

*City of Concord
North Carolina*
**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**



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CITY OF CONCORD, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2018

Prepared by:
Finance Department

City of Concord, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018

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December 21, 2018

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, 2018, 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 2018.

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, 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, 2018, 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, 2018, 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

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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 63,075 square miles with a 2017 state population estimate of 90,827. 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 2018 was 3.8%, which is a decrease from a rate of 3.9% in June of 2017. The state's unemployment rate for June of 2018 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 continues to be strong and economists predict this trend to continue. 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 continues to be strong and there are many opportunities 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, has updated and adopted the City's 2030 Land Use Plan. Over the course of the coming year, staff will be working to align the Plan with our Development Ordinances for consistency. In addition, staff will be working with private property owners to develop small area plans which will provide a roadmap for future development on large vacant properties. The Plan and associated work will help guide Council on public and private development in Concord as well as what the community will look like in future years. With the growth of the community comes the need to constantly plan for the future. The 2030 Land Use Plan provides a vision for the future, with long-range goals and objectives for all development activities.

In conjunction with the Concord Downtown Development Corporation, staff will be looking to undertake a public process in the coming year to redefine the downtown street scape. With continued public and private investment, Downtown Concord continues to be a haven for development and redevelopment. Hotel Concord has been completed and is now accepting tenants. The County's new parking deck will be completed in the coming year and will provide much needed additional parking for visitors, residents, and business owners. The old City Hall and Police Headquarters as well as the surface parking lot between Market and Spring Streets are being closely examined for mixed use development including additional parking, retail, and residential. Downtown Concord is vibrant and will continue to refine itself as additional residential development will attract all age groups to the Center City.

Water, Wastewater, and Stormwater Master Plans have been completed. Staff has incorporated the recommendations from the Plans into the City's Capital Improvement Plan and is also incorporating these needs into our rate models. The City has been fortunate to have available funds which have been used for the past couple of years to pay for many of these needed improvements. The City has infrastructure needs which cannot be met using a "pay as you go" or "pull from reserves" philosophy. Staff will be reviewing the needs and how the City might be able to leverage a Revenue Bond to fund many of these larger future projects.

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 (December 31, 2018). 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.

A major utility project for FY 2018-19 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.

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. 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 were completed. 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.

Continued long term transportation projects are as follows:

- 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.

A study is currently underway with CK Rider and Cabarrus County transit to examine the most efficient way for our services to continue. We expect this study to be completed in the FY 2018-2019 budget year. We were successful in FY 2017-2018 for redefining the 80X route (operated by Charlotte Area Transit System). CK Rider now operates the CCX route which links our riders to the newly open Blue Line Extension Light Rail system.

The Recreation Master Plan update has been completed and it contains many recommendations addressing future recreational needs. Implementation of this plan will be a priority for FY 2018-19 and years to come. With the completion of the Park and Recreation Master Plan, we are actively seeking opportunities to develop additional land throughout the City in order to further solidify the exceptional quality of place which exists in Concord. The FY 2019 budget contains funds for several projects which includes \$1.7 million for the Northwest Park development. The Connectivity Study is underway and will be completed in the coming year. This study will drive additional park and recreational opportunities for the City as well as guide staff in how we connect neighborhoods, communities, schools, and other life centers across the City.

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 and the clubhouse was expanded to allow for more events.

For FY 2018-19, 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, 2018, the City's cash resources were invested as follows:

U.S. Government agencies	74.8%
Commercial Paper	17.5%
NCCMT	7.6%
All other	<u>.1%</u>
Total	<u>100%</u>

The average yield on investments at June 30, 2018 is estimated at 2.09% as compared to less than 1.35% 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 total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions.

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 (note 9).

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, 2017. 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-nine 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, 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,



Lloyd Wm. Payne, Jr.
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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF CONCORD, NORTH CAROLINA
CITY GOVERNING BODY AND OFFICIALS

Members of the Governing Body
City Council

William C. "Bill" Dusch Mayor

Jennifer Parsley Mayor Pro Tempore

Terry Crawford
W. Brian King
Samuel Leder
JC McKenzie
Ella Mae Small
John Sweat, Jr.

Lloyd Wm. Payne, Jr. City Manager

Pam T. Hinson Finance Director

VaLerie Kolczynski City Attorney

Kim Deason City Clerk



CITIZENS OF CONCORD

**REPRESENTED
BY
MAYOR
AND
CITY COUNCIL**




CITY ATTORNEY
VaLerie Kolczynski
704-920-5115



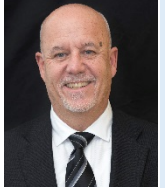
CITY MANAGER
Lloyd Payne
704-920-5215




**ASSISTANT
CITY MANAGER**
Joshua Smith
704-920-5215



**ASSISTANT
CITY MANAGER**
LeDerick Blackburn
704-920-5215



AVIATION
Dirk Vanderleest
704-920-5912



COMMUNICATIONS
Bethany Ledwell
704-920-5590




CITY CLERK
Kim Deason
704-920-5205



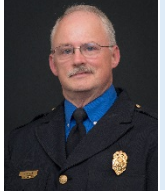
PUBLIC AFFAIRS
Peter Franzese
704-920-5210



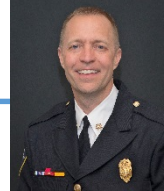
**BUILDINGS AND
GROUNDS**
Susan Sessler
704-920-5380



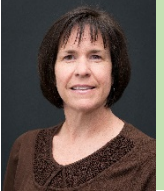
ELECTRIC SYSTEMS
Bob Pate
704-920-5301



**EMERGENCY
MANGEMENT**
Jim Sells
704-920-5528



FIRE
Ray Allen
704-920-5516



FINANCE
Pam Hinson
704-920-5220



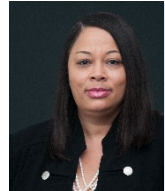
**DATA SERVICES
(Contract)**
Charlie Bridges
704-920-5293




ENGINEERING
Sue Hyde
704-920-5401




FLEET SERVICES
Daniel Nuckolls
704-920-5431



HOUSING
Angela Graham
704-920-6100




**PARKS AND
RECREATION**
Bob Dowless
704-920-5610




HUMAN RESOURCES
Rebecca Edwards
704-920-5102



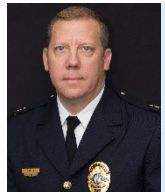
**ROCKY RIVER
GOLF CLUB
(Contract)**
704-455-1200



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




**SOLID WASTE AND
RECYCLING**
Brian Moore
704-920-5351



POLICE
Gary Gacek
704-920-5007



**PLANNING AND
NEIGH. DEV.**
Steve Osborne
704-920-5132



TRANSPORTATION
Phillip Graham
704-920-5362



WATER RESOURCES
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, 2018, 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, 2018, 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 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective July 1, 2017. 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 Changes in the Net OPEB Liability and Related Ratios, City Contributions, and Investment Returns - OPEB, 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 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 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 December 21, 2018, 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.



Raleigh, North Carolina
December 21, 2018

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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, 2018. 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 \$894,321,995 (*net position*). Of this amount, \$229,109,409 (*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 \$4,810,496 (.54%). This 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 \$131,743,511, an increase of \$10,410,828 in comparison with the prior year. Approximately 36 percent of this total amount or \$48,066,218 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 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 \$48,122,752 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	Aa2	Aa2
Standard & Poor’s	AAA	AA+	A+

OVERVIEW OF FINANCIAL STATEMENTS

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

BASIC FINANCIAL STATEMENTS

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

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

The remaining statements (Exhibits C through 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 eleven 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 and the general fund capital reserve, which are considered to be major funds. 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 Care department, Billing department, Engineering department, Purchasing department, Data Services 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 87 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 88 through 95 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 148 through 149.

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 \$894,321,995 as of June 30, 2018.

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

City of Concord's Statement of Net Position
Table 1

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$131,552,893	\$140,543,258	\$190,314,304	\$195,777,219	\$321,867,197	\$336,320,477
Capital assets	341,068,088	343,064,614	391,001,760	395,683,183	732,069,848	738,747,797
Total Assets	472,620,981	483,607,872	581,316,064	591,460,402	1,053,937,045	1,075,068,274
Deferred outflows of resources	9,289,683	6,526,673	8,584,029	6,399,887	17,873,712	12,926,560
Long-term liabilities outstanding	57,042,429	68,199,789	87,650,474	88,222,431	144,692,903	156,422,220
Other liabilities	13,375,819	13,217,207	22,866,005	21,876,485	36,241,824	35,093,692
Total liabilities	70,418,248	81,416,996	110,516,479	110,098,916	180,934,727	191,515,912
Deferred inflows of resources	950,947	1,410,212	413,584	746,715	1,364,531	2,156,927
Net position:						
Net investment in capital assets	312,710,029	317,112,060	309,519,783	323,941,763	622,229,812	641,053,823
Restricted	20,489,899	24,158,763	-	-	20,489,899	24,158,763
Unrestricted	77,341,541	66,036,514	169,450,247	163,072,895	246,791,788	229,109,409
Total net position	\$410,541,469	\$407,307,337	\$478,970,030	\$487,014,658	\$889,511,499	\$894,321,995

An additional portion of the City's net position (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$229,109,409) 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 a decrease of \$3,234,132 in net position reported in connection with the City of Concord's governmental type activities and an increase of \$8,044,628 in net position in connection with the City of Concord's business-type activities. Due to the implementation of GASB 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*), net position was subject to restatement. The restatement of net position for the governmental activities resulted in a decrease of \$16,485,580 and a decrease of \$10,672,774 for business-type activities. The implementation of GASB 75 required the City to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period.

During the current fiscal year, total net position for business-type activities increased by \$8,044,628. The increase in current assets is a result of growth in cash and investments. Revenues exceeding expenses contribute to the growth in cash for business-type activities and the net increase in net position.

City of Concord's Changes in Net Position

Table 2

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Revenues:						
Program revenues:						
Charges for services	\$5,804,334	\$7,167,465	\$141,553,753	\$145,291,260	\$147,358,087	\$152,458,725
Operating grants/ contributions	8,119,897	8,574,090	3,173,637	2,870,627	11,293,534	11,444,717
Capital grants/contributions	23,173,930	12,866,794	9,330,447	9,487,054	32,504,377	22,353,848
General revenues:						
Ad valorem taxes	50,896,652	54,088,843	-	-	50,896,652	54,088,843
Other taxes	17,675,132	18,602,265	-	-	17,675,132	18,602,265
Grants and contributions not restricted to specific programs	4,740,748	5,168,960	-	-	4,740,748	5,168,960
Investment earnings	646,692	672,167	828,996	1,018,510	1,475,688	1,690,677
Miscellaneous/Gain(loss) capital asset sales	1,197,470	1,521,687	555,843	1,561,492	1,753,313	3,083,179
Total revenues	<u>112,254,855</u>	<u>108,662,271</u>	<u>155,442,676</u>	<u>160,228,943</u>	<u>267,697,531</u>	<u>268,891,214</u>
Expenses:						
General government	5,621,893	6,538,526	-	-	5,621,893	6,538,526
Public safety	41,296,415	43,288,505	-	-	41,296,415	43,288,505
Public works	25,685,453	26,745,618	-	-	25,685,453	26,745,618
Cultural & recreational	5,221,006	5,417,520	-	-	5,221,006	5,417,520
Planning & community development	3,092,715	3,982,622	-	-	3,092,715	3,982,622
Administration	895,927	1,083,360	-	-	895,927	1,083,360
Housing assistance payments	4,195,694	4,275,944	-	-	4,195,694	4,275,944
Rehabilitation	895,828	1,004,575	-	-	895,828	1,004,575
Interest on long term debt	1,194,385	1,063,021	-	-	1,194,385	1,063,021
Electric	-	-	82,797,485	82,169,016	82,797,485	82,169,016
Water	-	-	19,183,773	20,409,056	19,183,773	20,409,056
Wastewater	-	-	15,298,717	15,655,669	15,298,717	15,655,669
Regional airport	-	-	10,184,555	12,391,145	10,184,555	12,391,145
Stormwater	-	-	4,088,479	4,221,722	4,088,479	4,221,722
Other nonmajor business-type activities	-	-	8,354,079	8,676,065	8,354,079	8,676,065
Total expenses	<u>88,099,316</u>	<u>93,399,691</u>	<u>139,907,088</u>	<u>143,522,673</u>	<u>228,006,404</u>	<u>236,922,364</u>
Increase in net position before transfers	24,155,539	15,262,580	15,535,588	16,706,270	39,691,127	31,968,850
Transfers	(1,572,258)	(2,011,132)	1,572,258	2,011,132	-	-
Increase in net position	<u>22,583,281</u>	<u>13,251,448</u>	<u>17,107,846</u>	<u>18,717,402</u>	<u>39,691,127</u>	<u>31,968,850</u>
Net position, July 1-previously reported	392,271,004	410,541,469	461,862,184	478,970,030	854,133,188	889,511,499
Restatement	(4,312,816)	(16,485,580)	-	(10,672,774)	(4,312,816)	(27,158,354)
Net position, June 30	<u>\$410,541,469</u>	<u>\$407,307,337</u>	<u>\$478,970,030</u>	<u>\$487,014,658</u>	<u>\$889,511,499</u>	<u>\$894,321,995</u>

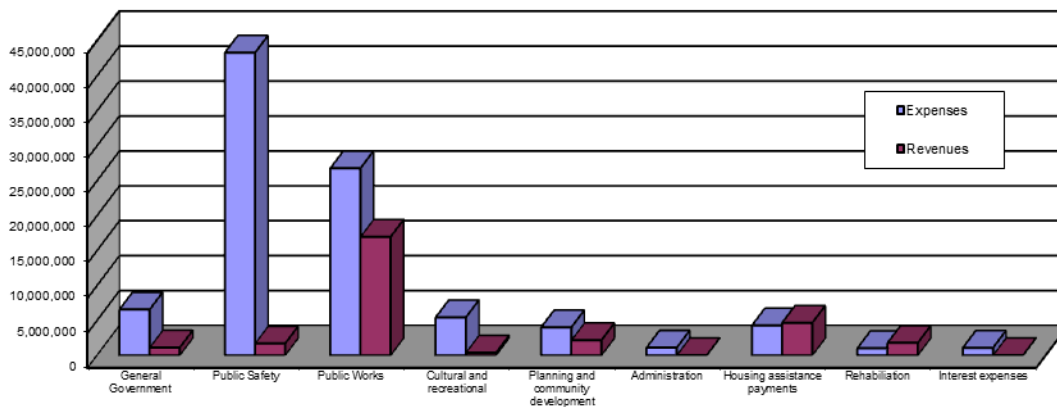
Governmental Activities

In fiscal year 2018, the net position of governmental activities decreased by \$3,234,132, or less than 1%. Revenues decreased 3% as a result of a decline in capital grants and contributions

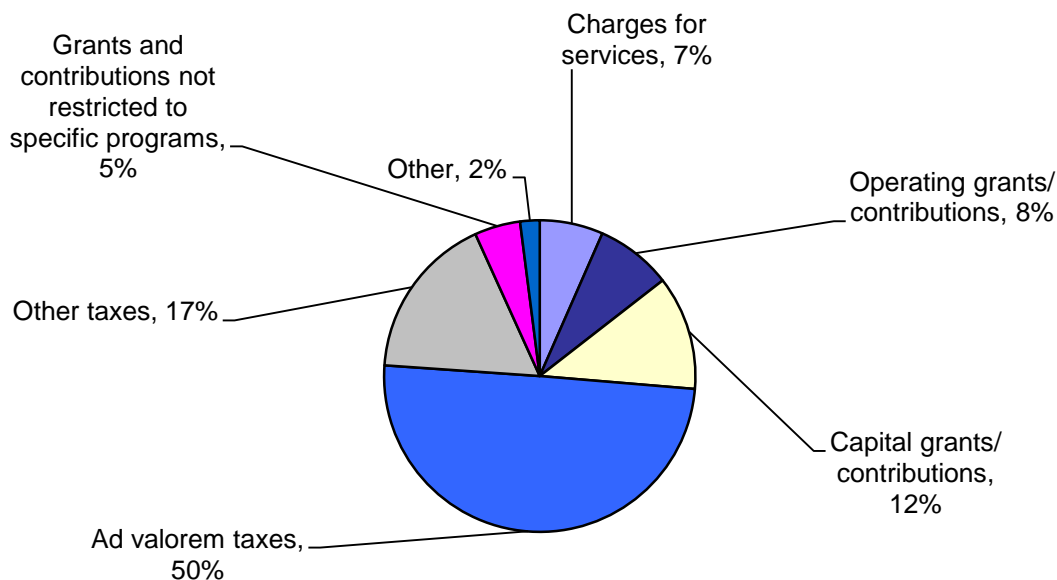
when compared to the prior year. All other revenues increased for the fiscal year. Expenses were less than total sources which resulted in an increase in net position before the GASB 75 restatement in the amount of \$13,251,448. Table 2 above, illustrates key elements of the changes in the governmental activities net position. Listed below are a few points highlighting significant changes in net position.

