

City of Concord,
North Carolina

**Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2017**



CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

Prepared by:
Finance Department

City of Concord, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2017

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October 30, 2017

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, 2017, 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 2017.

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 Elliott Davis Descosimo, P.L.L.C. 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, 2017, 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, 2017, 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

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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 62.383 square miles with a 2016 state population estimate of 89,891. 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 2017 was 3.9%, which is a decrease from a rate of 4.6% in June of 2016. The state's unemployment rate for June of 2016 was 4.2%.

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 that the State of North Carolina's economy is the strongest it has been since the recession ended seven and a half years ago. The revenue outlook reflects a continuation of moderate, steady economic growth. Employment growth continues to improve as employment markets continue to stabilize. All these factors continue to improve overall economic conditions.

The State forecast envisions the pace of growth to remain stable with the State's growth in economic activity keeping pace with the nation as a whole. Sales tax collections have continued to remain stable. 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 continue to be 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 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 2018. 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 at 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. 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

The economy is strong and there are many opportunities to continue to plant the seeds for the future of better paying industrial and technology jobs, mixed-use office parks, and the continued redevelopment of Concord's Center City. The City works closely with the Cabarrus County Economic Development Commission and with private land owners to pursue such opportunities. Concord has been a leader in developing speculative industrial space by partnering with the private sector. While "product" is available, we must look to develop future sites as industrial parks and buildings are completed and occupied.

The City Council, with staff assistance and help from a consultant, is in the process of updating the City's Land Use Plan. 2017 will end with the consideration of a new Plan. With the growth of our community comes the need to constantly plan for the future. These are exciting times as the City needs to prepare not only for the services and lifestyle for a very active baby boomer generation, but also for the younger generations that are staying in their hometown to live and raise families in the community they grew up in, or are moving here due to the quality of life. The Plan will provide a vision for the future, with long-range goals and objectives for all development activities. This includes guidance on how to make decisions on public and private land development proposals. In other words, it provides an outline of how we want the community to grow and look in future years.

The City has begun the implementation of the Intelligent Transportation System grant that was received a few years ago. The ITS Grant Project provides for the signal system master plan to prepare us for future growth and expansion. It will involve the design and construction of dynamic message board signs for the Exit 49 area as well as provide funding for CCTV cameras, video servers, fiber and wireless communications infrastructure, laptop computers for signal technicians and the video wall for the new traffic management operation center.

City Council adopted a new Downtown Master Plan in FY 2016-17 and efforts quickly started to implement the recommendations. In fact, the rehabilitation of the Hotel Concord is well underway and will soon be home to both retail and apartment uses. New downtown wayfinding signs have been funded and are being installed in conjunction with a County wide effort to provide assistance to visitors to our area.

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 has opened separate SmartPost and Ground distribution facilities in the same business park. The Derita Road area is exploding with additional square footage in excess of 1,000,000 square feet under construction in two business parks, adding to the existing inventory. S&D has completed up-fit of the buildings on their second campus that is also located in this area.

The former Philip Morris property remains one of the most unique properties in the Charlotte region. Alevo, a company that manufactured massive storage batteries, may now be vacating the property due to financial challenges. However, the existing building and the additional undeveloped acreage on and off the site means Concord has over 3,000 acres of property zoned for business near the geographic center of the City when combined with other properties along George Liles Parkway.

Retail development continues to be strong. New shopping centers are under construction across the city and two new hotels are being built. The Concord Mills/Speedway area continues to be strong with new restaurants under construction and more on the way.

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 and Louisiana. Service has been widely successful. The activity has helped the airport secure FAA funding for airports with commercial type operations. The airport continues to have growth in commercial operations and continues to serve as a top General Aviation airport that spurs economic activity. The growth of commercial air service at Concord Regional Airport (CRA) continued in FY 2017-18 with the completion of a new terminal for passengers and a parking deck. While commercial activity has already helped to solidify the airport's position in qualifying for FAA funding for airports with commercial type operations, Concord Regional Airport intends to continue being a top General Aviation airport that helps to spur economic activity.

I-85 Widening Project, NC 73 to 29-601 Connector in Rowan County – Construction continues on the NCDOT, I-85 project from NC 73 to 29-601 Connector in Rowan County. This includes 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.

Exit 49 – Three projects are funded 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. The Derita Road project has started and the engineering for the other two projects is underway.

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 Phase 1 construction of this NCDOT Road going from Poplar Tent Road to the Rocky River Bridge. This project is now underway and includes funding going all the way to Concord Mills Boulevard.

George Liles Parkway Extension – This project has been completed to its termination at Stough Road, leaving only the Stough Road section from Roberta Road to NC 49 to complete in the future. The City will be working on the landscaping of the section between Weddington Road and Concord Parkway to satisfy promises made to the adjacent property owners that donated the land to NCDOT.

Congestion Mitigation and Air Quality Project – Concord continues to work with NCDOT on a CMAQ road project to improve the intersection of Poplar Tent and US 29 (C-4918-A). This required a local match that has been budgeted in the Transportation Fund. The City will manage the project during construction. The construction will incorporate a “superstreet” design.

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 City's current 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. Concord has entered into a contract with NTE, the builder and operator of a natural gas fired plant under construction in Kings Mountain. Under the terms of the agreement, the City of Concord will be provided with electric generation services by NTE using a portion of the capacity and energy generated by the facility for an initial term of 20 years. This will allow Concord to utilize this source when the Duke contract ends in 2019. The contract also provides for access to power produced from other types of generation if it is more cost effective to buy on the market.

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 jointly funded the work necessary to construct a line to bring treated Yadkin River water from the Albemarle system. This project was planned for years to proactively prepare for the future and the line is now in service. A Water Master Plan has been completed and it contains several major recommendations to improve infrastructure needed due to growth.

The major utility project for FY 2017-18 is the continued implementation of the Smart Community effort. The implementation of new meters and related technology will improve our service response, systems reliability and will provide both the City and its customers with sophisticated tools to analyze and manage use. While the system is being deployed the City will actively educate customers about the meter installations, communicate the benefits, roll out programs and aggressively engage customers to use these new tools.

The Recreation Master Plan update has been completed and it contains many recommendations addressing future needs. This will be a priority for FY 2017-18 and years to come. The FY 2018 recommendation contains funds for several projects. This includes over \$1.5 million for the Hector H. Henry, II Greenway section that will link the Riverwalk neighborhood to the portion that currently ends behind the Weddington Road Bark Park. Another project is the renovation of the former residence on Burrage Road into a community building serving the surrounding neighborhood. Funds are also included to build a natural path along the Burrage Road property to link Burrage Road to Lake Concord Road to provide more opportunities for walking and exercising in that area.

All this is just the start. The Master Plan calls for adding more parks and greenway facilities. This requires planning and land acquisition, which should be facilitated with the addition of the Park Planner position. Staff is currently evaluating sites. In the northwest section of Concord we are working with Cabarrus County and Kannapolis as there are opportunities to develop facilities that will serve residents of Concord and Kannapolis as well as those living outside the municipalities. After land is acquired and plans finalized, then will come the time to build these parks and greenways. It is very likely the City will need to develop a major financing plan to support more rapid development of facilities as recommended in the Master Plan.

The Rocky River Golf Club continues to be one of the highest quality municipal golf courses in North Carolina. Major work on the irrigation system has been completed.

For FY 2017-18, 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 Wells Fargo for liquidity and diversity.

As of June 30, 2017, the City's cash resources were invested as follows:

U.S. Government agencies	66.5%
Commercial Paper	27%
NCCMT	6%
All other	<u>.5%</u>
Total	<u>100%</u>

The average yield on investments at June 30, 2017 is estimated at 1.5% 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 2017 year was determined as part of the December 31, 2015 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 129 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, 2016. 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.

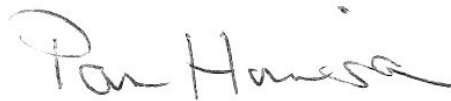
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. The City of Concord has received a Certificate of Achievement for the last twenty-six 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, Elliott Davis Decosimo, P.L.L.C., 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, 2016

Executive Director/CEO

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

J. Scott Padgett

Mayor

Ella Mae Small

Mayor Pro Tempore

W. Lamar Barrier
Alfred M. Brown, Jr
W. Brian King
Samuel Leder
Jennifer Parsley
Ella Mae Small
John Sweat, Jr.

W. Brian Hiatt

City Manager

Pam T. Hinson

Finance Director

VaLerie Kolczynski

City Attorney

Kim Deason

City Clerk



**REPRESENTED BY
MAYOR
AND
CITY COUNCIL**

CITY ATTORNEY
6 FTE
VaLerie Kolczynski
704-920-5115

CITY MANAGER
7.5 FTE
Brian Hiatt
704-920-5215

DEPUTY CITY MANAGER
Merl Hamilton
704-920-5330

ASSISTANT CITY MANAGER
Lloyd Payne
704-920-5206

AVIATION
41.5 FTE
Susan Green, Interim
704-920-5915

BUILDINGS AND GROUNDS
52.6 FTE
Susan Sessler
704-920-5380

COMMUNICATIONS
29.6 FTE
Vicki Callicutt
704-920-5590

CITY CLERK
Kim Deason
704-920-5205

FINANCE
64 FTE
Pam Hinson
704-920-5220

ELECTRIC SYSTEMS
76 FTE
Bob Pate
704-920-5301

ENGINEERING
26 FTE
Sue Hyde
704-920-5401

EMERGENCY MANGEMENT
2 FTE
Jim Sells
704-920-5528

FIRE
208.5 FTE
Ray Allen
704-920-5516

HOUSING
13 FTE
Angela Graham
704-920-6100

PLANNING AND NEIGH. DEV.
20 FTE
Margaret Pearson
704-920-5151

PUBLIC AFFAIRS
Peter Franzese
704-920-5210

FLEET SERVICES
14 FTE
Daniel Nuckolls
704-920-5431

RIDER TRANSIT
6.5 FTE
L.J. Weslowski
704-920-5878

HUMAN RESOURCES
12 FTE
Rebecca Edwards
704-920-5102

PARKS AND RECREATION
29.93 FTE
Bob Dowless
704-920-5610

POLICE
212 FTE
Gary Gacek
704-920-5007

SOLID WASTE AND RECYCLING
32.5 FTE
Brian Moore
704-920-5351

TRANSPORTATION
45 FTE
Joe Wilson
704-920-5362

ROCKY RIVER GOLF CLUB
Contract Arrangement
704-455-1200

DATA SERVICES
1 FTE
Bill Dusch (Contract)
704-920-5293

WATER RESOURCES
118 FTE
Christie Putnam
704-920-5343

Since 1965, the City of Concord has operated according to the Council-Manager form of government, where a professional City Manager serves at the pleasure of the City Council as chief executive of the organization. The City Manager is responsible for all City personnel, with the exception of the City Attorney, who is also appointed by the City Council. The City Manager provides functional supervision for the Legal Department.



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Independent Auditor's Report

The Honorable Mayor and
Members of 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 (the "City") as of and for the year ended June 30, 2017, 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.

Auditor's Responsibility

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

An audit includes 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 City'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 City'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 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, as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Standard

As discussed in Note 18 to the financial statements, the City adopted provisions of Governmental Accounting Standards Board (GASB) Statement Number 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective July 1, 2016. Our opinions are not modified with respect to this matter.

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 Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, the Health Care Plan of the City of Concord's Schedules of Funding Progress, Employer Contributions, Changes in the Net OPEB Liability and Related Ratios, Schedule of City Contributions and Schedule of Investment Returns, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Firefighter and Rescue Squad Workers' Pension Fund's Schedule of Proportionate Share of Net Pension Liability, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a 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 generally 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget to actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, the introductory section and the statistical section as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget to actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 previously described and the reports of other auditors, the combining and individual fund financial statements, schedule of capital assets used in the operation of governmental funds, budget and actual comparisons, statement of changes in assets and liabilities – agency funds schedule of ad valorem taxes receivable, analysis of current tax levy, schedule of cash and investment balances, the supplemental financial data schedule section 8 housing programs, the schedule of business-type activities capital assets, the schedule of business-type activities long-term debt, 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 section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion 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 30, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Elliott Davis Decosimo, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina
October 30, 2017

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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, 2017. 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 \$889,511,499 (*net position*). Of this amount, \$246,791,788 (*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 \$39,691,127 (4.7%). 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 \$121,332,683, an increase of \$10,336,720 in comparison with the prior year. Approximately 38 percent of this total amount or \$46,674,700 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 other governmental funds. Other governmental funds assigned and committed fund balances continue to increase with transfers from the general fund to support future capital projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$46,910,753 or 54 percent of total general fund expenditures and transfers.
- The City holds the following current underlying bond rating:

	GO Bonds	LOBS/COPS	Revenue Bonds
Fitch	AAA	AA+	AA
Moody’s	Aa1	Aa1	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 35 through 37 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 48 through 51 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 52 through 53 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 55 through 86 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 87 through 96 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 99 through 112 of this report. Other supplemental information regarding the internal service fund of the primary government is located on pages 151 through 152.

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 \$889,511,499 as of June 30, 2017.

By far the largest portion of the City's net position (70 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	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$119,857,663	\$131,552,893	\$190,711,688	\$190,314,304	\$310,569,351	\$321,867,197
Capital assets	329,885,591	341,068,088	384,969,178	391,001,760	714,854,769	732,069,848
Total Assets	449,743,254	472,620,981	575,680,866	581,316,064	1,025,424,120	1,053,937,045
Deferred outflows of resources	2,341,055	9,289,683	4,900,401	8,584,029	7,241,456	17,873,712
Long-term liabilities outstanding	46,329,373	57,042,429	92,850,922	87,650,474	139,180,295	144,692,903
Other liabilities	12,005,371	13,375,819	25,065,337	22,866,005	37,070,708	36,241,824
Total liabilities	58,334,744	70,418,248	117,916,259	110,516,479	176,251,003	180,934,727
Deferred inflows of resources	1,478,561	950,947	802,824	413,584	2,281,385	1,364,531
Net position:						
Net investment in capital assets	299,048,429	312,710,029	297,636,341	309,519,783	596,684,770	622,229,812
Restricted	16,700,634	20,489,899	-	-	16,700,634	20,489,899
Unrestricted	76,521,941	77,341,541	164,225,843	169,450,247	240,747,784	246,791,788
Total net position	\$392,271,004	\$410,541,469	\$461,862,184	\$478,970,030	\$854,133,188	\$889,511,499

An additional portion of the City's net position (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$246,791,788) 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 \$22,583,281 in net position reported in connection with the City of Concord's governmental type activities. Due to the implementation of GASB 73, net position was subject to restatement in the amount of (\$4,312,816). The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period (calendar year ending December 31, 2016). The net increase in net position was a result of revenues exceeding expenses and liabilities decreases over prior year numbers. Restricted cash and investments have also increased over prior year numbers.

During the current fiscal year, total net position for business-type activities increased by \$17,107,846. The increase in current assets is a result of growth in cash and investments. A reduction in business-type liabilities related to debt issues have also contributed to the large increase in net position.

City of Concord's Changes in Net Position

Table 2

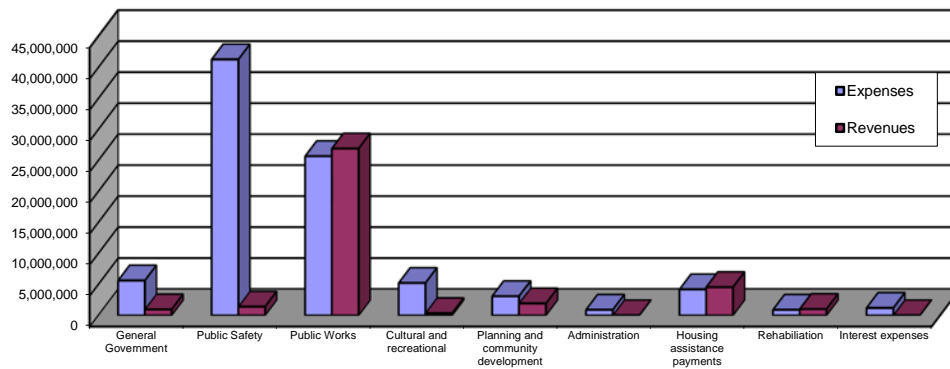
	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$6,405,297	\$5,804,334	\$136,612,274	\$141,553,753	\$143,017,571	\$147,358,087
Operating grants/ contributions	7,174,344	8,119,897	2,084,934	3,173,637	9,259,278	11,293,534
Capital grants/contributions	11,034,946	23,173,930	13,936,032	9,330,447	24,970,978	32,504,377
General revenues:						
Ad valorem taxes	47,573,304	50,896,652	-	-	47,573,304	50,896,652
Other taxes	16,191,844	17,675,132	-	-	16,191,844	17,675,132
Grants and contributions not restricted to specific programs	5,100,371	4,740,748	-	-	5,100,371	4,740,748
Investment earnings	1,032,220	646,692	1,521,922	828,996	2,554,142	1,475,688
Miscellaneous/Gain(loss) capital asset sales	1,097,241	1,197,470	717,903	555,843	1,815,144	1,753,313
Total revenues	<u>95,609,567</u>	<u>112,254,855</u>	<u>154,873,065</u>	<u>155,442,676</u>	<u>250,482,632</u>	<u>267,697,531</u>
Expenses:						
General government	5,051,753	5,621,893	-	-	5,051,753	5,621,893
Public safety	37,306,072	41,296,415	-	-	37,306,072	41,296,415
Public works	29,415,487	25,685,453	-	-	29,415,487	25,685,453
Cultural & recreational Planning & community development	4,691,129	5,221,006	-	-	4,691,129	5,221,006
Administration	3,320,039	3,092,715	-	-	3,320,039	3,092,715
Housing assistance payments	2,010,137	895,927	-	-	2,010,137	895,927
Rehabilitation	3,832,265	4,195,694	-	-	3,832,265	4,195,694
Interest on long term debt	1,072,157	895,828	-	-	1,072,157	895,828
Electric	1,262,457	1,194,385	-	-	1,262,457	1,194,385
Water	-	-	67,070,451	82,797,485	67,070,451	82,797,485
Wastewater	-	-	15,925,133	19,183,773	15,925,133	19,183,773
Regional airport	-	-	15,533,505	15,298,717	15,533,505	15,298,717
Stormwater	-	-	9,190,615	10,184,555	9,190,615	10,184,555
Other nonmajor business-type activities	-	-	4,000,529	4,088,479	4,000,529	4,088,479
Total expenses	<u>87,961,496</u>	<u>88,099,316</u>	<u>119,685,959</u>	<u>139,907,088</u>	<u>207,647,455</u>	<u>228,006,404</u>
Increase in net position before transfers	7,648,071	24,155,539	35,187,106	15,535,588	42,835,177	39,691,127
Transfers	(2,130,710)	(1,572,258)	2,130,710	1,572,258	-	-
Increase in net position	5,517,361	22,583,281	37,317,816	17,107,846	42,835,177	39,691,127
Net position, July 1-previously reported	386,753,643	392,271,004	424,544,368	461,862,184	811,298,011	854,133,188
Restatement	-	(4,312,816)	-	-	-	(4,312,816)
Net position, June 30	<u>\$392,271,004</u>	<u>\$410,541,469</u>	<u>\$461,862,184</u>	<u>\$478,970,030</u>	<u>\$854,133,188</u>	<u>\$889,511,499</u>

Governmental Activities

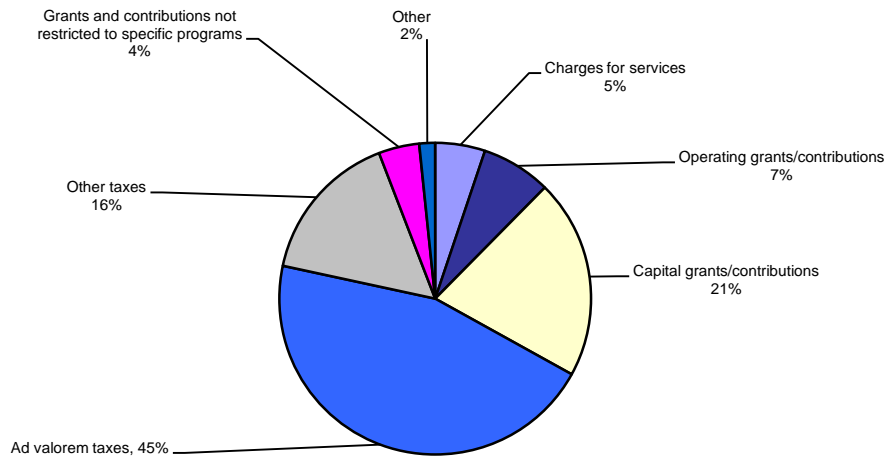
In fiscal year 2017, the net position of governmental activities increased by \$22,583,281, or more than 5.8%. Revenues increased 17%, expenses were less than total sources which resulted in an increase in net position. Table 2 above, illustrates key elements of the changes in the governmental activities net position. Listed below are a few points highlighting significant changes in net position.

- Ad valorem taxes increased by \$3,323,348 (6.9%) during the year. The City continues to see a steady growth in assessed values.
- Capital grants/contributions increased \$12 million due to an increase in contributions for capital related to infrastructure.
- Other taxes increased 9%, \$1,483,288 as sales tax revenues continue to increase as a result of the economic recovery our area is experiencing.
- The total governmental activities increase in expenses was less than 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 \$17,107,846 (3.7%).

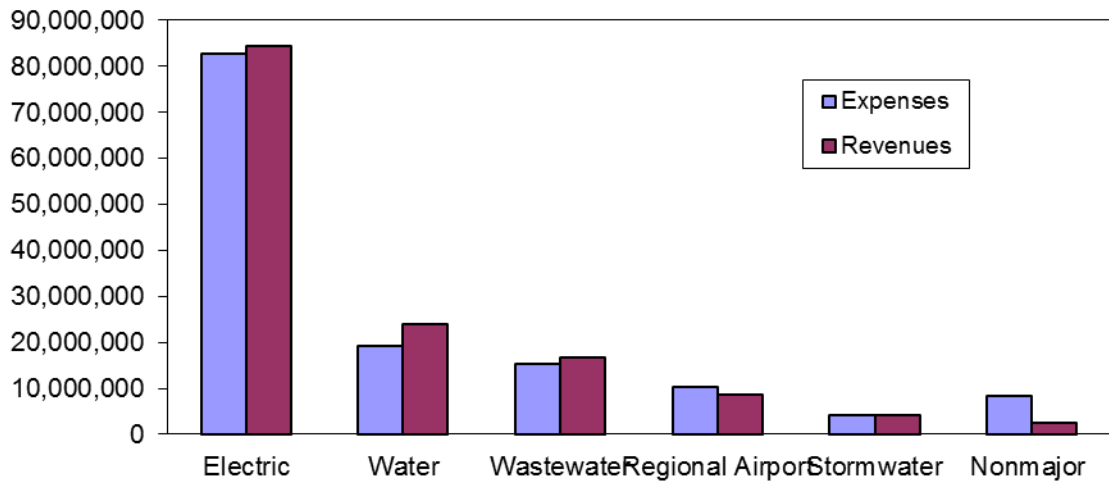
Key elements of the increase in business type activities, illustrated in table 2 located on page 24 are as follows:

- Charges for services for business-type activities increased by 3.6%, \$4,941,479.
 - Usage remained relatively stable for the water and wastewater customers. The wastewater division's charges for service decreased 3%, due to a decrease in flat sewer only rates which were adjusted to more adequately reflect the cost of that service. Line service charges to developers also decreased as this revenue depends on the timing of development. Wastewater operating revenue exceeded operating expenses by more than \$5 million.
 - Water charges for service increased around 7%. There was no rate increases but a new agreement with Kannapolis regarding the purchase of additional water results in more water sales revenue generated from the City to Kannapolis. 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. In FY2017, water operating income exceeded operating expenses by \$7.7 million.
 - Aviation charges for service increased 12% when compared to the previous year. The Concord Regional Airport (CRA) continues to be one of the busiest general aviation airports in North Carolina. The airport continues to see growth due to the additional commercial flights by Allegiant.
 - Stormwater charges for service increased 1.8% when compared to last year's collections. The Stormwater program has operated for eight 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.

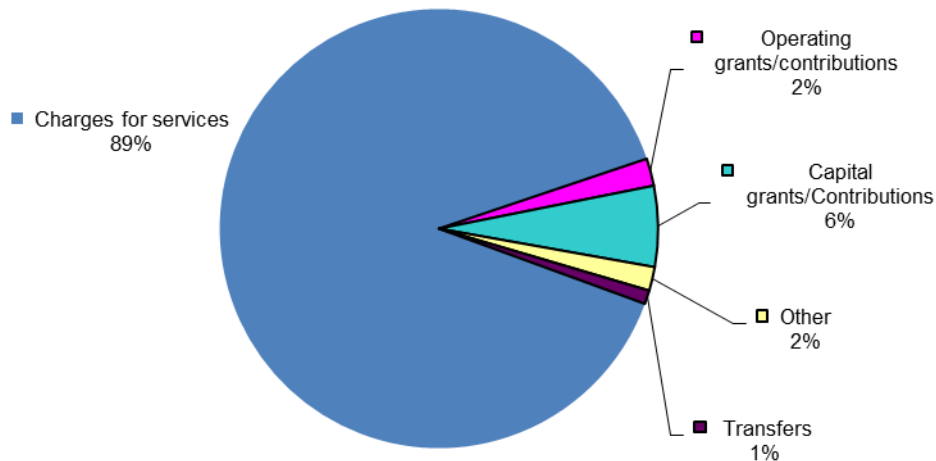
- Electric charges for service increased 2.9% for fiscal year 2017 due to customer growth. Duke Energy Corporation is the main supplier for City power. During calendar year 2008, these wholesale costs increased approximately 18.5%. Due to these large increases, the City evaluated rates during fiscal 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 2017 reflected no retail rate increase. Concord has entered into a contract with NTE, the builder and operator of a natural gas fired plant under construction in Kings Mountain. Under the terms of the agreement, the City of Concord will be provided with electric generation services by NTE using a portion of the capacity and energy generated by the facility for an initial term of 20 years. This will allow Concord to utilize this source when the Duke contract ends in 2019. The contract also provides for access to power produced from other types of generation if it is more cost effective to buy on the market.
- Expenses increased 16.8% when compared to the prior year. The City is experiencing a strong increase in development which places more demands on our utility budgets. Although the City experienced a large increase in operating expenses, efforts were placed on controlling these expenses which ensured that operating costs did not outpace the City's revenue sources.
 - Electric operating expenses increased over 23% due to increased needs for contract work forces and more purchases of materials to support the growing needs required for the development. Electric is part of the Smart Community project to implement smart meters throughout the service area. This project required contract labor and the purchase of needed materials and technology to support the project.
 - Water operating costs increased over 20%, as this department also was impacted by the needs of development projects. The water department is also implementing the Smart Community project. The project required additional contract labor as well as purchases of materials and technology to support the project.
 - Stormwater and wastewater operating expenses remained stable with a small increase in stormwater and a small decrease in wastewater.
 - The airport operating expenses increased over 10.8%; the majority of this increase was associated with higher fuel prices. The airport also is experiencing a higher demand for services and the commercial business continues to grow.

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, 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 \$121,332,683, an increase of over 9% in comparison with the prior year. Funds that are available for spending at the government's discretion

(unassigned) represent 38% 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 (\$231,111), 2) restricted for streets, public safety and state statute stabilization (\$20,258,788), 3) committed for future capital, planning & community development, and housing assistance (\$35,587,791), and 4) assigned for specific purposes in other governmental funds (\$18,580,293).

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 \$46,910,753, while total fund balance for the general fund was \$65,761,182; representing a decrease of \$3,394,407. The City continues to fund the capital reserve fund for major projects. The allocation for fiscal year 2017 was \$12,000,000. 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 54% of total general fund expenditures and transfers out, while total fund balance represents 75.8% of that same amount. Key factors in the fund balance numbers are as follows:

- The City's general fund operating revenues actually exceeded operating expenditures by \$16,420,709. Transfers to other funds increased by \$357,491 when compared to the prior year. The majority of the total transfers, \$20,594,867, are for capital projects and debt service. Ad valorem tax revenue grew 7% or \$3,323,348.

Other governmental fund balance increased \$13,731,127 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 \$75,509,965, \$55,067,880, \$22,656,718, \$5,684,964 and \$12,391,129 respectively. The unrestricted net position of all other enterprise funds was (\$827,189). The total growth in net position for the proprietary funds was \$17,042,024. 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 26 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 and other financing sources and uses by \$14,863,482 or more than 18%. 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 in the amount of \$12,000,000. At year-end, *actual* revenues and transfers in exceeded *final amended revenue budget* numbers by approximately 4.7%. *Actual* expenditures and transfers out were less than *final budgetary* figures by 9%, resulting in excess of revenues over expenditures (before transfers) of \$16,420,709.

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, 2017, totals \$732,069,848 (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 more than 2% (3.3% increase for governmental activities and more 1.5% increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations, Smartgrid system costs and enhancements/improvements to the electric transmission lines in amount of \$5,734,357.
- Purchase of vehicles and equipment for general fund totaling \$3,704,697.
- The extension of the distribution and transmission lines for the City's water system, Smartgrid system costs and upgrades/improvements to the system in the amount of \$1,885,323.
- Airport commercial services terminal and parking deck totaling \$2,751,076.

