	-
OPEB liability	325,380	43,010	-	368,390	-
Regional Airport Fund long-term debt	\$ 9,670,860	\$ 124,235	\$ 1,260,809	\$ 8,534,286	\$ 880,663
Stormwater Fund					
Compensated absences	\$ 71,338	\$ 82,218	\$ 83,774	\$ 69,782	\$ 50,243
Net pension liability (LGERS)	205,895	-	205,895	-	-
OPEB liability	146,467	25,806	-	172,273	-
Stormwater Fund long-term debt	\$ 423,700	\$ 108,024	\$ 289,669	\$ 242,055	\$ 50,243
Nonmajor Enterprise Funds					
Installment notes	\$ 5,815,000	\$ 11,720,175	\$ 6,003,600	\$ 11,531,575	\$ 1,057,350
Plus premium on LOBs	-	967,750	50,549	917,201	-
Compensated absences	404,958	374,151	328,126	450,983	324,708
Net pension liability (LGERS)	1,310,674	-	1,310,674	-	-
OPEB liability	1,917,915	164,276	-	2,082,191	-
Nonmajor Enterprise Funds long-term debt	\$ 9,448,547	\$ 13,226,352	\$ 7,692,949	\$ 14,981,950	\$ 1,382,058
Business-type activities long-term debt	\$ 107,419,647	\$ 14,295,141	\$ 18,739,494	\$ 102,975,294	\$ 9,956,062

Statistical Section

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

	<u>Page</u>
Financial Trends These tables contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	160
Revenue Capacity These tables contain information to help the reader assess the factors affecting the city's ability to generate its electric revenues and property taxes.	165
Debt Capacity These tables present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	172
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	177
Operating Information These tables contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	179

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

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$284,946,314	\$269,225,599	\$299,422,732	\$299,238,599	\$285,243,071	\$280,799,254	\$268,758,293	\$260,979,309	\$279,817,761	\$303,629,133
Restricted	1,401,030	1,732,787	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966
Unrestricted	27,394,767	47,184,219	52,092,724	55,488,182	62,723,954	50,007,074	53,887,440	59,614,980	54,435,103	61,910,544
Total governmental activities net position	\$313,742,111	\$318,142,605	\$353,515,906	\$356,442,872	\$349,677,957	\$347,930,044	\$337,842,992	\$335,648,646	\$356,229,851	\$386,753,643
Business-type activities										
Net investment in capital assets	\$202,771,280	\$224,285,478	\$247,374,035	\$232,711,487	\$243,365,138	\$249,883,977	\$253,341,005	\$258,370,354	\$273,797,482	\$279,995,482
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	57,039,952	59,665,695	55,299,614	79,999,678	90,837,386	99,653,376	116,159,507	123,703,593	130,036,600	144,548,886
Total business-type activities net position	\$259,811,232	\$283,951,173	\$302,673,649	\$312,711,165	\$334,202,524	\$349,537,353	\$369,500,512	\$382,073,947	\$403,834,082	\$424,544,368
Primary government										
Net investment in capital assets	\$487,717,594	\$493,511,077	\$546,796,767	\$531,950,086	\$528,608,209	\$530,683,231	\$522,099,298	\$519,349,663	\$553,615,243	\$583,624,615
Restricted	1,401,030	1,732,787	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966
Unrestricted	84,434,719	106,849,914	107,392,338	135,487,860	153,561,340	149,660,450	170,046,947	183,318,573	184,471,703	206,459,430
Total primary government activities net position	\$573,553,343	\$602,093,778	\$656,189,555	\$669,154,037	\$683,880,481	\$697,467,397	\$707,343,504	\$717,722,593	\$760,063,933	\$811,298,011

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 4,788,163	\$ 4,240,566	\$ 3,217,768	\$ 3,603,395	\$ 4,354,769	\$ 4,439,667	\$ 4,996,198	\$ 4,494,000	\$ 5,195,490	\$ 4,691,595
Public safety	23,013,748	25,711,447	29,389,987	32,327,159	33,333,315	34,818,159	35,378,939	35,643,640	36,879,444	36,851,383
Public works	26,382,096	28,358,904	30,592,926	31,815,013	33,362,313	31,612,314	28,875,757	28,865,813	29,664,081	28,327,081
Cultural & recreational	3,686,163	4,097,842	4,263,979	4,356,816	4,287,048	4,233,575	4,299,687	4,771,467	4,685,065	4,662,500
Planning & community development	3,504,571	2,214,193	2,612,748	2,516,223	2,840,033	3,096,020	5,373,310	3,854,751	3,186,781	3,037,830
Administration	513,157	444,287	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215
Housing assistance Payments	3,177,960	3,081,332	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317
Rehabilitation	3,027,682	2,529,418	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316
Interest on long-term debt	2,108,260	1,760,202	1,815,914	1,847,213	1,773,371	1,508,832	1,005,570	1,032,636	1,002,581	1,435,986
Total governmental activities expenses	70,201,800	72,438,191	77,257,597	81,055,356	84,280,336	84,890,535	87,712,206	84,124,904	86,497,605	85,424,223
Business-type activities:										
Electric	49,358,049	54,551,657	57,480,622	63,073,567	63,797,452	69,740,487	66,381,454	74,356,658	75,116,682	70,822,661
Water	13,532,054	14,559,911	16,915,149	15,692,404	15,550,286	15,618,503	15,377,435	15,211,584	16,135,531	18,869,903
Wastewater	12,393,861	12,598,417	13,381,789	14,205,883	13,507,142	13,802,561	13,905,343	13,668,630	14,182,892	13,947,646
Regional airport	9,849,839	9,948,799	13,106,629	10,668,036	10,023,077	11,432,960	11,908,265	11,477,819	11,766,345	10,060,171
Stormwater	3,045,795	3,097,290	3,613,613	3,879,657	3,946,044	3,729,861	3,731,359	3,744,547	3,783,127	3,664,112
Other non major business-type	5,312,094	5,827,627	5,842,740	6,403,396	5,856,696	6,349,265	6,477,130	7,052,787	7,843,103	8,003,215
Total business-type activities expenses	93,491,692	100,583,701	110,340,542	113,922,943	112,680,697	120,673,637	117,780,986	125,512,025	128,827,680	125,367,708
Total primary government expenses	\$163,693,492	\$173,021,892	\$187,598,139	\$194,978,299	\$196,961,033	\$205,564,172	\$205,493,192	\$209,636,929	\$215,325,285	\$210,791,931
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,724,914	\$ 1,957,522	\$ 1,851,370	\$ 1,752,112	\$ 1,593,175	\$ 1,527,420	\$ 1,710,506	\$ 1,724,338	\$ 2,047,645	\$ 1,816,245
Public safety	615,923	717,881	925,384	706,749	739,461	622,544	749,902	612,622	834,822	1,394,849
Public works	-	-	-	-	-	-	-	335,140	651,378	391,750
Cultural and recreational	261,141	266,775	268,988	352,470	251,425	266,110	265,249	290,561	294,687	356,987
Planning and community development	629,386	890,214	1,247,480	853,001	1,316,731	2,025,498	2,063,363	1,936,408	1,908,627	2,090,776
Housing assistance	32,107	14,085	4,438	3,055	4,046	3,009	-	745,975	981,520	1,197,220
Rehabilitation	629,192	858,730	1,327,157	816,778	654,957	660,865	396,514	395,125	614,844	503,318
Operating grants and contributions	6,455,832	6,735,548	7,589,562	6,772,165	8,039,500	8,361,322	10,099,206	8,667,106	7,707,977	7,336,269
Capital grants and contributions	20,750,187	13,875,367	45,810,044	12,178,471	4,399,871	9,750,000	3,307,835	8,533,706	31,991,743	34,238,961
Total government activities program revenues	31,098,682	25,316,122	59,024,423	23,434,801	16,999,166	23,216,768	18,592,575	23,240,981	47,033,243	49,326,375

(Continued)