- Ad valorem taxes increased by \$3,192,191 (6%) during the year. The City continues to see a steady growth in assessed values.
- Capital grants/contributions decreased \$10 million due to a decrease in contributions for capital related to infrastructure.
- Other taxes increased 5%, \$927,133 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 6%. 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 \$8,044,628 (2%).

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

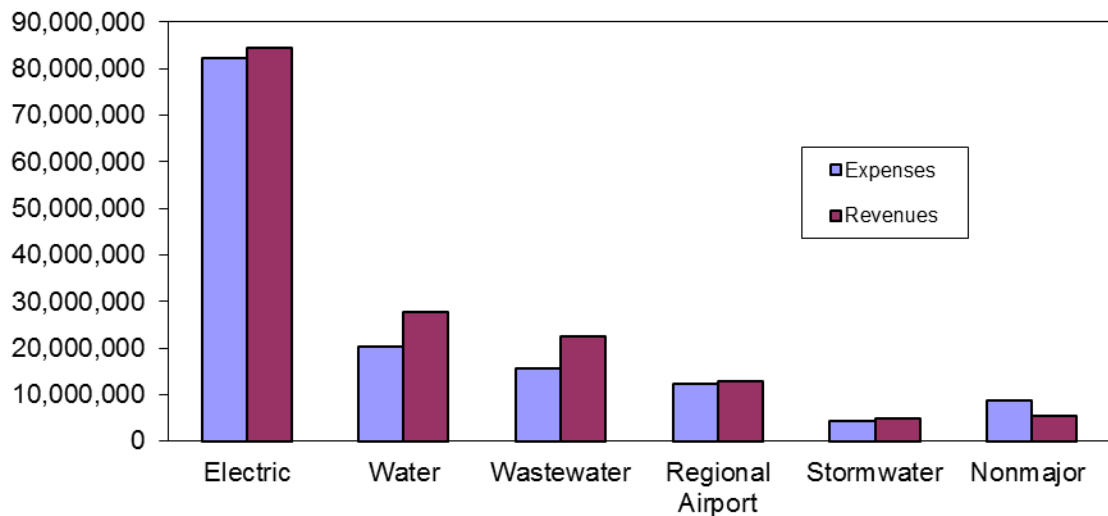
- Charges for services for business-type activities increased by 3%, \$3,737,507.
 - Usage remained relatively stable for wastewater customers; the City experienced a 2% growth in customers. The wastewater division's charges for service increased 5%, due to the increase in customers and an increase in development related wastewater fees. Line service charges to developers depend on the timing of development. Wastewater operating revenue exceeded operating expenses by more than \$2.9 million.
 - Water charges for service increased around 3% which was the result of customer growth (2%) in the system, usage remains stable. There were no rate increases. 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 FY2018, water operating income exceeded operating expenses by \$6.2 million.
 - Aviation charges for service increased 15% 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. Takeoffs and landings are up 16% and the commercial flight customers have increased 20%.
 - Stormwater charges for service increased 23% when compared to last year's collections. The Stormwater program has operated for nine full years, and the billing has been fully implemented for customers. Stormwater infrastructure needs were recently approved by City Council and an internal review of the system resulted in fees increases which will fund the approved infrastructure improvements.
 - Electric charges remained flat for fiscal year 2018. Although the system did experience growth, revenue is affected by weather. 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 2018 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 December of 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, before transfers, increased 3% 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.

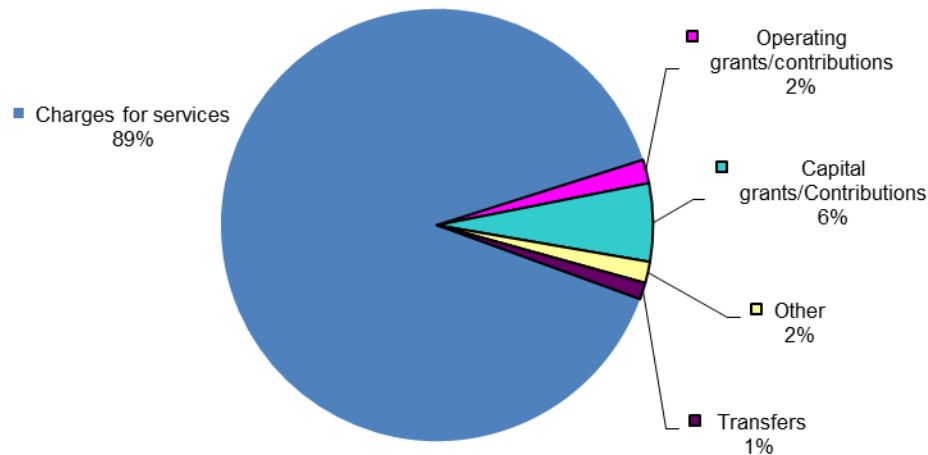
- Electric operating expenses remained flat. The purchase power true up continues to reduce costs of purchasing power from Duke Energy. Electric is part of the Smart Community project to implement smart meters throughout the service area. This project required contract labor and the purchase of needed materials and technology to support the project.
- Water operating costs increased over 6%, as this department 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 relatively stable with a small increase in stormwater, 3%, and a small 2% increase in wastewater.
- The airport operating expenses increased over 21%; 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 \$131,743,511, an increase of over 8% in comparison with the prior year. Funds that are available for spending at the government's discretion (unassigned) represent 36% 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 (\$160,215), 2) restricted for streets, public safety and state statute stabilization (\$23,998,548), 3) committed for future capital, planning & community development, and housing assistance (\$37,647,614), and 4) assigned for specific purposes in other governmental funds (\$21,870,916).

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 \$48,122,752, while total fund balance for the general fund was \$71,024,145; representing an increase of \$5,262,963. The City continues to fund the capital reserve fund for major projects. The allocation for fiscal year 2018 was \$5,000,000. 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 79% 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 \$14,110,380. Transfers to other funds decreased by \$4,777,232 when compared to the prior year. The majority of the total transfers, \$15,817,635, are for capital projects and debt service. Ad valorem tax revenue grew 6% or \$3,192,191.

Other governmental and general fund capital reserve fund balances increased \$5,147,865 due to transfers to the reserve funds 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 \$75,392,693, \$54,765,682, \$24,211,852, \$5,107,741 and \$11,384,947 respectively. The unrestricted net position of all other enterprise funds was (\$3,785,560). The total growth in net position for the proprietary funds was \$18,596,525. 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 \$12,113,436, or more than 13%. This is a significant budgetary variance between original and final amended budget for the City. The major adjustments to the budget are related to a non-operating one time transfer for planned future projects in the amount of \$5,000,000, and funding of the City's OPEB liability in the amount of \$1,000,000. At year-end, *actual* revenues and transfers in exceeded *final amended revenue budget* numbers by approximately 5%. *Actual* expenditures and transfers out were less than *final budgetary* figures by more than 13%, resulting in excess of revenues over expenditures (before other financing sources/uses) of \$14,110,380.

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, 2018, totals \$738,477,797 (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 less than 1% (.58% increase for governmental activities and more than 1% increase for business-type activities).

Major capital asset transactions during the year included the following:

- Construction of electric substations, Smart Grid system costs and enhancements/improvements to the electric transmission lines in the amount of \$2,429,388.
- Purchase of vehicles and equipment for general fund totaling \$3,870,032.
- The extension of the distribution and transmission lines for the City's water system, Smart Grid system costs and upgrades/improvements to the system in the amount of \$4,054,769.

- Purchase of new Hybrid buses and passenger vans for Transit in the amount of \$1,677,519.
- Upgrades/improvements to the Sewer system in the amount of \$4,747,122.
- Strengthening improvements to the airport runway in the amount of \$2,344,750.

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	
	2017	2018	2017	2018	2017	2018
Land	\$ 54,336,721	\$ 54,336,721	\$ 40,881,488	\$ 40,881,488	\$ 95,218,209	\$ 95,218,209
Construction in progress	7,417,084	10,498,568	13,821,934	22,376,343	21,239,018	32,874,911
Buildings and systems	65,584,836	65,729,506	78,856,645	78,796,346	144,441,481	144,525,852
Improvements other than buildings	5,905,249	5,933,449	480,826,446	491,131,237	486,731,695	497,064,686
Machinery and equipment	33,341,397	35,189,869	32,919,083	36,214,679	66,260,480	71,404,548
Infrastructure	596,460,753	609,521,191	-	-	596,460,753	609,521,191
Sub-total	763,046,040	781,209,304	647,305,596	669,400,093	1,410,351,636	1,450,609,397
Less Accum. Depreciation	(421,977,952)	(438,144,690)	(256,303,836)	(273,986,910)	(678,281,788)	(712,131,600)
Total	\$ 341,068,088	\$ 343,064,614	\$ 391,001,760	\$ 395,413,183	\$ 732,069,848	\$ 738,477,797

Long-term Debt

At the end of the current fiscal year, the City of Concord had total debt outstanding of \$94,321,215 (principal). Of this amount, \$0 comprises debt backed by the full faith and credit of the City and \$51,475,000 represents bonds secured solely by specified revenue sources (i.e., revenue bonds). The City also has \$30,170,000 and \$12,676,215 outstanding in installment notes and purchases, respectively.

General Obligations, Installment Purchases and Revenue Bonds
Table 4

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Installment purchases	\$ 2,835,000	\$ 2,578,088	\$ 11,041,500	\$ 10,098,127	\$ 13,876,500	\$ 12,676,215
Revenue Bonds	1,572,410	1,251,862	57,802,590	50,223,138	59,375,000	51,475,000
Installment notes	23,090,425	21,292,125	10,164,575	8,877,875	33,255,000	30,170,000
Total long-term debt	\$ 27,497,835	\$ 25,122,075	\$ 79,008,665	\$ 69,199,140	\$ 106,506,500	\$ 94,321,215

In the current fiscal year, the City of Concord's total debt decreased by \$12,185,285 (11 percent). In fiscal year 2018, the City of Concord refinanced an installment purchase agreement related to land and improvements at the City's airport and construction of a City fire station. The City 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 .21%. The legal debt margin (excess of the amount of debt legally authorized over

the amount of debt outstanding) for the City is \$872,723,527. The current debt limitation for the City of Concord is \$896,593,740, 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 BUDGET AND RATES

- The unemployment rate for Cabarrus County at June of 2018 was 3.8%, which is a decrease from a rate of 3.9% in June of 2017. The state's unemployment rate for June of 2018 was 4.2%.
- Population has increased from 27,347 in 1990 to an estimated 90,951 as of July 1, 2017 (per NC Office of State Budget & Management), which represents a growth rate of 232%. The City experienced a 2% growth in current year population when compared to the certified population estimate as of July 1, 2016.
- 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 that are related to development and population growth.
- 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 continues to be strong since the recession ended eight 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 2019. The amount of unassigned fund balance in the general fund is \$48,122,752 as of July 1, 2018. Concord has no appropriation from fund balance for the 2019 fiscal year.

The tax base used in the fiscal year 2019 budget preparation represents an estimated 3% increase in real property values from fiscal year 2018 projections. The increase is a result of continued development and growth in the city. One cent on the City's tax rate produces \$1,110,438 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 2019 budget does not include a tax increase, maintaining 48 cent rate.

The City Council, with staff assistance and help from a consultant, has updated and adopted the City's 2030 Land Use Plan. Over the course of the coming year, staff will be working to align the Plan with our Development Ordinances for consistency. In addition, staff will be working with private property owners to develop small area plans which will provide a roadmap for future development on large vacant properties. The Plan and associated work will help guide Council

on public and private development in Concord as well as what our community will look like in future years.

Water, Wastewater, and Stormwater Master Plans have been completed. Staff has incorporated the recommendations from the Plans into our Capital Improvement Plan and is incorporating these needs into our rate models. The City has been fortunate to have available funds which have been used for the past couple of years to pay for many of these needed improvements.

The system development fees' case has been settled and the City will not be liable to developers for development fees collected in previous years. The FY 2018-2019 budget includes using the water system development fees from the FY 2017-2018 year (\$2,000,000) as well as the projected fees for FY 2018-2019 (\$2,000,000) to help fund the Highway 49 30" waterline extension project. There are no increases in water, wastewater or stormwater rates for the FY 2018-2019 budget.

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 (December 31, 2018). 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. There are no anticipated rate increases in the FY 2018-2019 budget.

The Connectivity Study is underway and will be completed in the coming year. It will drive additional park and recreational opportunities for the City as well as guide staff in how we connect neighborhoods, communities, schools, and other life centers across the City. With the completion of the Park and Recreation Master Plan, the City is actively seeking opportunities to develop addition land throughout the City in order to further solidify the exceptional quality of place which exists in Concord. Staff is still working with the City of Kannapolis as well as Cabarrus County on park development projects. This will require land acquisition and additional passive/active facilities to be constructed. City Council has adopted the following projects for the current budget year; McGee Playground, Coddle Creek Greenway design, Open Air Learning Center, and Northwest Park land acquisition and design.

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 2018-19.

This budget maintains the Transportation Improvement Fund created by the City Council to fund transportation projects. These funds come from 2 cents of the property tax rate and are supplemented by dollars generated from local vehicle license fees. Many of the projects listed below will be at least partially funded through this revenue source. Congestion remains a concern throughout Concord and was voiced as such by citizens participating in a recent survey. Many of the major roads in the City belong to the NC Department of Transportation. Funding for these roads is subject to a prioritization process and competes for similar roads in our district and region. Our Transportation Improvement Fund has enabled Concord to "speed up" some lesser expensive projects but we do not have enough funds to move many of these projects up on the State's Transportation Improvement Plan (i.e. Hwy 73, Poplar Tent). Many of these projects are several years away from planning and construction. In addition, a booming economy equates to contractors becoming scarcer and thus more costly. Staff will continue to work closely with NC DOT to appropriately prioritize heavily congested roads in the City and the

associated funding to address these issues. Current year funding includes Union Street Sidewalk Improvements, Brookwood Improvements, Concord Mills Flyover review, Bruton Smith/Weddington Road Intersection, US 601/Flow Store Improvements, Dorland Realignment, and I85 Branding.

Federal funding remains the core of the CK Rider public transit system. As the lead agency, Concord is the responsible party for Federal transit funds which include the CK Rider and the Cabarrus County transit, Rowan County transit, and Salisbury transit. The pot of money continues to be less even as service provider contracts and associated expenses rise. A study is currently underway with CK Rider and Cabarrus County transit to examine the most efficient way for our services to continue. The City expects this study to be completed in the FY 2018-2019 budget year. Concord was successful in FY 2017-2018 for redefining the 80X route (operated by Charlotte Area Transit System). CK Rider now operates the CCX route which links our riders to the newly open Blue Line Extension Light Rail system. The Transit budget reflects all the operation changes described above.

This budget includes costs, \$5,147,445, to build a Fire Station. Station #10 will replace the temporary facility that has been used for several years. Planning will be underway for Fire Station #12 in the FY 2018-2019 year.