Additional information on the City of Concord's capital assets can be found in Note 5 of the Basic Financial Statements located on page 65.

Capital Assets
Table 3

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Land	\$ 54,336,721	\$ 54,336,721	\$ 40,881,488	\$ 40,881,488	\$ 95,218,209	\$ 95,218,209
Construction in progress	4,354,827	7,417,084	14,947,737	13,821,934	19,302,564	21,239,018
Buildings and systems	65,289,467	65,584,836	64,515,005	78,856,645	129,804,472	144,441,481
Improvements other than buildings	5,905,249	5,905,249	472,396,926	480,826,446	478,302,175	486,731,695
Machinery and equipment	30,988,286	33,341,397	31,133,111	32,919,083	62,121,397	66,260,480
Infrastructure	574,042,357	596,460,753	-	-	574,042,357	596,460,753
Sub-total	734,916,907	763,046,040	623,874,267	647,305,596	1,358,791,174	1,410,351,636
Less Accum. Depreciation	(405,031,316)	(421,977,952)	(238,905,089)	(256,303,836)	(643,936,405)	(678,281,788)
Total	\$ 329,885,591	\$ 341,068,088	\$ 384,969,178	\$ 391,001,760	\$ 714,854,769	\$ 732,069,848

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$106,506,500 (principal). Of this amount, \$0 comprises debt backed by the full faith and credit of the City and \$59,375,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$33,255,000 and \$13,876,500 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds

Table 4

	Governmental Activities		Business-type Activities		Total	
	2016	2017	2016	2017	2016	2017
Installment purchases	\$ 3,105,000	\$ 2,835,000	\$ 11,994,000	\$ 11,041,500	\$ 15,099,000	\$ 13,876,500
Revenue Bonds	1,884,540	1,572,410	65,160,460	57,802,590	67,045,000	59,375,000
Installment notes	24,892,675	23,090,425	11,432,325	10,164,575	36,325,000	33,255,000
Total long-term debt	<u>\$ 29,882,215</u>	<u>\$ 27,497,835</u>	<u>\$ 88,586,785</u>	<u>\$ 79,008,665</u>	<u>\$ 118,469,000</u>	<u>\$ 106,506,500</u>

In the current fiscal year, the City of Concord's total debt decreased by \$11,962,500 (10 percent). In fiscal year 2017, the City of Concord did not issue any new debt. 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 .24%. The legal debt margin (excess of the amount of debt legally authorized over the amount of debt outstanding) for the City is \$837,857,812. The current debt limitation for the City of Concord is \$863,783,237, 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 67 through 72 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for Cabarrus County at June of 2017 was 3.9%, which is a decrease from a rate of 4.6% in June of 2016. The state's unemployment rate for June of 2017 was 4.2%. The City of Concord's unemployment rate at April of 2017 was 4.0%.
- Population has increased from 27,347 in 1990 to an estimated 88,815 as of July 1, 2016 (per the Office of State Budget and Management), which represents a growth rate of 225%. The City experienced a 2% growth in current year population when compared to the certified population estimate as of July 1, 2015.
- 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 economy is at its strongest since the recession ended seven and a half years ago. The pace of growth remains moderate, however, but has quickened sufficiently to improve overall economic conditions.

All of these factors were considered in preparing the City of Concord's budget for fiscal year 2018. The amount of unassigned fund balance in the general fund is \$46,910,753 as of July 1, 2017. Concord has no appropriation from fund balance for the 2018 fiscal year.

The tax base used in the fiscal year 2018 budget preparation represents an estimated 5% increase in real property values from fiscal year 2017 projections. The increase is a result of continued development and growth in the city. One cent on the City's tax rate produces \$1,068,648 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 2018 budget does not include a tax increase, maintaining 48 cent rate. 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 has regained 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; 2015-16; or for fiscal year 2016-17. The current budget proposal also includes no electric rate 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 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. No rate increases were needed in fiscal year 2017 and budget year 2018 also includes no projected rate increases. 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, 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 included moderate rate increases, an average of 3 percent, as the City began to address capital needs. The fiscal year 2018 budget does not include any rate increases.

There is an increase in the stormwater fee that was implemented in fiscal year 2005-06 to meet the mandated Phase II stormwater requirements. The increase will be used to fund infrastructure improvements. The fee will increase from \$4.30 per Equivalent Residential Unit to \$5.16. 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 2018 budget.

The Recreation Master Plan update has been completed and it contains many recommendations addressing future needs. This will be a priority for FY 2017-18 and years to come. The FY 2018 recommendation contains funds for several projects. This includes over \$1.5 million for the Hector H. Henry, II Greenway section that will link the Riverwalk neighborhood to the portion that currently ends behind the Weddington Road Bark Park. Another project is the renovation of the former residence on Burrage Road into a community building serving the surrounding neighborhood. Funds are also included to build a natural path along the Burrage Road property to link Burrage Road to Lake Concord Road to provide more opportunities for walking and exercising in that area.

The efforts going into the utility group's Smart Community program continue. This is a very complex project that will have great benefits. It has been very time consuming with staff from Electric, Water, Finance and Technologies Edge working with the involved private contractors. Full implementation should take place during FY 2017-18.

The following material project impact NCDOT facilities and are programmed with Concord's participation:

- I-85 Widening Project, NC 73 to 29-601 Connector in Rowan County – Construction continues on the NCDOT, I-85 project from NC 73 to 29-601 Connector in Rowan County. This includes 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.
- Exit 49 – Three projects are funded 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. The Derita Road project has started and the engineering for the other two projects is underway. The City of Concord has pledged to provide 20% of the cost of these projects.
- 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 Phase 1 construction of this NCDOT Road going from Poplar Tent Road to the Rocky River Bridge. This project is now underway and includes funding going all the way to Concord Mills Boulevard.

- George Liles Parkway Extension – This project has been completed to its termination at Stough Road, leaving only the Stough Road section from Roberta Road to NC 49 to complete in the future. The City will be working on the landscaping of the section between Weddington Road and Concord Parkway to satisfy promises made to the adjacent property owners that donated the land to NCDOT.

Due to the economic conditions during the recession, in the past, the City has been very modest in providing performance based salary adjustments, if at all. As the economy continues to fully recover, merit pays are included in the budget for 2018. 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.

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

FY16/17: Merit adjustments are available on the evaluation date from 3% to 4% based on evaluation ratings.

Proposed **FY17/18:** Merit adjustments are available on the evaluation date from 3% to 6% 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, 2017

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 71,913,898	\$ 160,037,809	\$ 231,951,707	\$ 2,493,097
Receivables, net	12,661,706	19,872,997	32,534,703	-
Due from (to) other funds	2,166,270	(2,166,270)	-	-
Inventories	103,215	4,887,653	4,990,868	1,624,535
Prepaid expenses	128,824	96,487	225,311	61,097
Restricted assets - cash and investments	44,578,980	7,585,628	52,164,608	-
Capital assets:				
Non-depreciable	61,753,805	54,703,422	116,457,227	987,154
Depreciable, net	279,314,283	336,298,338	615,612,621	3,662,305
Total assets	472,620,981	581,316,064	1,053,937,045	8,828,188
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan (LGERS)	8,689,337	5,193,612	13,882,949	178,751
Pension plan (LEOSSA)	267,439	-	267,439	-
Deferred charge on refunding	332,907	3,390,417	3,723,324	-
Total deferred outflows of resources	9,289,683	8,584,029	17,873,712	178,751
LIABILITIES				
Accounts payable and accrued liabilities	4,377,292	9,105,941	13,483,233	765,099
Accrued interest payable	-	243,916	243,916	-
Unearned revenues	7,615	-	7,615	-
Deposits	4,322,561	2,699,088	7,021,649	-
Non-current liabilities:				
Due within one year:				
Long-term debt	4,398,351	9,855,560	14,253,911	186,066
Installment purchases	270,000	961,500	1,231,500	-
Due in more than one year:				
Long-term debt	54,477,429	77,570,474	132,047,903	946,321
Long-term installment purchases	2,565,000	10,080,000	12,645,000	-
Total liabilities	70,418,248	110,516,479	180,934,727	1,897,486
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals (LGERS)	691,959	413,584	1,105,543	9,656
Pension deferrals (LEOSSA)	133,016	-	133,016	-
Prepaid taxes	125,972	-	125,972	-
Total deferred inflows of resources	950,947	413,584	1,364,531	9,656
NET POSITION				
Net investment in capital assets	312,710,029	309,519,783	622,229,812	3,833,627
Restricted for:				
Streets	3,882,220	-	3,882,220	-
Stabilization by State Statute	16,069,336	-	16,069,336	-
Other	538,343	-	538,343	805,172
Unrestricted	77,341,541	169,450,247	246,791,788	2,460,998
Total net position	\$ 410,541,469	\$ 478,970,030	\$ 889,511,499	\$ 7,099,797

See Notes to Financial Statements.

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STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

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	\$ 5,621,893	\$ 956,394	\$ -	\$ -	\$ (4,665,499)	\$ -	\$ (4,665,499)	\$ -
Public safety	41,296,415	1,187,729	217,626	-	(39,891,060)	-	(39,891,060)	-
Public works	25,685,453	858,487	2,898,915	23,155,930	1,227,879	-	1,227,879	-
Cultural and recreational	5,221,006	322,636	-	18,000	(4,880,370)	-	(4,880,370)	-
Planning and community development	3,092,715	1,918,761	-	-	(1,173,954)	-	(1,173,954)	-
Administration	895,927	-	-	-	(895,927)	-	(895,927)	-
Housing assistance payments	4,195,694	483,440	4,062,697	-	350,443	-	350,443	-
Rehabilitation	895,828	76,887	940,659	-	121,718	-	121,718	-
Interest expense	1,194,385	-	-	-	(1,194,385)	-	(1,194,385)	-
Total governmental activities	88,099,316	5,804,334	8,119,897	23,173,930	(51,001,155)	-	(51,001,155)	-
Business-type activities:								
Electric	82,797,485	84,473,951	-	-	-	1,676,466	1,676,466	-
Water	19,183,773	24,731,261	-	3,025,078	-	8,572,566	8,572,566	-
Wastewater	15,298,717	17,166,503	-	3,884,130	-	5,751,916	5,751,916	-
Regional airport	10,184,555	8,584,741	-	2,421,239	-	821,425	821,425	-
Stormwater	4,088,479	4,035,706	-	-	-	(52,773)	(52,773)	-
Golf course	1,679,256	1,804,380	-	-	-	125,124	125,124	-
Housing	2,130,506	382,288	1,094,043	-	-	(654,175)	(654,175)	-
Transit	4,544,317	374,923	2,079,594	-	-	(2,089,800)	(2,089,800)	-
Total business-type activities	139,907,088	141,553,753	3,173,637	9,330,447	-	14,150,749	14,150,749	-
Total primary government	\$ 228,006,404	\$ 147,358,087	\$ 11,293,534	\$ 32,504,377	(51,001,155)	14,150,749	(36,850,406)	-
Component unit - City of Concord, ABC Board	\$ 10,814,839	\$ 12,074,514	\$ -	\$ -	-	-	-	1,259,675
General revenues:								
Taxes:								
Ad valorem					50,896,652	-	50,896,652	-
Local government sales tax					17,675,132	-	17,675,132	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					4,740,748	-	4,740,748	-
Investment earnings					646,692	828,996	1,475,688	355
Gain on sale of capital assets					316,034	153,280	469,314	-
Miscellaneous					881,436	402,563	1,283,999	1,250
Total general revenues not including transfers					75,156,694	1,384,839	76,541,533	1,605
Transfers					(1,572,258)	1,572,258	-	-
Total general revenues and transfers					73,584,436	2,957,097	76,541,533	1,605
Change in net position					22,583,281	17,107,846	39,691,127	1,261,280
Net position - beginning, previously reported					392,271,004	461,862,184	854,133,188	5,838,517
Restatement					(4,312,816)	-	(4,312,816)	-
Net position - beginning, restated					387,958,188	461,862,184	849,820,372	5,838,517
Net position - ending					\$ 410,541,469	\$ 478,970,030	\$ 889,511,499	\$ 7,099,797

See Notes to Financial Statements

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	\$ 53,143,838	\$ 18,770,060	\$ 71,913,898
Receivables:			
Ad valorem taxes, net	1,831,296	4,001	1,835,297
Due from other governmental agencies	997,057	215,230	1,212,287
Sales tax refunds	1,959,130	56,989	2,016,119
Interest	194,391	150,007	344,398
Due from other funds	2,352,790	-	2,352,790
Other, net	6,036,361	1,217,244	7,253,605
Inventories	103,215	-	103,215
Prepaid items	127,896	-	127,896
Restricted assets - cash and investments	8,482,237	36,096,743	44,578,980
Total assets	\$ 75,228,211	\$ 56,510,274	\$ 131,738,485
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,179,585	\$ 748,252	\$ 3,927,837
Due to other funds	-	186,520	186,520
Unearned revenues	7,615	-	7,615
Deposits	4,322,561	-	4,322,561
Total liabilities	7,509,761	934,772	8,444,533
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	1,831,296	4,001	1,835,297
Prepaid taxes	125,972	-	125,972
Total deferred inflows of resources	1,957,268	4,001	1,961,269
FUND BALANCES (DEFICITS)			
Non Spendable			
Inventories	103,215	-	103,215
Prepays	127,896	-	127,896
Restricted			
Stabilization by State Statute	14,429,866	1,639,470	16,069,336
Transportation	3,882,220	-	3,882,220
Public safety	307,232	-	307,232
Committed			
Future capital purchases	-	35,405,847	35,405,847
Planning and community development	-	181,944	181,944
Housing assistance	-	-	-
Assigned			
Future capital purchases	-	18,580,293	18,580,293
Unassigned	46,910,753	(236,053)	46,674,700
Total fund balances	65,761,182	55,571,501	121,332,683
Total liabilities, deferred inflows of resources and fund balances	\$ 75,228,211	\$ 56,510,274	\$ 131,738,485

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION

June 30, 2017

Fund balances - total governmental funds		\$ 121,332,683
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	\$ 763,046,040	
Less accumulated depreciation	<u>421,977,952</u>	341,068,088
Deferred outflows of resources related to pensions (LGERS) are not reported in the governmental funds		8,689,337
Deferred outflows of resources related to pensions (LEOSSA) are not reported in the governmental funds		267,439
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>3,914</u>	928
Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds		
Governmental bond payable	(24,662,835)	
HUD Loan	(1,320,000)	
Governmental installment purchases	(2,835,000)	
Total pension liability (LEOSSA)	(6,746,329)	
Net pension liability (LGERS)	(10,181,952)	
OPEB Liability	(10,935,199)	
Accrued vacation payable	<u>(3,145,657)</u>	(59,826,972)
Deferred charge on refunding	633,412	
Less accumulated amortization	<u>300,505</u>	332,907
Bond premium	(2,437,022)	
Less accumulated amortization	<u>(553,214)</u>	(1,883,808)
Deferred inflows of resources related to pensions (LGERS) are not reported in the governmental funds		(691,959)
Deferred inflows of resources related to pensions (LEOSSA) are not reported in the governmental funds		(133,016)
Costs of health claims not accrued in the governmental fund statements		(353,160)
Costs of workers' compensation claims reserves not accrued in the governmental fund statements		(96,295)
Earned revenues considered deferred inflows of resources in fund statements		<u>1,835,297</u>
Net position of governmental activities		<u>\$ 410,541,469</u>

See Notes to Financial Statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES

Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Ad valorem taxes	\$ 51,074,271	\$ 105,203	\$ 51,179,474
Other taxes	17,675,132	-	17,675,132
Unrestricted intergovernmental revenues	4,740,748	-	4,740,748
Restricted intergovernmental revenues	3,886,757	5,905,465	9,792,222
Licenses and permits	1,169,815	-	1,169,815
Investment earnings	400,910	245,782	646,692
Investment earnings, restricted	49,118	-	49,118
Program income	-	1,474,389	1,474,389
Other revenues	3,572,341	78,990	3,651,331
Total revenues	82,569,092	7,809,829	90,378,921
Expenditures			
Current:			
General government	4,735,511	-	4,735,511
Public safety	37,606,924	-	37,606,924
Public works	11,120,147	-	11,120,147
Cultural and recreational	4,719,578	-	4,719,578
Planning and community development	2,890,669	105,203	2,995,872
Administration	-	895,927	895,927
Housing assistance payments	-	4,195,694	4,195,694
Rehabilitation	-	895,828	895,828
Capital outlay	4,282,371	3,008,842	7,291,213
Debt service	793,183	3,040,424	3,833,607
Total expenditures	66,148,383	12,141,918	78,290,301
Excess (deficiency) of revenues over (under) expenditures	16,420,709	(4,332,089)	12,088,620
Other Financing Sources (Uses)			
Transfers from other funds	779,751	21,621,958	22,401,709
Transfers to other funds	(20,594,867)	(3,558,742)	(24,153,609)
Total other financing sources (uses)	(19,815,116)	18,063,216	(1,751,900)
Net change in fund balances	(3,394,407)	13,731,127	10,336,720
Fund Balances			
Beginning	69,155,589	41,840,374	110,995,963
Ending	\$ 65,761,182	\$ 55,571,501	\$ 121,332,683

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, 2017

Net change in fund balances - total governmental funds		\$	10,336,720
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	\$	7,291,213	
Asset transfer from business-type activities		179,642	
Capital contributions		22,176,000	
Current year's depreciation		<u>(18,447,114)</u>	11,199,741
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			2,493,380
Premium			145,842
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		(485)	
Current year amortization of deferred charge on refunding		(52,656)	
Change in law enforcement officers special separation allowance		(199,766)	
Change in OPEB liability		(649,081)	
Change in pension liability (LGERS)		(558,277)	
Change in long-term compensated absences		<u>(155,133)</u>	(1,615,398)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (see Note 2)			(282,822)
Costs of health claims not accrued in the governmental fund statements			6,850
Costs of workers' compensation claims not accrued in the governmental fund statements			316,212
Basis of property disposed of during the year			<u>(17,244)</u>
Change in net position of governmental activities		\$	<u><u>22,583,281</u></u>

See Notes to Financial Statements.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 48,681,865	\$ 48,681,865	\$ 51,080,879	\$ 2,399,014
Prior years	370,800	370,800	(280,884)	(651,684)
Penalties and interest	300,000	300,000	274,276	(25,724)
	49,352,665	49,352,665	51,074,271	1,721,606
Other taxes:				
Local government sales tax	15,949,919	15,949,919	17,675,132	1,725,213
Unrestricted intergovernmental revenues:				
Officers' fees	35,000	35,000	43,225	8,225
Utilities sales tax	4,966,037	4,966,037	4,303,158	(662,879)
Beer and wine tax	385,000	385,000	394,365	9,365
Fire protection	10,000	10,000	-	(10,000)
	5,396,037	5,396,037	4,740,748	(655,289)
Restricted intergovernmental revenues:				
State Street-Aid allocations	2,300,995	2,300,995	2,302,717	1,722
Cabarrus County schools	776,293	776,293	801,334	25,041
Transportation (federal, state and local)	331,000	331,000	272,123	(58,877)
On-behalf of payments - Fire and Rescue	-	-	26,655	26,655
Other restricted intergovernmental revenues	465,000	767,600	483,928	(283,672)
	3,873,288	4,175,888	3,886,757	(289,131)
Licenses and permits:				
Vehicle licenses	485,000	522,238	646,083	123,845
Zoning permits	235,000	247,863	299,470	51,607
Fire permits and inspections	200,000	200,000	213,421	13,421
Business registration fee	-	-	4,165	4,165
Other	11,000	11,000	6,676	(4,324)
	931,000	981,101	1,169,815	188,714
Investment earnings	-	-	400,910	400,910
Investment earnings restricted	-	-	49,118	49,118
	-	-	450,028	450,028
Other general revenues:				
Public safety	147,742	147,742	172,974	25,232
Environmental protection	1,707,195	1,707,195	1,863,186	155,991
Miscellaneous	496,060	823,730	1,213,545	389,815
Recreational	310,650	310,650	322,636	11,986
	2,661,647	2,989,317	3,572,341	583,024
Total revenues	78,164,556	78,844,927	82,569,092	3,724,165

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	\$ 183,298	\$ 187,298	\$ 180,894	\$ 6,404
Professional services	79,000	79,000	73,326	5,674
Operating expenditures	112,083	112,083	109,900	2,183
Governing body cost allocations	(297,430)	(297,430)	(280,312)	(17,118)
	<u>76,951</u>	<u>80,951</u>	<u>83,808</u>	<u>(2,857)</u>
City Manager's Office:				
Salaries and employee benefits	768,862	800,862	788,820	12,042
Professional services	181,496	181,496	148,305	33,191
Operating expenditures	91,246	91,246	74,809	16,437
Administrative cost allocations	(524,411)	(524,411)	(599,148)	74,737
	<u>517,193</u>	<u>549,193</u>	<u>412,786</u>	<u>136,407</u>
Public Service Administration department:				
Salaries and employee benefits	160,959	167,959	163,754	4,205
Professional services	2,508	2,508	107	2,401
Operating expenditures	429,005	427,005	311,079	115,926
Capital outlay	275,000	275,000	3,328	271,672
Debt service	388,282	388,282	388,282	-
Administrative cost allocations	(1,015,926)	(1,015,926)	(489,238)	(526,688)
	<u>239,828</u>	<u>244,828</u>	<u>377,312</u>	<u>(132,484)</u>
Finance department:				
Salaries and employee benefits	1,020,458	1,032,458	1,025,799	6,659
Professional services	42,500	42,500	53,372	(10,872)
Operating expenditures	77,932	77,932	68,517	9,415
Capital outlay	151,044	151,044	115,907	35,137
Finance cost allocations	(790,234)	(790,234)	(796,272)	6,038
	<u>501,700</u>	<u>513,700</u>	<u>467,323</u>	<u>46,377</u>
Tax department:				
Salaries and employee benefits	195,526	209,526	203,749	5,777
Professional services	22,500	22,500	26,409	(3,909)
Operating expenditures	164,191	185,226	210,353	(25,127)
Cost allocations	16,540	16,540	14,846	1,694
	<u>398,757</u>	<u>433,792</u>	<u>455,357</u>	<u>(21,565)</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal department:				
Salaries and employee benefits	\$ 536,004	\$ 566,004	\$ 557,928	\$ 8,076
Professional services	53,500	105,300	80,229	25,071
Operating expenditures	54,143	54,143	42,541	11,602
Cost allocations	(440,950)	(440,950)	(444,554)	3,604
	202,697	284,497	236,144	48,353
Human resources:				
Salaries and employee benefits	855,714	855,714	817,088	38,626
Professional services	245,722	254,637	268,952	(14,315)
Operating expenditures	134,862	136,862	94,867	41,995
Human resources cost allocations	(784,312)	(784,312)	(725,994)	(58,318)
	451,986	462,901	454,913	7,988
Wellness center:				
Professional services	469,346	419,346	272,859	146,487
Operating expenditures	19,803	19,803	12,908	6,895
Wellness center cost allocations	(163,756)	(163,756)	(106,877)	(56,879)
	325,393	275,393	178,890	96,503
Nondepartmental:				
Professional services	54,029	54,029	41,606	12,423
Operating expenditures	2,719,632	2,470,250	1,448,247	1,022,003
Outside agencies	12,000	19,050	5,614	13,436
Capital outlay	5,195	5,195	4,685	510
Cost allocations	1,084,999	1,084,999	1,081,028	3,971
	3,875,855	3,633,523	2,581,180	1,052,343
Total general government	6,590,360	6,478,778	5,247,713	1,231,065
Public safety:				
Police department:				
Salaries and employee benefits	14,066,369	14,018,542	13,731,622	286,920
Professional services	393,424	393,424	422,668	(29,244)
Operating expenditures	3,530,003	3,609,340	3,099,275	510,065
Capital outlay	1,194,010	1,330,728	1,305,364	25,364
Cost allocations	863,850	863,850	796,661	67,189
	20,047,656	20,215,884	19,355,590	860,294
Communications:				
Salaries and employee benefits	1,279,848	1,282,848	1,270,088	12,760
Professional services	8,580	8,580	7,582	998
Operating expenditures	138,654	138,654	111,596	27,058
Capital outlay	7,273	7,273	-	7,273
Cost allocations	36,124	36,124	35,868	256
	1,470,479	1,473,479	1,425,134	48,345

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire department:				
Salaries and employee benefits	\$ 13,541,562	\$ 13,574,562	\$ 13,486,344	\$ 88,218
Professional services	174,756	224,756	214,655	10,101
Operating expenditures	2,331,205	2,613,265	2,276,348	336,917
Capital outlay	1,831,487	1,834,139	1,621,833	212,306
Debt service	404,659	404,659	404,901	(242)
Cost allocations	993,431	993,431	921,819	71,612
	<u>19,277,100</u>	<u>19,644,812</u>	<u>18,925,900</u>	<u>718,912</u>
Code enforcement:				
Salaries and employee benefits	555,527	560,527	559,631	896
Professional services	1,832	1,832	1,832	-
Operating expenditures	222,659	222,659	141,067	81,592
Capital outlay	28,000	28,000	25,032	2,968
	<u>808,018</u>	<u>813,018</u>	<u>727,562</u>	<u>85,456</u>
Emergency management:				
Salaries and employee benefits	191,866	191,866	161,208	30,658
Professional services	1,145	1,145	1,145	-
Operating expenditures	56,430	56,430	35,184	21,246
Capital outlay	38,000	38,000	26,472	11,528
	<u>287,441</u>	<u>287,441</u>	<u>224,009</u>	<u>63,432</u>
Radio shop:				
Salaries and employee benefits	207,458	207,458	180,470	26,988
Professional services	2,940	16,940	23,297	(6,357)
Operating expenditures	93,936	164,861	128,564	36,297
Capital outlay	-	-	-	-
	<u>304,334</u>	<u>389,259</u>	<u>332,331</u>	<u>56,928</u>
Total public safety	<u>42,195,028</u>	<u>42,823,893</u>	<u>40,990,526</u>	<u>1,833,367</u>
Public works:				
Traffic services:				
Salaries and employee benefits	342,412	346,412	349,812	(3,400)
Professional services	3,916	3,916	4,059	(143)
Operating expenditures	208,572	208,572	112,686	95,886
Capital outlay	-	-	-	-
Cost allocations	36,525	36,525	32,801	3,724
	<u>591,425</u>	<u>595,425</u>	<u>499,358</u>	<u>96,067</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation signal:				
Salaries and employee benefits	\$ 386,118	\$ 386,118	\$ 344,336	\$ 41,782
Professional services	46,211	46,211	42,332	3,879
Operating expenditures	412,612	412,612	248,939	163,673
Capital outlay	26,000	26,000	14,515	11,485
Cost allocations	25,061	25,061	22,494	2,567
	<u>896,002</u>	<u>896,002</u>	<u>672,616</u>	<u>223,386</u>
Transportation:				
Salaries and employee benefits	1,810,070	1,810,070	1,727,080	82,990
Professional services	18,189	18,189	28,224	(10,035)
Operating expenditures	2,663,137	4,708,087	2,036,334	2,671,753
Capital outlay	622,521	622,521	635,469	(12,948)
Cost allocations	470,316	470,316	400,295	70,021
	<u>5,584,233</u>	<u>7,629,183</u>	<u>4,827,402</u>	<u>2,801,781</u>
Fleet services:				
Salaries and employee benefits	949,977	949,977	925,998	23,979
Professional services	688	688	688	-
Operating expenditures	2,329,249	2,354,937	1,992,024	362,913
Capital outlay	32,000	32,000	31,756	244
Cost allocations	(3,311,914)	(3,311,914)	(2,934,124)	(377,790)
	<u>-</u>	<u>25,688</u>	<u>16,342</u>	<u>9,346</u>
Solid waste and recycling:				
Salaries and employee benefits	1,777,410	1,777,410	1,622,495	154,915
Professional services	70,057	70,057	81,941	(11,884)
Operating expenditures	4,064,581	4,065,917	3,407,409	658,508
Capital outlay	363,000	363,000	334,627	28,373
Cost allocations	162,688	162,688	148,613	14,075
	<u>6,437,736</u>	<u>6,439,072</u>	<u>5,595,085</u>	<u>843,987</u>
Cemetery:				
Salaries and employee benefits	399,240	399,240	413,534	(14,294)
Professional services	24,977	24,977	13,029	11,948
Operating expenditures	125,384	125,384	93,075	32,309
Capital outlay	46,000	46,000	47,248	(1,248)
Cost allocations	6,766	6,766	6,073	693
	<u>602,367</u>	<u>602,367</u>	<u>572,959</u>	<u>29,408</u>
Total public works	<u>14,111,763</u>	<u>16,187,737</u>	<u>12,183,762</u>	<u>4,003,975</u>