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-type activities:										
Charges for services										
Electric	\$ 55,127,472	\$ 57,784,175	\$ 61,920,483	\$ 61,902,700	\$ 69,955,857	\$ 74,971,026	\$ 78,948,101	\$ 81,194,498	\$ 80,753,191	\$ 81,118,401
Water	17,390,495	19,484,661	18,692,941	17,491,941	19,272,961	19,105,584	19,856,057	19,443,009	19,829,445	21,517,196
Wastewater	12,700,502	13,824,857	13,478,931	12,903,815	13,773,878	14,384,621	14,772,364	14,683,027	15,075,545	16,167,934
Regional airport	8,997,417	9,329,042	11,406,644	9,911,053	8,092,461	9,124,603	9,809,448	9,807,609	10,272,804	8,612,280
Stormwater	1,810,605	3,140,958	3,325,017	3,489,201	3,989,017	3,730,742	3,714,155	3,778,496	3,796,150	3,896,251
Other non major business-type	1,901,989	2,487,179	2,386,692	1,907,614	1,720,911	1,943,291	1,891,193	1,909,781	2,489,490	2,344,438
Operating grants and contributions	2,139,688	2,804,136	2,934,222	3,191,973	5,178,504	4,252,712	3,148,598	3,152,858	7,764,200	3,301,773
Capital grants and contributions	6,605,150	9,735,545	8,199,207	7,721,792	8,497,858	5,026,770	1,591,427	5,488,658	9,201,434	5,895,701
Total business-type activities program revenues	106,673,318	118,590,553	122,344,137	118,520,089	130,481,447	132,539,349	133,731,343	139,457,936	149,182,259	142,853,974
Total primary government program revenue	\$137,772,000	\$143,906,675	\$181,368,560	\$141,954,890	\$147,480,613	\$155,756,117	\$152,323,918	\$162,698,917	\$196,215,502	\$192,180,349
Net (Expenses)/Revenue										
Governmental activities	\$(39,103,118)	\$(47,122,069)	\$(18,233,174)	\$(57,620,555)	\$(67,281,170)	\$(61,673,767)	\$(69,119,631)	\$(60,883,923)	\$(39,464,362)	\$(36,097,848)
Business-type activities	13,181,626	18,006,852	12,003,595	4,597,146	17,800,750	11,865,712	15,950,357	13,945,911	20,354,579	17,486,266
Total primary government net expense	\$(25,921,492)	\$(29,115,217)	\$(6,229,579)	\$(53,023,409)	\$(49,480,420)	\$(49,808,055)	\$(53,169,274)	\$(46,938,012)	\$(19,109,783)	\$(18,611,582)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem taxes	\$ 31,727,866	\$ 34,049,377	\$ 37,881,901	\$ 44,094,142	\$ 45,363,018	\$ 44,236,917	\$ 43,163,621	\$ 43,549,135	\$ 46,423,570	\$ 46,125,496
Other taxes	12,634,031	13,034,399	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828
Operating grants and contributions	2,761,579	2,607,041	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956
Investment earnings	1,709,502	2,318,298	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669
Miscellaneous gain (loss)	1,313,009	2,327,114	646,073	1,230,921	761,842	936,229	876,108	926,090	996,503	954,545
Transfers	(55,380,810)	(2,813,666)	(4,006,754)	(2,790,209)	(2,140,110)	(1,655,480)	(1,984,080)	(2,429,308)	(1,713,823)	(1,949,854)
Total governmental activities	(5,234,823)	51,522,563	53,606,475	60,547,521	60,516,255	59,925,854	59,032,579	58,966,156	64,152,436	66,621,640
Business-type activities										
Investment earnings	1,966,270	2,630,486	2,648,596	2,467,828	1,571,516	1,396,578	1,206,493	(245,850)	1,669,623	1,001,886
Miscellaneous gain (loss)	1,011,282	688,937	63,531	182,333	(21,017)	417,059	402,869	494,871	468,406	272,280
Transfers	55,380,810	2,813,666	4,006,754	2,790,209	2,140,110	1,655,480	1,984,080	2,429,308	1,713,823	1,949,854
Total business-type activities	58,358,362	6,133,089	6,718,881	5,440,370	3,690,609	3,469,117	3,593,442	2,678,329	3,851,852	3,224,020
Total primary government	\$ 53,123,539	\$ 57,655,652	\$ 60,325,356	\$ 65,987,891	\$ 64,206,864	\$ 63,394,971	\$ 62,626,021	\$ 61,644,485	\$ 68,004,288	\$ 69,845,660
Change in Net Position										
Governmental activities	\$(44,337,941)	\$ 4,400,494	\$ 35,373,301	\$ 2,926,966	\$ (6,764,915)	\$ (1,747,913)	\$(10,087,052)	\$(1,917,767)	\$ 24,688,074	\$ 30,523,792
Business-type activities	71,539,988	24,139,941	18,722,476	10,037,516	21,491,359	15,334,829	19,543,799	16,624,240	24,206,431	20,710,286
Total primary government	\$ 27,202,047	\$ 28,540,435	\$ 54,095,777	\$ 12,964,482	\$ 14,726,444	\$ 13,586,916	\$ 9,456,747	\$ 14,706,473	\$ 48,894,505	\$ 51,234,078

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 62,926	\$ 77,207	\$ 82,097	\$ 128,476	\$ 128,127	\$ 109,186	\$ 91,095	\$ 69,260	178,322	\$ 166,024
Restricted	11,254,425	14,173,093	15,500,611	13,577,559	13,436,085	15,998,293	14,140,696	14,490,359	20,037,416	19,459,163
Assigned	1,000,000	2,500,000	-	1,500,000	-	-	-	-	-	-
Unassigned	23,556,065	25,463,521	31,263,025	37,301,067	37,504,311	36,921,449	43,248,336	40,600,448	37,663,790	50,118,453
Total General Fund	<u>\$35,873,416</u>	<u>\$42,213,821</u>	<u>\$46,845,733</u>	<u>\$52,507,102</u>	<u>\$51,068,523</u>	<u>\$53,028,928</u>	<u>\$57,480,127</u>	<u>\$55,160,067</u>	<u>\$57,879,528</u>	<u>\$69,743,640</u>
All Other Governmental funds										
Restricted	\$ 5,356,295	\$ 2,451,186	\$ 380,095	\$ 1,166,853	\$ 606,815	\$ 1,016,237	\$ 965,468	\$ 494,738	\$ 1,761,249	\$ 1,588,779
Committed	3,725,056	2,969,987	9,211,002	9,129,724	17,321,294	17,156,767	13,452,847	16,733,371	20,189,379	17,164,075
Assigned	1,034,851	3,143,818	7,204,539	5,556,958	6,964,454	9,839,140	11,925,525	18,389,986	17,935,054	19,181,632
Unassigned	(2,937,456)	(2,877,789)	(4,368,446)	(4,627,540)	(3,978,046)	(4,767,945)	(4,072,385)	(3,983,924)	(3,968,089)	(619,797)
Total all other governmental funds	<u>\$ 7,178,746</u>	<u>\$ 5,687,202</u>	<u>\$12,427,190</u>	<u>\$11,225,995</u>	<u>\$20,914,517</u>	<u>\$23,244,199</u>	<u>\$22,271,455</u>	<u>\$31,634,171</u>	<u>\$35,917,593</u>	<u>\$37,314,689</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 31,590,195	\$ 34,215,412	\$ 37,911,743	\$ 43,689,541	\$ 44,974,492	\$ 44,213,325	\$ 43,091,490	\$ 43,345,698	\$ 46,104,178	\$ 45,758,123
Other taxes	12,634,031	13,034,399	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828
Unrestricted intergovernmental revenues	2,370,415	2,563,097	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956
Restricted intergovernmental revenues	7,294,501	8,301,691	8,416,850	6,870,323	8,161,071	8,534,858	9,713,210	9,005,424	9,373,076	8,667,584
Licenses, fees, and permits	1,860,604	2,124,094	2,055,273	1,912,088	1,755,810	1,650,649	1,873,658	1,885,610	2,210,200	2,004,511
Contributions, net of refunds	-	-	147,312	-	-	-	-	-	-	-
Investment earnings	1,709,502	2,318,298	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669
Investment earnings restricted	20,460	71,580	82,799	46,022	36,179	26,044	19,323	25,628	16,234	23,385
Program income	661,299	872,815	1,327,157	816,778	654,957	660,865	698,157	1,476,240	2,247,742	2,460,878
Other revenues	2,641,356	3,908,482	2,668,896	2,836,489	2,788,234	3,549,375	3,862,921	3,510,163	3,832,913	4,186,913
Total revenues	60,782,363	67,409,868	71,695,285	74,183,908	74,902,248	75,043,304	76,235,689	76,169,002	82,230,529	84,592,847
Expenditures										
General government	3,536,022	2,854,944	3,021,404	3,393,127	4,215,552	4,511,799	4,563,849	4,077,954	4,802,271	4,857,917
Public safety	21,492,133	24,200,346	25,995,498	28,388,096	29,472,135	30,708,135	31,353,312	31,688,874	32,950,943	34,244,381
Public works	7,704,046	9,271,991	9,804,616	11,578,500	11,422,287	12,807,858	10,215,647	10,493,535	11,854,052	10,463,847
Cultural and recreational	3,489,498	3,900,738	3,870,407	3,948,833	3,839,337	3,803,036	3,956,149	4,399,504	4,310,686	4,335,081
Planning and community development	3,487,888	2,194,719	2,540,302	2,346,714	2,780,589	3,005,580	5,312,219	3,792,770	3,124,932	3,007,670
Administration	513,157	444,287	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215
Housing assistance payments	3,177,960	3,081,332	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317
Rehabilitation	3,027,682	2,529,418	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316
Professional services	1,662	-	-	-	-	-	-	-	-	-
Capital outlay	13,545,494	6,313,426	6,955,436	6,708,441	3,432,237	3,641,809	3,998,026	3,522,859	7,463,803	17,688,922
Debt service										
Interest	1,010,025	560,949	1,815,914	1,847,213	1,779,766	1,542,254	1,048,001	1,075,067	1,045,012	1,233,584
Principal	5,101,402	5,296,127	4,322,779	4,830,733	3,512,055	4,064,454	2,273,244	2,183,878	2,077,961	1,477,547
Total expenditures	66,086,969	60,648,277	63,690,631	67,631,194	64,783,445	69,266,893	70,503,192	66,697,038	73,513,823	83,726,797
Excess of revenues over (under) expenditures	(5,304,606)	6,761,591	8,004,654	6,552,714	10,118,803	5,776,411	5,732,497	9,471,964	8,716,706	866,050
Other Financing Sources (Uses)										
Proceeds of installment purchase contracts	794,543	900,936	5,400,000	-	-	-	-	-	-	-
Debt issued	-	-	1,974,000	704,487	-	-	-	-	-	15,208,806
Loss on refunding	-	-	-	(6,818)	-	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	2,721,512	7,203,300	-	-	-	8,895,000
Premium on refunding bonds	-	-	-	-	41,493	396,397	-	-	-	760,844
Payment to refunded bonds escrow agent	-	-	-	-	-	(7,400,939)	-	-	-	(10,519,638)
Redemption of refunded bonds	-	-	-	-	(2,491,755)	-	-	-	-	-
Transfers in	6,526,804	8,118,956	10,983,594	8,951,756	17,455,195	14,095,374	8,858,563	16,627,650	12,360,954	22,263,320
Transfers out	(8,005,270)	(10,932,622)	(14,990,348)	(11,741,965)	(19,595,305)	(15,780,456)	(11,112,605)	(19,056,958)	(14,074,777)	(24,213,174)
Total Other Financing Sources (Uses)	(683,923)	(1,912,730)	3,367,246	(2,092,540)	(1,868,860)	(1,486,324)	(2,254,042)	(2,429,308)	(1,713,823)	12,395,158
Net change in fund balances	\$ (5,988,529)	\$ 4,848,861	\$ 11,371,900	\$ 4,460,174	\$ 8,249,943	\$ 4,290,087	\$ 3,478,455	\$ 7,042,656	\$ 7,002,883	\$ 13,261,208
Debt service as a percentage of non capital expenditures	11.63%	10.78%	10.82%	10.96%	8.86%	10.04%	4.99%	5.16%	4.73%	4.11%