Due to the economic conditions during the recession, in the past, the City has been very modest in providing performance based salary adjustments. As the economy continues to fully recover, merit pay continues to be included in the budget for 2019. Below is a list of personnel decisions over the past years as well as the 18/19 adoption.

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 were available on the evaluation date from 3% to 4% based on evaluation ratings.

FY17/18: Merit adjustments were available on the evaluation date from 3% to 6% based on evaluation ratings.

Proposed FY18/19: Merit adjustments are available on the evaluation date from 2% to 4% based on evaluation ratings, a 2% market adjustment will be provided to all employees effective July 1, 2018, and a 2% career development increase is now available to all employees who complete their career development plan.

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>*.

CITY OF CONCORD, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit A

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Cash and investments	\$ 78,695,335	\$ 164,065,388	\$ 242,760,723	\$ 2,388,111
Receivables, net	11,590,385	22,900,744	34,491,129	-
Due from (to) other funds	3,763,416	(3,763,416)	-	-
Inventories	99,489	5,039,807	5,139,296	1,969,108
Prepaid expenses	62,032	70,444	132,476	30,638
Restricted assets - cash and investments	46,332,601	7,734,252	54,066,853	-
Capital assets:				
Non-depreciable	64,835,289	63,257,831	128,093,120	1,347,154
Depreciable, net	278,229,325	332,155,352	610,384,677	5,117,641
Total assets	483,607,872	591,460,402	1,075,068,274	10,852,652
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan (LGRS)	5,613,826	3,328,235	8,942,061	138,292
Pension plan (LEOSSA)	588,104	-	588,104	-
OPEB deferrals	44,492	26,378	70,870	-
Deferred charge on refunding	280,251	3,045,274	3,325,525	-
Total deferred outflows of resources	6,526,673	6,399,887	12,926,560	138,292
LIABILITIES				
Accounts payable and accrued liabilities	3,945,618	10,062,390	14,008,008	835,680
Accrued interest payable	-	215,832	215,832	-
Unearned revenues	3,796	-	3,796	-
Deposits	4,302,203	2,869,651	7,171,854	-
Non-current liabilities:				
Due within one year:				
Long-term debt	4,667,630	7,719,040	12,386,670	253,190
Installment purchases	297,960	1,009,572	1,307,532	-
Due in more than one year:				
Net pension liability	7,354,893	4,360,451	11,715,344	155,219
Total pension liability	7,140,799	-	7,140,799	-
Net OPEB liability	27,287,923	16,178,027	43,465,950	101,914
Long-term debt	24,136,046	58,595,398	82,731,444	1,137,984
Long-term installment purchases	2,280,128	9,088,555	11,368,683	-
Total liabilities	81,416,996	110,098,916	191,515,912	2,483,987
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals (LGRS)	532,600	315,760	848,360	6,154
Pension deferrals (LEOSSA)	107,188	-	107,188	-
OPEB deferrals	726,904	430,955	1,157,859	5,432
Prepaid taxes	43,520	-	43,520	-
Total deferred inflows of resources	1,410,212	746,715	2,156,927	11,586
NET POSITION				
Net investment in capital assets	317,112,060	323,941,763	641,053,823	5,073,621
Restricted for:				
Streets	4,136,873	-	4,136,873	-
Stabilization by State Statute	19,505,139	-	19,505,139	-
Other	516,751	-	516,751	779,481
Unrestricted	66,036,514	163,072,895	229,109,409	2,642,269
Total net position	\$ 407,307,337	\$ 487,014,658	\$ 894,321,995	\$ 8,495,371

See Notes to Financial Statements.

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CITY OF CONCORD, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Exhibit B

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		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Governmental activities:								
General government	\$ 6,538,526	\$ 1,086,129	\$ -	\$ -	\$ (5,452,397)	\$ -	\$ (5,452,397)	\$ -
Public safety	43,288,505	1,274,871	399,150	-	(41,614,484)	-	(41,614,484)	-
Public works	26,745,618	1,039,712	3,054,354	12,847,000	(9,804,552)	-	(9,804,552)	-
Cultural and recreational	5,417,520	347,960	-	19,794	(5,049,766)	-	(5,049,766)	-
Planning and community development	3,982,622	2,143,720	-	-	(1,838,902)	-	(1,838,902)	-
Administration	1,083,360	-	-	-	(1,083,360)	-	(1,083,360)	-
Housing assistance payments	4,275,944	726,065	3,910,862	-	360,983	-	360,983	-
Rehabilitation	1,004,575	549,008	1,209,724	-	754,157	-	754,157	-
Interest expense	1,063,021	-	-	-	(1,063,021)	-	(1,063,021)	-
Total governmental activities	93,399,691	7,167,465	8,574,090	12,866,794	(64,791,342)	-	(64,791,342)	-
Business-type activities:								
Electric	82,169,016	84,346,203	-	-	-	2,177,187	2,177,187	-
Water	20,409,056	25,524,337	-	2,117,257	-	7,232,538	7,232,538	-
Wastewater	15,655,669	18,014,586	-	4,473,543	-	6,832,460	6,832,460	-
Regional airport	12,391,145	9,891,669	-	2,896,254	-	396,778	396,778	-
Stormwater	4,221,722	4,968,205	-	-	-	746,483	746,483	-
Golf course	1,750,757	1,832,860	-	-	-	82,103	82,103	-
Housing	1,940,037	412,061	970,692	-	-	(557,284)	(557,284)	-
Transit	4,985,271	301,339	1,899,935	-	-	(2,783,997)	(2,783,997)	-
Total business-type activities	143,522,673	145,291,260	2,870,627	9,487,054	-	14,126,268	14,126,268	-
Total primary government	\$ 236,922,364	\$ 152,458,725	\$ 11,444,717	\$ 22,353,848	(64,791,342)	14,126,268	(50,665,074)	-
Component unit - City of Concord, ABC Board	\$ 11,629,454	\$ 12,994,636	\$ -	\$ -	-	-	-	1,365,182
General revenues:								
Taxes:								
Ad valorem					54,088,843	-	54,088,843	-
Local government sales tax					18,602,265	-	18,602,265	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					5,168,960	-	5,168,960	-
Investment earnings					672,167	1,018,510	1,690,677	561
Gain on sale of capital assets					241,596	338,366	579,962	-
Miscellaneous					1,280,091	1,223,126	2,503,217	-
Total general revenues not including transfers					80,053,922	2,580,002	82,633,924	561
Transfers					(2,011,132)	2,011,132	-	-
Total general revenues and transfers					78,042,790	4,591,134	82,633,924	561
Change in net position					13,251,448	18,717,402	31,968,850	1,365,743
Net position - beginning, previously reported					410,541,469	478,970,030	889,511,499	7,099,797
Restatement					(16,485,580)	(10,672,774)	(27,158,354)	29,831
Net position - beginning, restated					394,055,889	468,297,256	862,353,145	7,129,628
Net position - ending					\$ 407,307,337	\$ 487,014,658	\$ 894,321,995	\$ 8,495,371

See Notes to Financial Statements

**CITY OF CONCORD, NORTH CAROLINA
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2018**

Exhibit C

	Major Funds		Other	Total
	General Fund	General Fund Capital Reserve	Governmental Funds	Governmental Funds
ASSETS				
Cash and investments	\$ 56,236,777	\$ -	\$ 22,458,558	\$ 78,695,335
Receivables:				
Ad valorem taxes, net	1,086,401	-	2,667	1,089,068
Due from other governmental agencies	1,107,599	-	25,908	1,133,507
Sales tax refunds	1,558,068	-	-	1,558,068
Interest	263,371	140,882	64,279	468,532
Due from other funds	3,763,801	-	-	3,763,801
Other, net	6,314,909	-	1,026,301	7,341,210
Inventories	99,489	-	-	99,489
Prepaid items	60,726	-	862	61,588
Restricted assets - cash and investments	8,716,978	36,988,387	627,236	46,332,601
Total assets	\$ 79,208,119	\$ 37,129,269	\$ 24,205,811	\$ 140,543,199
LIABILITIES				
Accounts payable and accrued liabilities	\$ 2,748,054	\$ -	\$ 612,662	\$ 3,360,716
Due to other funds	-	-	385	385
Unearned revenues	3,796	-	-	3,796
Deposits	4,302,203	-	-	4,302,203
Total liabilities	7,054,053	-	613,047	7,667,100
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	1,086,401	-	2,667	1,089,068
Prepaid taxes	43,520	-	-	43,520
Total deferred inflows of resources	1,129,921	-	2,667	1,132,588
FUND BALANCES (DEFICITS)				
Non Spendable				
Inventories	99,489	-	-	99,489
Prepays	60,726	-	-	60,726
Restricted				
Stabilization by State Statute	18,247,769	140,882	1,116,488	19,505,139
Transportation	4,136,873	-	-	4,136,873
Public safety	356,536	-	-	356,536
Committed				
Future capital purchases	-	36,988,387	-	36,988,387
Planning and community development	-	-	659,227	659,227
Assigned				
Future capital purchases	-	-	21,870,916	21,870,916
Unassigned	48,122,752	-	(56,534)	48,066,218
Total fund balances	71,024,145	37,129,269	23,590,097	131,743,511
Total liabilities, deferred inflows of resources and fund balances	\$ 79,208,119	\$ 37,129,269	\$ 24,205,811	\$ 140,543,199

See Notes to Financial Statements.

**CITY OF CONCORD, NORTH CAROLINA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2018**

Exhibit D

Fund balances - total governmental funds		\$ 131,743,511
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	\$ 781,209,304	
Less accumulated depreciation	<u>438,144,690</u>	343,064,614
Deferred outflows of resources related to pensions (LGERS) are not reported in the governmental funds		5,613,826
Deferred outflows of resources related to pensions (LEOSSA) are not reported in the governmental funds		588,104
Deferred outflows of resources related to OPEB are not reported in the governmental funds		44,492
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>4,398</u>	444
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	(22,543,987)	
HUD Loan	(1,211,000)	
Governmental installment purchases	(2,578,088)	
Total pension liability (LEOSSA)	(7,140,799)	
Net pension liability (LGERS)	(7,354,893)	
OPEB Liability	(27,287,923)	
Accrued vacation payable	<u>(3,310,723)</u>	(71,427,413)
Deferred charge on refunding	633,412	
Less accumulated amortization	<u>353,161</u>	280,251
Bond premium	(2,437,022)	
Less accumulated amortization	<u>(699,056)</u>	(1,737,966)
Deferred inflows of resources related to pensions (LGERS) are not reported in the governmental funds		(532,600)
Deferred inflows of resources related to pensions (LEOSSA) are not reported in the governmental funds		(107,188)
Deferred inflows of resources related to OPEB are not reported in the governmental funds		(726,904)
Costs of health claims not accrued in the governmental fund statements		(351,090)
Costs of workers' compensation claims reserves not accrued in the governmental fund statements		(233,812)
Earned revenues considered deferred inflows of resources in fund statements		<u>1,089,068</u>
Net position of governmental activities		<u><u>\$ 407,307,337</u></u>

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
Year Ended June 30, 2018

Exhibit E

	Major Funds		Other	Total
	General Fund	General Fund Capital Reserve	Governmental Funds	Governmental Funds
Revenues				
Ad valorem taxes	\$ 54,741,525	\$ -	\$ 93,547	\$ 54,835,072
Other taxes	18,602,265	-	-	18,602,265
Unrestricted intergovernmental revenues	5,168,960	-	-	5,168,960
Restricted intergovernmental revenues	4,254,089	-	5,042,765	9,296,854
Licenses and permits	1,385,999	-	-	1,385,999
Investment earnings	371,556	209,325	91,286	672,167
Investment earnings, restricted	58,934	-	-	58,934
Program income	-	-	2,371,806	2,371,806
Other revenues	3,522,345	-	405,502	3,927,847
Total revenues	88,105,673	209,325	8,004,906	96,319,904
Expenditures				
Current:				
General government	5,872,583	-	-	5,872,583
Public safety	39,654,458	-	-	39,654,458
Public works	12,447,406	-	-	12,447,406
Cultural and recreational	4,885,244	-	-	4,885,244
Planning and community development	3,824,927	-	93,464	3,918,391
Administration	-	-	1,083,360	1,083,360
Housing assistance payments	-	-	4,275,944	4,275,944
Rehabilitation	-	-	1,004,575	1,004,575
Capital outlay	3,858,436	-	3,492,496	7,350,932
Debt service	3,452,239	-	2,965,861	6,418,100
Total expenditures	73,995,293	-	12,915,700	86,910,993
Excess (deficiency) of revenues over (under) expenditures	14,110,380	209,325	(4,910,794)	9,408,911
Other Financing Sources (Uses)				
Financing proceeds	2,724,477	-	-	2,724,477
Proceeds from sale of capital assets	287,001	-	8,327	295,328
Transfers from other funds	3,958,740	5,000,000	8,856,981	17,815,721
Transfers to other funds	(15,817,635)	(3,590,000)	(425,974)	(19,833,609)
Total other financing sources (uses)	(8,847,417)	1,410,000	8,439,334	1,001,917
Net change in fund balances	5,262,963	1,619,325	3,528,540	10,410,828
Fund Balances				
Beginning	65,761,182	35,509,944	20,061,557	121,332,683
Ending	\$ 71,024,145	\$ 37,129,269	\$ 23,590,097	\$ 131,743,511

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Exhibit F

Net change in fund balances - total governmental funds \$ 10,410,828

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	\$ 7,350,932	
Asset transfer from business-type activities	6,756	
Capital contributions	12,847,000	
Current year's depreciation	<u>(18,154,430)</u>	2,050,258

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		5,209,237
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	(484)	
Current year amortization of deferred charge on refunding	(52,656)	
Change in law enforcement officers special separation allowance and related deferred inflows and deferred outflows	(47,977)	
Change in OPEB liability and related deferred inflows and deferred outflows	(549,555)	
Change in pension liability (LGERS) and related deferred inflows and deferred outflows	(89,094)	
Change in long-term compensated absences	<u>(165,066)</u>	(904,832)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (see Note 2)		(746,229)
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Costs of health claims paid in the governmental fund statements		2,070
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Costs of workers' compensation claims not accrued in the governmental fund statements		(137,517)
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Financing proceeds		(2,724,477)
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Basis of property disposed of during the year		<u>(53,732)</u>
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Change in net position of governmental activities		<u>\$ 13,251,448</u>
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See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2018

Exhibit G
Page 1 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes:				
Current year	\$ 51,294,650	\$ 51,294,650	\$ 52,981,808	\$ 1,687,158
Prior years	571,000	571,000	1,317,713	746,713
Penalties and interest	300,000	300,000	442,004	142,004
	<u>52,165,650</u>	<u>52,165,650</u>	<u>54,741,525</u>	<u>2,575,875</u>
Other taxes:				
Local government sales tax	17,136,957	17,351,957	18,602,265	1,250,308
Unrestricted intergovernmental revenues:				
Officers' fees	35,000	35,000	49,193	14,193
Utilities sales tax	4,953,260	4,953,260	4,735,085	(218,175)
Beer and wine tax	390,000	390,000	384,682	(5,318)
	<u>5,378,260</u>	<u>5,378,260</u>	<u>5,168,960</u>	<u>(209,300)</u>
Restricted intergovernmental revenues:				
State Street-Aid allocations	2,302,720	2,302,720	2,327,195	24,475
Cabarrus County schools	801,330	801,330	839,725	38,395
Transportation (federal, state and local)	319,772	319,772	291,522	(28,250)
On-behalf of payments - Fire and Rescue	-	-	24,009	24,009
Other restricted intergovernmental revenues	257,000	851,473	771,638	(79,835)
	<u>3,680,822</u>	<u>4,275,295</u>	<u>4,254,089</u>	<u>(21,206)</u>
Licenses and permits:				
Vehicle licenses	600,000	600,000	654,292	54,292
Zoning permits	310,000	387,000	419,183	32,183
Fire permits and inspections	205,000	243,000	299,870	56,870
Business registration fee	-	-	4,763	4,763
Other	3,700	7,453	7,891	438
	<u>1,118,700</u>	<u>1,237,453</u>	<u>1,385,999</u>	<u>148,546</u>
Investment earnings	-	338,244	371,556	33,312
Investment earnings restricted	-	-	58,934	58,934
	<u>-</u>	<u>338,244</u>	<u>430,490</u>	<u>92,246</u>
Other general revenues:				
Public safety	81,050	81,050	135,276	54,226
Environmental protection	1,741,195	2,075,546	2,086,699	11,153
Miscellaneous	738,400	913,502	957,410	43,908
Recreational	330,765	330,765	342,960	12,195
	<u>2,891,410</u>	<u>3,400,863</u>	<u>3,522,345</u>	<u>121,482</u>
Total revenues	<u>82,371,799</u>	<u>84,147,722</u>	<u>88,105,673</u>	<u>3,957,951</u>