Continued

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,476,599	\$ 1,489,599	\$ 1,414,459	\$ 75,140
Professional services	367,658	378,284	340,993	37,291
Operating expenditures	1,351,566	1,318,732	1,253,819	64,913
Capital outlay	306,080	364,788	116,135	248,653
Cost allocations	1,746,682	1,746,682	1,710,307	36,375
Total cultural and recreational	5,248,585	5,298,085	4,835,713	462,372
Planning and community development				
Planning department:				
Salaries and employee benefits	1,375,719	1,380,719	1,296,956	83,763
Professional services	459,097	463,949	350,799	113,150
Operating expenditures	564,142	588,142	465,988	122,154
Capital outlay	-	-	-	-
Incentive grants	770,111	770,111	325,938	444,173
Cost allocations	531,633	531,633	450,988	80,645
Total planning and community development	3,700,702	3,734,554	2,890,669	843,885
Total expenditures	71,846,438	74,523,047	66,148,383	8,374,664
Excess of revenues over expenditures	6,318,118	4,321,880	16,420,709	12,098,829
Other Financing Sources (Uses)				
Fund balance appropriated	1,680,017	15,704,543	-	15,704,543
Transfers from other funds	607,135	765,720	779,751	(14,031)
Transfers to other funds	(8,605,270)	(20,792,143)	(20,594,867)	(197,276)
Total other financing uses	(6,318,118)	(4,321,880)	(19,815,116)	15,493,236
Net change in fund balance	\$ -	\$ -	(3,394,407)	\$ (3,394,407)
Fund Balance				
Beginning			69,155,589	
Ending			\$ 65,761,182	

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

June 30, 2017

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	\$ 66,188,071	\$ 52,471,761	\$ 19,767,823	\$ 5,946,814	\$ 12,700,371	\$ 666,555	\$ 157,741,395	\$ 2,296,414	
Receivables:									
Accounts receivable, net	11,902,828	3,033,003	2,150,536	698,288	257,643	85,948	18,128,246	-	
Due from other governmental agencies	-	-	-	-	-	954,877	954,877	-	
Interest	160,976	124,945	49,905	18,161	26,151	1,889	382,027	-	
Other receivables	-	-	-	-	-	381,641	381,641	26,206	
Inventories and prepaid expenses	4,216,620	556,445	41,171	53,031	1,560	110,175	4,979,002	5,138	
Total current assets	82,468,495	56,186,154	22,009,435	6,716,294	12,985,725	2,201,085	182,567,188	2,327,758	
Noncurrent Assets									
Restricted assets - cash and investments	3,250,853	1,912,900	1,977,543	89,974	-	36,677	7,267,947	317,681	
Capital assets	147,659,321	159,064,749	123,549,208	115,364,915	59,845,874	31,673,853	637,157,920	10,147,676	
Less accumulated depreciation	(79,513,117)	(67,232,339)	(48,014,995)	(28,400,274)	(18,749,904)	(10,919,512)	(252,830,141)	(3,473,695)	
Total noncurrent assets	71,397,057	93,745,310	77,511,756	87,054,615	41,095,970	20,791,018	391,595,726	6,991,662	
Total assets	153,865,552	149,931,464	99,521,191	93,770,909	54,081,695	22,992,103	574,162,914	9,319,420	
DEFERRED OUTFLOWS OF RESOURCES									
Contributions to pension plan	1,071,764	981,524	431,760	505,339	327,638	252,670	3,570,695	1,622,917	
Deferred charge on refunding	1,097,125	1,758,009	421,877	32,141	-	81,265	3,390,417	-	
Total deferred outflows of resources	2,168,889	2,739,533	853,637	537,480	327,638	333,935	6,961,112	1,622,917	
LIABILITIES									
Current Liabilities									
Accounts payable and accrued expenses	6,183,376	743,602	708,396	353,240	220,349	511,150	8,720,113	385,828	
Current portion of long-term debt	2,452,013	3,428,663	2,230,958	1,229,983	50,893	896,146	10,288,656	528,404	
Accrued interest	63,451	98,738	51,557	2,530	-	6,781	223,057	20,859	
Due to other funds	-	-	-	-	-	2,166,270	2,166,270	-	
Total current liabilities	8,698,840	4,271,003	2,990,911	1,585,753	271,242	3,580,347	21,398,096	935,091	
Noncurrent Liabilities									
Long-term debt due after one year	19,277,300	29,204,584	13,068,605	11,754,389	624,901	3,482,076	77,411,855	10,238,619	
Deposits	2,018,566	553,015	875	89,955	-	36,677	2,699,088	-	
Total noncurrent liabilities	21,295,866	29,757,599	13,069,480	11,844,344	624,901	3,518,753	80,110,943	10,238,619	
Total liabilities	29,994,706	34,028,602	16,060,391	13,430,097	896,143	7,099,100	101,509,039	11,173,710	
DEFERRED INFLOWS OF RESOURCES									
Pension deferrals	85,348	78,162	34,382	40,242	26,091	20,121	284,346	129,238	
NET POSITION									
Net investment in capital assets	50,444,422	63,496,353	61,623,337	75,153,086	41,095,970	17,034,006	308,847,174	672,609	
Unrestricted	75,509,965	55,067,880	22,656,718	5,684,964	12,391,129	(827,189)	170,483,467	(1,033,220)	
Total net position	\$ 125,954,387	\$ 118,564,233	\$ 84,280,055	\$ 80,838,050	\$ 53,487,099	\$ 16,206,817	\$ 479,330,641	\$ (360,611)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(360,611)		
Net position of business-type activities							<u>\$ 478,970,030</u>		

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended June 30, 2017

	Major Enterprise Funds						Total	Business-type Activities Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund	Nonmajor Enterprise Funds		
Operating Revenues								
Charges for services	\$ 81,593,846	\$ 22,550,628	\$ 16,400,825	\$ 8,521,838	\$ 4,028,006	\$ 1,857,706	\$ 134,952,849	\$ 11,164,685
Other operating revenues	2,880,105	2,180,633	765,678	62,903	7,700	703,885	6,600,904	-
Total operating revenue	84,473,951	24,731,261	17,166,503	8,584,741	4,035,706	2,561,591	141,553,753	11,164,685
Operating Expenses								
General and administrative	2,801,969	-	-	-	-	1,293,274	4,095,243	6,713,806
Professional services	-	-	-	-	-	3,679,778	3,679,778	1,524,747
Water plant and lakes	-	6,655,241	-	-	-	-	6,655,241	-
Water line operation and maintenance	-	7,150,557	-	-	-	-	7,150,557	-
Wastewater line and plant	-	-	11,398,980	-	-	-	11,398,980	-
Purchased power	58,128,837	-	-	-	-	-	58,128,837	-
Power line and plant	16,514,517	-	-	-	-	-	16,514,517	-
Airport operation and maintenance	-	-	-	7,243,761	-	-	7,243,761	-
Stormwater operation and maintenance	-	-	-	-	2,379,193	-	2,379,193	-
Utilities	-	-	-	-	-	250,710	250,710	-
Housing maintenance and repairs	-	-	-	-	-	454,499	454,499	-
Operating supplies	-	-	-	-	-	307,784	307,784	-
Other operating costs	-	-	-	-	-	811,656	811,656	2,095,893
Depreciation and amortization	4,519,399	4,106,318	3,234,289	2,672,839	1,709,286	1,463,577	17,705,708	433,835
Total operating expenses	81,964,722	17,912,116	14,633,269	9,916,600	4,088,479	8,261,278	136,776,464	10,768,281
Operating income (loss)	2,509,229	6,819,145	2,533,234	(1,331,859)	(52,773)	(5,699,687)	4,777,289	396,404
Nonoperating Revenues (Expenses)								
Operating subsidy	-	-	-	-	-	3,173,637	3,173,637	-
Interest earned on investments	349,602	248,135	136,020	40,925	50,728	3,586	828,996	791
Interest expense	(832,763)	(1,271,657)	(665,448)	(267,955)	-	(92,801)	(3,130,624)	(258,442)
Gain (loss) on sale of capital assets	27,284	31,594	38,868	9,830	45,704	-	153,280	-
Other	-	-	20,000	-	-	64,168	84,168	-
Total nonoperating revenues (expenses)	(455,877)	(991,928)	(470,560)	(217,200)	96,432	3,148,590	1,109,457	(257,651)
Income (loss) before capital contributions and transfers	2,053,352	5,827,217	2,062,674	(1,549,059)	43,659	(2,551,097)	5,886,746	138,753
Capital contributions	-	3,025,078	3,884,130	2,421,239	-	-	9,330,447	-
Transfers in	-	-	-	777,175	-	1,727,354	2,504,529	-
Transfers out	(636,446)	(23,598)	(6,856)	(8,227)	(4,571)	-	(679,698)	(72,931)
Transfers in (out)	(636,446)	(23,598)	(6,856)	768,948	(4,571)	1,727,354	1,824,831	(72,931)
Change in net position	1,416,906	8,828,697	5,939,948	1,641,128	39,088	(823,743)	17,042,024	65,822
Net Position								
Beginning	124,537,481	109,735,536	78,340,107	79,196,922	53,448,011	17,030,560		(426,433)
Ending	\$ 125,954,387	\$ 118,564,233	\$ 84,280,055	\$ 80,838,050	\$ 53,487,099	\$ 16,206,817		\$ (360,611)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							65,822	
Change in net position of business-type activities							\$ 17,107,846	

See Notes to Financial Statements.

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

	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	\$ 95,224,262	\$ 25,401,408	\$ 17,093,286	\$ 14,057,499	\$ 3,984,060	\$ 3,056,530	\$ 158,817,045	\$ 11,164,063
Payments to employees	(5,533,223)	(4,176,793)	(1,780,820)	(1,902,562)	(1,263,381)	(878,131)	(15,534,910)	(6,478,827)
Payments to suppliers	(71,718,795)	(10,516,834)	(9,468,599)	(7,201,134)	(1,014,186)	(5,813,145)	(105,732,693)	(3,613,911)
Net cash provided by (used in) operating activities	17,972,244	10,707,781	5,843,867	4,953,803	1,706,493	(3,634,746)	37,549,442	1,071,325
Cash Flows From Noncapital Financing Activities								
Due to (from) other funds	-	-	-	-	-	213,603	213,603	-
Transfers in	-	-	-	777,175	-	1,727,354	2,504,529	-
Transfers out	(636,446)	(23,598)	(6,856)	(8,227)	(4,571)	-	(679,698)	(72,931)
Operating grants received	-	-	-	-	-	3,173,637	3,173,637	-
Net cash provided by (used in) noncapital financing activities	(636,446)	(23,598)	(6,856)	768,948	(4,571)	5,114,594	5,212,071	(72,931)
Cash Flows from Capital and Related Financing Activities								
Principal payment on long-term debt	(2,110,496)	(3,136,568)	(2,110,806)	(1,151,600)	-	(845,000)	(9,354,470)	(223,650)
Interest paid	(810,925)	(1,256,309)	(660,490)	(453,000)	-	(93,751)	(3,274,475)	(259,244)
Acquisition and construction of capital assets	(7,299,265)	(2,455,378)	(288,411)	(5,590,918)	(992,039)	(679,314)	(17,305,325)	(182,911)
Capital contributions - federal grant	-	-	-	2,421,239	-	-	2,421,239	-
Developer capital contributions	-	-	20,000	-	-	-	20,000	-
Proceeds from the sale of capital assets	45,755	31,594	38,868	9,830	45,704	176,896	348,647	-
Net cash provided by (used in) capital and related financing activities	(10,174,931)	(6,816,661)	(3,000,839)	(4,764,449)	(946,335)	(1,441,169)	(27,144,384)	(665,805)
Cash Flows From Investing Activities								
Earnings on investments	315,970	225,583	119,493	37,582	45,508	3,515	747,651	791
Net cash provided by (used in) investing activities	315,970	225,583	119,493	37,582	45,508	3,515	747,651	791
Net increase (decrease) in cash and cash equivalents	7,476,837	4,093,105	2,955,665	995,884	801,095	42,194	16,364,780	333,380
Cash and cash equivalents:								
Beginning	61,962,087	50,291,556	18,789,701	5,040,904	11,899,276	661,038	148,644,562	2,280,715
Ending	\$ 69,438,924	\$ 54,384,661	\$ 21,745,366	\$ 6,036,788	\$ 12,700,371	\$ 703,232	\$ 165,009,342	\$ 2,614,095

Noncash investing, capital and financing activities:

The City of Concord received noncash capital contributions in the Water and Wastewater Funds in the amount of \$6,909,208 representing donated capital assets.

The City of Concord transferred capital assets with a net book value of \$179,642 from enterprise to governmental funds.

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS (Continued)

Year Ended June 30, 2017

	Major Enterprise Funds						Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund	Nonmajor Enterprise Funds		
Operating income (loss)	\$ 2,509,229	\$ 6,819,145	\$ 2,533,234	\$ (1,331,859)	\$ (52,773)	\$ (5,699,687)	\$ 4,777,289	\$ 396,404
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation and amortization	4,519,399	4,106,318	3,234,289	2,672,839	1,709,286	1,463,577	17,705,708	433,835
Pension expense	909,358	826,655	352,452	428,062	288,588	226,407	3,031,522	1,334,603
Other income	-	-	-	-	-	91,131	91,131	-
Changes in assets and liabilities:								
(Increase) decrease in:								
Accounts receivable	10,696,953	649,069	(73,234)	5,468,664	(51,646)	433,357	17,123,163	(622)
Due from other governmental agencies	-	-	-	-	-	(26,265)	(26,265)	-
Inventories and prepaid expenses	(26,005)	(75,376)	10,875	(38,727)	(500)	(39,048)	(168,781)	4,565
Deferred outflows of resources for pensions	(836,940)	(762,880)	(329,450)	(392,879)	(260,056)	(202,232)	(2,784,437)	(1,244,337)
Increase (decrease) in:								
Accounts payable and accrued expenses	12,325	(946,052)	79,508	(1,896,470)	42,337	98,178	(2,610,174)	(8,824)
Vacation accrual	54,508	(3,495)	3,924	2,331	6,783	4,246	68,297	34,472
OPEB liability	80,059	73,319	32,252	37,748	24,474	18,874	266,726	121,229
Deposits	53,358	21,078	17	4,094	-	(3,284)	75,263	-
Net cash provided by (used in) operating activities	\$ 17,972,244	\$ 10,707,781	\$ 5,843,867	\$ 4,953,803	\$ 1,706,493	\$ (3,634,746)	\$ 37,549,442	\$ 1,071,325

See Notes to Financial Statements

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash	<u>\$ 1,183,955</u>	<u>\$ 3,388,784</u>
Total assets	<u><u>\$ 1,183,955</u></u>	<u><u>\$ 3,388,784</u></u>
 LIABILITIES		
Agency payable	<u>\$ -</u>	<u>\$ 3,388,784</u>
 NET POSITION		
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 1,183,955</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2017

	<u>Other Postemployment Benefit Trust Fund</u>
Additions:	
Employer contributions	\$ 1,040,820
Member contributions	<u>307,456</u>
	1,348,276
Investment income (loss)	<u>29,405</u>
Total additions	<u>1,377,681</u>
Deductions:	
Benefits	<u>1,248,276</u>
Change in net position	129,405
Net position restricted for postemployment benefits other than pensions	
Beginning of year	<u>1,054,550</u>
End of year	<u>\$ 1,183,955</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 Funds: 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 Market Rate Units 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 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 non-money market investments are reported at cost or amortized cost, which approximates their fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, 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 his 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 Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8). Ownership interest of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. Valuation of the underlying assets is performed by the custodian. 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 BIF is also valued at \$1 per share.

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 and 2016 revenue 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	\$ 3,882,220
Customer deposits	4,322,561
Debt service, extension, and replacement	277,456
Nonmajor governmental funds	
Unexpended bond proceeds	690,677
Debt service, extension, and replacement	219
Future capital projects	35,405,847
Total governmental activities	<u>\$ 44,578,980</u>

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Business-type Activities	
Electric Fund	
Customer deposits	\$ 2,018,566
Unexpended bond proceeds	65,486
Debt service, extension, and replacement	1,166,801
Water Fund	
Customer deposits	553,015
Unexpended bond proceeds	82,401
Debt service, extension, and replacement	1,277,484
Wastewater Fund	
Customer deposits	875
Unexpended bond proceeds	25,955
Debt service, extension, and replacement	1,950,713
Regional Airport Fund	
Customer deposits	89,955
Debt service, extension, and replacement	19
Nonmajor enterprise funds	
Customer deposits	36,677
Internal Service Fund	
Debt service, extension, and replacement	70
Unexpended bond proceeds	317,611
Total business-type activities	<u>\$ 7,585,628</u>
Total Restricted Cash	<u>\$ 52,164,608</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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. 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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

constructed. The City reported \$195,236 in capitalized interest as part of the cost of capital assets under construction in fiscal year 2017.

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

	Estimated Useful Life	
	City of Concord	ABC Board
	(In Years)	
Electric plant and distribution systems	25 – 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 financial 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, pension deferrals for the 2017 fiscal year and an unamortized loss on a bond defeasance for refunding bonds. In addition to liabilities, the statement of financial 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 pension deferrals.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

NET 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 police department drug enforcement related 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 including parks, greenways, street projects, and fire stations.

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

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.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

DEFINED BENEFIT COST-SHARING PLANS

For purposes of measuring the net pension liability, 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 \$1,835,297 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 \$282,822 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, 2017 and June 30, 2016.

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.

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

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

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, 2017, the City's deposits had a carrying amount of \$25,049,787 and a bank balance of \$24,256,756. Of the bank balance, \$1,250,000 was covered by federal depository insurance and \$23,006,756 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$19,900 at June 30, 2017.

At June 30, 2017, the carrying amount of deposits for the ABC Board was \$2,493,097 and the bank balance was \$2,210,103. All of the bank balances were covered by federal depository insurance or collateralized deposits.

At June 30, 2017, the City's investment balances were as follows:

	Valuation Measurement Method					
	Reported Value	Less than 6 Months	Reported 6 – 12 Months	Reported 1 – 3 Years	More than 3 Years	
U. S. Treasury	\$ 941,254	\$ -	\$ -	\$ -	\$ 941,254	
U. S. Government agencies	177,194,640	4,997,270	5,673,257	82,192,853	84,331,260	
Commercial paper	69,864,267	64,909,173	4,955,094	-	-	
North Carolina Capital Management Trust – Government Portfolio	Amortized Cost 10,183,981	10,183,981	N/A	N/A	N/A	
North Carolina Capital Management Trust – Term Portfolio	Fair Value Level 1 5,435,225	5,435,225	N/A	N/A	N/A	
Total	\$ 263,619,367	\$85,525,649	\$ 10,628,351	\$82,192,853	\$ 85,272,514	

* 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.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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, 2017, the City's investments in commercial paper consisted of eleven 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 AA+ by Standard & Poors as of June 30, 2017. 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. 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) and US Treasuries 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, Federal Home Loan Bank, FNMA Discount Notes, and Federal Farm Credit. These investments are 26%, 17%, 15%, and 9% respectively, of the City's total investments.

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

OPEB Trust Fund

At June 30, 2017, the City's Health Care Plan had \$1,183,955 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) 26.61% and the State Treasurer's BIF 73.39%.

Interest Rate Risk – The City does not have a formal investment interest rate policy for the OPEB Trust Fund that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The State Treasurer's BIF is unrated and had a weighted average maturity of 7.99 years at June 30, 2017.

Credit Risk – The City does not have a formal investment policy regarding credit risk for the OPEB Trust Fund. 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 term treasuries, agencies, and money market instruments. The BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

At June 30, 2017, 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	\$ -	\$ 18,128,246
Ad valorem taxes, net	1,835,297	-
Due from other governmental agencies	1,212,287	954,877
Sales tax refunds	2,016,119	-
Interest	344,398	382,027
Other, net	7,253,605	407,847
	<u>\$ 12,661,706</u>	<u>\$ 19,872,997</u>

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

Governmental Activities, allowance for doubtful ad valorem taxes	<u>\$ 611,766</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 405</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 205,124</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 54,336,721	\$ -	\$ -	\$ -	\$ 54,336,721
Construction in progress	4,354,827	4,084,127	1,021,870	-	7,417,084
Total capital assets, not being depreciated	58,691,548	4,084,127	1,021,870	-	61,753,805
Capital assets, being depreciated:					
Buildings	65,289,467	112,682	-	182,687	65,584,836
Improvements other than buildings	5,905,249	-	-	-	5,905,249
Machinery and equipment	30,988,287	3,873,878	1,499,571	(21,197)	33,341,397
Infrastructure	574,042,357	22,418,396	-	-	596,460,753
Total capital assets, being depreciated	676,225,360	26,404,956	1,499,571	161,490	701,292,235
Accumulated depreciation:					
Buildings	23,611,810	2,273,357	-	3,045	25,888,212
Improvements other than buildings	2,145,036	265,091	-	-	2,410,127
Machinery and equipment	24,123,329	2,412,427	1,482,327	(21,197)	25,032,232
Infrastructure	355,151,142	13,496,239	-	-	368,647,381
Total accumulated depreciation	405,031,317	18,447,114	1,482,327	(18,152)	421,977,952
Total capital assets, being depreciated, net	271,194,043	\$ 7,957,842	\$ 17,244	\$ 179,642	279,314,283
Government activities capital assets, net	<u>\$ 329,885,591</u>				<u>\$ 341,068,088</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 40,881,488	\$ -	\$ -	\$ -	\$ 40,881,488
Construction in progress	14,947,737	13,469,036	14,594,839	-	13,821,934
Total capital assets, not being depreciated	55,829,225	13,469,036	14,594,839	-	54,703,422
Capital assets, being depreciated:					
Buildings	64,515,005	14,580,553	56,226	(182,687)	78,856,645
Improvements other than buildings	472,396,926	8,429,520	-	-	480,826,446
Machinery and equipment	31,133,111	2,708,410	943,635	21,197	32,919,083
Total capital assets, being depreciated	568,045,042	25,718,483	999,861	(161,490)	592,602,174
Accumulated depreciation:					
Buildings	24,719,651	2,233,638	44,981	(3,045)	26,905,263
Improvements other than buildings	193,183,833	13,287,955	-	-	206,471,788
Machinery and equipment	21,001,605	2,816,176	912,193	21,197	22,926,785
Total accumulated depreciation	238,905,089	18,337,769	957,174	18,152	256,303,836
Total capital assets, being depreciated, net	329,139,953	\$ 7,380,714	\$ 42,687	\$ (179,642)	336,298,338
Business-type activities capital assets, net	<u>\$ 384,969,178</u>				<u>\$ 391,001,760</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	\$ 739,243
Public safety	2,803,534
Public works	14,367,631
Culture and recreational	478,573
Planning and community development	58,133
Total depreciation expense – governmental activities	<u>\$ 18,447,114</u>
Business-type activities:	
Electric	\$ 4,548,568
Water	4,178,645
Wastewater	3,250,537
Regional airport	2,675,442
Stormwater	1,709,287
Other nonmajor business-type activities	1,513,674
Capital assets held by the governments internal service funds are charged to the various functions based on their usage of the assets	461,616
Total depreciation expense – business-type activities	<u>\$ 18,337,769</u>

Activity for the ABC Board for the year ended June 30, 2017, was as follows:

	July 1, 2016	Increases	Decreases	June 30, 2017
Component unit:				
Capital assets not being depreciated:				
Land	\$ 987,154	\$ -	\$ -	\$ 987,154
Total capital assets not being depreciated	<u>987,154</u>	<u>-</u>	<u>-</u>	<u>987,154</u>
Capital assets, being depreciated:				
Buildings	3,386,707	34,805	-	3,421,512
Improvements other than buildings	466,182	13,908	-	480,090
Machinery and equipment	528,241	153,239	-	681,480
Total capital assets, being depreciated	<u>4,381,130</u>	<u>201,952</u>	<u>-</u>	<u>4,583,082</u>
Accumulated depreciation	773,593	147,184	-	920,777
Total capital assets, being depreciated, net	<u>3,607,537</u>	<u>\$ 54,768</u>	<u>\$ -</u>	<u>3,662,305</u>
Component unit capital assets, net	<u>\$ 4,594,691</u>			<u>\$ 4,649,459</u>

Note 6. Accounts Payable and Accrued Liabilities

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

	Governmental Activities	Business-type Activities
Accounts payable	\$ 2,291,523	\$ 7,661,702
Accrued payroll and payroll related liabilities	1,257,895	657,043
Accrued sales tax payable	-	361,760
Other accrued liabilities	827,874	425,436
	<u>\$ 4,377,292</u>	<u>\$ 9,105,941</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 2.42% and 5.01%. 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	\$ 17,877,220
Less accumulated depreciation	1,248,944	2,236,950
	\$ 4,103,673	\$ 15,640,270

Installment purchases payable at June 30, 2017 are comprised of the following individual issues:

Governmental activities:

\$5,400,000, 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	\$ 2,835,000
	\$ 2,835,000

Business-type activities:

\$4,500,000, contract for construction of aviation hangar in fiscal year 2004 due in annual installments of \$225,000 through November 2027; interest 5.01% , payable from Regional Airport Fund	\$ 1,668,750
\$5,759,000, contract for construction of a parking deck in fiscal year 2016 due in annual installments of \$350,000 to \$478,000 through November 2024; interest 2.42% , payable from Regional Airport Fund	5,409,000
\$7,550,000, contract for construction of aviation projects in fiscal year 2008 due in annual installments of \$377,500 through May 2030; interest 4.44% , payable from Regional Airport Fund	3,963,750
	\$ 11,041,500

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
2018	\$ 270,000	\$ 122,905	\$ 961,500	\$ 381,167
2019	270,000	110,917	970,500	344,445
2020	270,000	99,100	979,500	307,747
2021	270,000	86,782	988,500	270,129
2022	270,000	74,952	997,500	232,977
2023-2027	1,350,000	194,946	4,554,250	632,698
2028-2030	135,000	3,022	1,589,750	72,565
	\$ 2,835,000	\$ 692,624	\$ 11,041,500	\$ 2,241,728

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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, 2017 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% .	\$ 70,840
\$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% .	1,501,570
	<u>\$ 1,572,410</u>

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%	\$ 1,540,000
\$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% .	2,459,160
\$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% .	21,078,430
\$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% .	13,640,000
\$19,085,000, Utilities Systems Refunding Revenue Bonds Series 2016 due in annual installments of \$745,000 to \$1,600,000 through December 2035; interest from 4.00% to 5.00% .	19,085,000
	<u>\$ 57,802,590</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
2018	\$ 320,548	\$ 64,656	\$ 7,579,453	\$ 3,419,400
2019	257,688	52,493	5,332,313	3,143,548
2020	267,663	39,903	5,482,337	1,882,447
2021	152,618	30,230	3,927,383	1,666,545
2022	157,273	23,628	4,087,727	1,486,138
2023-2027	416,620	10,094	16,673,377	4,508,850
2028-2032	-	-	8,745,000	2,227,928
2033-2036	-	-	5,975,000	540,250
	<u>\$ 1,572,410</u>	<u>\$ 221,004</u>	<u>\$ 57,802,590</u>	<u>\$ 18,875,106</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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

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

The City believes it 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, 2012 and 2016. 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, 2017, is as follows:

Net Income (GAAP Basis)	\$ 16,185,551
Add: Depreciation/Amortization Expense	11,860,006
Interest Expense	2,769,868
Income available for debt service	30,815,425
Debt service, principal and interest paid (Revenue bond only)	\$ 10,138,344
Debt service coverage ratio	304%

The City has pledged future electric, water, and wastewater customer revenues, net of specified operating expenses, to repay \$125,553,308 in electric, water, and wastewater system revenue bonds issued in 2008 through 2016. 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 \$76,677,696. Principal and interest paid for the current year and total customer net revenues were \$10,138,344 and \$126,371,715, 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, 2017 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, 2017 was \$739,102.

In May 2016, the City issued \$19,085,000 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 a portion of the City's Series 2008 Utilities Systems Revenue Bonds. The refunding debt was issued at a net interest cost of 3.06%. 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, 2017 is \$20,790,000. This refunding was undertaken to reduce total debt service payments over the following 20 years by \$3,356,584 and resulted in an economic gain of \$2,710,326. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$2,318,069) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2017 was \$2,192,507.

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

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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, 2017 was \$253,448.

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, 2017 was \$110,802.

Loan and installment notes: Loan and installment notes payable at June 30, 2017 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.	\$ 2,691,000
\$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.	20,399,425
	<u>\$ 23,090,425</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.	\$ 759,000
\$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.	5,860,575
\$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.	3,545,000
	<u>\$ 10,164,575</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
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	1,833,200	748,867	1,371,800	246,128
2022	1,211,500	663,798	283,500	199,984
2023-2027	6,542,550	2,378,573	1,647,450	772,331
2028-2032	6,066,600	1,027,781	2,003,400	412,261
2033-2034	2,000,200	105,611	919,800	48,563
	<u>\$ 23,090,425</u>	<u>\$ 7,675,520</u>	<u>\$ 10,164,575</u>	<u>\$ 2,656,430</u>

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

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, 2017 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, 2017 was \$146,098.

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, 2017 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, 2017 was \$281,367.