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

Fiscal Year	Residential	Commercial	Industrial	Total
2006	21,888	3,816	77	25,781
2007	22,874	3,997	72	26,943
2008	23,441	4,002	71	27,514
2009	23,003	3,846	71	26,920
2010	23,343	3,982	43	27,368
2011	23,450	3,957	40	27,447
2012	23,502	4,107	46	27,655
2013	23,847	4,164	51	28,062
2014	24,327	4,197	52	28,576
2015	24,735	4,276	58	29,069

Source: City of Concord Finance and Electric Departments

ELECTRIC RATES
Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential Customers										
Basic charges	\$ 7.87	\$ 7.87	\$ 7.87	\$ 8.58	\$ 9.11	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46
Energy Charges per kWh (July - October)										
First 350	0.068348	0.070193	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331
Over 350	0.072245	0.074090	0.072121	0.082401	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331
Energy Charges per kWh (November - June)										
First 350	0.068348	0.070193	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331
Over 350	0.071791	0.073636	0.064837	0.074461	0.795700	0.082582	0.082582	0.082582	0.082582	0.082582
Commercial Customers										
Basic Facilities Charge	10.88	10.88	15.75	17.17	17.51	18.20	18.20	18.20	18.20	18.20
Demand Charge per kW (over 30 kW of billing demand)	3.48	3.48	3.27	3.56	3.63	3.77	3.77	3.77	3.77	3.77
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.097250	0.099095	0.095361	0.107729	0.109884	0.114193	0.114193	0.114193	0.114193	0.114193
Next 87,000	0.051491	0.053336	0.055878	0.064693	0.065987	0.068575	0.068575	0.068575	0.068575	0.068575
Over 90,000	0.037937	0.039782	0.053880	0.062515	0.063765	0.066266	0.066266	0.066266	0.066266	0.066266
Next 275 kWh per kW billing demand per month										
First 6,000	0.052794	0.054639	0.053179	0.061751	0.062986	0.065456	0.065456	0.065456	0.065456	0.065456
Next 134,000	0.051580	0.053425	0.046879	0.054884	0.055982	0.058177	0.058177	0.058177	0.058177	0.058177
Over 140,000	0.047676	0.049521	0.044880	0.052705	0.053759	0.055867	0.055867	0.055867	0.055867	0.055867
All over 400 kWh per kW billing demand	0.045303	0.047148	0.043880	0.051615	0.052647	0.054712	0.054712	0.054712	0.054712	0.054712
Industrial Customers										
Basic Facilities Charge	16.35	16.35	15.75	17.17	17.86	18.54	18.54	18.54	18.54	18.54
Demand Charge per kW (over 30 kW of billing demand)	3.45	3.45	3.07	3.35	3.48	3.62	3.62	3.62	3.62	3.62
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.096114	0.097959	0.088579	0.099641	0.103627	0.107612	0.107612	0.107612	0.107612	0.107612
Next 87,000	0.052940	0.054785	0.051467	0.059189	0.061557	0.063924	0.063924	0.063924	0.063924	0.063924
Over 90,000	0.037489	0.039334	0.049590	0.057143	0.059429	0.061714	0.061714	0.061714	0.061714	0.061714
Next 275 kWh per kW billing demand per month										
First 140,000	0.049088	0.050933	0.043008	0.049969	0.051968	0.053967	0.053967	0.053967	0.053967	0.053967
Over 140,000	0.442900	0.046135	0.041129	0.047921	0.049838	0.051755	0.051755	0.051755	0.051755	0.051755
All over 400 kWh per kW billing demand	0.042383	0.044228	0.040189	0.046896	0.048772	0.050648	0.050648	0.050648	0.050648	0.050648

Source: City of Concord Finance and Electric Departments

TEN LARGEST ELECTRIC CUSTOMERS,
Current Year and Nine Years Ago

Customer	2015			2006		
	Electric Revenue	Rank	Percentage of Total Electric Revenue	Electric Revenue	Rank	Percentage of Total Electric Revenue
City of Concord	\$ 1,907,889	1	2.26 %	\$ 1,231,588	4	2.04 %
Concord Mills LLC	1,505,846	2	1.78	1,497,442	1	2.48
Cabarrus County Schools	1,384,913	3	1.64	1,135,939	5	1.88
Perdue Farms Inc	1,360,119	4	1.61	1,296,625	3	2.15
Legrand	1,325,880	5	1.57	1,383,348	2	2.29
S&D Coffee	2,204,583	6	2.61	686,069	7	1.14
Rocky River Water Treatment Plant	1,516,847	7	1.79	-	-	-
Celgard LLC	1,304,278	8	1.54	-	-	-
Cabarrus Plastics Mfg	940,592	9	1.11	-	-	-
Great Wolf of the Carolinas LLC	531,720	10	0.63	-	-	-
Water and Sewer Authority of Cabarrus County	-	-	-	946,902	6	1.57
CTC dba Windstream Communications	-	-	-	624,333	8	1.03
Sysco Foods	-	-	-	606,717	9	1.00
Northeast Medical Center	-	-	-	574,740	10	0.95
Total	<u>\$ 13,982,668</u>		<u>16.54 %</u>	<u>\$ 9,983,704</u>		<u>16.53 %</u>