Continued

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2018

Exhibit G
Page 2 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures				
General government:				
Governing body:				
Salaries and employee benefits	\$ 171,293	\$ 213,293	\$ 179,936	\$ 33,357
Professional services	81,000	117,978	31,507	86,471
Operating expenditures	112,264	192,286	185,628	6,658
Governing body cost allocations	(276,269)	(276,269)	(298,784)	22,515
	88,288	247,288	98,287	149,001
City Manager's Office:				
Salaries and employee benefits	800,173	951,252	890,732	60,520
Professional services	168,467	182,667	175,048	7,619
Operating expenditures	107,998	113,303	104,209	9,094
Administrative cost allocations	(525,816)	(525,816)	(705,741)	179,925
	550,822	721,406	464,248	257,158
Public Service Administration department:				
Salaries and employee benefits	166,157	166,157	130,011	36,146
Professional services	2,509	2,509	109	2,400
Operating expenditures	560,540	510,540	694,518	(183,978)
Capital outlay	317,250	317,250	-	317,250
Debt service	385,204	385,204	385,204	-
Administrative cost allocations	(1,381,216)	(1,381,216)	(1,041,067)	(340,149)
	50,444	444	168,775	(168,331)
Finance department:				
Salaries and employee benefits	1,040,109	1,100,109	1,087,335	12,774
Professional services	45,777	63,777	69,215	(5,438)
Operating expenditures	75,685	85,685	70,837	14,848
Capital outlay	28,406	28,406	11,008	17,398
Finance cost allocations	(728,569)	(728,569)	(784,847)	56,278
	461,408	549,408	453,548	95,860
Tax department:				
Salaries and employee benefits	50,808	50,808	51,306	(498)
Professional services	5,800	187,300	175,275	12,025
Operating expenditures	171,631	233,131	232,440	691
Cost allocations	12,316	12,316	12,117	199
	240,555	483,555	471,138	12,417

Continued

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2018

Exhibit G
Page 3 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Legal department:				
Salaries and employee benefits	\$ 574,946	\$ 584,946	\$ 600,286	\$ (15,340)
Professional services	76,000	76,000	30,333	45,667
Operating expenditures	53,861	53,861	39,121	14,740
Cost allocations	(447,529)	(447,529)	(435,598)	(11,931)
	<u>257,278</u>	<u>267,278</u>	<u>234,142</u>	<u>33,136</u>
Human resources:				
Salaries and employee benefits	988,486	927,486	911,092	16,394
Professional services	245,024	336,359	323,144	13,215
Operating expenditures	143,659	139,324	99,167	40,157
Human resources cost allocations	(816,759)	(816,759)	(808,917)	(7,842)
	<u>560,410</u>	<u>586,410</u>	<u>524,486</u>	<u>61,924</u>
Wellness center:				
Professional services	469,346	469,346	308,640	160,706
Operating expenditures	18,828	18,828	14,399	4,429
Wellness center cost allocations	(181,681)	(181,681)	(120,817)	(60,864)
	<u>306,493</u>	<u>306,493</u>	<u>202,222</u>	<u>104,271</u>
Nondepartmental:				
Professional services	77,633	77,633	74,211	3,422
Operating expenditures	2,796,172	3,189,350	2,491,354	697,996
Outside agencies	12,000	20,845	10,407	10,438
Cost allocations	1,177,907	1,177,907	1,075,977	101,930
	<u>4,063,712</u>	<u>4,465,735</u>	<u>3,651,949</u>	<u>813,786</u>
Total general government	6,579,410	7,628,017	6,268,795	1,359,222
Public safety:				
Police department:				
Salaries and employee benefits	14,641,452	14,741,452	14,582,611	158,841
Professional services	375,498	375,498	324,737	50,761
Operating expenditures	3,099,087	3,169,761	2,680,949	488,812
Capital outlay	754,045	823,575	697,159	126,416
Cost allocations	930,681	930,681	900,433	30,248
	<u>19,800,763</u>	<u>20,040,967</u>	<u>19,185,889</u>	<u>855,078</u>
Communications:				
Salaries and employee benefits	1,436,405	1,368,405	1,351,790	16,615
Professional services	8,670	8,670	7,293	1,377
Operating expenditures	140,254	140,254	110,788	29,466
Capital outlay	7,273	7,273	-	7,273
Cost allocations	45,773	45,773	41,984	3,789
	<u>1,638,375</u>	<u>1,570,375</u>	<u>1,511,855</u>	<u>58,520</u>

Continued

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2018

Exhibit G
Page 4 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire department:				
Salaries and employee benefits	\$ 14,137,264	\$ 14,472,264	\$ 14,744,302	\$ (272,038)
Professional services	248,322	282,725	247,091	35,634
Operating expenditures	2,423,335	2,452,520	2,412,269	40,251
Capital outlay	1,447,895	1,365,284	800,219	565,065
Debt service	392,905	3,082,979	3,067,035	15,944
Cost allocations	1,008,009	1,008,009	967,645	40,364
	<u>19,657,730</u>	<u>22,663,781</u>	<u>22,238,561</u>	<u>425,220</u>
Code enforcement:				
Salaries and employee benefits	616,215	616,215	617,445	(1,230)
Professional services	1,868	1,868	1,881	(13)
Operating expenditures	225,318	225,318	152,587	72,731
	<u>843,401</u>	<u>843,401</u>	<u>771,913</u>	<u>71,488</u>
Emergency management:				
Salaries and employee benefits	195,113	195,113	203,886	(8,773)
Professional services	51,460	51,460	1,410	50,050
Operating expenditures	54,456	51,956	29,137	22,819
Capital outlay	500,000	577,500	578,135	(635)
	<u>801,029</u>	<u>876,029</u>	<u>812,568</u>	<u>63,461</u>
Radio shop:				
Salaries and employee benefits	243,375	243,375	176,557	66,818
Professional services	2,335	2,335	4,479	(2,144)
Operating expenditures	114,209	114,209	95,184	19,025
Capital outlay	30,000	98,000	28,998	69,002
	<u>389,919</u>	<u>457,919</u>	<u>305,218</u>	<u>152,701</u>
Total public safety	43,131,217	46,452,472	44,826,004	1,626,468
Public works:				
Traffic services:				
Salaries and employee benefits	354,818	364,818	365,061	(243)
Professional services	3,934	3,934	1,696	2,238
Operating expenditures	241,333	241,333	114,549	126,784
Capital outlay	27,605	27,605	27,790	(185)
Cost allocations	29,442	29,442	28,964	478
	<u>657,132</u>	<u>667,132</u>	<u>538,060</u>	<u>129,072</u>

Continued

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2018

Exhibit G
Page 5 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation signal:				
Salaries and employee benefits	\$ 410,027	\$ 430,027	\$ 426,319	\$ 3,708
Professional services	32,160	32,160	27,095	5,065
Operating expenditures	397,417	458,778	365,954	92,824
Capital outlay	9,000	9,000	-	9,000
Cost allocations	18,987	18,987	18,681	306
	<u>867,591</u>	<u>948,952</u>	<u>838,049</u>	<u>110,903</u>
Transportation:				
Salaries and employee benefits	2,069,266	2,069,266	1,906,264	163,002
Professional services	21,736	21,736	36,377	(14,641)
Operating expenditures	3,839,967	5,718,841	2,665,941	3,052,900
Capital outlay	848,730	784,826	721,781	63,045
Cost allocations	345,029	345,029	293,737	51,292
	<u>7,124,728</u>	<u>8,939,698</u>	<u>5,624,100</u>	<u>3,315,598</u>
Fleet services:				
Salaries and employee benefits	976,534	976,534	957,018	19,516
Professional services	701	701	705	(4)
Operating expenditures	2,270,804	2,328,070	2,105,980	222,090
Capital outlay	40,000	40,000	39,168	832
Cost allocations	(3,285,928)	(3,285,928)	(2,909,616)	(376,312)
	<u>2,111</u>	<u>59,377</u>	<u>193,255</u>	<u>(133,878)</u>
Solid waste and recycling:				
Salaries and employee benefits	1,863,189	1,863,189	1,749,173	114,016
Professional services	79,151	79,151	78,001	1,150
Operating expenditures	4,056,786	4,056,786	3,632,678	424,108
Capital outlay	703,000	703,000	645,985	57,015
Cost allocations	165,532	165,532	161,635	3,897
	<u>6,867,658</u>	<u>6,867,658</u>	<u>6,267,472</u>	<u>600,186</u>
Cemetery:				
Salaries and employee benefits	404,503	404,503	309,793	94,710
Professional services	28,775	28,775	16,125	12,650
Operating expenditures	148,270	148,270	95,276	52,994
Capital outlay	26,000	26,000	24,619	1,381
	<u>607,548</u>	<u>607,548</u>	<u>445,813</u>	<u>161,735</u>
Total public works	<u>16,126,768</u>	<u>18,090,365</u>	<u>13,906,749</u>	<u>4,183,616</u>

Continued

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Continued)
For the Year Ended June 30, 2018

Exhibit G
Page 6 of 6

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Cultural and recreational:				
Recreation department:				
Salaries and employee benefits	\$ 1,764,089	\$ 1,764,089	\$ 1,600,533	\$ 163,556
Professional services	383,420	393,214	336,013	57,201
Operating expenditures	1,677,122	1,664,942	1,206,685	458,257
Capital outlay	360,559	386,401	283,574	102,827
Cost allocations	1,912,330	1,912,330	1,742,013	170,317
Total cultural and recreational	6,097,520	6,120,976	5,168,818	952,158
Planning and community development				
Planning department:				
Salaries and employee benefits	1,433,054	1,473,054	1,469,780	3,274
Professional services	417,220	417,220	368,142	49,078
Operating expenditures	478,007	468,007	404,647	63,360
Incentive grants	3,703,772	3,933,294	914,293	3,019,001
Cost allocations	795,807	795,807	668,065	127,742
Total planning and community development	6,827,860	7,087,382	3,824,927	3,262,455
Total expenditures	78,762,775	85,379,212	73,995,293	11,383,919
Excess of revenues over expenditures	3,609,024	(1,231,490)	14,110,380	15,341,870
Other Financing Sources (Uses)				
Fund balance appropriated	2,890,137	10,265,303	-	10,265,303
Financing proceeds	-	2,724,477	2,724,477	-
Gain on sale of capital assets	-	237,870	287,001	(49,131)
Transfers from other funds	3,958,740	3,958,740	3,958,740	-
Transfers to other funds	(10,457,901)	(15,954,900)	(15,817,635)	(137,265)
Total other financing uses	(3,609,024)	1,231,490	(8,847,417)	10,078,907
Net change in fund balance	\$ -	\$ -	5,262,963	\$ 5,262,963
Fund Balance				
Beginning			65,761,182	
Ending			\$ 71,024,145	

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2018

Exhibit H

	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
ASSETS									
Current Assets									
Cash and investments	\$ 64,391,940	\$ 56,105,744	\$ 22,417,142	\$ 5,889,125	\$ 12,315,720	\$ 630,491	\$ 161,750,162	\$ 2,315,226	
Receivables:									
Accounts receivable, net	13,265,993	3,053,871	2,229,277	2,651,633	419,877	170,057	21,790,708	-	
Due from other governmental agencies	-	-	-	-	-	42,998	42,998	-	
Interest	202,316	143,631	69,682	27,778	33,561	2,560	479,528	-	
Other receivables	-	-	-	-	-	587,510	587,510	-	
Inventories and prepaid expenses	4,149,723	739,092	34,431	49,889	11,348	117,633	5,102,116	8,135	
Total current assets	82,009,972	60,042,338	24,750,532	8,618,425	12,780,506	1,551,249	189,753,022	2,323,361	
Noncurrent Assets									
Restricted assets - cash and investments	3,360,429	1,965,786	1,980,971	100,962	-	37,722	7,445,870	288,382	
Capital assets	150,655,541	165,841,234	129,044,448	117,865,935	62,496,208	32,951,524	658,854,890	10,545,203	
Less accumulated depreciation	(83,729,398)	(71,303,255)	(51,211,901)	(31,600,951)	(20,256,237)	(11,996,211)	(270,097,953)	(3,888,957)	
Total noncurrent assets	70,286,572	96,503,765	79,813,518	86,365,946	42,239,971	20,993,035	396,202,807	6,944,628	
Total assets	152,296,544	156,546,103	104,564,050	94,984,371	55,020,477	22,544,284	585,955,829	9,267,989	
DEFERRED OUTFLOWS OF RESOURCES									
Pension deferrals	673,337	617,896	276,309	368,413	194,043	175,265	2,305,263	1,022,972	
OPEB deferrals	5,337	4,897	2,190	2,920	1,538	1,389	18,271	8,107	
Deferred charge on refunding	990,859	1,596,911	374,879	24,579	-	58,046	3,045,274	-	
Total deferred outflows of resources	1,669,533	2,219,704	653,378	395,912	195,581	234,700	5,368,808	1,031,079	
LIABILITIES									
Current Liabilities									
Accounts payable and accrued expenses	3,686,222	2,863,027	860,698	1,403,069	269,712	567,550	9,650,278	412,112	
Current portion of long-term debt	1,765,165	2,229,292	1,930,718	1,291,700	60,345	917,098	8,194,318	534,294	
Accrued interest	56,268	87,605	44,695	1,885	-	5,491	195,944	19,888	
Due to other funds	-	-	-	-	-	3,763,416	3,763,416	-	
Total current liabilities	5,507,655	5,179,924	2,836,111	2,696,654	330,057	5,253,555	21,803,956	966,294	
Noncurrent Liabilities									
Net pension liability	882,165	809,530	362,004	482,672	254,223	229,621	3,020,215	1,340,236	
Net OPEB liability	3,272,986	3,003,497	1,343,098	1,790,797	943,211	851,933	11,205,522	4,972,505	
Long-term debt due after one year	15,194,099	24,738,280	10,289,710	9,525,831	20,115	2,007,319	61,775,354	5,908,599	
Deposits	2,126,113	603,763	1,125	100,928	-	37,722	2,869,651	-	
Total noncurrent liabilities	21,475,363	29,155,070	11,995,937	11,900,228	1,217,549	3,126,595	78,870,742	12,221,340	
Total liabilities	26,983,018	34,334,994	14,832,048	14,596,882	1,547,606	8,380,150	100,674,698	13,187,634	
DEFERRED INFLOWS OF RESOURCES									
Pension deferrals	63,882	58,622	26,214	34,953	18,409	16,627	218,707	97,053	
OPEB deferrals	87,187	80,008	35,778	47,704	25,125	22,694	298,496	132,459	
Total deferred inflows of resources	151,069	138,630	61,992	82,657	43,534	39,321	517,203	229,512	
NET POSITION									
Net investment in capital assets	51,439,297	69,526,501	66,111,536	75,593,003	42,239,971	18,145,073	323,055,381	886,382	
Unrestricted	75,392,693	54,765,682	24,211,852	5,107,741	11,384,947	(3,785,560)	167,077,355	(4,004,460)	
Total net position	\$ 126,831,990	\$ 124,292,183	\$ 90,323,388	\$ 80,700,744	\$ 53,624,918	\$ 14,359,513	\$ 490,132,736	\$ (3,118,078)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							(3,118,078)		
Net position of business-type activities							<u>\$ 487,014,658</u>		

See Notes to Financial Statements.