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	\$ 1,320,000
	\$ 1,320,000

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2018	\$ 109,000	\$ 64,732
2019	109,000	59,728
2020	109,000	54,556
2021	109,000	49,199
2022	109,000	43,744
2023-2027	545,000	134,112
2028-2029	230,000	12,769
	\$ 1,320,000	\$ 418,840

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, 2016	Additions	Reductions	June 30, 2017
Governmental activities:				
Installment purchases	\$ 3,105,000	\$ -	\$ 270,000	\$ 2,835,000
Less current maturities				270,000
Long-term installment purchases				<u>\$ 2,565,000</u>
Bond payables:				
Installment notes	\$ 24,892,675	\$ -	\$ 1,802,250	\$ 23,090,425
Plus premium on limited obligation bonds	1,998,897	-	139,448	1,859,449
Revenue bonds	1,884,540	-	312,130	1,572,410
Plus premium on revenue bonds	30,753	-	6,394	24,359
Total bond payable	<u>\$ 28,806,865</u>	<u>\$ -</u>	<u>\$ 2,260,222</u>	26,546,643
HUD loan	<u>\$ 1,429,000</u>	<u>\$ -</u>	<u>\$ 109,000</u>	1,320,000
Compensated absences	<u>\$ 2,990,524</u>	<u>\$ 2,003,255</u>	<u>\$ 1,848,122</u>	3,145,657
Separation allowance	<u>\$ 6,881,079</u>	<u>\$ -</u>	<u>\$ 134,750</u>	6,746,329
OPEB liability	<u>\$ 10,286,118</u>	<u>\$ 649,081</u>	<u>\$ -</u>	10,935,199
Net pension liability (LRS)	<u>\$ 2,229,194</u>	<u>\$ 7,952,758</u>	<u>\$ -</u>	10,181,952
Less current maturities:				
Installment notes				1,798,300
Revenue bonds				320,548
HUD loan				109,000
Compensated absences				2,170,503
Long-term debt				<u>\$ 54,477,429</u>

	July 1, 2016	Additions	Reductions	June 30, 2017
Business-type activities:				
Installment purchases	\$ 11,994,000	\$ -	\$ 952,500	\$ 11,041,500
Less current maturities				961,500
Long-term installment purchases				<u>\$ 10,080,000</u>
Bond payables:				
Installment notes	\$ 11,432,325	\$ -	\$ 1,267,750	\$ 10,164,575
Plus premium on limited obligation bonds	869,466	-	111,261	758,205
Revenue bonds	65,160,460	-	7,357,870	57,802,590
Plus premium on revenue bonds	6,060,315	-	463,336	5,596,979
Total bond payable	<u>\$ 83,522,566</u>	<u>\$ -</u>	<u>\$ 9,200,217</u>	74,322,349
Compensated absences	<u>\$ 1,331,152</u>	<u>\$ 1,229,539</u>	<u>\$ 1,126,770</u>	1,433,921
OPEB liability	<u>\$ 5,196,064</u>	<u>\$ 387,955</u>	<u>\$ -</u>	5,584,019
Net pension liability (LRS)	<u>\$ 1,330,380</u>	<u>\$ 4,755,365</u>	<u>\$ -</u>	6,085,745
Less current maturities:				
Installment notes				1,286,700
Revenue bonds				7,579,453
Compensated absences				989,407
Long-term debt				<u>\$ 77,570,474</u>

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

For the governmental activities, the OPEB liability and net pension liability are generally liquidated by the general fund.

The legal debt margin of the City at June 30, 2017 was \$837,857,812.

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, 2017 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 186,520
General Fund	Nonmajor enterprise funds	2,166,270
		<u>\$ 2,352,790</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, 2017 is as follows:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 607,135
From the General Fund to the General Fund Capital Projects Fund for various capital projects	3,120,358
From the General Fund to the Fire and Life Safety Capital Projects Fund for fire department capital projects	100,000
From the General Fund to the Transportation Capital Projects Fund for various transportation projects	2,028,410
From the General Fund to the Home Special Revenue Fund to provide required grant matching funds	31,184
From the General Fund to the Parks Capital Project Fund for various park capital projects	1,202,500
From the General Fund to the Transit Fund for current operating needs	381,184
From the General Fund to the Golf Course Fund for current operating needs	954,056
From the General Fund to the Regional Airport Fund for current operating needs	777,175
From the General Fund to the General Fund Capital Reserve Fund for future capital projects	12,000,000
From the Market Rate Units Fund to the Home Special Revenue Fund to pay for properties transferred to the Market Rate Units Fund	22,503
From the Additional Vehicle Tax Fund to the Transit Fund to move portion of license fee required to be transferred to the Transit Fund	392,114
From the Fire and Life Safety Capital Projects Fund to the General Fund for various fire related capital purchases	158,585
From the General Fund Capital Reserve Fund to the Transportation Capital Project Fund for various transportation department capital projects	550,000
From the General Fund Capital Reserve Fund to the Parks Capital Project Fund for various park capital projects	2,435,540
From the Electric Fund to the General Fund Capital Project Fund for various capital projects	29,311
From the Water Fund to the General Fund Capital Project Fund for various capital projects	23,598
From the Wastewater Fund to the General Fund Capital Project Fund for various capital projects	6,856
From the Regional Airport Fund to the General Fund Capital Project Fund for various capital projects	8,227
From the Stormwater Fund to the General Fund Capital Project Fund for various capital projects	4,571
From the Internal Service Fund to the General Fund for various capital projects	14,031
From the Internal Service Fund to the Transportation Capital Project Fund for various capital projects	58,900
	<u>\$ 24,906,238</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, 2017, was 8.00% of compensation for law enforcement officers and 7.32% 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 \$3,347,736 for the year ended June 30, 2017. Contributions to the pension plan from the ABC Board were \$52,172 for the year ended June 30, 2017.

(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, 2017, the City reported a liability of \$16,267,697 for its proportionate share of the net pension liability. At June 30, 2017, the ABC Board reported a liability of \$192,073 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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 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, 2016, the City's proportion was 0.7665%, which was a decrease of 0.02664% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City recognized pension expense of \$4,243,359. At June 30, 2017, 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	\$ 305,642	\$ 570,038
Changes of assumptions	1,114,192	-
Net difference between projected and actual earnings on pension plan investments	8,993,988	-
Changes in proportion and differences between City contributions and proportionate share of contributions	121,391	535,505
City contributions subsequent to the measurement date	3,347,736	-
Total	<u>\$ 13,882,949</u>	<u>\$ 1,105,543</u>

\$3,347,736 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 1,349,254
2019	1,351,313
2020	4,218,924
2021	2,510,179
2022	-
Thereafter	-
	<u>\$ 9,429,670</u>

(6) Actuarial assumptions:

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.00%. All rates of return and inflation are annualized.

(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 liability to changes in the discount rate:

The following presents the City's proportionate share of the net pension liability 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)	\$ 38,610,836	\$ 16,267,697	\$ (2,394,952)

(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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

B. Law Enforcement Officers' Special Separation Allowance:

(1) Plan description:

The City of Concord administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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 allowances 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.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	23
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	169
Total	<u>192</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 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 criteria which are outlined in GASB Statement 73.

(3) Actuarial assumptions:

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2015 Mortality tables.

(4) Contributions:

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The City paid \$468,453 as benefits came due for the reporting period.

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

At June 30, 2017, the City reported a total pension liability of \$6,746,329. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the City recognized pension expense of \$467,205.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	133,016
City benefit payments subsequent to the measurement date	267,439	-
Total	<u>\$ 267,439</u>	<u>\$ 133,016</u>

\$267,439 reported as deferred outflows of resources related to pensions resulting from benefit payments made subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (25,828)
2019	(25,828)
2020	(25,828)
2021	(25,828)
2022	(25,828)
Thereafter	(3,876)
	<u>\$ (133,016)</u>

(6) Sensitivity of the City's total pension liability to changes in the discount rate:

The following presents the City's total pension liability calculated using the discount rate of 3.86 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.86 percent) or one percentage point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.26%)
City's proportionate share of the total pension liability (asset)	\$ 7,312,442	\$ 6,746,329	\$ 6,230,706

(7) Schedule of changes in total pension liability:

Beginning balance	\$ 6,881,079
Service Cost	255,254
Interest on the total pension liability	237,293
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(158,844)
Benefit payments	(468,453)
Other changes	-
Ending balance of the total pension liability	<u>\$ 6,746,329</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disables 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

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. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$555,137, which consisted of \$419,948 from the City and \$135,189 from the law enforcement officers. No amounts were forfeited.

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. The city's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017 were \$1,958,864, which consisted of \$1,289,006 from the City and \$669,858 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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(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, 2016, the State contributed \$13,900,000 to the plan. The City of Concord's proportionate share of the State's contribution is \$34,733.

(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.

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

At June 30, 2017, 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 appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$90,853. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016 and at June 30, 2015 was 0%.

For the year ended June 30, 2017, the City recognized pension expense of \$26,655 and revenue of \$26,655 for support provided by the State. At June 30, 2017, 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 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.

NOTES TO FINANCIAL STATEMENTS

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 provides postemployment benefits other than pensions (OPEB) to retirees of the City provided they have ten (10) years of service with the City of Concord. Retirees hired prior to July 1, 2004 receive the same benefits as active employees. The Health Care Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. 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.

Membership of the Health Care Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	129
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	879
Total	<u><u>1,008</u></u>

(2) Benefits provided:

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.

(3) Contributions:

The City Council establishes the contribution requirements of plan members which may be amended by Council. The City Council establishes rates as part of the annual budget process. Plan members contribute to the plan based on coverage level elected as well as years of creditable service. Plan member rates ranged from \$220 to \$20,345. The City's contribution is also dependent on the retiree's coverage level elected as well as years of creditable service. The contribution rates ranged from \$2,940 to \$10,095 per retiree. The City Council may amend the benefit provisions.

Per a City resolution, the City is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. For the current year, the City contributed \$1,874,363. The Fund is accounted for as a trust fund.

(4) Investments:

The Health Care Plan does not have a formal policy in regard to the allocation of invested assets. It is the informal policy of the City to pursue an investment strategy that reduces risk through the diversification of the portfolio across distinct asset classes. Investments are valued at fair value. The following was the City's asset allocation as of June 30, 2017:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
STIF	20%	2.32%
Fixed Income	80%	2.84%
Total	<u>100%</u>	

For the year ended June 30, 2017, the rate of return on investments was 2.8 percent.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

(5) Net OPEB Liability of the City:

The components of the net OPEB liability of the County at June 30, 2017 were as follows:

Total OPEB Liability	\$ 44,861,527
Plan fiduciary net position	<u>1,183,955</u>
City's net OPEB liability	<u>\$ 43,677,572</u>

Plan fiduciary net position as a percentage of the total OPEB liability	2.64%
---	-------

(6) Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary increases	3.50 to 7.75 percent, including inflation
Investment rate of return	6.00 percent, net of pension plan investment expense, including inflation
Healthcare cost trend rates	7.75 percent for 2016 decreasing to an ultimate rate of 5.00 percent by 2022

The total OPEB liability was rolled forward to June 30, 2017, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 30, 2014, adopted by the LGERS. The remaining actuarial assumptions (initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation.

(7) Discount rate:

The discount rate used to measure the total OPEB liability was 3.56 percent. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection's basis was an actuarial valuation performed as of June 30, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50 percent.
- Active employees do not explicitly contribute to the Plan.
- In all years, the employer pays benefits directly to plan members as the benefits come due. The employer is assumed to have the ability and willingness to make benefit payments from its own resources for all periods in the projection.
- Projected assets include an annual employer contribution of \$100,000 and do not include employer contributions that fund the estimated service costs of future employees.
- Cash flows occur mid-year.

Based on these assumptions, the Plan's fiduciary net position was projected to be depleted in 2017 and, as a result, the Municipal Bond Index Rate was used in the determination of the discount rate. The long-term expected rate of return of 6.00 percent on plan investments was applied to periods through 2017 and the Municipal Bond Index Rate at the Measurement Date

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

(3.56 percent) was applied to periods on or after 2017, resulting in a discount rate at the Measurement Date of 3.56 percent. As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.01 percent at the Prior Measurement Date to 3.56 percent at the Measurement Date.

(8) Sensitivity of the City's net OPEB liability to changes in the discount rate:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent) or one percentage point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
Net OPEB Liability	\$48,506,558	\$43,677,572	\$39,372,947

(9) Sensitivity of the City's net OPEB liability to changes in the healthcare cost trend rates:

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were to calculate healthcare cost trend rates that are one percentage point lower (6.75 percent) or one percentage point higher (8.75 percent) than the current healthcare cost trend rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Net OPEB Liability	\$38,024,619	\$43,677,572	\$50,445,682

(10) 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 postemployment healthcare benefits:

Annual required contribution	\$ 2,741,358
Interest on net obligation	928,931
Adjustment to annual required contribution	(758,890)
Annual OPEB cost (expense)	<u>2,911,399</u>
Contributions made	<u>(1,874,363)</u>
Increase (decrease) in net OPEB obligation	1,037,036
Net OPEB obligation, beginning of year	<u>15,482,182</u>
Net OPEB obligation, end of year	<u>\$ 16,519,218</u>

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
2015	\$ 2,858,928	58.2%	\$ 14,576,646
2016	2,969,460	69.5%	15,482,182
2017	2,911,399	64.4%	16,519,218

(11) Funded status and funding progress:

As of December 31, 2015, the most recent actuarial valuation date, the plan was 3.1% funded. The actuarial accrued liability for benefits was \$30,812,631 and the actuarial value of assets was \$941,942, resulting in an unfunded actuarial accrued liability (UAAL) of \$29,870,689. The covered payroll (annual payroll of active employees covered by the plan) was \$42,526,125, and the ratio of the UAAL to the covered payroll was 70.2%.

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

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.

In the December 31, 2015 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 7.75 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, 2015 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.

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 (LERS) in current fiscal year	\$ 3,347,736
Benefit payments made for LEOSA	267,439
Differences between expected and actual experience (LERS)	305,642
Changes of assumptions (LERS)	1,114,192
Net difference between projected and actual earnings on pension plan investments (LERS)	8,993,988
Changes in proportion and differences between employer contributions and proportionate share of contributions (LERS)	121,391
Charge on refunding	3,723,324
	<u>\$ 17,873,712</u>

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

Prepaid taxes (Governmental Funds)	\$ 125,972
Taxes Receivable, less penalties (Governmental Funds)	1,835,297
	<u>\$ 1,961,269</u>
Pension deferrals	<u>\$ 1,238,559</u>

Note 13. Commitments and Contingencies

The City had commitments on contracts of approximately \$3.1 million related primarily to construction in its Enterprise Funds.

The City participates in a number of Federal and State of North Carolina awards. For the fiscal ended June 30, 2017, these awards were subject to audit in accordance with Government Auditing Standards and the provisions of OMB Uniform Guidance 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.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 13. Commitments and Contingencies (Continued)

At June 30, 2017, 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:

Total fund balance – General Fund	\$ 65,761,182
Less:	
Inventories	103,215
Prepays	127,896
Stabilization by State Statute	14,429,866
Streets – Powell Bill	3,882,220
Public Safety	<u>307,232</u>
Remaining Fund Balance	<u>\$ 46,910,753</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.

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, 2016 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental activities:	
General Fund	\$ 2,890,137
Nonmajor Funds	<u>6,155,960</u>
Total governmental activities	<u>\$ 9,046,097</u>
Business-type activities:	
Electric Fund	\$ 1,755,828
Water Fund	6,341,485
Wastewater Fund	931,877
Regional Airport Fund	465,397
Stormwater Fund	2,263,349
Nonmajor Funds	<u>2,428,711</u>
Total business-type activities	<u>\$ 14,186,647</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 \$217,849,329. 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.

NOTES TO FINANCIAL STATEMENTS

Note 15. Risk Management (Continued)

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 commercial property, general liability, workmen's 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.

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 \$6.9 million for wastewater treatment and raw water charges during the year ended June 30, 2017.

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 Internal Service Fund had a deficit fund balance in the amount of \$13,709 and \$360,611, respectively. The deficit balance in fund balance for the Community Development Special Revenue Fund resulted from an excess of rehabilitation expenses over grants received. The deficit will be reduced in the coming years as more grant money is received. The deficit balance in fund balance for the Internal Service Fund resulted in an excess of expenses over charges to departments in prior years. This deficit will be reduced in future years as funds in excess of expenditures are transferred into the fund.

Note 18. Change in Accounting Principles/Restatement

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the City to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the City to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$4,312,816. The City also implemented GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for the Health Care Plan. The implementation of this statement had no effect on net position.

Note 19. Subsequent Events

Management has evaluated subsequent events through October 30, 2017, the date the financial statements were available to be issued.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
 June 30, 2017**

	<u>2017</u>
Beginning balance	\$ 6,881,079
Service Cost	255,254
Interest on the total pension liability	237,293
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(158,844)
Benefit payments	(468,453)
Other changes	-
Ending balance of the total pension liability	<u>\$ 6,746,329</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Note: This information was not available prior to FY17. This will become a 10 year schedule.

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2017**

	<u>2017</u>
Total pension liability	\$ 6,746,329
Covered payroll	8,918,792
Total pension liability as a percentage of covered payroll	75.64%

Notes to the schedules:

The City of Concord has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Note: This information was not available prior to FY17. This will become a 10 year schedule.

**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, 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
December 31, 2015	941,942	30,812,631	29,870,689	3.1	42,526,125	70.2

**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
2012	\$ 2,563,442	24 %
2013	2,513,935	27
2014	2,513,935	29
2015	2,711,955	61
2016	2,809,363	73
2017	2,741,358	68

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 31, 2015
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*	7.75%-5.00%
Year of ultimate trend rate	2022
*Includes inflation at	3.00%
Cost-of-living adjustments	None

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

	<u>2017</u>
Total OPEB Liability	
Service cost at end of year	\$ 2,212,156
Interest on the Total OPEB Liability	1,347,782
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions or other inputs	(2,588,027)
Benefit payments	(1,774,363)
Net change in Total OPEB Liability	<u>(802,452)</u>
Total OPEB Liability - beginning	<u>45,663,979</u>
Total OPEB Liability - ending	<u><u>\$ 44,861,527</u></u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 1,040,820
Contributions - non-employer	307,456
Contributions - active member	-
Net investment income	29,405
Benefit payments	(1,248,276)
Administrative expense	-
Other	-
Net change in Plan Fiduciary Net Position	<u>129,405</u>
Plan Fiduciary Net Position - beginning	<u>1,054,550</u>
Plan Fiduciary Net Position - ending	<u><u>\$ 1,183,955</u></u>
Net OPEB Liability - ending	<u><u>\$ 43,677,572</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.64%
Covered payroll	\$ 42,290,170
Net OPEB liability as a percentage of covered payroll	103.28%

Note: This information was not available prior to FY17. This will become a 10 year schedule.

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

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 2,741,358	\$ 2,809,363
Contributions in relation to the Actuarially Determined Contribution	<u>1,874,363</u>	<u>2,063,924</u>
Contribution deficiency (excess)	<u>\$ 866,995</u>	<u>\$ 745,439</u>
Covered payroll	\$ 42,290,170	\$ 42,290,170
Contributions as a percentage of covered payroll	4.43%	4.88%

Notes to Schedule:

Valuation date:
December 31, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	3.00%
Real wage growth	0.50%
Wage inflation	3.50%
Salary increases	3.50% to 7.75%, including wage inflation
Investment rate of return	6.00%, net of OPEB plan investment expense, including price inflation
Healthcare cost trends	7.75% initial, decreasing to an ultimate rate of 5.00% by 2022

Note: This information was not available prior to FY16. This will become a 10 year schedule.

CITY OF CONCORD, NORTH CAROLINA

Exhibit S

**THE HEALTH CARE PLAN OF THE CITY OF CONCORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB**

2017

Annual rate of return, net of investment expense

2.80%

Note: This information was not available prior to FY17. This will become a 10 year schedule.

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

Last Four Fiscal Years *

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Concord's proportion of the net pension liability (asset) (%)	0.76650%	0.79314%	0.74554%	0.79080%
Concord's proportion of the net pension liability (asset) (\$)	\$ 16,267,697	\$ 3,559,574	\$ (4,396,795)	\$ 9,532,177
Concord's covered-employee payroll	\$ 44,675,120	\$ 43,605,721	\$ 42,959,454	\$ 42,130,059
Concord's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.41%	8.16%	(10.23%)	22.63%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

Note: This information was not available prior to FY14. This will become a 10 year schedule.

CITY OF CONCORD, NORTH CAROLINA

Exhibit U

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

Local Government Employees' Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,347,736	\$ 2,955,892	\$ 3,029,119	\$ 2,979,012
Contributions in relation to the contractually required contribution	<u>3,347,736</u>	<u>2,955,892</u>	<u>3,029,119</u>	<u>2,979,012</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Concord's covered-employee payroll	46,456,219	44,675,120	43,605,721	42,959,454
Contributions as a percentage of covered-employee payroll	7.21%	6.62%	6.95%	6.93%

Note: This information was not available prior to FY14. This will become a 10 year schedule.

CITY OF CONCORD, NORTH CAROLINA

Exhibit V

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

Last Three Fiscal Years *

Firefighters' and Rescue Squad Workers' Pension

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Concord's proportion of the net pension liability (%)	0.0000%	0.0000%	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>90,853</u>	<u>76,707</u>	<u>66,847</u>
Total	<u>\$ 90,853</u>	<u>\$ 76,707</u>	<u>\$ 66,847</u>
Concord's covered-employee payroll	\$ 8,955,485	\$ 8,635,910	\$ 8,620,178
Concord's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.01%	0.89%	0.78%
Plan fiduciary net position as a percentage of the total pension liability	84.94%	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

Note: This information was not available prior to FY15. This will become a 10 year schedule.

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.

Market Rate Units Fund - This fund is used to account for funds received for market rate housing and related expenses.

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.

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2017

	Total Special Revenue Funds	Total Capital Project Funds	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 343,925	\$ 18,426,135	\$ 18,770,060
Receivables:			
Ad valorem taxes, net	4,001	-	4,001
Due from other governmental agencies	215,230	-	215,230
Sales tax refunds	-	56,989	56,989
Interest	291	149,716	150,007
Other, net	73,292	1,143,952	1,217,244
Restricted assets - cash and investments	-	36,096,743	36,096,743
Total assets	\$ 636,739	\$ 55,873,535	\$ 56,510,274
LIABILITIES			
Accounts payable and accrued liabilities	\$ 301,780	\$ 446,472	\$ 748,252
Due to other funds	96,254	90,266	186,520
Total liabilities	398,034	536,738	934,772
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	4,001	-	4,001
Total deferred inflows of resources	4,001	-	4,001
FUND BALANCES (DEFICITS)			
Restricted			
Stabilization by State Statute	288,813	1,350,657	1,639,470
Committed			
Future capital purchases	-	35,405,847	35,405,847
Planning and community development	181,944	-	181,944
Assigned			
Future capital purchases	-	18,580,293	18,580,293
Unassigned	(236,053)	-	(236,053)
Total fund balance (deficit)	234,704	55,336,797	55,571,501
Total liabilities, deferred inflows of resources, and fund balances	\$ 636,739	\$ 55,873,535	\$ 56,510,274

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NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

June 30, 2017

ASSETS	Housing Assistance	Market Rate Units	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Cash and investments	\$ 16,009	\$ 28,262	\$ 142,609	\$ 157,036	\$ -	\$ 9	\$ -	\$ 343,925
Receivables:								
Ad valorem taxes, net	-	-	-	-	-	4,001	-	4,001
Due from other governmental agencies	-	-	-	-	215,230	-	-	215,230
Interest	73	-	-	-	-	-	218	291
Other, net	73,292	-	-	-	-	-	-	73,292
Total assets	\$ 89,374	\$ 28,262	\$ 142,609	\$ 157,036	\$ 215,230	\$ 4,010	\$ 218	\$ 636,739
LIABILITIES								
Accounts payable and accrued liabilities	\$ 76,604	\$ 3,354	\$ 156,318	\$ -	\$ 65,495	\$ 9	\$ -	\$ 301,780
Due to other funds	-	-	-	-	96,036	-	218	96,254
Total liabilities	76,604	3,354	156,318	-	161,531	9	218	398,034
DEFERRED INFLOWS OF RESOURCES								
Property taxes receivable	-	-	-	-	-	4,001	-	4,001
Total deferred inflows of resources	-	-	-	-	-	4,001	-	4,001
FUND BALANCES (DEFICITS)								
Restricted								
Stabilization by State Statute	73,365	-	-	-	215,230	-	218	288,813
Committed								
Planning and community development	-	24,908	-	157,036	-	-	-	181,944
Unassigned	(60,595)	-	(13,709)	-	(161,531)	-	(218)	(236,053)
Total fund balances (deficit)	12,770	24,908	(13,709)	157,036	53,699	-	-	234,704
Total liabilities, deferred inflows of resources, and fund balances	\$ 89,374	\$ 28,262	\$ 142,609	\$ 157,036	\$ 215,230	\$ 4,010	\$ 218	\$ 636,739

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

June 30, 2017

ASSETS	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Cash and investments	\$ 2,737,874	\$ 15,547,169	\$ -	\$ -	\$ 141,092	\$ 18,426,135
Receivables:						
Interest	-	45,619	-	104,097	-	149,716
Sales tax refunds	-	-	56,989	-	-	56,989
Other, net	-	1,143,952	-	-	-	1,143,952
Restricted assets - cash and investments	-	-	690,896	35,405,847	-	36,096,743
Total assets	\$ 2,737,874	\$ 16,736,740	\$ 747,885	\$ 35,509,944	\$ 141,092	\$ 55,873,535
LIABILITIES						
Accounts payable and accrued liabilities	\$ 265,479	\$ 62,530	\$ 118,463	\$ -	\$ -	\$ 446,472
Due to other funds	-	-	90,266	-	-	90,266
Total liabilities	265,479	62,530	208,729	-	-	536,738
FUND BALANCES						
Restricted						
Stabilization by State Statute	-	1,189,571	56,989	104,097	-	1,350,657
Committed						
Future capital purchases	-	-	-	35,405,847	-	35,405,847
Assigned						
Future capital purchases	2,472,395	15,484,639	482,167	-	141,092	18,580,293
Unassigned	-	-	-	-	-	-
Total fund balances	2,472,395	16,674,210	539,156	35,509,944	141,092	55,336,797
Total liabilities and fund balances	\$ 2,737,874	\$ 16,736,740	\$ 747,885	\$ 35,509,944	\$ 141,092	\$ 55,873,535

NONMAJOR GOVERNMENTAL FUNDS

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

Year Ended June 30, 2017

	Total Special Revenue Funds	Total Capital Project Funds	Total Other Governmental Funds
Revenues			
Ad valorem taxes	\$ 105,203	\$ -	\$ 105,203
Restricted intergovernmental revenues	4,925,535	979,930	5,905,465
Investment earnings	894	244,888	245,782
Program income	1,007,749	466,640	1,474,389
Other revenues	78,990	-	78,990
Total revenues	6,118,371	1,691,458	7,809,829
Expenditures			
Current:			
Planning and community development	105,203	-	105,203
Administration	525,472	370,455	895,927
Housing assistance payments	4,195,694	-	4,195,694
Rehabilitation	895,828	-	895,828
Capital outlay	-	3,008,842	3,008,842
Debt service	181,369	2,859,055	3,040,424
Total expenditures	5,903,566	6,238,352	12,141,918
Excess (deficiency) of revenues over (under) expenditures	214,805	(4,546,894)	(4,332,089)
Other Financing Sources (Uses)			
Transfers from other funds	53,687	21,568,271	21,621,958
Transfers to other funds	(414,617)	(3,144,125)	(3,558,742)
Total other financing sources (uses)	(360,930)	18,424,146	18,063,216
Net change in fund balances	(146,125)	13,877,252	13,731,127
Fund Balances (Deficit)			
Beginning	380,829	41,459,545	41,840,374
Ending	\$ 234,704	\$ 55,336,797	\$ 55,571,501

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NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

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

Year Ended June 30, 2017

	Housing Assistance	Market Rate Units	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
Revenues								
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 105,203	\$ -	\$ 105,203
Restricted intergovernmental revenues	4,062,697	-	531,502	-	331,336	-	-	4,925,535
Investment earnings	627	-	-	-	-	-	267	894
Program income	483,440	55,575	9,110	-	67,777	-	391,847	1,007,749
Other revenues	1,113	56	-	77,821	-	-	-	78,990
Total revenue	4,547,877	55,631	540,612	77,821	399,113	105,203	392,114	6,118,371
Expenditures								
Current:								
Planning and community development	-	-	-	-	-	105,203	-	105,203
Administration	362,070	5,509	89,734	-	68,159	-	-	525,472
Housing assistance payments	4,195,694	-	-	-	-	-	-	4,195,694
Rehabilitation	-	-	464,587	-	431,241	-	-	895,828
Debt service	-	2,711	-	178,658	-	-	-	181,369
Total expenditures	4,557,764	8,220	554,321	178,658	499,400	105,203	-	5,903,566
Excess (deficiency) of revenues over (under) expenditures	(9,887)	47,411	(13,709)	(100,837)	(100,287)	-	392,114	214,805
Other Financing Sources (Uses)								
Transfers from other funds	-	-	-	-	53,687	-	-	53,687
Transfers to other funds	-	(22,503)	-	-	-	-	(392,114)	(414,617)
Total other financing sources (uses)	-	(22,503)	-	-	53,687	-	(392,114)	(360,930)
Net change in fund balances	(9,887)	24,908	(13,709)	(100,837)	(46,600)	-	-	(146,125)
Fund Balances (Deficit)								
Beginning	22,657	-	-	257,873	100,299	-	-	380,829
Ending	\$ 12,770	\$ 24,908	\$ (13,709)	\$ 157,036	\$ 53,699	\$ -	\$ -	\$ 234,704