Source: City of Concord Finance and Electric Departments

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

Fiscal Year	Real Property			Personal Property	Public Service Companies	Total Taxable Assessed Value	Direct Tax Rate (3)
	Residential Property (1)	Commercial Property (2)	Industrial Property (2)				
2006	3,145,193,005	1,335,093,953	1,037,318,170	1,709,254,154	95,850,302	7,322,709,584	0.4291
2007	3,221,672,614	1,412,619,284	1,052,816,970	1,801,060,832	98,426,970	7,586,596,670	0.4465
2008	4,475,275,680	1,484,084,314	1,107,189,190	1,245,849,849	98,227,012	8,410,626,045	0.4464
2009	4,809,375,162	2,196,907,577	1,363,626,910	1,271,731,925	106,578,350	9,748,219,924	0.4190
2010	5,758,517,238	2,273,328,224	1,345,874,420	1,223,590,403	104,295,461	10,705,605,746	0.4190
2011	5,487,235,382	2,815,229,000	1,203,378,000	950,770,388	102,087,173	10,558,699,943	0.4190
2012	5,533,750,240	2,523,536,878	1,212,065,051	871,682,129	117,277,340	10,258,311,638	0.4190
2013	5,034,683,767	2,335,914,165	851,422,138	771,628,872	119,353,563	9,113,002,505	0.4788
2014	5,381,821,598	2,325,550,728	847,644,748	988,004,711	130,283,114	9,673,304,899	0.4788
2015	5,488,950,807	2,438,815,784	748,623,832	978,492,143	124,486,420	9,779,368,986	0.4788

Source: Cabarrus County Tax Office

- (1) Tax Exempt Property is subtracted from Residential and Personal Property
- (2) Commercial and Industrial Property estimates are as of January 1, 2015
- (3) Per \$100 of value

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

Fiscal Year	City of Concord			Overlapping Rates Cabarrus County	Combined Tax Rate
	General Fund Basic Rate	Municipal Service District Basic Rate	Total Weighted Average Rate (1)		
2006	0.4300	0.2100	0.4291	0.6300	1.0591
2007	0.4475	0.2100	0.4465	0.6289	1.0754
2008	0.4475	0.1800	0.4464	0.6300	1.0764
2009	0.4200	0.1800	0.4190	0.6300	1.0490
2010	0.4200	0.1800	0.4190	0.6300	1.0490
2011	0.4200	0.1800	0.4190	0.6300	1.0490
2012	0.4200	0.1800	0.4190	0.6300	1.0490
2013	0.4800	0.2300	0.4788	0.7000	1.1788
2014	0.4800	0.2300	0.4788	0.7000	1.1788
2015	0.4800	0.2300	0.4788	0.7100	1.1888

Source: Cabarrus County Tax Office

(1) Total City tax rate is a weighted average of all types of City of Concord tax rates. Cabarrus County rate is a direct rate.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Charlotte Motor Speedway LLC	\$ 262,913,145	1	2.97 %	\$ 155,711,049	3	2.28 %
Mall at Concord Mills LP	224,248,930	2	2.54	206,386,940	2	3.03
Celgard LLC	215,075,787	3	2.43	-	-	-
Philip Morris USA Inc	92,875,818	4	1.05	1,090,991,978	1	15.97
Great Wolf Lodge	80,394,660	5	0.91	-	-	-
Hendrick Motorsports Inc	52,324,998	6	0.59	42,693,088	5	0.63
JQH-Concord Development LLC	48,480,900	7	0.55	-	-	-
Lares Real Estate USA LLC	39,995,418	8	0.45	-	-	-
HSREI LLC a NC LLC	38,735,972	9	0.44	-	-	-
WMCI Charlotte XIII LLC	35,446,192	10	0.40	-	-	-
Concord Telephone Company	-	-	-	48,592,283	4	0.75
Pass & Seymour/LeGrand	-	-	-	41,722,308	6	0.61
Jack Roush, LLC	-	-	-	29,422,652	7	0.43
BFI Waste Systems of America	-	-	-	28,751,260	8	0.42
S&D Coffee Company	-	-	-	24,599,548	9	0.36
Concord Commons LTD Partnership	-	-	-	21,589,530	10	0.32
Total	\$ 1,090,491,820		12.33 %	\$1,690,460,636		24.80 %

Source: Cabarrus County Tax Office

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

Fiscal Year	Taxes Levied for the Fiscal Year	Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	31,617,094	31,020,263	98.1%	556,196	31,576,459	99.9%
2007	34,290,995	33,605,746	98.0%	613,656	34,219,402	99.8%
2008	37,819,888	37,086,369	98.1%	664,176	37,750,545	99.8%
2009	44,077,915	42,894,749	97.3%	1,040,180	43,934,929	99.7%
2010	44,956,754	43,881,105	97.6%	946,170	44,827,275	99.7%
2011	44,365,653	43,329,051	97.7%	555,427	43,884,478	98.9%
2012	43,076,823	42,056,886	97.6%	470,438	42,527,324	98.7%
2013	43,608,877	42,445,084	97.3%	797,834	43,242,918	99.2%
2014	46,548,215	45,126,093	96.9%	469,706	45,595,799	98.0%
2015	46,943,610	46,174,814	98.4%	-	46,174,814	98.4%

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

Fiscal Year	Governmental activities					Business type activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes	HUD Loan	Installment Purchase	Obligation Bonds	Revenue Bonds	Installment Notes			
2006	1,214	560	3,672	35,856	-	4,144	2,700	98,561	15,174	161,881	2.98%	2,599
2007	1,665	463	3,527	32,452	-	3,919	1,677	94,534	14,028	152,265	2.61%	2,401
2008	6,577	367	3,376	28,865	1,974	11,055	678	90,359	13,260	156,511	2.55%	2,293
2009	5,991	235	3,206	25,593	1,974	11,082	-	112,005	12,217	172,303	2.81%	2,424
2010	5,479	85	3,420	22,827	1,974	10,330	-	111,372	10,703	166,190	2.62%	2,086
2011	4,958	-	3,205	19,749	1,974	9,573	-	104,994	9,960	154,413	2.34%	1,942
2012	4,429	-	2,985	18,292	1,865	8,811	-	97,324	9,081	142,787	2.03%	1,755
2013	3,987	-	2,759	16,842	1,756	8,043	-	90,493	8,184	132,064	1.79%	1,621
2014	3,645	-	2,527	15,405	1,647	7,440	-	83,478	7,260	121,402	1.57%	1,458
2015	3,375	-	2,225	28,859	1,538	6,838	-	76,279	13,675	132,789	1.63%	1,594

(1) See Table 17 for population and personal income data.

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

General Bonded Debt Outstanding					
Fiscal Year	Gross Bonded Debt	Debt Payable From Enterprise Revenue	Net Bonded Debt	Percentage of Total Taxable Assessed Value (1)	Per Capita (2)
2006	3,260,000	2,699,527	560,473	0.01%	9.00
2007	2,140,002	1,677,035	462,967	0.01%	7.30
2008	1,044,999	678,089	366,910	0.01%	5.38
2009	235,000	-	235,000	0.01%	3.31
2010	85,000	-	85,000	0.01%	1.07
2011	-	-	-	-	-
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-

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

(1) See Table 8 for property value data.

(2) Population data can be found in Table 17.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (3)	Estimated Share of Direct and Overlapping Debt
City of Concord (1)	\$ 35,997,154	100%	\$ 35,997,154
Cabarrus County (2)	324,300,065	50%	<u>161,949,096</u>
Total			<u><u>\$ 197,946,250</u></u>

(1) Includes total debt expected to be paid from governmental activities

(2) Source: Cabarrus County Finance Department

(3) The percentage used to calculate the overlapping debt for Cabarrus County is calculated based on the percentage of the County's Assessed Value that is within City limits.

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 585,817	\$ 606,928	\$ 672,850	\$ 779,858	\$ 856,688	\$ 779,768	\$ 820,665	\$ 729,040	\$ 773,864	\$ 782,350
Total net debt applicable to limit	41,775	38,499	35,809	31,819	28,391	24,337	22,387	20,532	18,788	30,096
Legal debt margin	\$ 544,042	\$ 568,429	\$ 637,041	\$ 748,039	\$ 828,297	\$ 755,431	\$ 798,278	\$ 708,508	\$ 755,076	\$ 752,254
Total net debt applicable to the limit as a percentage of debt limit	7%	6%	5%	4%	3%	3%	3%	3%	2%	4%

Legal Debt Margin Calculation for Fiscal Years

Total assessed value	<u>\$9,779,368,986</u>
Debt limit (8% of assessed value)	<u>782,349,519</u>
Debt applicable to limit:	
General Obligation bonds	-
Installment purchase notes	10,212,500
Installment notes	39,415,000
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(19,531,775)</u>
Total net debt applicable to limit	<u>30,095,725</u>
Legal Debt Margin	<u>\$ 752,253,794</u>
Net debt as a % of assessed values	0.31%