CITY OF CONCORD, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended June 30, 2018

Exhibit I

	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 Revenues								
Charges for services	\$ 82,709,459	\$ 22,679,102	\$ 16,691,260	\$ 9,775,639	\$ 4,939,248	\$ 1,879,483	\$ 138,674,191	\$ 11,801,483
Other operating revenues	1,636,744	2,845,235	1,323,326	116,030	28,957	666,777	6,617,069	-
Total operating revenue	84,346,203	25,524,337	18,014,586	9,891,669	4,968,205	2,546,260	145,291,260	11,801,483
Operating Expenses								
General and administrative	3,240,578	-	-	-	-	1,185,345	4,425,923	6,951,806
Professional services	-	-	-	-	-	3,905,753	3,905,753	1,681,001
Water plant and lakes	-	7,484,225	-	-	-	-	7,484,225	-
Water line operation and maintenance	-	7,608,342	-	-	-	-	7,608,342	-
Wastewater line and plant	-	-	11,695,640	-	-	-	11,695,640	-
Purchased power	58,958,183	-	-	-	-	-	58,958,183	-
Power line and plant	14,587,201	-	-	-	-	-	14,587,201	-
Airport operation and maintenance	-	-	-	8,809,344	-	-	8,809,344	-
Stormwater operation and maintenance	-	-	-	-	2,483,968	-	2,483,968	-
Utilities	-	-	-	-	-	243,499	243,499	-
Housing maintenance and repairs	-	-	-	-	-	412,181	412,181	-
Operating supplies	-	-	-	-	-	352,295	352,295	-
Other operating costs	-	-	-	-	-	821,413	821,413	2,264,938
Depreciation and amortization	4,671,926	4,209,567	3,389,381	3,223,199	1,737,754	1,675,008	18,906,835	458,589
Total operating expenses	81,457,888	19,302,134	15,085,021	12,032,543	4,221,722	8,595,494	140,694,802	11,356,334
Operating income (loss)	2,888,315	6,222,203	2,929,565	(2,140,874)	746,483	(6,049,234)	4,596,458	445,149
Nonoperating Revenues (Expenses)								
Operating subsidy	-	-	-	-	-	2,870,627	2,870,627	-
Interest earned on investments	383,818	346,375	180,953	39,095	65,045	3,224	1,018,510	1,853
Interest expense	(711,128)	(1,106,922)	(570,648)	(358,602)	-	(80,571)	(2,827,871)	(248,949)
Gain (loss) on sale of capital assets	95,919	151,666	40,964	8,661	60,208	(656)	356,762	(18,396)
Other	929,884	-	-	-	-	88,433	1,018,317	-
Total nonoperating revenues (expenses)	698,493	(608,881)	(348,731)	(310,846)	125,253	2,881,057	2,436,345	(265,492)
Income (loss) before capital contributions and transfers	3,586,808	5,613,322	2,580,834	(2,451,720)	871,736	(3,168,177)	7,032,803	179,657
Capital contributions	-	2,117,257	4,473,543	2,896,254	-	-	9,487,054	-
Transfers in	-	-	-	785,287	-	1,948,789	2,734,076	-
Transfers out	(627,361)	(11,850)	(6,348)	(7,617)	(4,232)	-	(657,408)	(58,780)
Transfers in (out)	(627,361)	(11,850)	(6,348)	777,670	(4,232)	1,948,789	2,076,668	(58,780)
Change in net position	2,959,447	7,718,729	7,048,029	1,222,204	867,504	(1,219,388)	18,596,525	120,877
Net Position								
Beginning, previously reported	125,954,387	118,564,233	84,280,055	80,838,050	53,487,099	16,206,817		(360,611)
Restatement	(2,081,844)	(1,990,779)	(1,004,696)	(1,359,510)	(729,685)	(627,916)		(2,878,344)
Beginning, restated	123,872,543	116,573,454	83,275,359	79,478,540	52,757,414	15,578,901		(3,238,955)
Ending	\$ 126,831,990	\$ 124,292,183	\$ 90,323,388	\$ 80,700,744	\$ 53,624,918	\$ 14,359,513		\$ (3,118,078)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds							120,877	
Change in net position of business-type activities							\$ 18,717,402	

See Notes to Financial Statements.

**CITY OF CONCORD, NORTH CAROLINA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 Year Ended June 30, 2018**

	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	\$ 84,020,469	\$ 25,554,217	\$ 17,936,095	\$ 7,949,297	\$ 4,805,971	\$ 3,257,639	\$ 143,523,688	\$ 11,827,689
Payments to employees	(5,839,219)	(4,317,752)	(1,824,189)	(2,118,636)	(1,329,765)	(867,777)	(16,297,338)	(6,882,867)
Payments to suppliers	(73,304,665)	(8,792,675)	(9,678,083)	(5,567,062)	(1,092,713)	(5,975,403)	(104,410,601)	(3,928,330)
Net cash provided by (used in) operating activities	4,876,585	12,443,790	6,433,823	263,599	2,383,493	(3,585,541)	22,815,749	1,016,492
Cash Flows From Noncapital Financing Activities								
Due to (from) other funds	-	-	-	-	-	1,597,146	1,597,146	-
Transfers in	-	-	-	785,287	-	1,948,789	2,734,076	-
Transfers out	(627,361)	(11,850)	(6,348)	(7,617)	(4,232)	-	(657,408)	(58,780)
Operating grants received	-	-	-	-	-	2,870,627	2,870,627	-
Net cash provided by (used in) noncapital financing activities	(627,361)	(11,850)	(6,348)	777,670	(4,232)	6,416,562	6,544,441	(58,780)
Cash Flows from Capital and Related Financing Activities								
Financing proceeds	-	-	-	3,809,040	-	-	3,809,040	-
Principal payment on long-term debt	(2,174,648)	(3,235,938)	(2,168,866)	(4,946,013)	-	(860,000)	(13,385,465)	(233,100)
Interest paid	(718,311)	(1,118,055)	(577,510)	(359,247)	-	(81,860)	(2,854,983)	(249,920)
Acquisition and construction of capital assets	(3,482,852)	(4,870,433)	(1,230,492)	(2,537,687)	(2,881,755)	(1,942,310)	(16,945,529)	(487,032)
Capital contributions - federal grant	-	-	-	2,896,254	-	-	2,896,254	-
Proceeds from the sale of capital assets	97,554	151,666	40,964	20,205	60,208	15,577	386,174	-
Net cash provided by (used in) capital and related financing activities	(6,278,257)	(9,072,760)	(3,935,904)	(1,117,448)	(2,821,547)	(2,868,593)	(26,094,509)	(970,052)
Cash Flows From Investing Activities								
Earnings on investments	342,478	327,689	161,176	29,478	57,635	2,553	921,009	1,853
Net cash provided by (used in) investing activities	342,478	327,689	161,176	29,478	57,635	2,553	921,009	1,853
Net increase (decrease) in cash and cash equivalents	(1,686,555)	3,686,869	2,652,747	(46,701)	(384,651)	(35,019)	4,186,690	(10,487)
Cash and cash equivalents:								
Beginning	69,438,924	54,384,661	21,745,366	6,036,788	12,700,371	703,232	165,009,342	2,614,095
Ending	\$ 67,752,369	\$ 58,071,530	\$ 24,398,113	\$ 5,990,087	\$ 12,315,720	\$ 668,213	\$ 169,196,032	\$ 2,603,608

Noncash investing, capital and financing activities:

The City of Concord received noncash capital contributions in the Water and Wastewater Funds in the amount of \$6,590,800 representing donated capital assets.

The City of Concord transferred capital assets with a net book value of \$6,756 from enterprise to governmental funds.

Continued

CITY OF CONCORD, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2018

Exhibit J
Page 2 of 2

	Major Enterprise Funds						Nonmajor Enterprise Funds	Total	Business-type Activities Internal Service Fund
	Electric Fund	Water Fund	Wastewater Fund	Regional Airport Fund	Stormwater Fund				
Operating income (loss)	\$ 2,888,315	\$ 6,222,203	\$ 2,929,565	\$ (2,140,874)	\$ 746,483	\$ (6,049,234)	\$ 4,596,458	\$ 445,149	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:									
Depreciation and amortization	4,671,926	4,209,567	3,389,381	3,223,199	1,737,754	1,675,008	18,906,835	458,589	
Other income	929,884	-	-	-	-	88,433	1,018,317	-	
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:									
(Increase) decrease in:									
Accounts receivable	(1,363,165)	(20,868)	(78,741)	(1,953,345)	(162,234)	(289,978)	(3,868,331)	26,206	
Due from other governmental agencies	-	-	-	-	-	911,879	911,879	-	
Inventories and prepaid expenses	56,320	(198,283)	2,204	3,142	(9,788)	(7,458)	(153,863)	(2,997)	
Deferred outflows of resources for pensions	398,427	363,628	155,451	136,926	133,595	77,405	1,265,432	599,945	
Deferred outflows of resources for OPEB	(5,337)	(4,897)	(2,190)	(2,920)	(1,538)	(1,389)	(18,271)	(8,107)	
Increase (decrease) in:									
Accounts payable and accrued expenses	(2,497,154)	2,119,425	152,302	1,049,829	49,363	56,400	930,165	26,284	
Vacation accrual	13,737	(2,982)	8,451	12,445	6,702	3,746	42,099	(43,184)	
Net pension liability	(373,701)	(340,596)	(143,921)	(109,472)	(129,695)	(66,451)	(1,163,836)	(561,458)	
OPEB liability	(15,935)	(14,623)	(6,539)	(8,719)	(4,592)	(4,147)	(54,555)	(24,209)	
Deferred inflows of resources for pensions	(21,466)	(19,540)	(8,168)	(5,289)	(7,682)	(3,494)	(65,639)	(32,185)	
Deferred inflows of resources for OPEB	87,187	80,008	35,778	47,704	25,125	22,694	298,496	132,459	
Deposits	107,547	50,748	250	10,973	-	1,045	170,563	-	
Net cash provided by (used in) operating activities	\$ 4,876,585	\$ 12,443,790	\$ 6,433,823	\$ 263,599	\$ 2,383,493	\$ (3,585,541)	\$ 22,815,749	\$ 1,016,492	

See Notes to Financial Statements

**CITY OF CONCORD, NORTH CAROLINA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2018**

Exhibit K

ASSETS	Other Postemployment Benefit Trust Fund	Agency Funds
Cash	<u>\$ 2,290,330</u>	<u>\$ 4,706,597</u>
Total assets	<u><u>\$ 2,290,330</u></u>	<u><u>\$ 4,706,597</u></u>
 LIABILITIES		
Agency payable	<u>\$ -</u>	<u>\$ 4,706,597</u>
 NET POSITION		
Net position restricted for postemployment benefits other than pensions	<u><u>\$ 2,290,330</u></u>	<u><u>\$ -</u></u>

See Notes to Financial Statements

CITY OF CONCORD, NORTH CAROLINA
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2018

Exhibit L

	Other Postemployment Benefit Trust Fund
Additions:	
Employer contributions	\$ 2,123,083
Member contributions	352,925
	<u>2,476,008</u>
Investment income (loss)	6,375
Total additions	<u>2,482,383</u>
Deductions:	
Benefits	<u>1,376,008</u>
Change in net position	1,106,375
Net position restricted for postemployment benefits other than pensions	
Beginning of year	1,183,955
End of year	<u>\$ 2,290,330</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 funds:

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

General Fund Capital Reserve: The General Fund Capital Reserve Fund is used to accumulate resources for future capital project needs.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

liabilities of the current period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 Parks 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 Housing 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.

CITY OF CONCORD, NORTH CAROLINA

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.

City of Concord Restricted Cash:

Governmental Activities	
General Fund	
Streets	\$ 4,136,873
Customer deposits	4,302,203
Debt service, extension, and replacement	277,902
Other governmental funds	
Unexpended bond proceeds	626,801
Debt service, extension, and replacement	435
Future capital projects	36,988,387
Total governmental activities	<u>\$ 46,332,601</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Business-type Activities	
Electric Fund	
Customer deposits	\$ 2,126,113
Unexpended bond proceeds	65,846
Debt service, extension, and replacement	1,168,470
Water Fund	
Customer deposits	603,763
Unexpended bond proceeds	82,853
Debt service, extension, and replacement	1,279,170
Wastewater Fund	
Customer deposits	1,125
Unexpended bond proceeds	26,097
Debt service, extension, and replacement	1,953,749
Regional Airport Fund	
Customer deposits	100,928
Debt service, extension, and replacement	34
Nonmajor enterprise funds	
Customer deposits	37,722
Internal Service Fund	
Debt service, extension, and replacement	145
Unexpended bond proceeds	288,237
Total business-type activities	<u>\$ 7,734,252</u>
Total Restricted Cash	<u>\$ 54,066,853</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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The City reported \$0 in capitalized interest as part of the cost of capital assets under construction in fiscal year 2018.

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 and OPEB deferrals for the 2018 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 and OPEB 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

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

NET POSITION AND FUND BALANCES

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

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

DEFINED BENEFIT PENSION AND OPEB PLANS

The City participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Government Employees' Retirement System (LGERS), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans"), and one other postemployment benefit plan (OPEB), the Health Care Plan (HCP). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City's employer contributions are recognized when due and the City has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCP and additions to/deductions from the HCP's fiduciary net position have been determined on the same basis as they are reported by the HCP. For this purpose, the HCP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans 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 \$1,089,068 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 \$746,229 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, 2018 and June 30, 2017.

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the pooling method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the ABC Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City or the ABC Board under the pooling method, the potential exists for the under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the pooling method. The City and the ABC Board have no formal policy regarding custodial credit risk for deposits, but rely on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2018, the City's deposits had a carrying amount of \$17,036,178 and a bank balance of \$17,654,331. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$16,654,331 in interest-bearing deposits was covered by collateral held under the pooling method. The City had cash on hand of \$21,900 at June 30, 2018.

At June 30, 2018, the carrying amount of deposits for the ABC Board was \$2,388,111 and the bank balance was \$2,317,499. All of the bank balances were covered by federal depository insurance or collateralized deposits.

At June 30, 2018, the City's investment balances were as follows:

	Valuation Measurement Method	Reported Value	Less than	Reported	Reported	More than
			6 Months	6 – 12 Months	1 – 3 Years	3 Years
U. S. Treasury	Fair Value Level 1	\$ 951,774	\$ -	\$ -	\$ -	\$ 951,774
U. S. Government agencies	Fair Value Level 1	211,970,534	14,956,984	16,747,504	136,258,576	44,007,470
Commercial paper	Cost	49,766,802	49,766,802	-	-	-
North Carolina Capital Management Trust – Government Portfolio	Amortized Cost	11,541,112	11,541,112	N/A	N/A	N/A
North Carolina Capital Management Trust – Term Portfolio	Fair Value Level 1	10,245,873	10,245,873	N/A	N/A	N/A
Total		\$ 284,476,095	\$86,510,771	\$ 16,747,504	\$136,258,576	\$ 44,959,244

* 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, 2018, 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 AAAM by Standard & Poors as of June 30, 2018. 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

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 3. Cash and Investments (Continued)

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 23%, 19%, 18%, and 15% respectively, of the City's total investments.

OPEB Trust Fund

At June 30, 2018, the City's Health Care Plan had \$2,290,330 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) 14.61% and the State Treasurer's BIF 85.38%.

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 1.4 years at June 30, 2018. The State Treasurer's BIF is unrated and had a weighted average maturity of 8.24 years at June 30, 2018.