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

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

Year Ended June 30, 2017

	Parks	Transportation	General Fund Capital Projects	General Fund Capital Reserve	Fire and Life Safety	Total Capital Projects Funds
Revenues						
Restricted intergovernmental revenues	\$ -	\$ 979,930	\$ -	\$ -	\$ -	\$ 979,930
Program income	-	466,640	-	-	-	466,640
Investment earnings	-	76,812	1,788	166,288	-	244,888
Total revenues	-	1,523,382	1,788	166,288	-	1,691,458
Expenditures						
Administration	22,942	46,729	230,362	-	70,422	370,455
Debt service	-	-	2,859,055	-	-	2,859,055
Capital outlay	2,020,461	888,315	100,066	-	-	3,008,842
Total expenditures	2,043,403	935,044	3,189,483	-	70,422	6,238,352
Excess (deficiency) of revenues over expenditures	(2,043,403)	588,338	(3,187,695)	166,288	(70,422)	(4,546,894)
Other Financing Sources (Uses)						
Transfers in	3,638,040	2,637,310	3,192,921	12,000,000	100,000	21,568,271
Transfers out	-	-	-	(2,985,540)	(158,585)	(3,144,125)
Total other financing sources (uses)	3,638,040	2,637,310	3,192,921	9,014,460	(58,585)	18,424,146
Net change in fund balances	1,594,637	3,225,648	5,226	9,180,748	(129,007)	13,877,252
Fund Balances (Deficit)						
Beginning	877,758	13,448,562	533,930	26,329,196	270,099	41,459,545
Ending	\$ 2,472,395	\$ 16,674,210	\$ 539,156	\$ 35,509,944	\$ 141,092	\$ 55,336,797

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, 2017

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ 78,636	\$ 587,919	\$ -	\$ 666,555
Receivables:				
Accounts receivable, net	-	5,667	80,281	85,948
Due from other governments	-	8,407	946,470	954,877
Interest	-	1,889	-	1,889
Other	381,641	-	-	381,641
Inventories and prepaid expenses	76,441	-	33,734	110,175
Total current assets	536,718	603,882	1,060,485	2,201,085
Noncurrent assets:				
Restricted assets - cash and investments	-	36,677	-	36,677
Capital assets	9,822,525	10,571,461	11,279,867	31,673,853
Less accumulated depreciation	(326,309)	(5,893,135)	(4,700,068)	(10,919,512)
Total noncurrent assets	9,496,216	4,715,003	6,579,799	20,791,018
Total assets	10,032,934	5,318,885	7,640,284	22,992,103
DEFERRED OUTFLOWS OF RESOURCES				
Contributions to pension plan	-	192,973	59,697	252,670
Deferred charge on refunding	81,265	-	-	81,265
Total deferred outflows of resources	81,265	192,973	59,697	333,935
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	126,869	88,092	296,189	511,150
Current portion of long-term debt	860,000	28,873	7,273	896,146
Accrued interest	6,781	-	-	6,781
Due to other funds	-	48,845	2,117,425	2,166,270
Total current liabilities	993,650	165,810	2,420,887	3,580,347
Noncurrent liabilities				
Long-term debt due after one year	2,941,600	440,572	99,904	3,482,076
Deposits	-	36,677	-	36,677
Total noncurrent liabilities	2,941,600	477,249	99,904	3,518,753
Total liabilities	3,935,250	643,059	2,520,791	7,099,100
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	15,367	4,754	20,121
NET POSITION				
Net investment in capital assets	5,775,881	4,678,326	6,579,799	17,034,006
Unrestricted	403,068	175,106	(1,405,363)	(827,189)
Total net position	\$ 6,178,949	\$ 4,853,432	\$ 5,174,436	\$ 16,206,817

NONMAJOR ENTERPRISE FUNDS

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

Year Ended June 30, 2017

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,100,495	\$ 382,288	\$ 374,923	\$ 1,857,706
Other operating revenues	703,885	-	-	703,885
Total operating revenue	1,804,380	382,288	374,923	2,561,591
Operating Expenses				
General and administrative	-	907,481	385,793	1,293,274
Professional services	797,576	-	2,882,202	3,679,778
Utilities	-	250,710	-	250,710
Maintenance and repairs	-	454,499	-	454,499
Operating supplies	-	-	307,784	307,784
Other operating costs	811,653	-	3	811,656
Depreciation and amortization	(21,802)	516,844	968,535	1,463,577
Total operating expenses	1,587,427	2,129,534	4,544,317	8,261,278
Operating income (loss)	216,953	(1,747,246)	(4,169,394)	(5,699,687)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	1,094,043	2,079,594	3,173,637
Interest earned on investments	-	3,586	-	3,586
Interest expense	(91,829)	(972)	-	(92,801)
Gain (loss) on sale of capital assets	-	-	-	-
Other	-	64,168	-	64,168
Total nonoperating revenues (expenses)	(91,829)	1,160,825	2,079,594	3,148,590
Income (loss) before transfers	125,124	(586,421)	(2,089,800)	(2,551,097)
Transfers In (Out)				
Transfers In	954,056	-	773,298	1,727,354
Transfers in (out)	954,056	-	773,298	1,727,354
Change in net position	1,079,180	(586,421)	(1,316,502)	(823,743)
Net Position				
Beginning	5,099,769	5,439,853	6,490,938	17,030,560
Ending	\$ 6,178,949	\$ 4,853,432	\$ 5,174,436	\$ 16,206,817

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year Ended June 30, 2017

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 2,221,625	\$ 490,800	\$ 344,105	\$ 3,056,530
Payments to employees	-	(554,783)	(323,348)	(878,131)
Payments to suppliers	(1,625,824)	(1,014,891)	(3,172,430)	(5,813,145)
Net cash provided by (used in) operating activities	595,801	(1,078,874)	(3,151,673)	(3,634,746)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	(320,257)	(231,050)	764,910	213,603
Transfers in	954,056	-	773,298	1,727,354
Transfers out	-	-	-	-
Operating grants received	-	1,094,043	2,079,594	3,173,637
Net cash provided by noncapital financing activities	633,799	862,993	3,617,802	5,114,594
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(845,000)	-	-	(845,000)
Interest paid	(92,779)	(972)	-	(93,751)
Acquisition and construction of capital assets	(213,185)	-	(466,129)	(679,314)
Proceeds from the sale of capital assets	-	176,896	-	176,896
Net cash provided by (used in) capital and related financing activities	(1,150,964)	175,924	(466,129)	(1,441,169)
Cash Flows Provided by Investing Activities				
Earnings on investments	-	3,515	-	3,515
Net increase (decrease) in cash and cash equivalents	78,636	(36,442)	-	42,194
Cash and cash equivalents:				
Beginning	-	661,038	-	661,038
Ending	\$ 78,636	\$ 624,596	\$ -	\$ 703,232

Continued

NONMAJOR ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2017

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating income (loss)	\$ 216,953	\$ (1,747,246)	\$ (4,169,394)	\$ (5,699,687)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	(21,802)	516,844	968,535	1,463,577
Pension expense	-	167,835	58,572	226,407
Other income	-	91,131	-	91,131
Changes in assets, deferred outflows of resources, and liabilities:				
(Increase) decrease in:				
Accounts receivable	417,245	(2,158)	18,270	433,357
Due from other governmental agencies	-	22,823	(49,088)	(26,265)
Inventories and prepaid expenses	(5,436)	122	(33,734)	(39,048)
Deferred outflows of resources for pensions	-	(151,987)	(50,245)	(202,232)
Increase (decrease) in:				
Accounts payable and accrued expenses	(11,159)	13,385	95,952	98,178
Vacation accrual	-	(754)	5,000	4,246
OPEB liability	-	14,415	4,459	18,874
Deposits	-	(3,284)	-	(3,284)
Net cash provided by (used in) operating activities	\$ 595,801	\$ (1,078,874)	\$ (3,151,673)	\$ (3,634,746)

**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, 2017

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government							
Governing body	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administration	3,341,071	19,137,869	377,386	1,262,017	845,014	-	24,963,357
Finance	-	-	-	297,568	-	-	297,568
Tax office	-	-	-	79,152	-	-	79,152
Human resources	-	451,282	-	99,524	-	-	550,806
Total general government	3,341,071	19,589,151	377,386	1,738,261	845,014	-	25,890,883
Public Safety							
Communications	-	-	-	1,498,539	-	-	1,498,539
Police	-	14,586,391	24,000	8,040,064	-	74,740	22,725,195
Fire	1,907,592	17,595,069	282,322	12,790,760	-	1,259,985	33,835,728
Sign shop	-	-	-	25,562	-	-	25,562
Total public safety	1,907,592	32,181,460	306,322	22,354,925	-	1,334,725	58,085,024
Public Works							
Streets	41,020,545	661,459	76,177	4,464,525	587,930,385	4,055,148	638,208,239
Sanitation	-	3,719,898	206,147	3,205,837	-	-	7,131,882
Cemeteries	-	-	191,523	224,440	168,239	-	584,202
Transportation	50,987	-	-	-	6,843,848	-	6,894,835
Fleet Services	-	1,024,795	-	589,979	-	-	1,614,774
Total public works	41,071,532	5,406,152	473,847	8,484,781	594,942,472	4,055,148	654,433,932
Cultural and Recreational							
Parks and recreation	7,578,974	8,070,928	4,296,793	615,870	-	2,027,211	22,589,776
Planning and Community Development							
Planning and zoning	437,552	337,145	450,901	147,560	673,267	-	2,046,425
Total capital assets	\$ 54,336,721	\$ 65,584,836	\$ 5,905,249	\$ 33,341,397	\$ 596,460,753	\$ 7,417,084	\$ 763,046,040

CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY

June 30, 2017

Function/Activity	June 30, 2016	Additions	Retirements/ Transfers	June 30, 2017
General Government				
Governing body	\$ 5,429	\$ -	\$ 5,429	\$ -
Administration	24,915,720	88,110	40,473	24,963,357
Finance	169,706	127,862	-	297,568
Tax office	79,152	-	-	79,152
Human resources	550,806	-	-	550,806
Total general government	25,720,813	215,972	45,902	25,890,883
Public Safety				
Communications	1,498,539	-	-	1,498,539
Police	22,328,218	1,322,946	925,969	22,725,195
Fire	32,218,896	2,670,176	1,053,344	33,835,728
Sign shop	46,837	-	21,275	25,562
Total public safety	56,092,490	3,993,122	2,000,588	58,085,024
Public Works				
Streets	614,783,340	23,730,427	305,528	638,208,239
Sanitation	6,950,334	334,627	153,079	7,131,882
Cemeteries	543,398	47,248	6,444	584,202
Transportation	6,894,835	-	-	6,894,835
Fleet services	1,583,018	31,756	-	1,614,774
Total public works	630,754,925	24,144,058	465,051	654,433,932
Cultural and Recreational				
Parks and recreation	20,453,845	2,135,931	-	22,589,776
Planning and Community Development				
Planning and zoning	1,894,835	-	(151,590)	2,046,425
Total capital assets	\$ 734,916,908	\$ 30,489,083	\$ 2,359,951	\$ 763,046,040

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Supplemental Information

- Budget to actual comparison for 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
- Schedule of Business-Type Activities Long-Term Debt

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HOUSING ASSISTANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,762,033	\$ 4,042,674	\$ 4,062,697	\$ 20,023
Investment earnings	500	770	627	(143)
Program income	500,000	505,030	483,440	(21,590)
Other income (loss)	500	1,613	1,113	(500)
Total revenues	4,263,033	4,550,087	4,547,877	(2,210)
Expenditures				
Administration	320,032	371,878	362,070	9,808
Housing assistance payments	3,945,000	4,200,209	4,195,694	4,515
Total expenditures	4,265,032	4,572,087	4,557,764	14,323
Excess (deficiency) of revenues over expenditures	(1,999)	(22,000)	(9,887)	12,113
Other Financing Sources				
Appropriated fund balance	1,999	22,000	-	(22,000)
Total other financing sources	1,999	22,000	-	(22,000)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(9,887)	\$ (9,887)
Fund Balance				
Beginning			<u>22,657</u>	
Ending			<u>\$ 12,770</u>	

MARKET RATE UNITS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ -	\$ 57,120	\$ 55,575	\$ (1,545)
Other income	-	-	56	56
Total revenues	-	57,120	55,631	(1,489)
Expenditures				
Administration	-	33,855	5,509	28,346
Debt service	-	3,596	2,711	885
Total expenditures	-	37,451	8,220	29,231
Excess (deficiency) of revenues over expenditures	-	19,669	47,411	27,742
Other Financing Uses				
Transfers out	-	(19,669)	(22,503)	(2,834)
Total other financing uses	-	(19,669)	(22,503)	(2,834)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	24,908	\$ 24,908
Fund Balance				
Beginning			-	
Ending			<u>\$ 24,908</u>	

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, 2017

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,036	\$ 475,189	\$ 3,294	\$ 478,483
Program income	20,276	20,276	-	20,276
Total revenues	501,312	495,465	3,294	498,759
Expenditures				
Administration	71,128	71,127	-	71,127
Rehabilitation	376,524	373,231	3,294	376,525
Total expenditures	447,652	444,358	3,294	447,652
Excess (deficiency) of revenues over expenditures	53,660	51,107	-	51,107
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	\$ -	\$ -	\$ -	\$ -

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, 2017

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 481,426	\$ 327,818	\$ 125,942	\$ 453,760
Program income	23,929	23,929	-	23,929
Total revenues	505,355	351,747	125,942	477,689
Expenditures				
Administration	85,991	85,990	-	85,990
Rehabilitation	419,364	265,757	125,942	391,699
Total expenditures	505,355	351,747	125,942	477,689
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B15-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 476,545	\$ 123,957	\$ 260,842	\$ 384,799
Program income	7,157	7,156	-	7,156
Total revenues	483,702	131,113	260,842	391,955
Expenditures				
Administration	83,114	83,113	-	83,113
Rehabilitation	400,588	48,000	274,551	322,551
Total expenditures	483,702	131,113	274,551	405,664
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ (13,709)	\$ (13,709)

COMMUNITY DEVELOPMENT FUND (GRANT NUMBER B16-MC-37-0012)

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 463,245	\$ -	\$ 141,424	\$ 141,424
Program income	7,500	-	9,110	9,110
Total revenues	470,745	-	150,534	150,534
Expenditures				
Administration	94,149	-	89,734	89,734
Rehabilitation	376,596	-	60,800	60,800
Total expenditures	470,745	-	150,534	150,534
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	\$ -	\$ -

SECTION 108 LOAN/BEDI GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 16,429	\$ 16,429	\$ -	\$ 16,429
Restricted intergovernmental revenues	1,000,000	1,000,000	-	1,000,000
Other income	1,073,417	1,152,631	77,821	1,230,452
Total revenues	2,089,846	2,169,060	77,821	2,246,881
Expenditures				
Rehabilitation	2,676,880	2,676,879	-	2,676,879
Debt service	1,386,966	1,208,308	178,658	1,386,966
Total expenditures	4,063,846	3,885,187	178,658	4,063,845
Excess (deficiency) of revenues over expenditures	(1,974,000)	(1,716,127)	(100,837)	(1,816,964)
Other Financing Sources (Uses)				
Debt issued	1,974,000	1,974,000	-	1,974,000
Transfers In	249,596	249,596	-	249,596
Transfers Out	(249,596)	(249,596)	-	(249,596)
Total other financing sources (uses)	1,974,000	1,974,000	-	1,974,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ -	\$ 257,873	(100,837)	\$ 157,036
Fund Balance				
Beginning			257,873	
Ending			\$ 157,036	

HOME FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2017**

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 738,933	\$ 107,889	\$ 331,336	\$ 439,225
Program income	407,833	362,743	67,777	430,520
Total revenues	1,146,766	470,632	399,113	869,745
Expenditures				
Administration	262,469	126,666	68,159	194,825
Rehabilitation	1,093,193	401,711	431,241	832,952
Total expenditures	1,355,662	528,377	499,400	1,027,777
Excess (deficiency) of revenues over expenditures	(208,896)	(57,745)	(100,287)	(158,032)
Other Financing Sources				
Transfers In	208,896	158,044	53,687	211,731
Total other financing sources	208,896	158,044	53,687	211,731
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 100,299	(46,600)	\$ 53,699
Fund Balance				
Beginning			100,299	
Ending			<u>\$ 53,699</u>	

MUNICIPAL SERVICE DISTRICT FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 89,000	\$ 107,247	\$ 105,203	\$ (2,044)
Expenditures				
Community development	89,000	107,247	105,203	2,044
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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 350,000	\$ 395,000	\$ 391,847	\$ (3,153)
Investment earnings	-	285	267	(18)
Total revenues	<u>350,000</u>	<u>395,285</u>	<u>392,114</u>	<u>(3,171)</u>
Other Financing Uses				
Transfers out	(350,000)	(395,285)	(392,114)	3,171
Total other financing uses	<u>(350,000)</u>	<u>(395,285)</u>	<u>(392,114)</u>	<u>3,171</u>
Total of revenues and other financing uses	<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, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Contributions	\$ 50,250	\$ 50,250	\$ -	\$ 50,250
Restricted intergovernmental revenues	635,000	635,000	-	635,000
Total operating revenues	685,250	685,250	-	685,250
Operating Expenditures				
Hartsell Recreation Center Renovation	1,966,209	114,589	1,529,160	1,643,749
Burrage Rd House Renovation	309,540	-	1,690	1,690
Hector Henry Greenway	3,028,479	2,855,011	260	2,855,271
McEachern Greenway	2,507,330	331,191	512,293	843,484
Northwest Park	5,031	-	-	-
Total operating expenditures	7,816,589	3,300,791	2,043,403	5,344,194
Deficiency of revenues over expenditures before transfers	(7,131,339)	(2,615,541)	(2,043,403)	(4,658,944)
Transfers In				
Transfers in	7,131,339	3,493,299	3,638,040	7,131,339
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 877,758	\$ 1,594,637	\$ 2,472,395

TRANSPORTATION CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 6,729,635	\$ 3,573,733	\$ 979,930	\$ 4,553,663
Investment earnings	370,548	359,526	76,812	436,338
Program income	2,061,733	1,739,340	466,640	2,205,980
Total operating revenues	9,161,916	5,672,599	1,523,382	7,195,981
Operating Expenditures				
Poplar Tent/Hwy 29 CMAQ	1,859,626	392,659	29,100	421,759
Hwy 601/Hwy 3 CMAQ	1,561,405	1,182,473	103,427	1,285,900
Future Improvements	3,625,239	-	-	-
Derita Rd	3,861,763	1,697,398	97,569	1,794,967
Burrage Rd NE Street	900,000	714,754	-	714,754
Terminal Court	152,400	-	130,620	130,620
Traffic Management Center	3,797,500	236,386	54,045	290,431
NE Subset Sidewalk Extension	525,916	-	1,625	1,625
Virginia St SE Segment Improvements	1,050,000	-	-	-
Brookwood Phase Design	2,602,400	257,461	134,319	391,780
US 29 Bridge 66 & 69	15,553	-	-	-
ITS Expansion	1,250,000	-	355,434	355,434
BOC Salt Storage Shed	359,496	329,354	3,019	332,373
US29/Copperfield SW & Bike Pro	214,431	15,275	2,220	17,495
Concord Mills Blvd Flyover	1,500,000	-	-	-
Tournament/Chestnut Intersection Impr	67,835	-	-	-
Infrastructure	957,795	153,817	-	153,817
Burrage Rd Bridge Replacement	2,672,399	2,418,992	23,666	2,442,658
Total operating expenditures	26,973,758	7,398,569	935,044	8,333,613
Excess (deficiency) of revenues over expenditures before transfers	(17,811,842)	(1,725,970)	588,338	(1,137,632)
Other Financing Sources				
Transfers In	17,811,842	15,174,532	2,637,310	17,811,842
Total other financing sources	17,811,842	15,174,532	2,637,310	17,811,842
Excess of revenues and transfers over expenditures	\$ -	\$ 13,448,562	\$ 3,225,648	\$ 16,674,210

GENERAL FUND CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 220,000	\$ 23,880	\$ -	\$ 23,880
Contributions	160,281	160,281	-	160,281
Total operating revenues	380,281	184,161	-	184,161
Expenditures				
Contract services	710,664	546,286	164,378	710,664
Capital outlay	2,947,746	1,432,874	100,066	1,532,940
Total expenditures	3,658,410	1,979,160	264,444	2,243,604
Excess (deficiency) of revenues over expenditures before transfers	(3,278,129)	(1,794,999)	(264,444)	(2,059,443)
Transfer In	3,278,129	2,963,331	314,798	3,278,129
Excess of revenues and transfers over expenditures	\$ -	\$ 1,168,332	\$ 50,354	\$ 1,218,686

Change in net position:

General Fund Capital Projects Fund	\$ 50,354
First Concord Capital Project Fund (Statement 45)	(45,128)
	<u>\$ 5,226</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, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment Earnings	\$ 1,112,900	\$ 1,008,653	\$ 166,288	\$ 1,174,941
Expenditures				
Capital outlay	35,447,902	-	-	-
Total expenditures	35,447,902	-	-	-
Excess (deficiency) of revenues over expenditures	(34,335,002)	1,008,653	166,288	1,174,941
Other Financing Sources (Uses)				
Transfers In	39,688,225	27,688,226	12,000,000	39,688,226
Transfers Out	(5,353,223)	(2,367,683)	(2,985,540)	(5,353,223)
Total other financing sources (uses)	34,335,002	25,320,543	9,014,460	34,335,003
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 26,329,196	9,180,748	\$ 35,509,944
Fund Balance				
Beginning			26,329,196	
Ending			<u>\$ 35,509,944</u>	

FIRE AND LIFE SAFETY CAPITAL PROJECT FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Other income	\$ 368,591	\$ 368,590	\$ -	\$ 368,590
Operating Expenditures				
Operating supplies	221,083	150,661	70,422	221,083
Capital outlay	5,794,784	5,653,690	-	5,653,690
Total operating expenditures	6,015,867	5,804,351	70,422	5,874,773
Deficiency of revenues over expenditures before transfers	(5,647,276)	(5,435,761)	(70,422)	(5,506,183)
Transfer In (Out)	5,647,276	5,705,860	(58,585)	5,647,275
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 270,099	\$ (129,007)	\$ 141,092

ELECTRIC OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 83,290,000	\$ 81,550,000	\$ 81,593,846	\$ 43,846
Other operating revenues	1,002,000	2,753,063	2,880,105	127,042
Total operating revenues	84,292,000	84,303,063	84,473,951	170,888
Operating Expenditures				
Administration	3,133,878	3,133,878	2,649,556	484,322
Purchased power	57,099,388	58,639,388	58,128,837	510,551
Power line and plant	13,886,030	18,496,565	16,514,499	1,982,066
Total operating expenditures	74,119,296	80,269,831	77,292,892	2,976,939
Nonoperating Revenues (Expenditures)				
Capital outlay	(2,160,081)	(2,385,142)	(2,237,155)	147,987
Interest earned on investments	-	274,130	349,602	75,472
Debt service and capital lease payments	(2,621,355)	(2,923,500)	(2,943,259)	(19,759)
Appropriated Fund Balance	7,117,126	14,509,674	-	(14,509,674)
Gain on sale of capital assets	-	-	27,284	27,284
Total nonoperating expenditures	2,335,690	9,475,162	(4,803,528)	(14,278,690)
Income before capital contributions and transfers	12,508,394	13,508,394	2,377,531	(11,130,863)
Transfers In (Out)				
Transfers out	(12,508,394)	(13,508,394)	(13,508,394)	-
Excess (deficiency) of revenues over expenditures and transfers	\$ -	\$ -	(11,130,863)	\$ (11,130,863)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(4,519,399)	
Capital outlay			2,237,155	
Unfunded OPEB Expense			(80,059)	
Pension expense			(72,418)	
Health claims incurred but not reported			(1,151)	
Increase to workers comp claims reserve			1,215	
Debt service			2,110,496	
Change in net position			\$ (11,455,024)	
Change in net position:				
Electric Operating Fund			\$ (11,455,024)	
Electric Projects Capital Projects Fund (Statement 28)			4,929,982	
Utility Capital Reserve Project Fund (Statement 34)			7,941,948	
			\$ 1,416,906	

ELECTRIC PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Expenditures				
Contract cost	\$ 125,002	\$ 124,984	\$ 18	\$ 125,002
Capital outlay	15,356,973	5,040,409	5,062,110	10,102,519
Total operating expenditures	15,481,975	5,165,393	5,062,128	10,227,521
Deficiency of revenues over expenditures before transfers	(15,481,975)	(5,165,393)	(5,062,128)	(10,227,521)
Transfer In	15,481,975	10,551,975	4,930,000	15,481,975
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 5,386,582	(132,128)	\$ 5,254,454
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			5,062,110	
Change in net position			\$ 4,929,982	

WATER OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 21,664,000	\$ 21,664,000	\$ 22,550,628	\$ 886,628
Other operating revenues	1,256,000	1,768,254	1,351,654	(416,600)
Total operating revenues	22,920,000	23,432,254	23,902,282	470,028
Operating Expenditures				
Repairs and maintenance	1,382,152	1,556,152	939,357	616,795
Water plants and lakes	7,743,684	7,743,684	5,903,513	1,840,171
Water line operation and maintenance	7,335,257	7,486,522	6,672,161	814,361
Total operating expenditures	16,461,093	16,786,358	13,515,031	3,271,327
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	180,990	248,135	67,145
Capital outlay	(1,012,614)	(988,614)	(389,927)	598,687
Debt service	(4,004,723)	(4,384,910)	(4,408,225)	(23,315)
Gain on sale of capital assets	-	-	31,594	31,594
Appropriated Fund Balance	1,564,458	592,666	-	(592,666)
Total nonoperating expenditures	(3,452,879)	(4,599,868)	(4,518,423)	81,445
Income before capital contributions and transfers	3,006,028	2,046,028	5,868,828	3,822,800
Transfers In (Out)				
To Project Fund	(3,006,028)	(2,046,028)	(2,046,028)	-
Capital Contributions	-	-	3,025,078	3,025,078
Excess of revenues, capital contributions over expenditures	\$ -	\$ -	6,847,878	\$ 6,847,878
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(4,106,318)	
Unfunded OPEB Expense			(73,319)	
Pension expense			(63,775)	
Health claims incurred but not reported			(184)	
Capital outlay			389,927	
Debt service			3,136,568	
Change in net position			\$ 6,130,777	
Change in net position:				
Water Operating Fund			\$ 6,130,777	
2008 Revenue Bonds Capital Project Fund (Statement 30)			-	
Water Projects Capital Project Fund (Statement 31)			2,697,920	
			\$ 8,828,697	

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, 2017

	Total Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues				
Interest earned on investments	\$ 10,651	\$ 10,651	\$ -	\$ 10,651
	10,651	10,651	-	10,651
Expenditures				
Capital Outlay:				
Fire Flow Improvements	265,859	191,040	24,330	215,370
Albemarle Waterline	1,971,578	1,971,578	-	1,971,578
Total expenditures	2,237,437	2,162,618	24,330	2,186,948
Deficiency of revenues over expenditures	(2,226,786)	(2,151,967)	(24,330)	(2,176,297)
Other Financing Sources				
Issuance of bonds	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	\$ -	\$ 74,818	(24,330)	\$ 50,488
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			24,330	
Change in net position			\$ -	

WATER PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Revenues				
Other income	\$ -	\$ -	\$ 828,979	\$ 828,979
Total operating revenues	-	-	828,979	828,979
Operating Expenditures				
Contract cost	3,315,659	3,162,170	153,489	3,315,659
Capital outlay	19,367,682	6,721,583	2,051,727	8,773,310
Total operating expenditures	22,683,341	9,883,753	2,205,216	12,088,969
Deficiency of revenues over expenditures before transfers	(22,683,341)	(9,883,753)	(1,376,237)	(11,259,990)
Transfer In	22,683,341	20,847,918	2,022,430	22,870,348
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 10,964,165	646,193	\$ 11,610,358
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			2,051,727	
Change in net position			\$ 2,697,920	

WASTEWATER OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 16,071,000	\$ 16,071,000	\$ 16,400,825	\$ 329,825
Other operating revenues	501,000	501,000	245,718	(255,282)
Total operating revenues	16,572,000	16,572,000	16,646,543	74,543
Operating Expenditures				
Repairs and maintenance	516,246	536,246	291,035	245,211
Wastewater line and plant	11,497,316	11,534,445	11,053,761	480,684
Total operating expenditures	12,013,562	12,070,691	11,344,796	725,895
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	136,020	136,020
Capital outlay	(1,287,529)	(1,287,529)	(275,883)	1,011,646
Debt service	(2,652,373)	(2,772,124)	(2,776,254)	(4,130)
Miscellaneous Revenues	-	20,000	20,000	-
Gain (loss) on sale of capital assets	-	-	38,868	38,868
Appropriated Fund Balance	302,320	135,200	-	(135,200)
Total nonoperating expenditures	(3,637,582)	(3,904,453)	(2,857,249)	1,047,204
Income before capital contributions and transfers in	920,856	596,856	2,444,498	1,847,642
Capital Contributions	-	-	3,884,130	3,884,130
Transfers In (Out)				
Transfers out	(920,856)	(596,856)	(596,856)	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	5,731,772	\$ 5,731,772
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,234,289)	
Capital outlay			275,883	
Unfunded OPEB Expense			(32,252)	
Pension expense			(23,002)	
Health claims incurred but not reported			1,070	
Debt service			2,110,806	
Change in net position			\$ 4,829,988	
Change in net position:				
Wastewater Operating Fund			\$ 4,829,988	
Wastewater Projects Capital Project Fund (Statement 33)			1,109,960	
			\$ 5,939,948	