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

Water Revenue Bonds						
Fiscal Year	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	17,390	13,532	3,858	1,944	2,108	0.95
2007	19,485	14,560	4,925	2,038	2,027	1.21
2008	18,693	16,869	1,824	2,114	1,931	0.45
2009	17,492	15,692	1,800	2,194	2,563	0.38
2010	19,273	15,550	3,723	2,524	2,156	0.80
2011	21,683	10,381	11,302	3,024	1,621	2.43
2012	20,370	14,477	5,893	3,127	1,927	1.17
2013	19,443	10,564	8,879	3,208	1,702	1.81
2014	19,829	9,734	10,095	3,300	1,608	2.06
2015	22,902	13,638	9,264	2,953	1,505	2.08

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2005	11,033	11,270	(237)	1,171	1,157	(0.10)
2006	12,701	12,394	307	1,223	1,102	0.13
2007	13,825	12,598	1,227	1,363	1,041	0.51
2008	13,479	13,345	134	1,552	855	0.06
2009	12,904	14,206	(1,302)	1,915	1,383	(0.39)
2010	13,774	13,507	267	1,294	949	0.12
2011	16,515	10,260	6,255	1,350	909	2.77
2012	15,219	9,984	5,235	1,374	953	2.25
2013	14,683	8,965	5,718	1,409	910	2.47
2014	15,076	3,169	11,907	1,446	867	5.15
2015	19,704	10,144	9,560	2,000	804	3.41

Electric Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2006	55,127	49,358	5,769	1,064	1,110	2.65
2007	57,784	54,552	3,232	1,109	1,064	1.49
2008	61,920	57,322	4,598	1,158	1,009	2.12
2009	61,903	63,074	(1,171)	1,208	1,527	(0.43)
2010	69,956	63,797	6,159	1,538	1,301	2.17
2011	75,516	65,646	9,870	1,958	893	3.46
2012	79,450	63,939	15,511	1,900	1,203	5.00
2013	81,195	72,348	8,847	1,953	1,110	2.89
2014	80,753	69,825	10,928	2,009	1,050	3.57
2015	81,533	66,407	15,126	1,986	983	5.09

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
2006	62,291	5,428,034	34,412	23,684	3.8%
2007	63,429	5,840,656	35,245	25,521	4.0%
2008	68,249	6,144,005	35,935	26,917	5.1%
2009	71,071	6,121,298	34,083	28,093	8.2%
2010	79,673	6,339,808	35,514	27,682	8.3%
2011	79,519	6,604,657	36,478	28,465	7.8%
2012	81,350	7,025,450	38,079	29,023	6.6%
2014	81,461	7,376,723	39,983	29,721	6.0%
2014	83,279	7,722,393	40,094	29,952	4.4%
2015 (5)	83,293	8,167,300	41,219	30,532	4.1%

(1) State Demographer's Office. 2015 is an estimate.

(2) Bureau of Economic Analysis. Information only available at the county level.

(3) 2006 Cabarrus County School Board Accountability Office; 2007-2015 N.C. Public Schools

(4) Based on annual average as published by N.C. Employment Security Commission - Labor Market Division

(5) Data not yet available for personal income. Estimated amounts based on average percentage increase from prior 3 years.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Carolina Medical Center-NorthEast	4,500	1	11.07 %	4,116	1	13.46 %
Cabarrus County Schools	3,800	2	9.35	2,476	3	8.10
Cabarrus County Government	950	3	2.34	875	6	2.86
City of Concord	916	4	2.25	857	7	2.80
Connexions	900	5	2.21	-		-
S&D Coffee and Tea	800	6	1.97	-		-
Shoe Show	800	7	1.97	575	10	1.88
North Carolina Government	770	8	1.89	-		-
Kannapolis City Schools	750	9	1.85	-		-
Corning	600	10	1.48	-		-
Philip Morris	-		-	2,600	2	8.50
McGhee Brothers Company	-		-	1,300	4	4.25
Walmart	-		-	983	5	3.21
Pass & Seymour Legrands	-		-	692	8	2.26
CT Communications	-		-	631	9	2.06
	<u>14,786</u>		<u>36.38 %</u>	<u>15,105</u>		<u>49.38 %</u>

Source: City of Concord Planning & Neighborhood Services

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
General Government										
Public Service Administration	2.00	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00
City Manager's Office	6.00	6.00	6.00	6.00	6.00	6.00	5.00	6.00	6.00	6.00
Risk Management	-	-	-	-	-	2.00	2.00	3.00	3.00	3.00
Human Resources	7.00	7.00	7.00	8.00	8.00	6.00	7.00	7.00	7.00	7.00
Finance	12.75	13.00	13.00	13.00	13.00	13.35	14.00	14.00	14.00	13.25
Tax	4.00	4.75	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50
Legal	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00
Emergency Mangement Coordinator	-	-	2.85	2.80	2.80	2.85	2.85	1.00	1.00	1.00
Non-Departmental	-	-	-	-	-	-	-	-	-	-
Public Safety										
Police	160.00	161.50	170.25	174.25	175.25	177.25	178.25	178.25	180.25	189.25
Code Enforcement	-	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Communications	20.94	20.94	22.50	22.50	22.50	22.50	21.50	21.50	22.50	22.50
Radio Shop	4.20	4.70	4.70	4.70	4.50	4.50	3.50	3.50	2.50	3.50
Fire & Life Safety (Operations)	154.65	159.63	160.30	173.30	170.00	182.00	182.00	181.00	181.00	181.00
Fire & Life Safety (Prevention)	-	-	6.00	6.00	6.00	6.00	6.00	6.00	6.00	9.00
Fire & Life Safety (Training)	-	-	2.00	2.00	2.00	2.00	2.00	4.00	4.00	2.00
Public Works										
Street & Traffic	23.50	26.00	27.00	27.00	26.00	27.00	27.00	27.00	27.00	27.00
Powell Bill	-	-	-	-	-	-	-	-	-	-
Traffic Services	5.00	5.83	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00
Traffic Signals	2.50	3.00	3.00	3.00	3.00	4.00	4.00	4.00	5.00	5.00
Solid Waste & Recycling	32.49	34.00	35.34	37.00	36.50	33.00	32.00	32.00	32.00	32.00
Cemeteries	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Fleet Services	14.00	14.00	14.00	14.00	13.25	13.00	13.00	13.00	13.00	13.00
Other Public Works										
Economic Development										
Business & Neighborhood Services	15.50	8.50	8.50	9.00	9.00	8.85	15.00	14.00	14.50	14.50
Transportation (Contract)	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Development Services	9.00	9.00	10.00	10.00	9.00	9.00	-	-	-	-
Culture & Recreation										
Parks and recreation	20.81	21.00	21.75	22.75	22.00	22.00	20.00	20.00	21.25	21.00
Parks and recreation Aquatics (seasonal staff)	-	-	-	-	-	-	-	-	-	-
Total FTE General Fund	506.34	519.85	547.19	568.30	561.30	572.80	566.60	566.75	572.50	583.50

(Continued)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Other Funds</i>										
Municipal Service District Fund	-	-	-	-	-	-	-	-	-	-
Home Consortium Fund	1.50	1.50	1.50	1.50	1.50	1.30	0.90	0.90	1.00	0.90
Transportation Improvement Fund	-	-	-	-	-	-	-	-	-	-
CDBG	2.00	1.50	2.00	1.50	1.50	1.50	1.10	1.10	1.00	1.10
Addl. \$5 Vehicle Tax (Transit Fund)	-	-	-	-	-	-	-	-	-	-
Stormwater	15.00	18.00	20.00	21.00	20.50	20.25	20.25	20.25	19.77	22.09
Electric										
Electric Administration	2.00	2.00	2.75	3.00	2.00	2.00	2.00	2.00	2.00	3.00
Purchased Power	-	-	-	-	-	-	-	-	-	-
Powerlines Maintenance	14.00	14.00	14.00	13.00	13.00	13.00	13.00	13.00	13.00	17.00
Tree Trimming	10.00	10.00	10.00	10.00	9.00	9.00	9.00	9.00	9.00	7.00
Electric Construction	36.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00
Peak Shaving	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	-
Electric Engineering	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Utility Locate Services	-	4.50	5.00	5.00	5.00	5.00	4.00	4.00	4.00	5.00
Water Resources										
Hillgrove Water Treatment Plant	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Coddle Creek Water Treatment Plant	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50
Waterlines Operations & Maintenance	36.50	37.00	37.00	37.00	35.00	34.75	34.75	34.75	34.24	34.59
Public Transit										
Rider Transit System	-	-	-	-	-	2.00	2.75	2.55	2.70	3.70
Wastewater Resources	29.00	29.50	31.00	31.00	30.00	30.00	30.00	30.00	30.00	30.32
Golf Course (contract)	-	-	-	-	-	-	-	-	-	-
Internal Services										
Utility Collections	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50
Data Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Billing	15.00	14.00	13.00	13.00	11.00	11.00	11.00	11.00	10.00	10.00
Customer Service	15.00	15.00	17.00	17.00	17.00	16.00	16.00	15.50	15.50	25.00
Engineering	27.00	27.92	28.00	28.00	25.00	25.00	25.00	24.00	24.00	23.00
Purchasing	9.00	9.00	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00
Customer Care Center	6.15	6.90	7.15	7.95	7.70	7.65	8.15	8.50	9.50	-
Buildings & Grounds	37.43	38.69	41.27	41.50	39.60	38.50	39.50	39.00	39.50	40.65
Aviation	36.33	37.59	38.00	40.50	36.50	35.25	36.00	36.00	33.00	34.00
Public Housing	13.00	16.00	16.00	16.00	16.50	16.00	14.00	13.00	12.00	13.38
Total FTE Other Funds	347.91	360.10	369.67	373.95	356.30	352.70	350.90	348.05	343.71	351.23
Total	854.25	879.95	916.86	942.25	917.60	925.50	917.50	914.80	916.21	934.73