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, 2018, 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	\$ -	\$ 21,790,708
Ad valorem taxes, net	1,089,068	-
Due from other governmental agencies	1,133,507	42,998
Sales tax refunds	1,558,068	-
Interest	468,532	479,528
Other, net	7,341,210	587,510
	<u>\$ 11,590,385</u>	<u>\$ 22,900,744</u>

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

Governmental Activities, allowance for doubtful ad valorem taxes	<u>\$ 363,023</u>
Governmental Activities, allowance for doubtful other receivables	<u>\$ 4,930</u>
Business-type Activities, allowance for doubtful accounts receivable	<u>\$ 407,902</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 54,336,721	\$ -	\$ -	\$ -	\$ 54,336,721
Construction in progress	7,417,084	4,422,959	1,341,475	-	10,498,568
Total capital assets, not being depreciated	61,753,805	4,422,959	1,341,475	-	64,835,289
Capital assets, being depreciated:					
Buildings	65,584,836	144,670	-	-	65,729,506
Improvements other than buildings	5,905,249	30,300	2,100	-	5,933,449
Machinery and equipment	33,341,397	3,881,040	1,812,363	(220,205)	35,189,869
Infrastructure	596,460,753	13,060,438	-	-	609,521,191
Total capital assets, being depreciated	701,292,235	17,116,448	1,814,463	(220,205)	716,374,015
Accumulated depreciation:					
Buildings	25,888,212	2,274,001	-	-	28,162,213
Improvements other than buildings	2,410,127	256,960	2,100	-	2,664,987
Machinery and equipment	25,032,232	2,455,673	1,758,631	(226,961)	25,502,313
Infrastructure	368,647,381	13,167,796	-	-	381,815,177
Total accumulated depreciation	421,977,952	18,154,430	1,760,731	(226,961)	438,144,690
Total capital assets, being depreciated, net	279,314,283	\$ (1,037,982)	\$ 53,732	\$ 6,756	278,229,325
Governmental activities capital assets, net	\$ 341,068,088				\$ 343,064,614

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 40,881,488	\$ -	\$ -	\$ -	\$ 40,881,488
Construction in progress	13,821,934	11,890,145	3,335,736	-	22,376,343
Total capital assets, not being depreciated	54,703,422	11,890,145	3,335,736	-	63,257,831
Capital assets, being depreciated:					
Buildings	78,856,645	97,700	157,999	-	78,796,346
Improvements other than buildings	480,826,446	10,304,791	-	-	491,131,237
Machinery and equipment	32,919,083	5,064,824	1,989,433	220,205	36,214,679
Total capital assets, being depreciated	592,602,174	15,467,315	2,147,432	220,205	606,142,262
Accumulated depreciation:					
Buildings	26,905,263	2,723,570	141,766	-	29,487,067
Improvements other than buildings	206,471,788	13,509,659	-	-	219,981,447
Machinery and equipment	22,926,785	3,330,899	1,966,249	226,961	24,518,396
Total accumulated depreciation	256,303,836	19,564,128	2,108,015	226,961	273,986,910
Total capital assets, being depreciated, net	336,298,338	\$ (4,096,813)	\$ 39,417	\$ (6,756)	332,155,352
Business-type activities capital assets, net	\$ 391,001,760				\$ 395,413,183

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	\$ 627,888
Public safety	2,779,762
Public works	14,194,454
Culture and recreational	494,347
Planning and community development	57,979
Total depreciation expense – governmental activities	<u>\$ 18,154,430</u>
Business-type activities:	
Electric	\$ 4,701,277
Water	4,282,122
Wastewater	3,405,700
Regional airport	3,225,800
Stormwater	1,737,754
Other nonmajor business-type activities	1,725,103
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	486,372
Total depreciation expense – business-type activities	<u>\$ 19,564,128</u>

Activity for the ABC Board for the year ended June 30, 2018, was as follows:

	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>
Component unit:				
Capital assets not being depreciated:				
Land	\$ 987,154	\$ 360,000	\$ -	\$ 1,347,154
Total capital assets not being depreciated	<u>987,154</u>	<u>360,000</u>	<u>-</u>	<u>1,347,154</u>
Capital assets, being depreciated:				
Buildings	3,421,512	1,427,158	-	4,848,670
Improvements other than buildings	480,090	174,995	2,332	652,753
Machinery and equipment	681,480	28,629	192,035	518,074
Total capital assets, being depreciated	<u>4,583,082</u>	<u>1,630,782</u>	<u>194,367</u>	<u>6,019,497</u>
Accumulated depreciation	920,777	156,390	175,311	901,856
Total capital assets, being depreciated, net	<u>3,662,305</u>	<u>\$ 1,474,392</u>	<u>\$ 19,056</u>	<u>5,117,641</u>
Component unit capital assets, net	<u>\$ 4,649,459</u>			<u>\$ 6,464,795</u>

Note 6. Accounts Payable and Accrued Liabilities

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accounts payable	\$ 1,478,336	\$ 8,442,031
Accrued payroll and payroll related liabilities	2,031,567	755,373
Accrued sales tax payable	14,474	414,936
Other accrued liabilities	421,241	450,050
	<u>\$ 3,945,618</u>	<u>\$ 10,062,390</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 2.04% 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	1,427,365	2,714,884
	<u>\$ 3,925,252</u>	<u>\$ 15,162,336</u>

Installment purchases payable at June 30, 2018 are comprised of the following individual issues:

Governmental activities:

\$2,724,477, contract to refinance installment agreement in fiscal year 2018 due in annual installments of \$120,842 to \$297,960 through November 2027; interest 2.04%, to be paid from General Fund	\$ 2,578,088
	<u>\$ 2,578,088</u>

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	\$ 1,443,750
\$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 May 2030; interest 2.42%, payable from Regional Airport Fund	5,050,000
\$3,809,040, contract to refinance installment agreement in fiscal year 2018 due in annual installments of \$168,946 to \$416,572 through November 2027; interest 2.04%, payable from Regional Airport Fund	3,604,377
	<u>\$ 10,098,127</u>

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
2019	\$ 297,960	\$ 51,061	\$ 1,009,572	\$ 260,763
2020	292,152	45,014	1,010,452	232,130
2021	285,835	39,086	1,010,620	203,447
2022	279,770	33,286	1,011,142	174,724
2023	273,457	27,611	1,012,315	145,959
2024-2028	1,148,914	57,557	4,099,026	367,164
2029-2030	-	-	945,000	34,437
	<u>\$ 2,578,088</u>	<u>\$ 253,615</u>	<u>\$ 10,098,127</u>	<u>\$ 1,418,624</u>

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, 2018 are as follows:

Governmental activities:

\$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% .	\$ 1,251,862
	\$ 1,251,862

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%	\$ 785,000
\$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% .	17,573,138
\$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% .	12,780,000
\$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
	\$ 50,223,138

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
2019	\$ 257,688	\$ 52,493	\$ 5,332,313	\$ 3,143,548
2020	267,663	39,903	5,482,338	1,882,447
2021	152,618	30,230	3,927,382	1,666,545
2022	157,273	23,628	4,087,728	1,486,138
2023	416,620	10,094	7,828,377	1,199,650
2024-2028	-	-	11,280,000	3,912,341
2029-2033	-	-	7,695,000	1,865,263
2034-2036	-	-	4,590,000	299,775
	\$ 1,251,862	\$ 156,348	\$ 50,223,138	\$ 15,455,707

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%.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

The debt service coverage ratio calculation for the year ended June 30, 2018, is as follows:

Net Income (GAAP Basis)	\$	17,726,205
Add: Depreciation/Amortization Expense		12,270,874
Interest Expense		2,388,698
Income available for debt service		<u>32,385,777</u>
Debt service, principal and interest paid (Revenue bond only)	\$	9,968,150
Debt service coverage ratio		325%

The City has pledged future electric, water, and wastewater customer revenues, net of specified operating expenses, to repay \$102,288,488 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 8 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$65,678,845. Principal and interest paid for the current year and total customer net revenues were \$9,968,150 and \$127,885,126, 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, 2018 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, 2018 was \$681,510.

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, 2018 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, 2018 was \$2,076,603.

Current Refunding Bonds: In May 2009, the City issued \$23,935,000 of Utilities Systems current refunding bonds and retired the outstanding balance of the Series 1998A and 1998B Utilities Systems Revenue Bonds. The current refunding reduced total debt service payments over the following nine years by \$2,231,709 and resulted in an economic gain of \$2,023,033. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred (\$1,322,340) and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2018 was \$121,214.

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, 2018 was \$92,336.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

Loan and installment notes: Loan and installment notes payable at June 30, 2018 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.	\$ 2,004,600
\$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.	19,287,525
	<u>\$ 21,292,125</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.	\$ 565,400
\$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.	5,627,475
\$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.	2,685,000
	<u>\$ 8,877,875</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
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	1,242,325	603,222	297,675	185,809
2024-2028	6,691,950	2,079,000	1,723,050	697,203
2029-2033	5,657,850	794,139	2,082,150	333,773
2034	1,017,225	35,604	467,775	16,370
	<u>\$ 21,292,125</u>	<u>\$ 6,675,153</u>	<u>\$ 8,877,875</u>	<u>\$ 2,294,393</u>

Advance Refunding Bonds: In October 2010, the City issued \$9,235,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2001 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.68%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2018 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, 2018 was \$111,722.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt (Continued)

In December 2014, the City issued \$14,175,000 of Limited Obligation refunding bonds to provide resources to purchase certain non-callable Federal Securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the City's series 2005 Certificates of Participation. The refunding debt was issued at a net interest cost of 2.81%. As a result the refunded bonds are considered to be defeased and the liability has been removed from the respective funds. The amount of defeased debt that remains outstanding as of June 30, 2018 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, 2018 was \$242,140.

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	\$ 1,211,000
	\$ 1,211,000

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 109,000	\$ 59,728
2020	109,000	54,556
2021	109,000	49,199
2022	109,000	43,744
2023	109,000	38,195
2024-2028	545,000	105,407
2029	121,000	3,279
	\$ 1,211,000	\$ 354,108

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, 2017	Additions	Reductions	June 30, 2018
Governmental activities:				
Installment purchases	\$ 2,835,000	\$ 2,724,477	\$ 2,981,389	\$ 2,578,088
Less current maturities				297,960
Long-term installment purchases				<u>\$ 2,280,128</u>
Bond payables:				
Installment notes	\$ 23,090,425	\$ -	\$ 1,798,300	\$ 21,292,125
Plus premium on limited obligation bonds	1,859,449	-	139,448	1,720,001
Revenue bonds	1,572,410	-	320,548	1,251,862
Plus premium on revenue bonds	24,359	-	6,394	17,965
Total bond payable	<u>\$ 26,546,643</u>	<u>\$ -</u>	<u>\$ 2,264,690</u>	24,281,953
HUD loan	<u>\$ 1,320,000</u>	<u>\$ -</u>	<u>\$ 109,000</u>	1,211,000
Compensated absences	<u>\$ 3,145,657</u>	<u>\$ 2,284,303</u>	<u>\$ 2,119,237</u>	3,310,723
Separation allowance	<u>\$ 6,746,329</u>	<u>\$ 394,470</u>	<u>\$ -</u>	7,140,799
OPEB liability	<u>\$ 27,420,780</u>	<u>\$ -</u>	<u>\$ 132,857</u>	27,287,923
Net pension liability (LGERS)	<u>\$ 10,181,952</u>	<u>\$ -</u>	<u>\$ 2,827,059</u>	7,354,893
Less current maturities:				
Installment notes				1,817,900
Revenue bonds				257,688
HUD loan				109,000
Compensated absences				2,483,042
Long-term debt				<u>\$ 65,919,661</u>

	July 1, 2017	Additions	Reductions	June 30, 2018
Business-type activities:				
Installment purchases	\$ 11,041,500	\$ 3,809,040	\$ 4,752,413	\$ 10,098,127
Less current maturities				1,009,572
Long-term installment purchases				<u>\$ 9,088,555</u>
Bond payables:				
Installment notes	\$ 10,164,575	\$ -	\$ 1,286,700	\$ 8,877,875
Plus premium on limited obligation bonds	758,205	-	111,260	646,945
Revenue bonds	57,802,590	-	7,579,452	50,223,138
Plus premium on revenue bonds	5,596,979	-	463,335	5,133,644
Total bond payable	<u>\$ 74,322,349</u>	<u>\$ -</u>	<u>\$ 9,440,747</u>	64,881,602
Compensated absences	<u>\$ 1,433,921</u>	<u>\$ 1,309,506</u>	<u>\$ 1,310,591</u>	1,432,836
OPEB liability	<u>\$ 16,256,791</u>	<u>\$ -</u>	<u>\$ 78,764</u>	16,178,027
Net pension liability (LGERS)	<u>\$ 6,085,745</u>	<u>\$ -</u>	<u>\$ 1,725,294</u>	4,360,451
Less current maturities:				
Installment notes				1,312,100
Revenue bonds				5,332,313
Compensated absences				1,074,627
Long-term debt				<u>\$ 79,133,876</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, 2018 was \$872,723,527.

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, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 385
General Fund	Nonmajor enterprise funds	3,763,416
		<u>\$ 3,763,801</u>

The outstanding balances between funds result 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, 2018 is as follows:

From the Electric Fund to the General Fund for payment in lieu of taxes	\$ 608,740
From the General Fund to the General Fund Capital Projects Fund for various capital projects	3,884,734
From the General Fund to the Fire and Life Safety Capital Projects Fund for fire department capital projects	516,244
From the General Fund to the Transportation Capital Projects Fund for various transportation projects	2,149,207
From the General Fund to the Home Special Revenue Fund to provide required grant matching funds	37,342
From the General Fund to the Parks Capital Project Fund for various park capital projects	1,891,000
From the General Fund to the Transit Fund for current operating needs	550,097
From the General Fund to the Golf Course Fund for current operating needs	1,003,724
From the General Fund to the Regional Airport Fund for current operating needs	785,287
From the General Fund to the General Fund Capital Reserve Fund for future capital projects	5,000,000
From the Market Rate Units Fund to the Home Special Revenue Fund to pay for properties transferred to the Market Rate Units Fund	31,006
From the Additional Vehicle Tax Fund to the Transit Fund to move portion of license fee required to be transferred to the Transit Fund	394,968
From the General Fund Capital Reserve Fund to the Fire and Life Safety Capital Projects Fund for various fire department capital projects	240,000
From the General Fund Capital Reserve Fund to the General Fund for various capital purchases	3,350,000
From the Electric Fund to the General Fund Capital Project Fund for various capital projects	18,621
From the Water Fund to the General Fund Capital Project Fund for various capital projects	11,850
From the Wastewater Fund to the General Fund Capital Project Fund for various capital projects	6,348
From the Regional Airport Fund to the General Fund Capital Project Fund for various capital projects	7,617
From the Stormwater Fund to the General Fund Capital Project Fund for various capital projects	4,232
From the Internal Service Fund to the Transportation Capital Project Fund for various capital projects	58,780
	<u>\$ 20,549,797</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, 2018, was 8.25% of compensation for law enforcement officers and 7.55% 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 \$3,671,191 for the year ended June 30, 2018. Contributions to the pension plan from the ABC Board were \$56,337 for the year ended June 30, 2018.

(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, 2018, the City reported a liability of \$11,715,344 for its proportionate share of the net pension liability. At June 30, 2018, the ABC Board reported a liability of \$155,219 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the City's proportion was 0.76685%, which was an increase of 0.00035% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$3,802,542. At June 30, 2018, 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	\$ 674,912	\$ 331,624
Changes of assumptions	1,673,113	-
Net difference between projected and actual earnings on pension plan investments	2,844,500	-
Changes in proportion and differences between City contributions and proportionate share of contributions	78,345	516,736
City contributions subsequent to the measurement date	3,671,191	-
Total	<u>\$ 8,942,061</u>	<u>\$ 848,360</u>

\$3,671,191 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 436,765
2020	3,305,401
2021	1,595,753
2022	(915,409)
2023	-
Thereafter	-
	<u>\$ 4,422,510</u>

(6) Actuarial assumptions:

The total pension liability in the December 31, 2016 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 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 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, 2016 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, 2017 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 7.20%. 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 35,169,727	\$ 11,715,344	\$ (7,861,662)

(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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	170
Total	195

(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 normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

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 \$521,611 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, 2018, the City reported a total pension liability of \$7,140,799. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the City recognized pension expense of \$533,734.