WASTEWATER PROJECTS CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Other income	\$ -	\$ -	\$ 519,960	\$ 519,960
Total operating revenues	-	-	519,960	519,960
Operating Expenditures				
Capital outlay	2,391,147	-	12,528	12,528
Total operating expenditures	2,391,147	-	12,528	12,528
Excess (deficiency) of revenues over expenditures before transfers	(2,391,147)	-	507,432	507,432
Transfer In	2,391,147	1,801,147	590,000	2,391,147
Excess of revenues and transfers over expenditures	\$ -	\$ 1,801,147	1,097,432	\$ 2,898,579
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			12,528	
Change in net position			\$ 1,109,960	

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, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Capital outlay	\$ 12,341,948	\$ -	\$ -	\$ -
Other Financing Sources				
Transfers In	12,341,948	4,400,000	7,941,948	12,341,948
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 4,400,000</u>	<u>7,941,948</u>	<u>\$ 12,341,948</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			<u><u>\$ 7,941,948</u></u>	
The change in net position is allocated as follows:				
Electric Operating Fund			<u><u>\$ 7,941,948</u></u>	

REGIONAL AIRPORT OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 8,586,464	\$ 8,561,464	\$ 8,521,838	\$ (39,626)
Other operating revenues	25,418	25,418	62,903	37,485
Total operating revenues	8,611,882	8,586,882	8,584,741	(2,141)
Operating Expenditures				
Airport operation and maintenance	7,500,274	7,670,476	7,188,068	482,408
Total operating expenditures	7,500,274	7,670,476	7,188,068	482,408
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	38,368	38,368
Capital outlay	(362,630)	(362,630)	(322,071)	40,559
Debt service	(1,185,194)	(1,185,194)	(1,185,533)	(339)
Miscellaneous revenues	-	-	9,830	9,830
Appropriation to Fund Balance	(300,813)	(55,813)	-	55,813
Total nonoperating expenditures	(1,848,637)	(1,603,637)	(1,459,406)	144,231
Income (loss) before capital contributions and transfers	(737,029)	(687,231)	(62,733)	624,498
Capital Contributions	290,000	290,000	-	(290,000)
Transfers In (Out)				
Transfers in	777,175	777,175	777,175	-
Transfers out	(330,146)	(379,944)	(379,934)	10
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	334,508	\$ 334,508
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(2,270,422)	
Capital outlay			322,071	
Unfunded OPEB Expense			(37,748)	
Pension expense			(35,183)	
Health claims incurred but not reported			953	
Increase to workers comp claims reserve			36,045	
Debt service			952,500	
Change in net position			\$ (697,276)	
Change in net position:				
Regional Airport Operating Fund			\$ (697,276)	
Airport Capital Project Fund (Statement 36)			2,541,296	
First Concord Capital Project Fund (Statement 45)			(202,892)	
			\$ 1,641,128	

AIRPORT CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 14,643,720	\$ 10,377,092	\$ 2,421,239	\$ 12,798,331
Investment earnings	-	1,948	2,538	4,486
Total operating revenues	14,643,720	10,379,040	2,423,777	12,802,817
Operating Expenditures				
Contract services	-	66,730	19,760	86,490
Capital outlay	21,780,814	15,817,524	5,453,477	21,271,001
Total operating expenditures	21,780,814	15,884,254	5,473,237	21,357,491
Deficiency of revenues over expenditures before transfers	(7,137,094)	(5,505,214)	(3,049,460)	(8,554,674)
Other Financing Sources				
Issuance of debt	5,759,000	5,759,000	-	5,759,000
Transfer In	1,378,094	1,240,019	137,279	1,377,298
Total other financing sources	7,137,094	6,999,019	137,279	7,136,298
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 1,493,805	(2,912,181)	\$ (1,418,376)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			5,453,477	
Change in net position			\$ 2,541,296	

STORMWATER OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 3,900,000	\$ 3,900,000	\$ 4,028,006	\$ 128,006
Other operating revenues	24,500	24,500	7,700	(16,800)
Total operating revenues	3,924,500	3,924,500	4,035,706	111,206
Operating Expenditures				
Stormwater operation and maintenance	2,533,840	2,555,652	2,288,935	266,717
Total operating expenditures	2,533,840	2,555,652	2,288,935	266,717
Nonoperating Revenues (Expenditures)				
Capital outlay	(257,000)	(257,000)	(228,785)	28,215
Interest earned on investments	-	21,812	50,728	28,916
Gain on sale of capital assets	-	-	45,704	45,704
Appropriated Fund Balance	2,803	2,803	-	(2,803)
Total nonoperating expenditures	(254,197)	(232,385)	(132,353)	100,032
Income before capital contributions and transfers	1,136,463	1,136,463	1,614,418	477,955
Transfers Out				
To Project Fund	(1,136,463)	(1,136,463)	(1,136,463)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	477,955	\$ 477,955
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,709,286)	
Unfunded OPEB Expense			(24,474)	
Pension expense			(28,532)	
Health claims incurred but not reported			245	
Capital outlay			228,785	
Change in net position			\$ (1,055,307)	
Change in net position:				
Stormwater Operating Fund			\$ (1,055,307)	
Stormwater Capital Project Fund (Statement 38)			1,094,395	
			\$ 39,088	

STORMWATER CAPITAL PROJECTS FUND

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

From Inception and for the Year Ended June 30, 2017

	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	2,756,796	140,307	37,497	177,804
Capital outlay	3,888,346	2,033,700	763,254	2,796,954
Total operating expenditures	<u>6,645,142</u>	<u>2,174,007</u>	<u>800,751</u>	<u>2,974,758</u>
Deficiency of revenues over expenditures before transfers	<u>(6,505,142)</u>	<u>(2,034,007)</u>	<u>(800,751)</u>	<u>(2,834,758)</u>
Transfer In	6,505,142	5,373,250	1,131,892	6,505,142
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 3,339,243</u>	<u>331,141</u>	<u>\$ 3,670,384</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>763,254</u>	
Change in net position			<u><u>\$ 1,094,395</u></u>	

GOLF COURSE OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,011,955	\$ 1,011,955	\$ 1,100,495	\$ 88,540
Other operating revenues	668,692	668,692	703,885	35,193
Total operating revenues	1,680,647	1,680,647	1,804,380	123,733
Operating Expenditures				
Professional services	813,653	863,653	797,576	66,077
Other operating costs	771,335	845,073	811,653	33,420
Total operating expenditures	1,584,988	1,708,726	1,609,229	99,497
Nonoperating Revenues (Expenditures)				
Appropriated Fund Balance	(95,659)	11,983	-	(11,983)
Total nonoperating revenues	(95,659)	11,983	-	(11,983)
Income before transfers	-	(16,096)	195,151	211,247
Transfers in (out)				
Transfers in	937,780	953,876	742,594	(211,282)
Among golf course funds	(937,780)	(937,780)	(937,745)	35
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Depreciation			(28,083)	
Change in net position			\$ (28,083)	
Change in net position:				
Golf Course Operating Fund			\$ (28,083)	
Golf Capital Project Fund (Statement 40)			211,462	
First Concord Capital Project Fund (Statement 45)			895,801	
			\$ 1,079,180	

GOLF CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Operating Expenditures				
Contract services	\$ 138,277	\$ 138,276	\$ -	\$ 138,276
Capital outlay	213,185	-	213,185	213,185
Total operating expenditures	351,462	138,276	213,185	351,461
Deficiency of revenues over expenditures before transfers	(351,462)	(138,276)	(213,185)	(351,461)
Transfer In	351,462	140,000	211,462	351,462
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 1,724	(1,723)	\$ 1
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			213,185	
Change in net position			\$ 211,462	

HOUSING DEPARTMENT OPERATING FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 337,120	\$ 379,731	\$ 382,288	\$ 2,557
Total operating revenues	337,120	379,731	382,288	2,557
Operating Expenditures				
Administrative	623,329	912,689	690,554	222,135
Utilities	255,000	255,000	250,710	4,290
Housing maintenance and repairs	345,904	431,632	454,499	(22,867)
Total operating expenditures	1,224,233	1,599,321	1,395,763	203,558
Nonoperating Revenues (Expenditures)				
Operating subsidy	893,919	1,087,882	858,935	(228,947)
Interest earned on investments	2,000	2,000	3,586	1,586
Miscellaneous	21,301	89,856	64,168	(25,688)
Debt service	(973)	(973)	(972)	1
Appropriated Fund Balance	1,872	40,825	-	(40,825)
Total nonoperating revenues	918,119	1,219,590	925,717	(293,873)
Loss before transfers	31,006	-	(87,758)	(87,758)
Transfers in (out)				
Transfer out	(31,006)	-	-	-
Transfer in	-	-	-	-
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ -	(87,758)	\$ (87,758)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Unfunded OPEB Expense			(14,415)	
Pension expense			(15,848)	
Health claims incurred but not reported			374	
Depreciation			(516,844)	
Change in net position			\$ (634,491)	
Change in net position:				
Housing Department Operating Fund			\$ (634,491)	
Housing Capital Project Fund (Statement 42)			48,070	
			\$ (586,421)	

HOUSING CAPITAL PROJECT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Administrative	\$ 791,355	\$ 604,317	\$ 187,038	\$ 791,355
Capital outlay	199,896	151,534	48,362	199,896
Total expenditures	991,251	755,851	235,400	991,251
Other Financing Sources				
Federal grants	991,251	756,143	235,108	991,251
Excess (deficiency) of other financing sources over expenditures	\$ -	\$ 292	(292)	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			48,362	
Change in net position			\$ 48,070	

TRANSIT FUND

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

From Inception and for the Year Ended June 30, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 584,206	\$ 288,527	\$ 374,923	\$ 663,450
Total operating revenues	584,206	288,527	374,923	663,450
Operating Expenditures				
Administrative	642,017	278,953	372,879	651,832
Professional services	5,730,782	2,507,989	2,882,202	5,390,191
Operating supplies	843,980	315,487	307,784	623,271
Miscellaneous	-	6,443	3	6,446
Total operating expenditures	7,216,779	3,108,872	3,562,868	6,671,740
Nonoperating Revenues (Expenditures)				
Operating subsidy	9,203,552	2,946,119	2,079,594	5,025,713
Capital outlay	(4,689,330)	(2,238,481)	(466,129)	(2,704,610)
Deficiency of revenues over expenditures before transfers	(2,118,351)	(2,112,707)	(1,574,480)	(3,687,187)
Transfer In	2,118,351	1,475,144	773,298	2,248,442
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ (637,563)	(801,182)	\$ (1,438,745)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(968,535)	
Unfunded OPEB Expense			(4,459)	
Pension expense			(8,327)	
Health claims incurred but not reported			(128)	
Capital outlay			466,129	
Change in net position			\$ (1,316,502)	

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

Year Ended June 30, 2017

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 2,256,123	\$ 2,299,623	\$ (43,500)
Professional services	37,074	26,260	10,814
Other expenses	746,576	663,270	83,306
Capital outlay	149,000	127,030	21,970
Building and grounds allocation	(3,247,673)	(3,189,321)	(58,352)
	(58,900)	(73,138)	14,238
Data Services			
Salaries and benefits	92,897	94,974	(2,077)
Professional services	1,383,243	1,338,022	45,221
Other expenses	628,645	536,148	92,497
Capital outlay	520,467	55,881	464,586
Data services allocation	(2,755,559)	(2,249,384)	(506,175)
	(130,307)	(224,359)	94,052
Engineering			
Salaries and benefits	1,827,749	1,505,268	322,481
Professional services	17,584	30,544	(12,960)
Other expenses	234,545	154,210	80,335
Engineering allocation	(2,079,878)	(1,753,452)	(326,426)
	-	(63,430)	63,430
Billing			
Salaries and benefits	584,785	610,645	(25,860)
Professional services	1,680	51,682	(50,002)
Other expenses	357,736	342,824	14,912
Billing allocation	(1,069,909)	(1,180,622)	110,713
	(125,708)	(175,471)	49,763
Customer Care			
Salaries and benefits	1,403,314	1,409,558	(6,244)
Professional services	8,086	3,970	4,116
Other expenses	266,411	199,046	67,365
Customer care allocation	(1,877,103)	(1,851,507)	(25,596)
	(199,292)	(238,933)	39,641

(Continued)

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP) (Continued)
 Year Ended June 30, 2017

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Warehouse Operations			
Salaries and benefits	\$ 420,713	\$ 408,241	\$ 12,472
Professional services	49	49	-
Other expenses	72,701	76,214	(3,513)
Warehouse allocation	(493,463)	(513,959)	20,496
	<u>-</u>	<u>(29,455)</u>	<u>29,455</u>
Utilities Collection			
Salaries and benefits	225,232	222,936	2,296
Professional services	67,031	74,220	(7,189)
Other expenses	107,722	93,838	13,884
Utilities collection allocation	(427,579)	(426,440)	(1,139)
	<u>(27,594)</u>	<u>(35,446)</u>	<u>7,852</u>
Total operating expenditures	<u>(541,801)</u>	<u>(840,232)</u>	<u>298,431</u>
Transfers out	(541,801)	(541,794)	7
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>298,438</u>	<u>\$ 298,438</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		(318,788)	
Unfunded OPEB Expense		(121,229)	
Pension expense		(90,266)	
Health claims incurred but not reported		2,365	
Decrease to workers comp claims reserve		46,569	
Capital outlay		182,911	
Change in net position		<u>\$ -</u>	
Change in net position:			
Internal Service Fund		\$ -	
First Concord Capital Project Fund (Statement 45)		65,822	
		<u>\$ 65,822</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, 2017

	Total Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues				
Investment earnings	\$ 16,196	\$ 14,733	\$ 2,598	\$ 17,331
Total revenue	16,196	14,733	2,598	17,331
Expenditures				
Debt service	15,382,794	10,984,329	4,511,999	15,496,328
Cost of issuance	1,380,987	1,366,682	-	1,366,682
Contract services	-	1,135,543	96,327	1,231,870
Capital outlay:				
Plaza	2,057,658	-	-	-
City Hall	20,600,000	19,283,332	-	19,283,332
Total expenditures	39,421,439	32,769,886	4,608,326	37,378,212
Deficiency of revenues over expenditures	(39,405,243)	(32,755,153)	(4,605,728)	(37,360,881)
Other Financing Sources (Uses)				
Transfers in	17,384,467	12,850,776	4,519,160	17,369,936
Issuance of refunding bonds	23,410,000	23,410,000	-	23,410,000
Premium on refunding bonds	1,708,931	1,708,931	-	1,708,931
Payment to refunded bonds escrow agent	(25,275,000)	(25,275,000)	-	(25,275,000)
Issuance of bonds	20,445,000	20,445,000	-	20,445,000
Premium on bonds issued	1,731,845	1,731,845	-	1,731,845
Total other financing sources	39,405,243	34,871,552	4,519,160	39,390,712
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,116,399	(86,568)	\$ 2,029,831
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Debt service principal payments			3,070,000	
Depreciation and amortization			(2,652,054)	
Change in net position			\$ 331,378	
The change in First Concord net position is allocated as follows:				
General Fund Capital Projects Fund			(45,128)	
Governmental activities			(382,225)	
Internal Service Fund			65,822	
Golf Course Fund			895,801	
Regional Airport Fund			(202,892)	
			\$ 331,378	

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2017

	Balance July 1, 2016	Addition	Deduction	Balance June 30, 2017
Joe Cannon Trust:				
Assets:				
Cash	\$ 283,457	\$ 105,877	\$ 81,601	\$ 307,733
Liabilities:				
Agency payable	\$ 283,457	\$ 105,877	\$ 81,601	\$ 307,733
Employee's Insurance Fund:				
Assets:				
Cash	\$ 2,279,789	\$ 9,680,540	\$ 8,879,278	\$ 3,081,051
Liabilities:				
Agency payable	\$ 2,279,789	\$ 9,680,540	\$ 8,879,278	\$ 3,081,051
Total agency funds:				
Assets:				
Cash	\$ 2,563,246	\$ 9,786,417	\$ 8,960,879	\$ 3,388,784
Liabilities:				
Agency payable	\$ 2,563,246	\$ 9,786,417	\$ 8,960,879	\$ 3,388,784

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 51,709,905	\$ 50,820,322	\$ 889,583
2015-2016	757,813	-	401,328	356,485
2014-2015	421,466	-	188,233	233,233
2013-2014	794,272	-	473,946	320,326
2012-2013	256,593	-	86,713	169,880
2011-2012	112,073	-	(24,374)	136,447
2010-2011	132,984	-	59,902	73,082
2009-2010	93,739	-	6,779	86,960
2008-2009	124,872	-	4,265	120,607
2007-2008	63,020	-	2,560	60,460
2006-2007	67,327	-	67,327	-
	<u>\$ 2,824,159</u>	<u>\$ 51,709,905</u>	<u>\$ 52,087,001</u>	<u>2,447,063</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>611,766</u>
Ad valorem taxes receivable				<u><u>\$ 1,835,297</u></u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 50,799,995	\$ 104,774	
Releases of prior years' taxes	1,114,523	-	
Taxes written off	67,377	332	
Total collections and credits	<u>\$ 51,981,895</u>	<u>\$ 105,106</u>	\$ 52,087,001
Interest billed and collected during the year			274,705
Releases of prior years' taxes			(1,114,523)
Taxes written off			(67,709)
Total Ad valorem taxes			<u><u>\$ 51,179,474</u></u>

ANALYSIS OF CURRENT LEVY
Year Ended June 30, 2017

Fiscal Year	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 9,537,754,131	0.48	\$ 45,781,220	\$ 45,781,220	\$ -
Municipal Service District	41,915,213	0.23	96,405	96,405	-
Current year's rate, Motor vehicles	782,719,912	0.48	3,757,056	-	3,757,056
Discoveries/additional listings:					
Current year taxes, City wide	857,910,400	0.48	4,117,970	4,117,970	-
Current year taxes, MSD	5,764,000	0.23	13,257	13,257	-
Current year's rate, Motor vehicles	61,990	0.48	298	-	298
Abatements:					
Current year's rate, City wide	(427,957,017)	0.48	(2,054,194)	(2,054,194)	-
Current year's rate, MSD	(843,352)	0.23	(1,940)	(1,940)	-
Current year's rate, Motor vehicles	(34,810)	0.48	(167)	-	(167)
Total for year	\$ 10,797,290,467		51,709,905	47,952,718	3,757,187
Less uncollected tax at June 30, 2017			889,583	889,562	21
Current year's taxes collected			\$ 50,820,322	\$ 47,063,156	\$ 3,757,166
Current levy collection percentage			98.28%	98.14%	100.00%
Distribution of levy:					
General Fund			\$ 51,602,183		
Municipal Service District			107,722		
			\$ 51,709,905		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2017

	Reported Value	Fair Value
Cash		
On hand	\$ 19,900	\$ 19,900
Demand deposits	22,475,561	22,475,561
Certificates of deposit	2,574,226	2,574,226
Total cash	25,069,687	25,069,687
Investments		
North Carolina Capital Management Trust	15,619,206	15,619,206
US Treasury	941,254	941,254
Federal Farm Credit	24,947,815	24,947,815
FNMA Discount Notes	39,794,465	39,794,465
Federal Home Loan	44,275,126	44,275,126
Federal Home Loan Mortgage Corporation	68,177,234	68,177,234
Commercial Paper	69,864,267	70,141,081
Total investments	263,619,367	263,896,181
Total cash and investments	\$ 288,689,054	\$ 288,965,868
Distribution by Fund		
General Fund:		
Unrestricted	\$ 53,143,838	
Restricted	8,482,237	\$ 61,626,075
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		16,009
Market Rate Units Fund		28,262
Community Development Fund		142,609
Section 108 Loan/BEDI Grant Fund		157,036
Home Fund		-
Municipal Service District		9
Capital Project Funds:		
Parks (Unrestricted)		2,737,874
Transportation (Unrestricted)		15,547,169
General Fund Capital Project Fund (Restricted)		690,896
General Fund Capital Reserve Project Fund (Restricted)		35,405,847
Fire and Life Safety (Unrestricted)		141,092

(Continued)

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2017

Distribution by Fund (Continued)		
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 66,188,071	
Restricted	3,250,853	\$ 69,438,924
Water Fund:		
Unrestricted	52,471,761	
Restricted	1,912,900	54,384,661
Wastewater Fund:		
Unrestricted	19,767,823	
Restricted	1,977,543	21,745,366
Regional Airport Fund:		
Unrestricted	5,946,814	
Restricted	89,974	6,036,788
Stormwater Fund (Unrestricted)		12,700,371
Golf Course Fund (Unrestricted)		78,636
Housing Department Fund:		
Unrestricted	587,919	
Restricted	36,677	624,596
Internal Service Fund:		
Unrestricted	2,296,414	
Restricted	317,681	2,614,095
Other Postemployment Benefit Trust Fund		1,183,955
Agency Fund		3,388,784
Total reported value		\$ 288,689,054

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2017

Line Item	Account Description	Low Rent Public Housing 14.850	Resident Oppor. and Supportive Services 14.87	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	Family Self Sufficiency 14.896
Assets:						
Current Assets:						
Cash:						
111	Cash - unrestricted	\$ 549,128	\$ -	\$ -	\$ -	\$ -
113	Cash - other restricted	28,755	-	16,132	-	-
114	Cash - tenant security deposits	36,677	-	-	-	-
115	Cash - restricted for payment of current liabilities	12,530	-	-	-	-
100	Total cash	627,090	-	16,132	-	-
Accounts and notes receivable:						
121	Accounts receivable - PHA projects	-	-	37,111	-	-
122	Accounts receivable - HUD other projects	-	6,331	36,181	-	2,075
125	Accounts receivable - miscellaneous	-	-	-	-	-
126	Accounts receivable - tenants - dwelling units	9,533	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(3,866)	-	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-	-	-
129	Accrued interest receivable	1,888	-	73	-	-
120	Total receivables	7,555	6,331	73,365	-	2,075
142	Prepaid expenses and other assets	-	-	-	-	-
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
150	Total current assets	634,645	6,331	89,497	-	2,075
Noncurrent Assets:						
161	Land	577,382	-	-	-	-
162	Buildings	2,783,495	-	-	-	-
164	Furniture, equipment, machinery - administration	141,158	-	-	-	-
165	Leasehold improvements	25,391	-	-	-	-
166	Accumulated depreciation	(1,915,183)	-	-	-	-
167	Construction in progress	-	-	-	-	-
180	Total non-current assets	1,612,243	-	-	-	-
190	Total Assets	2,246,888	6,331	89,497	-	2,075
200	Deferred Outflow of Resources	192,973	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 2,439,861	\$ 6,331	\$ 89,497	\$ -	\$ 2,075
Liabilities and Equity:						
Liabilities:						
Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 16,791	\$ 6,331	\$ 18,974	\$ -	\$ -
321	Accrued wage/payroll taxes payable	14,116	-	8,207	-	1,309
322	Accrued compensated absences	28,344	-	2,245	-	529
341	Tenant security deposits	36,677	-	-	-	-
342	Unearned revenue	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage rev bonds	48,846	-	-	-	-
345	Other current liabilities	12,530	-	7,496	-	-
346	Accrued liability - other	7,843	-	-	-	-
310	Total current liabilities	165,147	6,331	36,922	-	1,838
Non-current Liabilities:						
351	Long-term debt, net of current - capital projects/mortgage revenue	-	-	-	-	-
353	Non-current liabilities - other	28,755	-	38,673	-	-
354	Accrued compensated absences - non current	12,734	-	1,009	-	237
357	Accrued pension and OPEB liabilities	427,600	-	-	-	-
350	Total non-current liabilities	469,089	-	39,682	-	237
300	Total liabilities	634,236	6,331	76,604	-	2,075
400	Deferred Inflow of Resources	15,367	-	-	-	-
Equity:						
Contributed Capital:						
508.1	Invested in capital assets, net of related debt	1,563,397	-	-	-	-
511.1	Restricted net position	-	-	-	-	-
512.1	Unrestricted net position	226,861	-	12,893	-	-
513	Total equity	1,790,258	-	12,893	-	-
600	Total liabilities, deferred inflows of resources and equity	\$ 2,439,861	\$ 6,331	\$ 89,497	\$ -	\$ 2,075

(Continued)

SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
Year Ended June 30, 2017

Line Item	Account Description	Low Rent Public Housing 14.850	Resident Oppor. and Supportive Services 14.87	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	Family Self Sufficiency 14.896
Revenues:						
70300	Net tenant rental revenue	\$ 374,557	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	91,131	-	-	-	-
70600	HUD PHA operating grants	757,997	57,649	4,062,697	186,746	43,289
70610	Capital grants	-	-	-	48,362	-
71100	Investment income - unrestricted	6,593	-	452	-	-
71400	Fraud recovery	-	-	-	-	-
71500	Other income	7,731	-	484,815	-	-
71600	Gain or loss on sale of capital assets	(2,747)	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total revenues	1,235,262	57,649	4,547,964	235,108	43,289
Expenses:						
Administrative:						
91100	Administrative salaries	156,455	-	174,128	-	-
91200	Auditing fees	1,530	-	2,428	-	-
91500	Employee benefit contributions	101,561	-	56,621	-	-
91600	Office expenses	87,703	5,149	69,058	-	-
91800	Travel	5,290	-	2,394	-	-
91900	Other	19,020	-	13,285	-	-
92100	Tenant services - salaries	23,912	-	-	-	23,666
92300	Tenant services - employee benefit contributions	11,227	-	-	-	9,108
92400	Tenant services - other	61,867	52,500	-	-	10,179
93100	Water	46,898	-	-	-	-
93200	Electricity	94,029	-	-	-	-
93300	Gas	51,714	-	-	-	-
93600	Sewer	48,369	-	-	-	-
93800	Other utility expense	9,699	-	-	-	-
94100	Ordinary maintenance and operations - labor	145,208	-	23,439	-	-
94200	Ordinary maintenance and operations - materials and other	180,383	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	284,473	-	-	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	55,277	-	11,673	-	-
96100	Insurance premiums	21,903	-	-	-	-
96200	Other general expense	38,577	-	4,200	-	-
96210	Compensated absences	26,088	-	4,844	-	336
96400	Bad debt - tenant rents	22,357	-	-	-	-
96720	Interest on notes payable (short and long term)	972	-	-	-	-
96900	Total operating expenses	1,494,512	57,649	362,070	-	43,289
97000	Excess of operating revenues over expenditures	(259,250)	-	4,185,894	235,108	-
97100	Extraordinary maintenance	18,213	-	-	-	-
97300	Housing assistance payments	-	-	3,742,909	-	-
97350	HAP portability-in	-	-	452,785	-	-
97400	Depreciation expense	116,351	-	-	-	-
90000	Total expenses	1,629,076	57,649	4,557,764	-	43,289
10010	Operating transfer in	186,746	-	-	-	-
10020	Operating transfer out	-	-	-	(186,746)	-
10030	Operating transfers from/to primary government	-	-	-	-	-
10000	Excess of revenue over expenses	(207,068)	-	(9,800)	48,362	-
11030	Beginning equity	1,946,554	-	22,693	-	-
11040	Prior period adjustments, equity transfers & correction of errors	50,772	-	-	(48,362)	-
	Ending equity	\$ 1,790,258	\$ -	\$ 12,893	\$ -	\$ -
Memo information:						
11020	Required Annual Debt Principal Payments	48,362	-	-	-	-
11170	Administrative fee equity	-	-	12,893	-	-
11180	Housing assistance payments equity	-	-	-	-	-
11190	Unit months available	2,088	-	6,492	-	-
11210	Number of unit months leased	2,088	-	5,803	-	-
11270	Excess cash	316,201	-	-	-	-
11620	Building purchases	-	-	-	48,362	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-
11650	Leasehold improvement purchases	-	-	-	-	-