Source: City of Concord Budget Department

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Physical arrests	4,914	7,749	10,113	6,128	6,275	5,783	5,837	5,072	4,925	3,948
Parking violations	1,163	2,990	3,879	2,506	1,576	3,343	2,964	2,696	2,375	2,365
Traffic violations	8,461	15,775	16,293	13,629	13,004	13,561	9,878	9,422	8,135	9,209
Communications										
Calls received	89,180	101,130	107,265	105,912	107,585	107,341	100,197	108,843	109,382	100,830
Fire										
Emergency responses	6,304	6,870	7,310	7,324	7,287	7,920	8,856	9,077	9,246	10,008
Fires extinguished	390	404	378	327	322	402	315	293	192	245
Inspections	3,155	3,648	5,137	5,255	5,166	5,564	5,764	6,343	5,900	5,939
Education classes conducted (4)	918	927	389	492	668	575	446	681	739	334
Number of people reached by educators (4)	28,289	15,941	19,301	23,708	16,841	25,364	37,187	29,774	31,008	25,096
Customer Care Center										
Calls answered	127,747	136,958	151,419	159,197	153,503	153,158	206,144	191,689	116,672	112,652
Solid Waste & Recycling										
Refuse collected (tons per day)	86	93	92	94	99	92	89	86	90	94
Recyclables collected (tons per day)	8	9	11	11	13	14	22	22	22	21
Other Public Works										
Street resurfacing (miles) (5)	8	10	11	11	10	7	8	10	6	0
Potholes repaired	226	199	60	80	72	78	74	28	36	50
NCDOT signalized street lights	N/A	92	78	75	95	96	101	105	102	114
NCDOT road (Non Interstate)	N/A	87	89	89	89	89	90	90	90	90
Economic Development										
Single family residential	1,007	524	614	212	346	284	403	460	397	441
Single family attached in units	N/A	53	146	49	30	20	4	0	15	22
Two family residential in units	2	1	1	13	13	0	66	550	18	2
Multi-family residential in units	0	0	0	0	0	0	0	0	66	348
Commercial building permits issued	118	27	128	36	11	18	52	53	59	96
Parks and recreation										
% Cost recovery Adult programs	89	87	90	90	90	90	90	92	92	100
Youth participation	10,220	10,367	9,127	11,097	11,285	9,974	9,974	10,848	11,672	11,251
Rec center attendance	68,751	71,625	73,227	73,194	73,947	93,846	93,846	79,014	81,093	85,663
Stormwater										
Accounts	25,477	26,639	28,935	28,823	29,007	29,292	29,683	30,168	30,701	31,285
Electric										
Accounts	26,194	26,945	27,514	26,920	27,368	27,447	27,675	28,062	28,576	29,069
Average megawatt hours daily use (2)	2,132	2,132	2,272	2,241	2,221	2,401	2,332	2,318	2,282	2,358
Substations	12	12	14	14	14	14	15	15	15	15

(Continued)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Accounts	31,130	32,629	33,988	33,522	33,688	33,859	34,431	35,843	36,692	37,348
Water Main Breaks	N/A	73	65	27	36	43	33	2	13	21
Average daily consumption (mgd)	N/A	11	10	9	10	9	9	9	9	10
Peak daily consumption (mgd)	N/A	13	11	10	13	12	13	12	13	13
Transit										
Average daily use	1,122	1,202	1,239	1,328	1,264	1,252	1,451	1,411	1,345	1,316
Days of operation	270	304	307	307	307	307	310	306	346	359
Wastewater										
Accounts	27,550	29,050	30,423	30,338	30,729	30,972	31,569	31,939	32,745	33,307
Average daily treatment (thousands of gallons)	8,048	8,071	7,741	9,047	8,875	7,821	8,193	8,011	9,150	8,478
Golf Course										
Total Green Fee Rounds (3)	31,657	35,018	33,663	23,237	30,085	26,256	25,410	26,028	31,341	31,241
Cart Fee Rounds	27,571	29,978	27,760	28,498	27,942	23,488	22,183	20,237	23,553	23,462
Tournaments hosted	63	73	67	78	66	63	70	72	76	67
Aviation										
Avgas (annual gallons)	309,740	277,269	278,882	221,096	222,943	193,419	197,687	173,006	169,452	151,505
Jeta (annual gallons)	1,858,589	1,926,918	2,093,295	1,655,052	1,661,764	1,660,208	1,516,123	1,465,484	1,685,731	1,983,963
Operations = take off & landing (1)	63,084	64,660	70,519	60,506	56,706	61,553	60,612	59,179	59,010	54,200
Tax Base listings										
T Hanger	65	67	67	67	67	67	67	67	67	67
HIC	29	40	41	42	42	41	46	46	45	45
Tiedown	34	42	51	51	51	32	30	30	25	25
Corporate	5	6	6	6	7	6	9	9	3	3
Ground	7	8	8	8	10	11	18	18	9	9
Office	18	18	23	29	31	34	35	35	27	27
Public Housing										
Units in use	174	174	174	174	174	174	174	174	174	174
Housing Choice Vouchers	534	534	534	534	541	541	541	541	534	541

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

- (1) Control tower hours of operation 0700-0000
- (2) From Annual EIA 861 which is based on calendar year information
- (3) Green Fee rounds have been converted to 18 hole rounds
- (4) Calculation method changed in 2015
- (5) For 2015, resurfacing contract in process at the end of the fiscal year, will report next year.

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	116	116	120	120	120	132	134	134	135	150
Fire										
Stations	8	8	8	9	9	10	10	10	10	10
Fire Units	14	14	14	14	14	14	14	14	14	14
Solid Waste & Recycling										
Refuse collection trucks	N/A	23	23	27	29	28	28	28	29	28
Other Public Works										
Paved streets (miles)	308	312	321	323	324	326	329	331	337	341
Signalized Street	13	13	13	14	14	14	15	15	15	15
Control Beacons	8	6	6	6	6	6	6	6	6	6
Guardrail	N/A	3.33	3	4	4	4	4	4	4	4
Sidewalk	99	106	195	199	202	205	206	209	222	235
School Zond Flashers	N/A	N/A	N/A	N/A	N/A	19	21	22	22	22
Facilities (City owned):										
Parks (acreage)	101	101	101	101	101	101	101	101	101	157
Playgrounds	14	14	14	14	14	14	14	14	14	13
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Basketball courts	9	9	9	9	9	11	11	11	11	11
Tennis courts	14	14	14	14	14	14	14	14	14	14
Playing fields	28	28	28	28	28	28	28	28	28	28
Swimming pool	1	1	1	1	1	1	1	1	1	1
Green Way	2	2	2	2	4.5	5	5	5	5	7
Walking Trails	3	3	3	3	3	3	3	3	3	4
Stormwater										
Storm Sewers (miles)	N/A	N/A	86.18	161	229	254	256	263	275	263
Electric										
Substations	12	12	14	14	14	14	15	15	15	15

(Continued)

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Water										
Water Mains (miles)	N/A	628	658	663	667	680.2	681	683	691	692
Fire hydrants	N/A	3,910	4,219	4,648	3,898	3,898	4,633	4,642	4,697	4,737
Storage capacity (millions of gallons)	14	14	14	14	14	14	14	16	16	16
Transit										
Transit Center	N/A	N/A	N/A	N/A	N/A	1	1	1	1	1
Buses	8	8	8	10	12	12	12	12	12	12
Wastewater										
Sanitary sewers (miles)	475	500	516	516	530	530	530	530	539	540.5
Treatment capacity (thousands of gallons)	2,946,068	3,340,866	2,825,589	3,302,270	3,239,373	2,854,630	2,997,804	2,923,870	3,339,746	3,102,774
Golf Course	1	1	1	1	1	1	1	1	1	1
Aviation										
Terminal	1	1	1	1	1	1	1	1	1	1
T Hangars	67	67	67	67	67	67	67	66	67	67
Corporate Hangar	2	2	2	2	2	2	3	3	3	3
Private Hangar	N/A	N/A	N/A	N/A	N/A	9	9	9	9	9
Hanger in Common	5	6	6	7	7	8	7	7	7	7
Acreage approximately	N/A	N/A	585	625	688	713	713	713	713	713
Public Housing										
Units	174	174	174	174	174	174	174	174	174	174

Source: City of Concord Finance Department



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprises the City of Concord's basic financial statements, and have issued our report thereon dated October 23, 2015. Our report includes a reference to other auditors who have audited the financial statements of the City of Concord ABC Board, as described in our report on the City of Concord, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. 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 of the financial statements, we considered the City of Concord's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Concord's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However,

material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items 2015-1 and 2015-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Concord's financial statements are free from 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-2.