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	\$ 16,937	\$ -
Changes of assumptions and other inputs	340,554	107,188
City benefit payments subsequent to the measurement date	230,613	-
Total	<u>\$ 588,104</u>	<u>\$ 107,188</u>

\$230,613 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 46,539
2020	46,539
2021	46,539
2022	46,539
2023	64,147
Thereafter	-
	<u>\$ 250,303</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 3.16 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 (2.16 percent) or one percentage point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the total pension liability (asset)	\$ 7,741,622	\$ 7,140,799	\$ 6,592,715

(7) Schedule of changes in total pension liability:

Beginning balance	\$ 6,746,329
Service Cost	235,882
Interest on the total pension liability	250,341
Change in benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	20,366
Changes of assumptions or other inputs	409,492
Benefit payments	(521,611)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,140,799</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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

C. Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 3,802,542	\$ 533,734	\$ 4,336,276
Pension Liability	11,715,344	7,140,799	18,856,143
Proportionate share of the net pension liability	0.76685%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	674,912	16,937	691,849
Changes of assumptions	1,673,113	340,554	2,013,667
Net difference between projected and actual earnings on plan investments	2,844,500	-	2,844,500
Changes in proportion and differences between contributions and proportionate share of contributions	78,345	-	78,345
Benefit payments and administrative costs paid subsequent to the measurement date	3,671,191	230,613	3,901,804
Deferred Inflows of Resources			
Differences between expected and actual experience	331,624	-	331,624
Changes of assumptions	-	107,188	107,188
Changes in proportion and differences between contributions and proportionate share of contributions	516,736	-	516,736

D. 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, 2018 were \$619,503, which consisted of \$449,252 from the City and \$170,251 from the law enforcement officers. No amounts were forfeited.

E. 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.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

(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, 2018 were \$2,117,312, which consisted of \$1,365,641 from the City and \$751,671 from the employees. Contribution requirements are established and may be amended by the City Council.

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

(1) Plan description:

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

(2) Benefits provided:

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

(3) Contributions:

Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ended June 30, 2017, the State contributed \$17,602,000 to the plan. The City of Concord's proportionate share of the State's contribution is \$39,811.

(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, 2018, 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 \$109,722. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017 and at June 30, 2016 was 0%.

NOTES TO FINANCIAL STATEMENTS

Note 9. Pension Plan Obligations (Continued)

For the year ended June 30, 2018, the City recognized pension expense of \$24,009 and revenue of \$24,009 for support provided by the State. At June 30, 2018, 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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.20 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 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(8) Pension plan fiduciary net position:

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

Note 10. Other Postemployment Benefits

(1) Plan administration:

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. The plan, which has a June 30, 2018 year end, does not issue a stand-alone report. Management of the Health Care Plan is vested in the City of Concord City Council.

(2) Plan membership:

Membership of the Health Care Plan consisted of the following at June 30, 2016, 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>1,008</u>

(3) 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 healthcare benefits at 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 healthcare benefits with the same level of coverage as active employees. Those with at least 10 years of service but

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

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.

(4) 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 \$250 to \$22,595. 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 \$3,233 to \$11,673 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.

(5) 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 and June 30, 2018:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return	
	2018	2017	2018	2017
STIF	15%	20%	2.32%	2.32%
Fixed Income	85%	80%	2.84%	2.84%
Total	100%	100%		

For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 0.09 percent. The money-weighted rate of return expresses investment performance, net of investment expense adjusted for the changing amounts actually invested.

(6) Net OPEB liability of the City:

The components of the net OPEB liability of the County at June 30, 2018 were as follows:

Total OPEB Liability	\$ 45,756,280
Plan fiduciary net position	2,290,330
City's net OPEB liability	<u>\$ 43,465,950</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.01%

(7) 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	2.50 percent
Salary increases	3.50 to 7.75 percent, including inflation
Investment rate of return	5.50 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

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

The total OPEB liabilities were rolled forward to June 30, 2017 and June 30, 2018 for the employer and the plan, respectively, 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.

(8) Discount rate:

The discount rate used to measure the total OPEB liability was 3.90 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 projections 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 2019 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 5.50 percent on plan investments was applied to periods through 2019 and the Municipal Bond Index Rate at the Measurement Date (3.89 percent) was applied to periods on and after 2019, resulting in a discount rate at the Measurement Date of 3.90 percent. As a result of the change to the Municipal Bond Index Rate, there was a change in the discount rate from 3.56 percent at the Prior Measurement Date to 3.90 percent at the Measurement Date.

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

The following presents the net OPEB liability of the City at June 30, 2018, 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 (2.90 percent) or one percentage point higher (4.90 percent) than the current discount rate:

	1% Decrease (2.90%)	Discount Rate (3.90%)	1% Increase (4.90%)
Net OPEB Liability	\$48,293,620	\$43,465,950	\$39,162,782

(10) 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 decreasing to 5 percent) or one percentage point higher (8.75 percent decreasing to 5 percent) than the current healthcare cost trend rate:

	1% Decrease (6.75% decreasing to 5.00%)	Healthcare Cost Trend Rate (7.75% decreasing to 5.00%)	1% Increase (8.75% decreasing to 5.00%)
Net OPEB Liability	\$37,492,101	\$43,465,950	\$50,632,606

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

Note 10. Other Postemployment Benefits (Continued)

(11) Changes in net OPEB liability, OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

At June 30, 2018, the city reported a net OPEB liability of \$43,465,950. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016. The total OPEB liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2018, the components of the OPEB liability of the City were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2017	\$ 44,861,527	\$ 1,183,955	\$ 43,677,572
Changes for the year			
Service cost	2,042,623	-	2,042,623
Interest	1,572,140	-	1,572,140
Difference between expected and actual experience	(19,092)	-	(19,092)
Changes of assumptions	(1,287,975)	-	(1,287,975)
Contributions	-	2,512,943	(2,512,943)
Net investment income	-	6,375	(6,375)
Benefit payments	(1,412,943)	(1,412,943)	-
Net changes	894,753	1,106,375	(211,622)
Balances at June 30, 2018	\$ 45,756,280	\$ 2,290,330	\$ 43,465,950

(12) Changes of assumptions:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.90 percent in 2018.

For the year ended June 30, 2018, the City recognized OPEB expense of \$3,388,310. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 16,913
Changes of assumptions or other inputs	-	1,140,946
Net difference between projected and actual earnings on plan investments	70,870	-
Total	\$ 70,870	\$ 1,157,859

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (131,490)
2020	(131,490)
2021	(131,490)
2022	(131,492)
2023	(149,208)
Thereafter	(411,819)
	<u>\$ (1,086,989)</u>

CITY OF CONCORD, NORTH CAROLINA

NOTES TO FINANCIAL STATEMENTS

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 (LGERS) in current fiscal year	\$	3,671,191
Benefit payments made for LEOSSA		230,613
Differences between expected and actual experience (LGERS)		674,912
Differences between expected and actual experience (LEOSSA)		16,937
Changes of assumptions (LGERS)		1,673,113
Changes of assumptions (LEOSSA)		340,554
Net difference between projected and actual earnings on pension plan investments (LGERS)		2,844,500
Net difference between projected and actual earnings on plan investments (OPEB)		70,870
Changes in proportion and differences between employer contributions and proportionate share of contributions (LGERS)		78,345
Charge on refunding		3,325,525
		<u>\$ 12,926,560</u>

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

	Statement of Net Position	Governmental Funds Balance Sheet
Prepaid taxes	\$ 43,520	\$ 43,520
Taxes Receivable, less penalties	-	1,089,068
Differences between expected and actual experience (LGERS)	331,624	-
Changes in proportion and difference between City contributions and proportionate share of contributions	516,736	-
Changes of assumptions (LEOSSA)	107,188	-
Differences between expected and actual experience (OPEB)	16,913	-
Changes of assumptions (OPEB)	1,140,946	-
	<u>\$ 2,156,927</u>	<u>\$ 1,132,588</u>

Note 13. Commitments and Contingencies

The City had commitments on contracts of approximately \$7.2 million related primarily to construction in its Enterprise Funds.

The City participates in a number of Federal and State of North Carolina awards. For the fiscal ended June 30, 2018, 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, 2018, 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	\$ 71,024,145
Less:	
Inventories	99,489
Prepays	60,726
Stabilization by State Statute	18,247,769
Streets – Powell Bill	4,136,873
Public Safety	356,536
	<hr/>
Remaining Fund Balance	\$ 48,122,752

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, 2018 the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental activities:	
General Fund	\$ 5,240,021
Nonmajor Funds	12,479,406
Total governmental activities	<hr/> <hr/> \$ 17,719,427
Business-type activities:	
Electric Fund	\$ 1,283,760
Water Fund	5,225,255
Wastewater Fund	919,383
Regional Airport Fund	5,235,684
Stormwater Fund	416,849
Nonmajor Funds	696,439
Total business-type activities	<hr/> <hr/> \$ 13,777,370

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 \$222,384,161. 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.

CITY OF CONCORD, NORTH CAROLINA

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, 2018.

Note 17. Stewardship, Compliance and Accountability

Deficit Fund Balance/Net Position

North Carolina General Statutes prohibits the City from having a deficit fund balance/net position in any fund. The Housing Assistance Special Revenue Fund and Internal Service Fund had a deficit fund balance/net position in the amount of \$6,304 and \$3,118,078, respectively. The deficit balance in fund balance for the Housing Assistance Special Revenue Fund resulted from an excess of expenses over grants received. The deficit will be reduced in the coming years as more grant money is received. The deficit balance in net position 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the City to record beginning net OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the City related to OPEB during the measurement period. Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$16,485,580 and \$10,672,774 for the business-type activities.

Note 19. Subsequent Events

Management has evaluated subsequent events through December 21, 2018, the date the financial statements were available to be issued.

**CITY OF CONCORD, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
June 30, 2018**

Exhibit M

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 6,746,329	\$ 6,881,079
Service Cost	235,882	255,254
Interest on the total pension liability	250,341	237,293
Changes in benefit terms	-	-
Difference between expected and actual experience	20,366	-
Changes of assumptions and other inputs	409,492	(158,844)
Benefit payments	(521,611)	(468,453)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 7,140,799</u>	<u>\$ 6,746,329</u>

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

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

CITY OF CONCORD, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
June 30, 2018

Exhibit N

	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 7,140,799	\$ 6,746,329
Covered payroll	8,776,412	8,918,792
Total pension liability as a percentage of covered payroll	81.36%	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.

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

Exhibit O

	<u>2018</u>	<u>2017</u>
Total OPEB Liability		
Service cost at end of year	\$ 2,042,623	\$ 2,212,156
Interest on the Total OPEB Liability	1,572,140	1,347,782
Changes of benefit terms	-	-
Difference between expected and actual experience	(19,092)	-
Changes of assumptions or other inputs	(1,287,975)	(2,588,027)
Benefit payments	(1,412,943)	(1,774,363)
Net change in Total OPEB Liability	<u>894,753</u>	<u>(802,452)</u>
Total OPEB Liability - beginning	<u>44,861,527</u>	<u>45,663,979</u>
Total OPEB Liability - ending	<u>\$ 45,756,280</u>	<u>\$ 44,861,527</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 2,512,943	\$ 1,874,363
Contributions - non-employer	-	-
Contributions - active member	-	-
Net investment income	6,375	29,405
Benefit payments	(1,412,943)	(1,774,363)
Administrative expense	-	-
Other	-	-
Net change in Plan Fiduciary Net Position	<u>1,106,375</u>	<u>129,405</u>
Plan Fiduciary Net Position - beginning	<u>1,183,955</u>	<u>1,054,550</u>
Plan Fiduciary Net Position - ending	<u>\$ 2,290,330</u>	<u>\$ 1,183,955</u>
Net OPEB Liability - ending	<u>\$ 43,465,950</u>	<u>\$ 43,677,572</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.01%	2.64%
Covered payroll	\$ 42,290,170	\$ 42,290,170
Net OPEB liability as a percentage of covered payroll	102.78%	103.28%

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

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

Exhibit P

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 3,356,018	\$ 2,741,358	\$ 2,809,363
Contributions in relation to the Actuarially Determined Contribution	<u>2,512,943</u>	<u>1,874,363</u>	<u>2,063,924</u>
Contribution deficiency (excess)	<u>\$ 843,075</u>	<u>\$ 866,995</u>	<u>\$ 745,439</u>
Covered payroll	\$ 42,290,170	\$ 42,290,170	\$ 42,290,170
Contributions as a percentage of covered payroll	5.94%	4.43%	4.88%

Notes to Schedule:

Valuation date:
June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Remaining amortization period	30 years
Asset valuation method	Market value
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases	3.50% to 7.75%, including wage inflation
Investment rate of return	5.50%, 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
THE HEALTH CARE PLAN OF THE CITY OF CONCORD
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS - OPEB**

Exhibit Q

	<u>2018</u>	<u>2017</u>
Annual rate of return, net of investment expense	0.09%	2.80%

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

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

Exhibit R

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Concord's proportion of the net pension liability (asset) (%)	0.76685%	0.76650%	0.79314%	0.74554%	0.79080%
Concord's proportion of the net pension liability (asset) (\$)	\$ 11,715,344	\$ 16,267,697	\$ 3,559,574	\$ (4,396,795)	\$ 9,532,177
Concord's covered-employee payroll	\$ 46,456,219	\$ 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	25.22%	36.41%	8.16%	(10.23%)	22.63%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	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
CITY OF CONCORD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
Last Five Fiscal Years**

Exhibit S

Local Government Employees' Retirement System

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,671,191	\$ 3,347,736	\$ 2,955,892	\$ 3,029,119	\$ 2,979,012
Contributions in relation to the contractually required contribution	<u>3,671,191</u>	<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>	<u>\$ -</u>
Concord's covered-employee payroll	47,797,392	46,456,219	44,675,120	43,605,721	42,959,454
Contributions as a percentage of covered-employee payroll	7.68%	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
CITY OF CONCORD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
Last Four Fiscal Years ***

Exhibit T

Firefighters' and Rescue Squad Workers' Pension

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Concord's proportion of the net pension liability (%)	0.0000%	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>109,722</u>	<u>90,853</u>	<u>76,707</u>	<u>66,847</u>
Total	<u>\$ 109,722</u>	<u>\$ 90,853</u>	<u>\$ 76,707</u>	<u>\$ 66,847</u>
Concord's covered-employee payroll	\$ 9,640,787	\$ 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	1.14%	1.01%	0.89%	0.78%
Plan fiduciary net position as a percentage of the total pension liability	89.35%	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.

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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.