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2017

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Electric Fund					
Capital assets, not being depreciated:					
Land	\$ 1,172,514	\$ -	\$ -	\$ -	\$ 1,172,514
Construction in progress	3,015,563	5,814,215	235,344	-	8,594,434
Total capital assets, not being depreciated	4,188,077	5,814,215	235,344	-	9,766,948
Capital assets, being depreciated:					
Buildings	5,620,676	-	-	-	5,620,676
Improvements other than buildings	121,493,594	352,789	-	-	121,846,383
Machinery and equipment	9,528,002	1,367,605	470,293	-	10,425,314
Total capital assets, being depreciated	136,642,272	1,720,394	470,293	-	137,892,373
Accumulated depreciation:					
Buildings	2,404,491	154,077	-	-	2,558,568
Improvements other than buildings	66,252,068	3,555,785	-	-	69,807,853
Machinery and equipment	6,759,812	838,706	451,822	-	7,146,696
Total accumulated depreciation	75,416,371	4,548,568	451,822	-	79,513,117
Total capital assets, being depreciated, net	61,225,901	(2,828,174)	18,471	-	58,379,256
Electric Fund capital assets, net	\$ 65,413,978	\$ 2,986,041	\$ 253,815	\$ -	\$ 68,146,204
Water Fund					
Capital assets, not being depreciated:					
Land	\$ 1,083,514	\$ -	\$ -	\$ -	\$ 1,083,514
Construction in progress	1,742,921	2,190,762	-	-	3,933,683
Total capital assets, not being depreciated	2,826,435	2,190,762	-	-	5,017,197
Capital assets, being depreciated:					
Buildings	15,184,259	-	-	-	15,184,259
Improvements other than buildings	132,781,380	3,047,281	-	-	135,828,661
Machinery and equipment	2,854,162	253,019	72,549	-	3,034,632
Total capital assets, being depreciated	150,819,801	3,300,300	72,549	-	154,047,552
Accumulated depreciation:					
Buildings	4,815,590	495,773	-	-	5,311,363
Improvements other than buildings	55,964,451	3,517,122	-	-	59,481,573
Machinery and equipment	2,346,202	165,750	72,549	-	2,439,403
Total accumulated depreciation	63,126,243	4,178,645	72,549	-	67,232,339
Total capital assets, being depreciated, net	87,693,558	(878,345)	-	-	86,815,213
Water Fund capital assets, net	\$ 90,519,993	\$ 1,312,417	\$ -	\$ -	\$ 91,832,410

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2017

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Wastewater Fund					
Capital assets, not being depreciated:					
Land	\$ 1,065,402	\$ -	\$ -	\$ -	\$ 1,065,402
Construction in progress	-	12,528	-	-	12,528
Total capital assets, not being depreciated	1,065,402	12,528	-	-	1,077,930
Capital assets, being depreciated:					
Buildings	1,920,754	-	-	-	1,920,754
Improvements other than buildings	113,787,251	3,884,130	-	-	117,671,381
Machinery and equipment	2,688,949	275,883	85,689	-	2,879,143
Total capital assets, being depreciated	118,396,954	4,160,013	85,689	-	122,471,278
Accumulated depreciation:					
Buildings	721,811	50,279	-	-	772,090
Improvements other than buildings	42,149,746	2,967,190	-	-	45,116,936
Machinery and equipment	1,978,590	233,068	85,689	-	2,125,969
Total accumulated depreciation	44,850,147	3,250,537	85,689	-	48,014,995
Total capital assets, being depreciated, net	73,546,807	909,476	-	-	74,456,283
Wastewater Fund capital assets, net	\$ 74,612,209	\$ 922,004	\$ -	\$ -	\$ 75,534,213
Regional Airport Fund					
Capital assets, not being depreciated:					
Land	\$ 26,236,458	\$ -	\$ -	\$ -	\$ 26,236,458
Construction in progress	9,671,218	4,688,277	14,359,495	-	-
Total capital assets, not being depreciated	35,907,676	4,688,277	14,359,495	-	26,236,458
Capital assets, being depreciated:					
Buildings	23,848,366	14,359,495	-	-	38,207,861
Improvements other than buildings	47,253,439	932,135	-	-	48,185,574
Machinery and equipment	2,619,198	155,136	39,312	-	2,735,022
Total capital assets, being depreciated	73,721,003	15,446,766	39,312	-	89,128,457
Accumulated depreciation:					
Buildings	11,093,901	858,819	-	-	11,952,720
Improvements other than buildings	12,845,728	1,670,620	-	-	14,516,348
Machinery and equipment	1,824,515	146,003	39,312	-	1,931,206
Total accumulated depreciation	25,764,144	2,675,442	39,312	-	28,400,274
Total capital assets, being depreciated, net	47,956,859	12,771,324	-	-	60,728,183
Regional Airport Fund capital assets, net	\$ 83,864,535	\$ 17,459,601	\$ 14,359,495	\$ -	\$ 86,964,641

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2017

	July 1, 2016	Increases	Decreases	Transfers	June 30, 2017
Stormwater Fund					
Capital assets, not being depreciated:					
Land	\$ 114,282	\$ -	\$ -	\$ -	\$ 114,282
Construction in progress	518,035	763,254	-	-	1,281,289
Total capital assets, not being depreciated	632,317	763,254	-	-	1,395,571
Capital assets, being depreciated:					
Buildings	76,509	-	-	-	76,509
Improvements other than buildings	56,202,370	-	-	-	56,202,370
Machinery and equipment	2,022,125	228,785	79,486	-	2,171,424
Total capital assets, being depreciated	58,301,004	228,785	79,486	-	58,450,303
Accumulated depreciation:					
Buildings	18,954	2,424	-	-	21,378
Improvements other than buildings	15,598,408	1,531,407	-	-	17,129,815
Machinery and equipment	1,502,741	175,456	79,486	-	1,598,711
Total accumulated depreciation	17,120,103	1,709,287	79,486	-	18,749,904
Total capital assets, being depreciated, net	41,180,901	(1,480,502)	-	-	39,700,399
Stormwater Fund capital assets, net	\$ 41,813,218	\$ (717,248)	\$ -	\$ -	\$ 41,095,970
Nonmajor Enterprise Funds and Internal Service Fund					
Capital assets, not being depreciated:					
Land	\$ 11,209,318	\$ -	\$ -	\$ -	\$ 11,209,318
Construction in progress	-	-	-	-	-
Total capital assets, not being depreciated	11,209,318	-	-	-	11,209,318
Capital assets, being depreciated:					
Buildings	17,864,441	221,058	56,226	(182,687)	17,846,586
Improvements other than buildings	878,892	213,185	-	-	1,092,077
Machinery and equipment	11,420,675	427,982	196,306	21,197	11,673,548
Total capital assets, being depreciated	30,164,008	862,225	252,532	(161,490)	30,612,211
Accumulated depreciation:					
Buildings	5,664,904	672,266	44,981	(3,045)	6,289,144
Improvements other than buildings	373,432	45,831	-	-	419,263
Machinery and equipment	6,589,745	1,257,193	183,335	21,197	7,684,800
Total accumulated depreciation	12,628,081	1,975,290	228,316	18,152	14,393,207
Total capital assets, being depreciated, net	17,535,927	(1,113,065)	24,216	(179,642)	16,219,004
Nonmajor Enterprise Funds capital assets, net	\$ 28,745,245	\$ (1,113,065)	\$ 24,216	\$ (179,642)	\$ 27,428,322
Business-type activities capital assets, net	\$384,969,178	\$20,849,750	\$14,637,526	\$ (179,642)	\$391,001,760

SCHEDULE OF BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT

June 30, 2017

	July 1, 2016	Increases	Decreases	June 30, 2017	Current Maturities
Electric Fund					
Revenue bonds	\$ 19,120,954	\$ -	\$ 2,110,496	\$ 17,010,458	\$ 2,174,649
Plus premium on revenue bonds	2,000,129	-	146,194	1,853,935	-
Compensated absences	347,468	330,638	276,130	401,976	277,364
Net pension liability (LGERS)	256,101	999,765	-	1,255,866	-
OPEB liability	1,127,019	80,059	-	1,207,078	-
Electric Fund long-term debt	\$ 22,851,671	\$ 1,410,462	\$ 2,532,820	\$ 21,729,313	\$ 2,452,013
Water Fund					
Revenue bonds	\$ 30,297,650	\$ -	\$ 3,136,568	\$ 27,161,082	\$ 3,235,938
Plus premium on revenue bonds	3,264,674	-	249,288	3,015,386	-
Compensated absences	282,806	258,221	261,716	279,311	192,725
Net pension liability (LGERS)	241,570	908,556	-	1,150,126	-
OPEB liability	954,023	73,319	-	1,027,342	-
Water Fund long-term debt	\$ 35,040,723	\$ 1,240,096	\$ 3,647,572	\$ 32,633,247	\$ 3,428,663
Wastewater Fund					
Revenue bonds	\$ 15,741,856	\$ -	\$ 2,110,806	\$ 13,631,050	\$ 2,168,866
Plus premium on revenue bonds	795,512	-	67,854	727,658	-
Compensated absences	86,065	97,061	93,137	89,989	62,092
Net pension liability (LGERS)	113,571	392,354	-	505,925	-
OPEB liability	312,689	32,252	-	344,941	-
Wastewater Fund long-term debt	\$ 17,049,693	\$ 521,667	\$ 2,271,797	\$ 15,299,563	\$ 2,230,958
Regional Airport Fund					
Installment purchase	\$ 11,994,000	\$ -	\$ 952,500	\$ 11,041,500	\$ 961,500
Installment notes	958,100	-	199,100	759,000	193,600
Plus premium on LOBs	53,361	-	10,164	43,197	-
Compensated absences	106,195	84,572	82,241	108,526	74,883
Net pension liability (LGERS)	139,284	452,860	-	592,144	-
OPEB liability	402,257	37,748	-	440,005	-
Regional Airport Fund long-term debt	\$ 13,653,197	\$ 575,180	\$ 1,244,005	\$ 12,984,372	\$ 1,229,983
Stormwater Fund					
Compensated absences	\$ 66,975	\$ 83,491	\$ 76,708	\$ 73,758	\$ 50,893
Net pension liability (LGERS)	92,800	291,118	-	383,918	-
OPEB liability	193,644	24,474	-	218,118	-
Stormwater Fund long-term debt	\$ 353,419	\$ 399,083	\$ 76,708	\$ 675,794	\$ 50,893
Nonmajor Enterprise Funds and Internal Service Fund					
Installment notes	\$ 10,474,225	\$ -	\$ 1,068,650	\$ 9,405,575	\$ 1,093,100
Plus premium on LOBs	816,105	-	101,097	715,008	-
Compensated absences	441,643	375,556	336,838	480,361	331,450
Net pension liability (LGERS)	487,054	1,710,712	-	2,197,766	-
OPEB liability	2,206,432	140,103	-	2,346,535	-
Nonmajor Enterprise Funds long-term debt	\$ 14,425,459	\$ 2,226,371	\$ 1,506,585	\$ 15,145,245	\$ 1,424,550
Business-type activities long-term debt	\$ 103,374,162	\$ 6,372,859	\$ 11,279,487	\$ 98,467,534	\$ 10,817,060

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.

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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.	166
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.	171
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.	178
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.	183
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.	185

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$299,422,732	\$299,238,599	\$285,243,071	\$280,799,254	\$268,758,293	\$260,979,309	\$279,817,761	\$303,629,133	\$299,048,429	\$312,710,029
Restricted	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966	16,700,634	20,489,899
Unrestricted	52,092,724	55,488,182	62,723,954	50,007,074	53,887,440	59,614,980	54,435,103	61,910,544	76,521,941	77,341,541
Total governmental activities net position	<u>\$353,515,906</u>	<u>\$356,442,872</u>	<u>\$349,677,957</u>	<u>\$347,930,044</u>	<u>\$337,842,992</u>	<u>\$335,648,646</u>	<u>\$356,229,851</u>	<u>\$386,753,643</u>	<u>\$392,271,004</u>	<u>\$410,541,469</u>
Business-type activities										
Net investment in capital assets	\$247,374,035	\$232,711,487	\$243,365,138	\$249,883,977	\$253,341,005	\$258,370,354	\$273,797,482	\$279,995,482	\$297,636,341	\$309,519,783
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	55,299,614	79,999,678	90,837,386	99,653,376	116,159,507	123,703,593	130,036,600	144,548,886	164,225,843	169,450,247
Total business-type activities net position	<u>\$302,673,649</u>	<u>\$312,711,165</u>	<u>\$334,202,524</u>	<u>\$349,537,353</u>	<u>\$369,500,512</u>	<u>\$382,073,947</u>	<u>\$403,834,082</u>	<u>\$424,544,368</u>	<u>\$461,862,184</u>	<u>\$478,970,030</u>
Primary government										
Net investment in capital assets	\$546,796,767	\$531,950,086	\$528,608,209	\$530,683,231	\$522,099,298	\$519,349,663	\$553,615,243	\$583,624,615	\$596,684,770	\$622,229,812
Restricted	2,000,450	1,716,091	1,710,932	17,123,716	15,197,259	15,054,357	21,976,987	21,213,966	16,700,634	20,489,899
Unrestricted	107,392,338	135,487,860	153,561,340	149,660,450	170,046,947	183,318,573	184,471,703	206,459,430	240,747,784	246,791,788
Total primary government activities net position	<u>\$656,189,555</u>	<u>\$669,154,037</u>	<u>\$683,880,481</u>	<u>\$697,467,397</u>	<u>\$707,343,504</u>	<u>\$717,722,593</u>	<u>\$760,063,933</u>	<u>\$811,298,011</u>	<u>\$854,133,188</u>	<u>\$889,511,499</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 3,217,768	\$ 3,603,395	\$ 4,354,769	\$ 4,439,667	\$ 4,996,198	\$ 4,494,000	\$ 5,195,490	\$ 4,691,595	\$ 5,051,753	\$ 5,621,893
Public safety	29,389,987	32,327,159	33,333,315	34,818,159	35,378,939	35,643,640	36,879,444	36,851,383	37,306,072	41,296,415
Public works	30,592,926	31,815,013	33,362,313	31,612,314	28,875,757	28,865,813	29,664,081	28,327,081	29,415,487	25,685,453
Cultural & recreational	4,263,979	4,356,816	4,287,048	4,233,575	4,299,687	4,771,467	4,685,065	4,662,500	4,691,129	5,221,006
Planning & community development	2,612,748	2,516,223	2,840,033	3,096,020	5,373,310	3,854,751	3,186,781	3,037,830	3,320,039	3,092,715
Administration	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137	895,927
Housing assistance Payments	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317	3,832,265	4,195,694
Rehabilitation	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157	895,828
Interest on long-term debt	1,815,914	1,847,213	1,773,371	1,508,832	1,005,570	1,032,636	1,002,581	1,435,986	1,262,457	1,194,385
Total governmental activities expenses	77,257,597	81,055,356	84,280,336	84,890,535	87,712,206	84,124,904	86,497,605	85,424,223	87,961,496	88,099,316
Business-type activities:										
Electric	57,480,622	63,073,567	63,797,452	69,740,487	66,381,454	74,356,658	75,116,682	70,822,661	67,070,451	82,797,485
Water	16,915,149	15,692,404	15,550,286	15,618,503	15,377,435	15,211,584	16,135,531	18,869,903	15,925,133	19,183,773
Wastewater	13,381,789	14,205,883	13,507,142	13,802,561	13,905,343	13,668,630	14,182,892	13,947,646	15,533,505	15,298,717
Regional airport	13,106,629	10,668,036	10,023,077	11,432,960	11,908,265	11,477,819	11,766,345	10,060,171	9,190,615	10,184,555
Stormwater	3,613,613	3,879,657	3,946,044	3,729,861	3,731,359	3,744,547	3,783,127	3,664,112	4,000,529	4,088,479
Other non major business-type	5,842,740	6,403,396	5,856,696	6,349,265	6,477,130	7,052,787	7,843,103	8,003,215	7,965,726	8,354,079
Total business-type activities expenses	110,340,542	113,922,943	112,680,697	120,673,637	117,780,986	125,512,025	128,827,680	125,367,708	119,685,959	139,907,088
Total primary government expenses	\$187,598,139	\$194,978,299	\$196,961,033	\$205,564,172	\$205,493,192	\$209,636,929	\$215,325,285	\$210,791,931	\$207,647,455	\$228,006,404
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,851,370	\$ 1,752,112	\$ 1,593,175	\$ 1,527,420	\$ 1,710,506	\$ 1,724,338	\$ 2,047,645	\$ 1,816,245	\$ 979,503	\$ 956,394
Public safety	925,384	706,749	739,461	622,544	749,902	612,622	834,822	1,394,849	1,346,713	1,187,729
Public works	-	-	-	-	-	335,140	651,378	391,750	381,028	858,487
Cultural and recreational	268,988	352,470	251,425	266,110	265,249	290,561	294,687	356,987	326,091	322,636
Planning and community development	1,247,480	853,001	1,316,731	2,025,498	2,063,363	1,936,408	1,908,627	2,090,776	2,040,391	1,918,761
Housing assistance	4,438	3,055	4,046	3,009	-	745,975	981,520	1,197,220	749,463	483,440
Rehabilitation	1,327,157	816,778	654,957	660,865	396,514	395,125	614,844	503,318	582,108	76,887
Operating grants and contributions	7,589,562	6,772,165	8,039,500	8,361,322	10,099,206	8,667,106	7,707,977	7,336,269	7,174,344	8,119,897
Capital grants and contributions	45,810,044	12,178,471	4,399,871	9,750,000	3,307,835	8,533,706	31,991,743	34,238,961	11,034,946	23,173,930
Total government activities program revenues	59,024,423	23,434,801	16,999,166	23,216,768	18,592,575	23,240,981	47,033,243	49,326,375	24,614,587	37,098,161

(Continued)

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services										
Electric	\$ 61,920,483	\$ 61,902,700	\$ 69,955,857	\$ 74,971,026	\$ 78,948,101	\$ 81,194,498	\$ 80,753,191	\$ 81,118,401	\$ 82,086,937	\$ 84,473,951
Water	18,692,941	17,491,941	19,272,961	19,105,584	19,856,057	19,443,009	19,829,445	21,517,196	22,941,925	24,731,261
Wastewater	13,478,931	12,903,815	13,773,878	14,384,621	14,772,364	14,683,027	15,075,545	16,167,934	17,651,022	17,166,503
Regional airport	11,406,644	9,911,053	8,092,461	9,124,603	9,809,448	9,807,609	10,272,804	8,612,280	7,663,481	8,584,741
Stormwater	3,325,017	3,489,201	3,989,017	3,730,742	3,714,155	3,778,496	3,796,150	3,896,251	3,965,529	4,035,706
Other non major business-type	2,386,692	1,907,614	1,720,911	1,943,291	1,891,193	1,909,781	2,489,490	2,344,438	2,303,380	2,561,591
Operating grants and contributions	2,934,222	3,191,973	5,178,504	4,252,712	3,148,598	3,152,858	7,764,200	3,301,773	2,084,934	3,173,637
Capital grants and contributions	8,199,207	7,721,792	8,497,858	5,026,770	1,591,427	5,488,658	9,201,434	5,895,701	13,936,032	9,330,447
Total business-type activities program revenues	122,344,137	118,520,089	130,481,447	132,539,349	133,731,343	139,457,936	149,182,259	142,853,974	152,633,240	154,057,837
Total primary government program revenue	\$181,368,560	\$141,954,890	\$147,480,613	\$155,756,117	\$152,323,918	\$162,698,917	\$196,215,502	\$192,180,349	\$177,247,827	\$191,155,998
Net (Expenses)/Revenue										
Governmental activities	\$(18,233,174)	\$(57,620,555)	\$(67,281,170)	\$(61,673,767)	\$(69,119,631)	\$(60,883,923)	\$(39,464,362)	\$(36,097,848)	\$(63,346,909)	\$(51,001,155)
Business-type activities	12,003,595	4,597,146	17,800,750	11,865,712	15,950,357	13,945,911	20,354,579	17,486,266	32,947,281	14,150,749
Total primary government net expense	\$ (6,229,579)	\$ (53,023,409)	\$ (49,480,420)	\$ (49,808,055)	\$ (53,169,274)	\$ (46,938,012)	\$ (19,109,783)	\$ (18,611,582)	\$ (30,399,628)	\$ (36,850,406)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem taxes	\$ 37,881,901	\$ 44,094,142	\$ 45,363,018	\$ 44,236,917	\$ 43,163,621	\$ 43,549,135	\$ 46,423,570	\$ 46,125,496	\$ 47,573,304	\$ 50,896,652
Other taxes	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828	16,191,844	17,675,132
Operating grants and contributions	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956	5,100,371	4,740,748
Investment earnings	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220	646,692
Miscellaneous gain (loss)	646,073	1,230,921	761,842	936,229	876,108	926,090	996,503	954,545	1,097,241	1,197,470
Transfers	(4,006,754)	(2,790,209)	(2,140,110)	(1,655,480)	(1,984,080)	(2,429,308)	(1,713,823)	(1,949,854)	(2,130,710)	(1,572,258)
Total governmental activities	53,606,475	60,547,521	60,516,255	59,925,854	59,032,579	58,966,156	64,152,436	66,621,640	68,864,270	73,584,436
Business-type activities										
Investment earnings	2,648,596	2,467,828	1,571,516	1,396,578	1,206,493	(245,850)	1,669,623	1,001,886	1,521,922	828,996
Miscellaneous gain (loss)	63,531	182,333	(21,017)	417,059	402,869	494,871	468,406	272,280	717,903	555,843
Transfers	4,006,754	2,790,209	2,140,110	1,655,480	1,984,080	2,429,308	1,713,823	1,949,854	2,130,710	1,572,258
Total business-type activities	6,718,881	5,440,370	3,690,609	3,469,117	3,593,442	2,678,329	3,851,852	3,224,020	4,370,535	2,957,097
Total primary government	\$ 60,325,356	\$ 65,987,891	\$ 64,206,864	\$ 63,394,971	\$ 62,626,021	\$ 61,644,485	\$ 68,004,288	\$ 69,845,660	\$ 73,234,805	\$ 76,541,533
Change in Net Position										
Governmental activities	\$ 35,373,301	\$ 2,926,966	\$ (6,764,915)	\$ (1,747,913)	\$(10,087,052)	\$ (1,917,767)	\$ 24,688,074	\$ 30,523,792	\$ 5,517,361	\$ 22,583,281
Business-type activities	18,722,476	10,037,516	21,491,359	15,334,829	19,543,799	16,624,240	24,206,431	20,710,286	37,317,816	17,107,846
Total primary government	\$ 54,095,777	\$ 12,964,482	\$ 14,726,444	\$ 13,586,916	\$ 9,456,747	\$ 14,706,473	\$ 48,894,505	\$ 51,234,078	\$ 42,835,177	\$ 39,691,127

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable	\$ 82,097	\$ 128,476	\$ 128,127	\$ 109,186	\$ 91,095	\$ 69,260	\$ 178,322	\$ 166,024	\$ 174,692	\$ 231,111
Restricted	15,500,611	13,577,559	13,436,085	15,998,293	14,140,696	14,490,359	20,037,416	19,459,163	16,012,423	18,619,318
Assigned	-	1,500,000	-	-	-	-	-	-	-	-
Unassigned	31,263,025	37,301,067	37,504,311	36,921,449	43,248,336	40,600,448	37,663,790	50,118,453	52,968,474	46,910,753
Total General Fund	<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>	<u>\$69,155,589</u>	<u>\$65,761,182</u>
All Other Governmental funds										
Restricted	\$ 380,095	\$ 1,166,853	\$ 606,815	\$ 1,016,237	\$ 965,468	\$ 494,738	\$ 1,761,249	\$ 1,588,779	\$ 513,519	\$ 1,639,470
Committed	9,211,002	9,129,724	17,321,294	17,156,767	13,452,847	16,733,371	20,189,379	17,164,075	26,658,640	35,587,791
Assigned	7,204,539	5,556,958	6,964,454	9,839,140	11,925,525	18,389,986	17,935,054	19,181,632	14,795,995	18,580,293
Unassigned	(4,368,446)	(4,627,540)	(3,978,046)	(4,767,945)	(4,072,385)	(3,983,924)	(3,968,089)	(619,797)	(127,780)	(236,053)
Total all other governmental funds	<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>	<u>\$41,840,374</u>	<u>\$55,571,501</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 37,911,743	\$ 43,689,541	\$ 44,974,492	\$ 44,213,325	\$ 43,091,490	\$ 43,345,698	\$ 46,104,178	\$ 45,758,123	\$ 48,134,096	\$ 51,179,474
Other taxes	13,899,527	13,390,448	12,567,428	12,226,782	13,366,521	14,046,489	14,042,681	16,917,828	16,191,844	17,675,132
Unrestricted intergovernmental revenues	2,745,792	3,237,013	2,642,020	3,159,222	2,880,377	3,155,697	3,142,852	3,932,956	5,100,371	4,740,748
Restricted intergovernmental revenues	8,416,850	6,870,323	8,161,071	8,534,858	9,713,210	9,005,424	9,373,076	8,667,584	8,079,968	9,792,222
Licenses, fees, and permits	2,055,273	1,912,088	1,755,810	1,650,649	1,873,658	1,885,610	2,210,200	2,004,511	1,289,489	1,169,815
Contributions, net of refunds	147,312	-	-	-	-	-	-	-	-	-
Investment earnings	2,439,936	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220	646,692
Investment earnings restricted	82,799	46,022	36,179	26,044	19,323	25,628	16,234	23,385	32,037	49,118
Program income	1,327,157	816,778	654,957	660,865	698,157	1,476,240	2,247,742	2,460,878	1,712,599	1,474,389
Other revenues	2,668,896	2,836,489	2,788,234	3,549,375	3,862,921	3,510,163	3,832,913	4,186,913	3,797,617	3,651,331
Total revenues	71,695,285	74,183,908	74,902,248	75,043,304	76,235,689	76,169,002	82,230,529	84,592,847	85,370,241	90,378,921
Expenditures										
General government	3,021,404	3,393,127	4,215,552	4,511,799	4,563,849	4,077,954	4,802,271	4,857,917	4,420,117	4,735,511
Public safety	25,995,498	28,388,096	29,472,135	30,708,135	31,353,312	31,688,874	32,950,943	34,244,381	34,797,980	37,606,924
Public works	9,804,616	11,578,500	11,422,287	12,807,858	10,215,647	10,493,535	11,854,052	10,463,847	10,956,118	11,120,147
Cultural and recreational	3,870,407	3,948,833	3,839,337	3,803,036	3,956,149	4,399,504	4,310,686	4,335,081	4,325,132	4,719,578
Planning and community development	2,540,302	2,346,714	2,780,589	3,005,580	5,312,219	3,792,770	3,124,932	3,007,670	3,270,248	2,995,872
Administration	526,464	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137	895,927
Housing assistance payments	3,251,666	3,351,185	3,119,188	3,344,522	3,698,736	4,258,426	4,279,279	4,127,317	3,832,265	4,195,694
Rehabilitation	1,586,145	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157	895,828
Capital outlay	6,955,436	6,708,441	3,432,237	3,641,809	3,998,026	3,522,859	7,463,803	17,688,922	10,698,997	7,291,213
Debt service										
Interest	1,815,914	1,847,213	1,779,766	1,542,254	1,048,001	1,075,067	1,045,012	1,233,584	1,408,299	1,194,385
Principal	4,322,779	4,830,733	3,512,055	4,064,454	2,273,244	2,183,878	2,077,961	1,477,547	2,510,447	2,639,222
Total expenditures	63,690,631	67,631,194	64,783,445	69,266,893	70,503,192	66,697,038	73,513,823	83,726,797	79,301,897	78,290,301
Excess of revenues over (under) expenditures	8,004,654	6,552,714	10,118,803	5,776,411	5,732,497	9,471,964	8,716,706	866,050	6,068,344	12,088,620
Other Financing Sources (Uses)										
Proceeds of installment purchase contracts	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	10,983,594	8,951,756	17,455,195	14,095,374	8,858,563	16,627,650	12,360,954	22,263,320	20,886,597	22,401,709
Transfers out	(14,990,348)	(11,741,965)	(19,595,305)	(15,780,456)	(11,112,605)	(19,056,958)	(14,074,777)	(24,213,174)	(23,017,307)	(24,153,609)
Total Other Financing Sources (Uses)	3,367,246	(2,092,540)	(1,868,860)	(1,486,324)	(2,254,042)	(2,429,308)	(1,713,823)	12,395,158	(2,130,710)	(1,751,900)
Net change in fund balances	\$ 11,371,900	\$ 4,460,174	\$ 8,249,943	\$ 4,290,087	\$ 3,478,455	\$ 7,042,656	\$ 7,002,883	\$ 13,261,208	\$ 3,937,634	\$ 10,336,720
Debt service as a percentage of non capital expenditures	10.82%	10.96%	8.86%	10.04%	4.99%	5.16%	4.73%	4.11%	5.71%	5.40%

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

Fiscal Year	Residential	Commercial	Industrial	Total
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
2016	25,008	4,306	57	29,371
2017	25,628	4,386	60	30,074