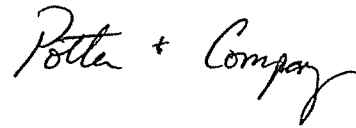
City of Concord's Responses to Findings

The City of Concord's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 23, 2015
Monroe, North Carolina





POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the City of Concord, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Concord's major federal programs for the year ended June 30, 2015. The City of Concord's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Concord's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Concord's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Concord's compliance.

Basis for Qualified Opinion on Section 8 Housing Choice Vouchers

As described in the accompanying schedule of findings and questioned costs, the City of Concord did not comply with requirements regarding CFDA 14.871 Section 8 Housing Choice Vouchers as described in finding numbers 2015-3 for Rent Reasonableness and 2015-4 for Utility Allowance. Compliance with such requirements is necessary, in our opinion, for the City of Concord to comply with the requirements applicable to that program.

Qualified Opinion on Section 8 Housing Choice Vouchers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City of Concord complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Section 8 Housing Choice Vouchers program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Program

In our opinion, the City of Concord complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-3 and 2015-4. Our opinion on each major federal program is not modified with respect to these matters.

The City of Concord's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The City of Concord's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City of Concord is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Concord's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified

certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

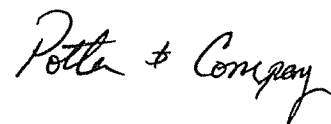
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-3 and 2015-4 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-5 and 2015-6 to be significant deficiencies.

The City of Concord's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The City of Concord's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

October 23, 2015
Monroe, North Carolina





POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

We have audited the City of Concord, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Concord's major state programs for the year ended June 30, 2015. The City of Concord's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Concord's major state programs based on our audit of the types of compliance requirements referred to above. 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 and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the City of Concord's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Concord's compliance.

Opinion on Each Major State Program

In our opinion, the City of Concord complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

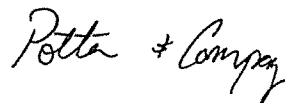
Management of the City of Concord is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Concord's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

October 23, 2015
Monroe, North Carolina



CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2015

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-11-MC-37-0012	\$ 65,366	\$ -	\$ -
	14.218	B-12-MC-37-0012	77,911	-	-
	14.218	B-13-MC-37-0012	151,563	-	-
	14.218	B-14-MC-37-0012	105,811	-	23,326
			400,651	-	23,326
HOME Program - Program Income	14.239	M-10-DC-370209	68,079	-	27,131
	14.239	M-11-DC-370209	-	-	6,266
	14.239	M-12-DC-370209	-	-	17,637
	14.239	M-13-DC-370209	-	-	54,929
	14.239	M-14-DC-370209	-	-	77
			68,079	-	106,040
Public Housing: Operating subsidy	14.850	A-3249	730,817	-	-
Public Housing Capital Fund	14.872	NC19P00850111	39,641	-	-
	14.872	NC19P00850112	95,856	-	-
	14.872	NC19P00850113	86,134	-	-
	14.872	NC19P00850114	47,409	-	-
	14.872	NC19E00850113	225,468	-	-
			494,508	-	-
Section 8 Housing Choice Vouchers	14.871	A-3344-V	3,092,705	-	-
Family Self-Sufficiency under ROSS	14.877	NC008RFS161A013	17,329	-	-
Family Self-Sufficiency Grant	14.896	NC008FSH381A014	25,949	-	-
U.S. Department of Justice:					
Justice Assistance Grant	16.738	2014-DJ-BX-1124	9,379	-	-

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
Year Ended June 30, 2015

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					
Federal Transit:					
Federal Transit Formula Grant	20.507	NC-90-X511-00	\$ 1,176,273	\$ 535,297	\$ 1,180,107
Passed through NC State University:					
Clean Fuel Advanced Technology	20.205	C-4902 A	64,560	-	33,502
Passed through North Carolina Department of Transportation:					
Metropolitan Planning Grant	20.505	36230.7.14.6	47,635	5,954	5,954
Metropolitan Planning Grant	20.505	39225.1.3	225,429	-	56,354
Airport Improvement Program:					
South Development Expansion	20.106	36237.29.15.2	1,495,636	-	-
Terminal/Parking Imprv - Const	20.106	36237.29.18.1	69,422	-	-
			1,838,122	5,954	62,308
Total federal awards			7,918,372	541,251	1,405,283
State Financial Assistance:					
Department of Transportation:					
Safe Routes to Schools	20.205	40924.3.65	-	100,000	-
Airport South Apron Expansion	DOT-8	36244.41.5.2	-	1,511	-
State Aid to Airports Program	DOT-8	36244.41.5.1	-	360,000	-
Powell Bill	N/A		-	1,248,873	-
			-	1,710,384	-
Total state awards			-	1,710,384	-
Total federal and state awards			\$ 7,918,372	\$ 2,251,635	\$ 1,405,283

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, 2015**

(1) General

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

(2) Relationship to Basic Financial Statements

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

	Intergovernmental Revenues	Operating Grants	Capital Contributions	Total
Federal assistance:				
Special revenue funds:				
Housing assistance	\$ 3,092,705	\$ -	\$ -	\$ 3,092,705
Community development	399,472	-	-	399,472
Home	110,685	-	-	110,685
Capital project funds:				
Transportation	1,165,062	-	-	1,165,062
Enterprise funds:				
Regional Airport	-	-	1,926,569	1,926,569
Housing Department	-	1,268,602	-	1,268,602
Transit	-	2,033,171	-	2,033,171
Total federal	4,767,924	3,301,773	1,926,569	9,996,266
State assistance:				
General fund	3,800,861	-	-	3,800,861
Capital project funds:				
Parks	98,799	-	-	98,799
Total state	3,899,660	-	-	3,899,660
	\$ 8,667,584	\$ 3,301,773	\$ 1,926,569	\$ 13,895,926

(3) Statement and Certification of Capital Fund Grant Cost for Annual Contributions Contract A-3249

1. The Actual Capital Fund Program Costs were as follows:

	NC19P00850110	NC19P00850111
Funds Approved	\$ 259,991	\$ 214,657
Funds Expended	259,991	214,657
Excess (Deficiency) of Funds Approved	\$ -	\$ -
Funds Advanced:		
HUD Grants	\$ 259,991	\$ 214,657
Funds Expended	259,991	214,657
Excess (Deficiency) of Funds Advanced	\$ -	\$ -

2. The distribution of costs as shown on the Annual Statement of Performance Evaluation Report, supported by the Actual Modernization Cost Certificate submitted to HUD for approval, is in agreement with the PHA's records.

3. All capital fund program costs have been paid and all related liabilities have been discharged through payment.

CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Noncompliance material to financial statements noted X yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? X yes no
- Significant Deficiency(s) identified that are not considered to be material weaknesses X yes none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified, for all federal programs except for Section 8 Housing Choice Vouchers, which was qualified.

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.850	Public Housing Operating Subsidy
14.871	Section 8 Housing Choice Vouchers

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

Auditee qualified as low-risk auditee? X yes no

State Awards

Internal control over major State programs:

- Material weakness(es) identified? yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses yes X none reported

CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

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

Identification of major State programs:

Program Name
Powell Bill
State Aid to Airports Program

Section II - Financial Statement Findings

Finding 2015-1

MATERIAL NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-13 requires the governing board to appropriate the full amount of any deficit in each fund.

Condition: The City had deficit net assets of \$576 and \$614,773 in the Community Development Special Revenue Fund and Debt Service Fund at year end, respectively.

Effect: Expenditures had been made or accrued in excess of resources in the Community Development Special Revenue Fund and Debt Service Fund.

Cause: Expenditures were incurred or accrued in excess of grant revenues and transfers received during the year.

Recommendation: The adequacy of grant revenues and transfers should be reevaluated and revised to reflect more accurately cost incurred in their respective funds.

Views of responsible officials and planned corrective actions: The City agrees with this finding. The deficit in the Community Development Special Revenue Fund will be reduced in the coming year as more grant money is received. The deficit balance in fund balance for the Debt Service Fund will be reduced in future years as funds in excess of the annual debt service requirement are transferred in.

Finding 2015-2

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: The City's municipal service district fund and additional vehicle tax fund, respectively, expended \$1,109 and \$34,687 more for operations than appropriated in the annual budget ordinance.

Effect: Moneys were spent that had not been appropriated.

Cause: The City had operating revenues higher than budgeted for the year, which in turn led to higher than anticipated actual expenditures for the year.

Recommendation: Budget amendments should be adopted when revenues are received in excess of estimated revenues in the budget ordinance prior to expending additional funds.

Views of responsible officials and planned corrective actions: The City agrees with this finding. Budget amendments will be adopted prior to making expenditures that exceed budgeted amounts. Please refer to the corrective action plan.

CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section III - Federal Award Findings and Questioned Costs

US Department of Housing and Urban Development

Program Name: Section 8 Housing Choice Vouchers

CFDA # 14.871

Grant number: A-3249

Finding 2015-3

MATERIAL NONCOMPLIANCE

Rent Reasonableness

Criteria: In accordance with 24 CFR 982.158(f)(7), the requirement applicable in this case, the City's public housing agency shall maintain records to document the basis for the determination that rent to an owner is a reasonable rent.

Condition: The City's procedures for determining rent reasonableness include comparison of rent to rent of existing units in the housing database with similar attributes including comparable size and location. There is no documentation of the actual comparable units used in the determination of rent reasonableness.

Questioned Costs: Not determinable

Context: Of the housing assistance payments tested, we noted no documentation of City's determination of rent reasonableness.

Effect: The City has not complied with the HUD documentation requirements.

Cause: Procedures related to the housing voucher program do not explicitly address the documentation requirements for rent reasonableness determinations.

Recommendation: Procedures should be updated to ensure compliance with all HUD documentation requirements.

Views of responsible officials and planned corrective actions: The City agrees with this finding. Management will implement procedures to ensure that rent reasonableness comparisons will be performed and documented in accordance with the City's HCV Administrative Plan.

US Department of Housing and Urban Development

Program Name: Section 8 Housing Choice Vouchers

CFDA # 14.871

Grant number: A-3249

Finding 2015-4

MATERIAL NONCOMPLIANCE

Utility Allowance

Criteria: In accordance with 24 CFR 982.517, the requirement applicable in this case, the City's public housing agency is required to review utility rate data for each utility category annually and adjust its utility allowance schedule if there has been a rate change of 10% or more for a utility category since the last rate study.

Condition: The City's latest utility rate analysis was performed in 2012.

Questioned Costs: Not determinable

CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section III - Federal Award Findings and Questioned Costs (Continued)

Context: The City was unable to provide documentation of a review of utility rates within the previous twelve months. The City's Administrative Plan for the Section 8 Housing Choice Voucher Program states that the City must maintain supporting information for its annual review of utility allowances and any revisions made to its utility allowance schedule.

Effect: The City has not complied with HUD requirements or its Administrative Plan for evaluating utility rates.

Cause: Personnel in the housing agency do not appear to understand the requirement and did not refer to the administrative plan for guidance.

Recommendation: Management should establish a recurring event for performance of the annual utility rate and implement procedures for ensuring that appropriate documentation is retained.

Views of responsible officials and planned corrective actions: The City agrees with this finding. Management will implement procedures to perform a utility rate review each fiscal year and update the utility allowance schedule as required based on the findings of the utility rate review.

US Department of Housing and Urban Development

Program Name: Public Housing Operating Subsidy

CFDA # 14.850

Grant number: A-3249

Finding 2015-5

SIGNIFICANT DEFICIENCY

Criteria: In accordance with 24 CFR 964.150, the requirement applicable in this case, tenant participation funds provided to a duly elected resident council may be made only under a written agreement between the public housing agency and the resident council. The agreement should include a resident council budget.

Condition: The City disbursed tenant participation funds to a resident council without a written agreement or budget.

Effect: The City's procedures do not include obtaining all required documents for resident councils prior to disbursement of funds.

Recommendation: In order to ensure all expenditures are appropriate, the City's procedures should be updated to ensure compliance with all grant requirements, including retention of appropriate documentation.

Views of responsible officials and planned corrective actions: The City agrees with this finding. An updated memorandum of understanding between the City and the Resident Council has been submitted for City Council approval. The memorandum of understanding requires that the Resident Council submit a budget prior to the beginning of the fiscal year during which funds will be disbursed.

CITY OF CONCORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2015

Section III - Federal Award Findings and Questioned Costs (Continued)

US Department of Housing and Urban Development

Program Name: Public Housing Operating Subsidy

CFDA # 14.850

Grant number: A-3249

Finding 2015-6

SIGNIFICANT DEFICIENCY

Criteria: HUD cash management procedures require the City to enter into a depository agreement with its financial institution using form HUD-51999 or other form as prescribed by HUD.

Condition: The City does not have a depository agreement with its financial institution using an HUD form.

Effect: The City has not complied with the HUD requirements for obtaining the agreement which serves as a safeguard for federal funds and provides certain third-party rights to HUD.

Recommendation: The City should obtain the required forms to ensure the financial institution has an appropriate understanding of the nature of the funds deposited into the accounts.

Views of responsible officials and planned corrective actions: The City agrees with this finding. An updated depository agreement will be sent to all required financial institutions and retained on file with the City.

Section IV - State Award Findings and Questioned Costs

None reported.

*CITY OF CONCORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2015*

Section II - Financial Statement Findings

Finding 2015-1

Name of contact person: Pam Hinson, Finance Director

Corrective action: The Finance Director will review actual grant fund and transfers received during the year in the Community Development Special Revenue Fund and Debt Service Fund to more accurately cover expenditures incurred by these Funds.

Proposed Completion Date: The Finance Director has implemented this corrective action.

Finding 2015-2

Name of contact person: Pam Hinson, Finance Director

Corrective Action: The budget-to-actual reports for the Municipal Service District and Additional Vehicle Tax Fund will be reviewed on a reoccurring basis so revenues can be better estimated and appropriate budget amendments made as necessary.

Proposed Completion Date: The Finance Director has implemented this corrective action.

Section III - Federal Award Findings and Questioned Costs

Finding 2015-3

Name of contact person: Angela Graham, Housing Director

Corrective action: Rent reasonableness comparisons will be documented and kept as part of the tenant's file.

Proposed Completion Date: June 30, 2016

Finding 2015-4

Name of contact person: Angela Graham, Housing Director

Corrective action: Utility rate reviews will be conducted each year and documentation of such review will be kept on file at the Housing Department.

Proposed Completion Date: June 30, 2016

Finding 2015-5

Name of contact person: Angela Graham, Housing Director

Corrective action: An updated memorandum of understanding between the City and the Resident Council has been drafted and is being sent to City Council for approval. The memorandum requires that the Resident Council submit a budget request no later than February 1st for the fiscal year beginning immediately following the request.

Proposed Completion Date: November 30, 2015

*CITY OF CONCORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For the Fiscal Year Ended June 30, 2015*

Section III - Federal Award Findings and Questioned Costs

Finding 2015-6

Name of contact person: Angela Graham, Housing Director

Corrective action: An updated depository agreement will be signed by the City and all financial institutions and kept on file.

Proposed Completion Date: December 31, 2015

Section IV - State Awards Findings and Questioned Costs

None reported.

CITY OF CONCORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2015

Findings: 2014-1

Status: The City had deficit net assets in the Community Development Special Revenue Fund and Debt Service Fund for the year ended June 30, 2015.

Corrective Action: The deficit in the Community Development Special Revenue Fund will be reduced in the coming year as more grant money is received. The deficit balance in fund balance for the Debt Service Fund will be reduced in future years as funds in excess of the annual debt service requirement are transferred in.

Findings: 2014-2

Status: The City had actual expenditures in excess of budget appropriations in the municipal service district fund and additional vehicle tax fund for the year ended June 30, 2015.

Corrective Action: Budget to actual reports will be reviewed during the year and budget amendments will be adopted prior to making expenditures that exceed budgeted amounts.