Source: City of Concord Finance and Electric Departments

**ELECTRIC RATES
Last Ten Fiscal Years**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Residential Customers										
Basic charges	\$ 7.87	\$ 8.58	\$ 9.11	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.65	\$ 9.65
Energy Charges per kWh (July - October)										
First 350	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476
Over 350	0.072121	0.082401	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476
Energy Charges per kWh (November - June)										
First 350	0.073572	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476
Over 350	0.064837	0.074461	0.795700	0.082582	0.082582	0.082582	0.082582	0.082582	0.088476	0.088476
Commercial Customers										
Basic Facilities Charge	15.75	17.17	17.51	18.20	18.20	18.20	18.20	18.20	18.2	18.2
Demand Charge per kW (over 30 kW of billing demand)	3.27	3.56	3.63	3.77	3.77	3.77	3.77	3.77	3.77	3.77
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.095361	0.107729	0.109884	0.114193	0.114193	0.114193	0.114193	0.114193	0.120344	0.120344
Next 87,000	0.055878	0.064693	0.065987	0.068575	0.068575	0.068575	0.068575	0.068575	0.074726	0.074726
Over 90,000	0.053880	0.062515	0.063765	0.066266	0.066266	0.066266	0.066266	0.066266	0.072417	0.072417
Next 275 kWh per kW billing demand per month										
First 6,000	0.053179	0.061751	0.062986	0.065456	0.065456	0.065456	0.065456	0.065456	0.071607	0.071607
Next 134,000	0.046879	0.054884	0.055982	0.058177	0.058177	0.058177	0.058177	0.058177	0.064328	0.064328
Over 140,000	0.044880	0.052705	0.053759	0.055867	0.055867	0.055867	0.055867	0.055867	0.062018	0.062018
All over 400 kWh per kW billing demand	0.043880	0.051615	0.052647	0.054712	0.054712	0.054712	0.054712	0.054712	0.060813	0.060863
Industrial Customers										
Basic Facilities Charge	15.75	17.17	17.86	18.54	18.54	18.54	18.54	18.54	19.30	19.30
Demand Charge per kW (over 30 kW of billing demand)	3.07	3.35	3.48	3.62	3.62	3.62	3.62	3.62	3.80	3.80
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.088579	0.099641	0.103627	0.107612	0.107612	0.107612	0.107612	0.107612	0.115251	0.115251
Next 87,000	0.051467	0.059189	0.061557	0.063924	0.063924	0.063924	0.063924	0.063924	0.070911	0.070911
Over 90,000	0.049590	0.057143	0.059429	0.061714	0.061714	0.061714	0.061714	0.061714	0.069151	0.069151
Next 275 kWh per kW billing demand per month										
First 140,000	0.043008	0.049969	0.051968	0.053967	0.053967	0.053967	0.053967	0.053967	0.060471	0.060471
Over 140,000	0.041129	0.047921	0.049838	0.051755	0.051755	0.051755	0.051755	0.051755	0.058651	0.058651
All over 400 kWh per kW billing demand	0.040189	0.046896	0.048772	0.050648	0.050648	0.050648	0.050648	0.050648	0.056751	0.056751

Source: City of Concord Finance and Electric Departments

**TEN LARGEST ELECTRIC CUSTOMERS,
Current Year and Nine Years Ago**

Customer	2017			%	2008			%
	Electric Revenue	Rank	Percentage of Total Electric Revenue		Electric Revenue	Rank	Percentage of Total Electric Revenue	
City of Concord	\$ 2,332,636	1	2.68	\$ 1,275,841	4	2.08		
Concord Mills LLC	1,722,507	2	1.98	1,717,639	1	2.81		
Celgard LLC	1,660,500	3	1.91	-	-	-		
Legrand	1,533,707	4	1.76	1,483,950	2	2.42		
Cabarrus County Schools	1,520,306	5	1.74	1,225,262	5	2.00		
Perdue Farms Inc	1,493,117	6	1.71	1,300,964	3	2.13		
S&D Coffee	1,364,769	7	1.57	767,731	7	1.25		
Water and Sewer Authority of Cabarrus County	1,246,252	8	1.43	-	-	-		
Cabarrus Plastics Mfg	984,514	9	1.13	723,554	8	1.18		
Wind Shear Inc	642,501	10	0.74	-	-	-		
Rocky River Water Treatment Plant	-	-	-	909,642	6	1.49		
Northeast Medical Center	-	-	-	733,143	9	1.20		
Windstream	-	-	-	621,996	10	1.02		
Total	\$ 14,500,809		16.65 %	\$ 10,759,722		17.58 %		

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)				
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
2016	5,562,324,699	2,474,039,979	759,436,323	1,033,191,542	124,486,420	9,953,478,963	0.4788
2017	7,198,546,266	1,642,104,405	767,219,663	1,035,500,636	153,919,497	10,797,290,467	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)		
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	0.7000	1.1788
2016	0.4800	0.2300	0.4788	0.7000	1.1788
2017	0.4800	0.2300	0.4788	0.7000	1.1788

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	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Mall at Concord Mills LP	\$ 512,465,432	1	5.30 %	\$ 208,989,040	2	2.48 %
Charlotte Motor Speedway LLC	249,414,503	2	2.58	205,671,994	3	2.45
Celgard LLC	197,740,761	3	2.05	-	-	-
Great Wolf Lodge	96,461,210	4	1.00	-	-	-
Bootsmead Leaseco LLC	75,644,284	5	0.78	-	-	-
JQH-Concord Development LLC	66,260,300	6	0.69	56,832,500	5	0.68
Windstream Concord Telephone	53,574,926	7	0.55	40,671,972	8	0.53
Alevo Energy Inc	53,173,948	8	0.55	-	-	-
HSREI LLC a NC LLC	50,838,310	9	0.53	56,599,998	6	0.74
S & D Coffee	45,842,477	10	0.47	-	-	-
Philip Morris	-	-	-	1,089,951,879	1	14.23
Christenbury Farms Inc	-	-	-	61,623,321	4	0.80
Shea Homes	-	-	-	43,535,345	7	0.57
Inland Western Concord	-	-	-	39,953,810	9	0.52
BFI Waste Systems of America	-	-	-	36,110,600	10	0.47
Total	<u>\$ 1,401,416,151</u>		<u>14.50 %</u>	<u>\$ 1,839,940,459</u>		<u>23.47 %</u>

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
2008	37,819,888	37,086,369	98.1%	673,059	37,759,428	99.8%
2009	44,077,915	42,894,749	97.3%	1,062,559	43,957,308	99.7%
2010	44,956,754	43,881,105	97.6%	988,689	44,869,794	99.8%
2011	44,365,653	43,329,051	97.7%	963,520	44,292,571	99.8%
2012	43,076,823	42,056,886	97.6%	883,490	42,940,376	99.7%
2013	43,608,877	42,445,084	97.3%	993,913	43,438,997	99.6%
2014	46,548,215	45,126,093	96.9%	1,101,796	46,227,889	99.3%
2015	46,943,610	46,174,814	98.4%	535,563	46,710,377	99.5%
2016	47,667,548	46,909,735	98.4%	401,328	47,311,063	99.3%
2017	51,709,905	50,820,322	98.3%	-	50,820,322	98.3%

**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			
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	1.70%	1,554
2016	3,105	-	1,915	26,892	1,429	11,994	-	71,221	12,302	128,858	1.58%	1,479
2017	2,835	-	1,597	24,950	1,320	11,042	-	63,400	10,923	116,067	1.37%	1,307

(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)
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	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-

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, 2017

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (3)	Estimated Share of Direct and Overlapping Debt
City of Concord (1)	\$ 30,701,643	100%	\$ 30,701,643
Cabarrus County (2)	324,011,136	50%	162,005,568
Total			\$ 192,707,211

(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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 672,850	\$ 779,858	\$ 856,688	\$ 779,768	\$ 820,665	\$ 729,040	\$ 773,864	\$ 782,350	\$ 796,278	\$ 863,783
Total net debt applicable to limit	35,809	31,819	28,391	24,337	22,387	20,532	18,788	30,096	27,997	25,925
Legal debt margin	\$ 637,041	\$ 748,039	\$ 828,297	\$ 755,431	\$ 798,278	\$ 708,508	\$ 755,076	\$ 752,254	\$ 768,281	\$ 837,858
Total net debt applicable to the limit as a percentage of debt limit	5%	4%	3%	3%	3%	3%	2%	4%	4%	3%

Legal Debt Margin Calculation for Fiscal Years

Total assessed value	<u>\$10,797,290,467</u>
Debt limit (8% of assessed value)	<u>863,783,237</u>
Debt applicable to limit:	
General Obligation bonds	-
Installment purchase notes	13,876,500
Installment notes	33,255,000
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(21,206,075)</u>
Total net debt applicable to limit	<u>25,925,425</u>
Legal Debt Margin	<u>\$ 837,857,812</u>
Net debt as a % of assessed values	0.24%

PLEDGED-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	
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
2016	26,447	10,739	15,708	3,041	1,341	3.58
2017	28,036	13,829	14,207	3,137	1,282	3.21

Wastewater Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	21,140	11,666	9,474	2,052	720	3.42
2017	21,246	11,406	9,840	2,111	665	3.54

Electric Revenue Bonds						
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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
2016	82,754	62,489	20,265	2,043	865	6.97
2017	84,851	78,082	6,769	2,110	833	2.30

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)
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%
2013	81,461	7,376,723	39,983	29,721	6.0%
2014	83,279	7,722,393	40,094	29,952	4.4%
2015	85,428	7,799,648	41,219	30,532	4.1%
2016	87,130	8,171,731	42,097	31,271	3.7%
2017 (5)	88,815	8,502,745	42,111	31,876	4.4%

(1) NC Office of State Budget and Management. 2017 is an estimate.

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

(3) N.C. Public Schools (Average Daily Membership)

(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 9 years.

PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	2017			2008		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Carolina Medical Center-NorthEa	4,200	1	9.42 %	4,200	1	14.02 %
Cabarrus County Schools	4,000	2	8.97	3,951	2	12.81
Cabarrus County Government	1,116	3	2.50	763	6	2.47
S&D Coffee and Tea	1,100	4	2.47	-		-
City of Concord	1,017	5	2.28	898	5	2.91
Amazon	1,000	6	2.24	-		-
Speedway Motorsports, Inc	1,000	7	2.24	-		-
Kannapolis City Schools	925	8	2.07	925	4	3.00
Shoe Show	750	9	1.68	650	8	2.11
Corning	600	10	1.35	-		-
Philip Morris	-		-	2,600	3	8.43
Connexions	-		-	750	7	2.43
Windstream	-		-	650	9	2.11
North Carolina Government	-		-	550	10	1.78
	<u>15,708</u>		<u>35.22 %</u>	<u>15,937</u>		<u>52.07 %</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
General Government										
Public Service Administration	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office	6.00	6.00	6.00	6.00	5.00	6.00	6.00	6.00	6.00	6.50
Human Resources	7.00	8.00	8.00	8.00	9.00	10.00	10.00	10.00	10.00	11.00
Finance	13.00	13.00	13.00	13.35	14.00	14.00	14.00	13.25	13.00	13.00
Tax	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00	3.50
Legal	5.00	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Non-Departmental	-	-	-	-	-	-	-	-	-	-
Public Safety										
Police	170.25	174.25	175.25	177.25	178.25	178.25	180.25	189.25	191.00	200.00
Code Enforcement	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Communications	22.50	22.50	22.50	22.50	21.50	21.50	22.50	22.50	22.00	23.50
Radio Shop	4.70	4.70	4.50	4.50	3.50	3.50	2.50	3.50	3.00	3.50
Fire & Life Safety (Operations)	160.30	173.30	170.00	182.00	182.00	181.00	181.00	181.00	181.00	187.00
Fire & Life Safety (Prevention)	6.00	6.00	6.00	6.00	6.00	6.00	6.00	9.00	9.00	9.50
Fire & Life Safety (Training)	2.00	2.00	2.00	2.00	2.00	4.00	4.00	2.00	4.00	4.00
Emergency Mangement Coordinator	2.85	2.80	2.80	2.85	2.85	1.00	1.00	1.00	1.00	2.00
Public Works										
Street & Traffic	27.00	27.00	26.00	27.00	27.00	27.00	27.00	27.00	28.00	30.00
Powell Bill	-	-	-	-	-	-	-	-	-	-
Traffic Services	6.00	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00
Traffic Signals	3.00	3.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00
Solid Waste & Recycling	35.34	37.00	36.50	33.00	32.00	32.00	32.00	32.00	32.00	31.50
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	13.25	13.00	13.00	13.00	13.00	13.00	13.00	14.00
Other Public Works										
Economic Development										
Business & Neighborhood Services	8.50	9.00	9.00	8.85	15.00	14.00	14.50	14.50	14.00	16.00
Transportation (Contract)	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00
Development Services	10.00	10.00	9.00	9.00	-	-	-	-	-	-
Culture & Recreation										
Parks and recreation	21.75	22.75	22.00	22.00	20.00	20.00	21.25	21.00	17.00	17.00
Parks and recreation Aquatics (seasonal)	-	-	-	-	-	-	-	-	-	-
Total FTE General Fund	547.19	568.30	561.30	572.80	566.60	566.75	572.50	583.50	582.00	607.00

(Continued)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Other Funds</i>										
Municipal Service District Fund	-	-	-	-	-	-	-	-	-	-
Home Consortium Fund	1.50	1.50	1.50	1.30	0.90	0.90	1.00	0.90	1.00	0.80
Transportation Improvement Fund	-	-	-	-	-	-	-	-	-	-
CDBG	2.00	1.50	1.50	1.50	1.10	1.10	1.00	1.10	1.00	1.20
Addl. \$5 Vehicle Tax (Transit Fund)	-	-	-	-	-	-	-	-	-	-
Stormwater	20.00	21.00	20.50	20.25	20.25	20.25	19.77	22.09	22.00	21.00
Electric										
Electric Administration	2.75	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Purchased Power	-	-	-	-	-	-	-	-	-	-
Powerlines Maintenance	14.00	13.00	13.00	13.00	13.00	13.00	13.00	17.00	17.00	17.00
Tree Trimming	10.00	10.00	9.00	9.00	9.00	9.00	9.00	7.00	7.00	7.00
Electric Construction	34.00	34.00	34.00	34.00	34.00	34.00	34.00	33.00	33.00	33.00
Peak Shaving	1.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-
Electric Engineering	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	8.00
Utility Locate Services	5.00	5.00	5.00	5.00	4.00	4.00	4.00	5.00	5.00	5.00
Water Resources										
Hillgrove Water Treatment Plant	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	15.00	15.00
Coddle Creek Water Treatment Plant	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.00	15.00
Waterlines Operations & Maintenance	37.00	37.00	35.00	34.75	34.75	34.75	34.24	34.59	36.00	37.00
Public Transit										
Rider Transit System	-	-	-	2.00	2.75	2.55	2.70	3.70	4.00	5.00
Wastewater Resources	31.00	31.00	30.00	30.00	30.00	30.00	30.00	30.32	29.00	30.00
Golf Course (contract)	-	-	-	-	-	-	-	-	-	-
Internal Services										
Utility Collections	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00
Data Services	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Billing	13.00	13.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00
Customer Service	17.00	17.00	17.00	16.00	16.00	15.50	15.50	25.00	26.00	26.00
Engineering	28.00	28.00	25.00	25.00	25.00	24.00	24.00	23.00	23.00	24.00
Purchasing	9.00	9.00	9.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00
Customer Care Center	7.15	7.95	7.70	7.65	8.15	8.50	9.50	-	-	-
Buildings & Grounds	41.27	41.50	39.60	38.50	39.50	39.00	39.50	40.65	38.00	39.00
Aviation	38.00	40.50	36.50	35.25	36.00	36.00	33.00	34.00	34.00	40.00
Public Housing	16.00	16.00	16.50	16.00	14.00	13.00	12.00	13.38	14.00	14.00
Total FTE Other Funds	369.67	373.95	356.30	352.70	350.90	348.05	343.71	351.23	352.00	363.00
Total	916.86	942.25	917.60	925.50	917.50	914.80	916.21	934.73	934.00	970.00

Source: City of Concord Budget Department

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Physical arrests	10,113	6,128	6,275	5,783	5,837	5,072	4,925	3,948	4,486	4,207
Parking violations	3,879	2,506	1,576	3,343	2,964	2,696	2,375	2,365	2,671	2,764
Traffic violations	16,293	13,629	13,004	13,561	9,878	9,422	8,135	9,209	10,699	12,335
Communications										
Calls received	107,265	105,912	107,585	107,341	100,197	108,843	109,382	100,830	102,526	106,933
Fire										
Emergency responses	7,310	7,324	7,287	7,920	8,856	9,077	9,246	10,008	10,616	11,561
Fires extinguished	378	327	322	402	315	293	192	245	261	270
Inspections	5,137	5,255	5,166	5,564	5,764	6,343	5,900	5,939	7,128	826
Education classes conducted (4)	389	492	668	575	446	681	739	334	384	826
Number of people reached by educators (4)	19,301	23,708	16,841	25,364	37,187	29,774	31,008	25,096	28,361	25,633
Customer Care Center										
Calls answered	151,419	159,197	153,503	153,158	206,144	191,689	116,672	112,652	121,843	129,263
Solid Waste & Recycling										
Refuse collected (tons per day)	92	94	99	92	89	86	90	94	96	94
Recyclables collected (tons per day)	11	11	13	14	22	22	22	21	23	23
Other Public Works										
Street resurfacing (miles) (5)	11	11	10	7	8	10	6	0	18	9
Potholes repaired	60	80	72	78	74	28	36	50	92	112
NCDOT signalized street lights	78	75	95	96	101	105	102	114	115	113
NCDOT road (Non Interstate)	89	89	89	89	90	90	90	90	92	92
Economic Development										
Single family residential	614	212	346	284	403	460	397	441	661	637
Single family attached in units	146	49	30	20	4	0	15	22	2	6
Two family residential in units	1	13	13	0	66	550	18	2	0	2
Multi-family residential in units	0	0	0	0	0	0	66	348	264	264
Commercial building permits issued	128	36	11	18	52	53	59	96	82	27
Parks and recreation										
% Cost recovery Adult programs	90	90	90	90	90	92	92	100	105	107
Youth participation	9,127	11,097	11,285	9,974	9,974	10,848	11,672	11,251	14,793	18,432
Rec center attendance	73,227	73,194	73,947	93,846	93,846	79,014	81,093	85,663	87,165	79,302
Stormwater										
Accounts	28,935	28,823	29,007	29,292	29,683	30,168	30,701	31,285	31,978	32,643
Electric										
Accounts	27,514	26,920	27,368	27,447	27,675	28,062	28,576	29,069	29,371	30,074
Average megawatt hours daily use (2)	2,272	2,241	2,221	2,401	2,332	2,318	2,282	2,358	2,427	2,498
Substations	14	14	14	14	15	15	15	15	15	15

(Continued)

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water										
Accounts	33,988	33,522	33,688	33,859	34,431	35,843	36,692	37,348	37,088	38,961
Water Main Breaks	65	27	36	43	33	2	13	21	25	18
Average daily consumption (mgd)	10	9	10	9	9	9	9	10	9	11
Peak daily consumption (mgd)	11	10	13	12	13	12	13	13	14	14
Transit										
Average daily use	1,239	1,328	1,264	1,252	1,451	1,411	1,345	1,316	1,188	1,157
Days of operation	307	307	307	307	310	306	346	359	359	357
Wastewater										
Accounts	30,423	30,338	30,729	30,972	31,569	31,939	32,745	33,307	34,029	34,878
Average daily treatment (thousands of gallons)	7,741	9,047	8,875	7,821	8,193	8,011	9,150	8,478	8,870	9,211
Golf Course										
Total Green Fee Rounds (3)	33,663	23,237	30,085	26,256	25,410	26,028	31,341	31,241	28,998	32,034
Cart Fee Rounds	27,760	28,498	27,942	23,488	22,183	20,237	23,553	23,462	23,534	27,406
Tournaments hosted	67	78	66	63	70	72	76	67	68	64
Aviation										
Avgas (annual gallons)	278,882	221,096	222,943	193,419	197,687	173,006	169,452	151,505	168,627	189,923
Jeta (annual gallons)	2,093,295	1,655,052	1,661,764	1,660,208	1,516,123	1,465,484	1,685,731	1,983,963	2,355,783	2,760,003
Operations = take off & landing (1)	70,519	60,506	56,706	61,553	60,612	59,179	59,010	54,200	57,736	67,223
Tax Base listings										
T Hanger	67	67	67	67	67	67	67	67	67	67
HIC	41	42	42	41	46	46	45	45	41	58
Tiedown	51	51	51	32	30	30	25	25	27	31
Corporate	6	6	7	6	9	9	3	3	4	3
Ground	8	8	10	11	18	18	9	9	11	11
Office	23	29	31	34	35	35	27	27	26	26
Public Housing										
Units in use	174	174	174	174	174	174	174	174	174	174
Housing Choice Vouchers	534	534	541	541	541	541	534	541	541	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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	120	120	120	132	134	134	135	150	159	169
Fire										
Stations	8	9	9	10	10	10	10	10	11	11
Fire Units	14	14	14	14	14	14	14	14	14	16
Solid Waste & Recycling										
Refuse collection trucks	23	27	29	28	28	28	29	28	29	29
Other Public Works										
Paved streets (miles)	321	323	324	326	329	331	337	341	343	348
Signalized Street	13	14	14	14	15	15	15	15	16	17
Control Beacons	6	6	6	6	6	6	6	6	6	6
Guardrail	3	4	4	4	4	4	4	4	5	5
Sidewalk	195	199	202	205	206	209	222	235	245	254
School Zond Flashers	N/A	N/A	N/A	19	21	22	22	22	22	22
Facilities (City owned):										
Parks (developed acreage)	101	101	101	101	101	101	101	157	157	157
Parks (undeveloped acreage)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	69	69
Playgrounds	14	14	14	14	14	14	14	13	13	14
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Basketball courts (1)	9	9	9	11	11	11	11	11	9	9
Tennis courts	14	14	14	14	14	14	14	14	14	14
Playing fields (2)	28	28	28	28	28	28	28	28	23	23
Swimming pool	1	1	1	1	1	1	1	1	1	1
Green Way	2	2	4.5	5	5	5	5	7	7	7
Walking Trails	3	3	3	3	3	3	3	4	4	4
Walking Trails (miles)										
Stormwater										
Storm Sewers (miles)	86.18	161	229	254	256	263	275	263	264	267
Electric										
Substations	14	14	14	14	15	15	15	15	15	15

(Continued)

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

Function/Program	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Water										
Water Mains (miles)	658	663	667	680	681	683	691	692	709	717
Fire hydrants	4,219	4,648	3,898	3,898	4,633	4,642	4,697	4,737	4,772	4,820
Storage capacity (millions of gallons)	14	14	14	14	14	16	16	16	16	16
Transit										
Transit Center	N/A	N/A	N/A	1	1	1	1	1	1	1
Buses	8	10	12	12	12	12	12	12	12	12
Wastewater										
Sanitary sewers (miles)	516	516	530	530	530	530	539	540	544	563
Treatment capacity (thousands of gallons)	2,825,589	3,302,270	3,239,373	2,854,630	2,997,804	2,923,870	3,339,746	3,102,774	3,237,594	3,362,198
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	66	67	67	67	67
Corporate Hangar	2	2	2	2	3	3	3	3	3	3
Private Hangar	N/A	N/A	N/A	9	9	9	9	9	9	9
Hanger in Common	6	7	7	8	7	7	7	7	7	7
Acreage approximately	585	625	688	713	713	713	713	713	713	713
Public Housing										
Units	174	174	174	174	174	174	174	174	174	174

Source: City of Concord Finance Department



**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Concord, North Carolina (the "City") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 30, 2017. Our report includes a reference to other auditors who audited the financial statements of the Concord ABC Board, as described in our report on the City's financial statements. This report does not include the results of 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 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'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'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 internal control over financial reporting was for the limited purposes 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 and therefore, material weaknesses or significant deficiencies in internal control may exist that were not identified. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
October 30, 2017



**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; in Accordance with
OMB Uniform Guidance; and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Concord, North Carolina's (the "City") compliance with the types of compliance requirements described in the *OMB 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's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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'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 the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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 federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the City 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, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 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.

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 material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
October 30, 2017



**Independent Auditor's Report on Compliance for Each Major State Program;
Report on Internal Control over Compliance; in Accordance with
OMB Uniform Guidance; and the State Single Audit Implementation Act**

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

Report on Compliance for Each Major State Program

We have audited the City of Concord, North Carolina's (the "City") 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's major state programs for the year ended June 30, 2017. The City's major state programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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'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's compliance.

Opinion on Each Major State Program

In our opinion, the City 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, 2017.

Report on Internal Control over Compliance

Management of the City 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, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 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 material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Elliott Davis Decosimo, PLLC

Raleigh, North Carolina
October 30, 2017

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Passed Through To Subrecipients	Total Federal Expenditures	State Expenditures	Local Expenditures
Federal Financial Assistance						
U.S. Department of Housing and Urban Development:						
Direct Programs:						
CDBG Entitlement Grants Cluster:						
Community Development Block Grant/Entitlement	14.218	B-13-MC-37-0012	\$ -	\$ 3,294	\$ -	\$ -
	14.218	B-14-MC-37-0012	-	125,942	-	-
	14.218	B-15-MC-37-0012	-	274,551	-	-
	14.218	B-16-MC-37-0012	-	141,424	-	9,109
Total CDBG Entitlement Grants Cluster			-	545,211	-	9,109
HOME Program - Program Income	14.239	M-12-DC-370209	54,322	54,322	-	-
	14.239	M-13-DC-370209	95,335	97,340	-	29,360
	14.239	M-14-DC-370209	336,554	364,491	-	65,892
	14.239	M-15-DC-370209	94,325	294,735	-	65,579
	14.239	M-16-DC-370209	-	100,984	-	7,234
			580,536	911,872	-	168,065
Public Housing: Operating subsidy	14.850	A-4309	-	757,997	-	553,275
Resident Opportunity and Supp Services	14.870	NC008RPS126A015	-	57,649	-	-
Public Housing Capital Fund	14.872	NC19P00850114	-	292	-	-
	14.872	NC19P00850115	-	37,185	-	-
	14.872	NC19P00850116	-	197,923	-	-
			-	235,400	-	-
Family Self-Sufficiency Grant	14.896	NC008FSH381A015	-	21,714	-	-
	14.896	NC008FSH362A016	-	21,575	-	-
			-	43,289	-	-

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Passed Through To Subrecipients	Total Federal Expenditures	State Expenditures	Local Expenditures
Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	A-3344-V	\$ -	\$ 4,063,505	\$ -	\$ 494,009
Total U.S. Department of Housing and Urban Development			580,536	6,614,923	-	1,224,458
U.S. Department of Justice: Bulletproof Vest Partnership	16.607	2016	-	8,858	-	2,210
U.S. Department of Transportation Federal Transit Cluster: Federal Transit Formula Grant	20.507	NC-90-X511-00	-	924,657	364,077	903,699
Transit Services Program Cluster Enhanced Mobility Grant	20.513	NC-2016-45-00	-	105,051	-	94,545
Passed through North Carolina Department of Transportation: Metropolitan Planning Grant	20.505	36230.7.13.6	-	43,200	5,400	5,400
Metropolitan Planning Grant	20.505	39225.1.3	-	237,046	-	59,261
Airport Improvement Program: South Development Expansion	20.106	36237.29.19.1	-	44,932	-	4,493
Commercial Terminal	20.106	3-37-0015-001-2015	-	1,422,232	-	158,026
Perimeter Fencing Security	20.106	3-37-0015-002-2016	-	858,540	-	95,393
Highway Safety Cluster: NC Governor's Highway Safety	20.600	PT-16-06-27	-	1,471	-	2,293
			-	2,607,421	5,400	324,866
Total U.S. Department of Transportation			-	3,637,129	369,477	1,323,110
Total federal awards			580,536	10,260,910	369,477	2,549,778

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/ Contract Number	Passed Through To Subrecipients	Total Federal Expenditures	State Expenditures	Local Expenditures
State Financial Assistance:						
Department of Transportation:						
Powell Bill	N/A		\$ -	\$ -	\$ 2,737,208	\$ -
Department of Public Safety:						
Governor's Crime Commission	20.600	PROJ011604	-	-	48,923	16,440
Total state awards			-	-	2,786,131	16,440
Total federal and state awards			\$ 580,536	\$ 10,260,910	\$ 3,155,608	\$ 2,566,218

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, 2017

(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 Title 2 US Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards 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) Indirect Cost Rate

City of Concord has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) 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	\$ 4,062,697	\$ -	\$ -	\$ 4,062,697
Community development	531,502	-	-	531,502
Home	331,336	-	-	331,336
Capital project funds:				
Transportation	979,930	-	-	979,930
Enterprise funds:				
Regional Airport	-	-	2,421,239	2,421,239
Housing Department	-	1,094,043	-	1,094,043
Transit	-	2,079,594	-	2,079,594
Total federal	5,905,465	3,173,637	2,421,239	11,500,341
State assistance:				
General fund	3,886,757	-	-	3,886,757
Total state	3,886,757	-	-	3,886,757
	\$ 9,792,222	\$ 3,173,637	\$ 2,421,239	\$ 15,387,098

(Continued)

CITY OF CONCORD, NORTH CAROLINA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2017

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

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

	NC19P00850109		NC19P00850114		NC19P00850115		NC19P00850116
Funds Approved	\$ 260,868	\$	198,108	\$	195,893	\$	199,098
Funds Expended	260,868		198,108		195,893		199,098
Excess of Funds Approved	<u>\$ -</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>
Funds Advanced:							
HUD Grants	\$ 260,868	\$	198,108	\$	195,893	\$	199,098
Funds Expended	260,868		198,108		195,893		199,098
Excess of Funds Advanced	<u>\$ -</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>

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 year ended June 30, 2017

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance
2 CFR 200.516(a): Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.871	Housing Voucher Cluster
20.507	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance
with the State Single Audit Implementation Act: Yes No

Identification of major state programs:

Powell Bill

City of Concord, North Carolina

Schedule of Findings and Questioned Costs

For the year ended June 30, 2017

II. FINANCIAL STATEMENT FINDINGS

No matters were reported

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported

**CITY OF CONCORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2017**

Findings:

2016-001

Status:

Corrected. The City was able to get an updated depository agreement signed by its financial institution.