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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**CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2018**

Statement 1

	Total Special Revenue Funds	Total Capital Project Funds	Total Other Governmental Funds
ASSETS			
Cash and investments	\$ 724,008	\$ 21,734,550	\$ 22,458,558
Receivables:			
Ad valorem taxes, net	2,667	-	2,667
Due from other governmental agencies	25,908	-	25,908
Interest	474	63,805	64,279
Other, net	46,371	979,930	1,026,301
Prepaid items	362	500	862
Restricted assets - cash and investments	-	627,236	627,236
Total assets	\$ 799,790	\$ 23,406,021	\$ 24,205,811
LIABILITIES			
Accounts payable and accrued liabilities	\$ 121,292	\$ 491,370	\$ 612,662
Due to other funds	385	-	385
Total liabilities	121,677	491,370	613,047
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	2,667	-	2,667
Total deferred inflows of resources	2,667	-	2,667
FUND BALANCES (DEFICITS)			
Restricted			
Stabilization by State Statute	72,753	1,043,735	1,116,488
Committed			
Planning and community development	659,227	-	659,227
Assigned			
Future capital purchases	-	21,870,916	21,870,916
Unassigned	(56,534)	-	(56,534)
Total fund balance (deficit)	675,446	22,914,651	23,590,097
Total liabilities, deferred inflows of resources, and fund balances	\$ 799,790	\$ 23,406,021	\$ 24,205,811

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CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
June 30, 2018

Statement 2

	Housing Assistance	Market Rate Units	Community Development	Section 108 Loan/BEDI Grant	Home	Municipal Service District	Additional Vehicle Tax	Total Special Revenue Funds
ASSETS								
Cash and investments	\$ 30,279	\$ 54,242	\$ -	\$ 61,126	\$ 578,278	\$ 83	\$ -	\$ 724,008
Receivables:								
Ad valorem taxes, net	-	-	-	-	-	2,667	-	2,667
Due from other governmental agencies	-	-	3,385	-	22,523	-	-	25,908
Interest	95	-	-	-	-	-	379	474
Other, net	46,371	-	-	-	-	-	-	46,371
Prepaid items	362	-	-	-	-	-	-	362
Total assets	\$ 77,107	\$ 54,242	\$ 3,385	\$ 61,126	\$ 600,801	\$ 2,750	\$ 379	\$ 799,790
LIABILITIES								
Accounts payable and accrued liabilities	\$ 83,411	\$ 3,350	\$ 3,379	\$ -	\$ 31,152	\$ -	\$ -	\$ 121,292
Due to other funds	-	-	6	-	-	-	379	385
Total liabilities	83,411	3,350	3,385	-	31,152	-	379	121,677
DEFERRED INFLOWS OF RESOURCES								
Property taxes receivable	-	-	-	-	-	2,667	-	2,667
Total deferred inflows of resources	-	-	-	-	-	2,667	-	2,667
FUND BALANCES (DEFICITS)								
Restricted								
Stabilization by State Statute	46,466	-	3,385	-	22,523	-	379	72,753
Committed								
Planning and community development	-	50,892	-	61,126	547,126	83	-	659,227
Unassigned	(52,770)	-	(3,385)	-	-	-	(379)	(56,534)
Total fund balances (deficit)	(6,304)	50,892	-	61,126	569,649	83	-	675,446
Total liabilities, deferred inflows of resources, and fund balances	\$ 77,107	\$ 54,242	\$ 3,385	\$ 61,126	\$ 600,801	\$ 2,750	\$ 379	\$ 799,790

CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
June 30, 2018

Statement 3

ASSETS	Parks	Transportation	General Fund Capital Projects	Fire and Life Safety	Total Capital Projects Funds
Cash and investments	\$ 3,228,907	\$ 16,775,254	\$ 882,708	\$ 847,681	\$ 21,734,550
Receivables:					
Interest	-	63,805	-	-	63,805
Other, net	-	979,930	-	-	979,930
Prepaid items	-	-	500	-	500
Restricted assets - cash and investments	-	-	627,236	-	627,236
Total assets	\$ 3,228,907	\$ 17,818,989	\$ 1,510,444	\$ 847,681	\$ 23,406,021
LIABILITIES					
Accounts payable and accrued liabilities	\$ 241,256	\$ 155,810	\$ 89,304	\$ 5,000	\$ 491,370
Due to other funds	-	-	-	-	-
Total liabilities	241,256	155,810	89,304	5,000	491,370
FUND BALANCES					
Restricted					
Stabilization by State Statute	-	1,043,735	-	-	1,043,735
Assigned					
Future capital purchases	2,987,651	16,619,444	1,421,140	842,681	21,870,916
Total fund balances	2,987,651	17,663,179	1,421,140	842,681	22,914,651
Total liabilities and fund balances	\$ 3,228,907	\$ 17,818,989	\$ 1,510,444	\$ 847,681	\$ 23,406,021

**CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2018**

Statement 4

	Total Special Revenue Funds	Total Capital Project Funds	Total Other Governmental Funds
Revenues			
Ad valorem taxes	\$ 93,547	\$ -	\$ 93,547
Restricted intergovernmental revenues	5,042,765	-	5,042,765
Investment earnings	1,398	89,888	91,286
Program income	1,726,991	644,815	2,371,806
Other revenues	87,252	318,250	405,502
Total revenues	6,951,953	1,052,953	8,004,906
Expenditures			
Current:			
Planning and community development	93,464	-	93,464
Administration	605,871	477,489	1,083,360
Housing assistance payments	4,275,944	-	4,275,944
Rehabilitation	1,004,575	-	1,004,575
Capital outlay	-	3,492,496	3,492,496
Debt service	173,731	2,792,130	2,965,861
Total expenditures	6,153,585	6,762,115	12,915,700
Excess (deficiency) of revenues over (under) expenditures	798,368	(5,709,162)	(4,910,794)
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	8,327	8,327
Transfers from other funds	68,348	8,788,633	8,856,981
Transfers to other funds	(425,974)	-	(425,974)
Total other financing sources (uses)	(357,626)	8,796,960	8,439,334
Net change in fund balances	440,742	3,087,798	3,528,540
Fund Balances (Deficit)			
Beginning	234,704	19,826,853	20,061,557
Ending	\$ 675,446	\$ 22,914,651	\$ 23,590,097

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CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2018

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,547	\$ -	\$ 93,547
Restricted intergovernmental revenues	3,910,862	-	524,860	-	607,043	-	-	5,042,765
Investment earnings	1,327	-	-	-	-	-	71	1,398
Program income	726,065	57,021	7,238	-	541,770	-	394,897	1,726,991
Other revenues	8,992	439	-	77,821	-	-	-	87,252
Total revenue	4,647,246	57,460	532,098	77,821	1,148,813	93,547	394,968	6,951,953
Expenditures								
Current:								
Planning and community development	-	-	-	-	-	93,464	-	93,464
Administration	390,376	470	95,311	-	119,714	-	-	605,871
Housing assistance payments	4,275,944	-	-	-	-	-	-	4,275,944
Rehabilitation	-	-	423,078	-	581,497	-	-	1,004,575
Debt service	-	-	-	173,731	-	-	-	173,731
Total expenditures	4,666,320	470	518,389	173,731	701,211	93,464	-	6,153,585
Excess (deficiency) of revenues over (under) expenditures	(19,074)	56,990	13,709	(95,910)	447,602	83	394,968	798,368
Other Financing Sources (Uses)								
Transfers from other funds	-	-	-	-	68,348	-	-	68,348
Transfers to other funds	-	(31,006)	-	-	-	-	(394,968)	(425,974)
Total other financing sources (uses)	-	(31,006)	-	-	68,348	-	(394,968)	(357,626)
Net change in fund balances	(19,074)	25,984	13,709	(95,910)	515,950	83	-	440,742
Fund Balances (Deficit)								
Beginning	12,770	24,908	(13,709)	157,036	53,699	-	-	234,704
Ending	\$ (6,304)	\$ 50,892	\$ -	\$ 61,126	\$ 569,649	\$ 83	\$ -	\$ 675,446

CITY OF CONCORD, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
Year Ended June 30, 2018

Statement 6

	Parks	Transportation	General Fund Capital Projects	Fire and Life Safety	Total Capital Projects Funds
Revenues					
Program income	\$ -	\$ 644,815	\$ -	\$ -	\$ 644,815
Other revenues	5,000	-	313,250	-	318,250
Investment earnings	-	85,733	4,155	-	89,888
Total revenues	5,000	730,548	317,405	-	1,052,953
Expenditures					
Administration	27,222	70,331	325,281	54,655	477,489
Debt service	-	-	2,792,130	-	2,792,130
Capital outlay	1,353,522	1,879,235	259,739	-	3,492,496
Total expenditures	1,380,744	1,949,566	3,377,150	54,655	6,762,115
Excess (deficiency) of revenues over expenditures	(1,375,744)	(1,219,018)	(3,059,745)	(54,655)	(5,709,162)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	8,327	-	8,327
Transfers in	1,891,000	2,207,987	3,933,402	756,244	8,788,633
Total other financing sources (uses)	1,891,000	2,207,987	3,941,729	756,244	8,796,960
Net change in fund balances	515,256	988,969	881,984	701,589	3,087,798
Fund Balances (Deficit)					
Beginning	2,472,395	16,674,210	539,156	141,092	19,826,853
Ending	\$ 2,987,651	\$ 17,663,179	\$ 1,421,140	\$ 842,681	\$ 22,914,651

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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CITY OF CONCORD, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018

Statement 7

ASSETS	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Current Assets				
Cash and investments	\$ -	\$ 630,491	\$ -	\$ 630,491
Receivables:				
Accounts receivable, net	-	5,715	164,342	170,057
Due from other governments	-	8,181	34,817	42,998
Interest	-	2,560	-	2,560
Other	587,510	-	-	587,510
Inventories and prepaid expenses	88,223	2,247	27,163	117,633
Total current assets	675,733	649,194	226,322	1,551,249
Noncurrent assets:				
Restricted assets - cash and investments	-	37,722	-	37,722
Capital assets	10,029,189	10,413,462	12,508,873	32,951,524
Less accumulated depreciation	(358,980)	(6,269,057)	(5,368,174)	(11,996,211)
Total noncurrent assets	9,670,209	4,182,127	7,140,699	20,993,035
Total assets	10,345,942	4,831,321	7,367,021	22,544,284
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	-	128,766	46,499	175,265
OPEB deferrals	-	1,021	368	1,389
Deferred charge on refunding	58,046	-	-	58,046
Total deferred outflows of resources	58,046	129,787	46,867	234,700
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	172,149	111,445	283,956	567,550
Current portion of long-term debt	875,000	33,260	8,838	917,098
Accrued interest	5,491	-	-	5,491
Due to other funds	93,286	-	3,670,130	3,763,416
Total current liabilities	1,145,926	144,705	3,962,924	5,253,555
Noncurrent liabilities				
Net pension liability	-	168,701	60,920	229,621
Net OPEB liability	-	625,910	226,023	851,933
Long-term debt due after one year	1,993,286	11,087	2,946	2,007,319
Deposits	-	37,722	-	37,722
Total noncurrent liabilities	1,993,286	843,420	289,889	3,126,595
Total liabilities	3,139,212	988,125	4,252,813	8,380,150
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	-	12,216	4,411	16,627
OPEB deferrals	-	16,673	6,021	22,694
Total deferred inflows of resources	-	28,889	10,432	39,321
NET POSITION				
Net investment in capital assets	6,859,969	4,144,405	7,140,699	18,145,073
Unrestricted	404,807	(200,311)	(3,990,056)	(3,785,560)
Total net position	\$ 7,264,776	\$ 3,944,094	\$ 3,150,643	\$ 14,359,513

CITY OF CONCORD, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
Year Ended June 30, 2018

Statement 8

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating Revenues				
Charges for services	\$ 1,166,083	\$ 412,061	\$ 301,339	\$ 1,879,483
Other operating revenues	666,777	-	-	666,777
Total operating revenue	1,832,860	412,061	301,339	2,546,260
Operating Expenses				
General and administrative	-	766,181	419,164	1,185,345
Professional services	830,562	-	3,075,191	3,905,753
Utilities	-	243,499	-	243,499
Maintenance and repairs	-	412,181	-	412,181
Operating supplies	-	-	352,295	352,295
Other operating costs	821,375	-	38	821,413
Depreciation and amortization	18,737	517,688	1,138,583	1,675,008
Total operating expenses	1,670,674	1,939,549	4,985,271	8,595,494
Operating income (loss)	162,186	(1,527,488)	(4,683,932)	(6,049,234)
Nonoperating Revenues (Expenses)				
Operating subsidy	-	970,692	1,899,935	2,870,627
Interest earned on investments	-	3,224	-	3,224
Interest expense	(80,083)	(488)	-	(80,571)
Gain (loss) on sale of capital assets	-	(16,233)	15,577	(656)
Other	-	88,433	-	88,433
Total nonoperating revenues (expenses)	(80,083)	1,045,628	1,915,512	2,881,057
Income (loss) before transfers	82,103	(481,860)	(2,768,420)	(3,168,177)
Transfers In (Out)				
Transfers In	1,003,724	-	945,065	1,948,789
Transfers in (out)	1,003,724	-	945,065	1,948,789
Change in net position	1,085,827	(481,860)	(1,823,355)	(1,219,388)
Net Position				
Beginning, previously reported	6,178,949	4,853,432	5,174,436	16,206,817
Restatement	-	(427,478)	(200,438)	(627,916)
Beginning, restated	6,178,949	4,425,954	4,973,998	15,578,901
Ending	\$ 7,264,776	\$ 3,944,094	\$ 3,150,643	\$ 14,359,513

CITY OF CONCORD, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

Statement 9
Page 1 of 2

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,626,991	\$ 501,717	\$ 1,128,931	\$ 3,257,639
Payments to employees	-	(513,697)	(354,080)	(867,777)
Payments to suppliers	(1,618,439)	(868,315)	(3,488,649)	(5,975,403)
Net cash provided by (used in) operating activities	8,552	(880,295)	(2,713,798)	(3,585,541)
Cash Flows From Noncapital Financing Activities				
Due to (from) other funds	93,286	(48,845)	1,552,705	1,597,146
Transfers in	1,003,724	-	945,065	1,948,789
Operating grants received	-	970,692	1,899,935	2,870,627
Net cash provided by noncapital financing activities	1,097,010	921,847	4,397,705	6,416,562
Cash Flows from Capital and Related Financing Activities				
Principal payment on long-term debt	(860,000)	-	-	(860,000)
Interest paid	(81,372)	(488)	-	(81,860)
Acquisition and construction of capital assets	(242,826)	-	(1,699,484)	(1,942,310)
Proceeds from the sale of capital assets	-	-	15,577	15,577
Net cash provided by (used in) capital and related financing activities	(1,184,198)	(488)	(1,683,907)	(2,868,593)
Cash Flows Provided by Investing Activities				
Earnings on investments	-	2,553	-	2,553
Net increase (decrease) in cash and cash equivalents	(78,636)	43,617	-	(35,019)
Cash and cash equivalents:				
Beginning	78,636	624,596	-	703,232
Ending	\$ -	\$ 668,213	\$ -	\$ 668,213

Continued

CITY OF CONCORD, NORTH CAROLINA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (Continued)
Year Ended June 30, 2018

Statement 9
Page 2 of 2

	Golf Course Fund	Housing Department Operating Fund	Transit Fund	Total Nonmajor Enterprise Funds
Operating income (loss)	\$ 162,186	\$ (1,527,488)	\$ (4,683,932)	\$ (6,049,234)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	18,737	517,688	1,138,583	1,675,008
Other income	-	88,433	-	88,433
Changes in assets, deferred outflows of resources, deferred inflows of resources, and liabilities:				
(Increase) decrease in:				
Accounts receivable	(205,869)	(48)	(84,061)	(289,978)
Due from other governmental agencies	-	226	911,653	911,879
Inventories and prepaid expenses	(11,782)	(2,247)	6,571	(7,458)
Deferred outflows of resources for pensions	-	64,207	13,198	77,405
Deferred outflows of resources for OPEB	-	(1,021)	(368)	(1,389)
Increase (decrease) in:				
Accounts payable and accrued expenses	45,280	23,353	(12,233)	56,400
Vacation accrual	-	2,502	1,244	3,746
Net pension liability	-	(57,420)	(9,031)	(66,451)
OPEB liability	-	(3,047)	(1,100)	(4,147)
Deferred inflows of resources for pensions	-	(3,151)	(343)	(3,494)
Deferred inflows of resources for OPEB	-	16,673	6,021	22,694
Deposits	-	1,045	-	1,045
Net cash provided by (used in) operating activities	\$ 8,552	\$ (880,295)	\$ (2,713,798)	\$ (3,585,541)

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

CITY OF CONCORD, NORTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
June 30, 2018

Statement 10

Function/Activity	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure	Construction in Progress	Total
General Government							
Administration	\$ 3,341,071	\$ 19,137,869	\$ 377,386	\$ 1,183,866	\$ 1,058,453	\$ 46,301	\$ 25,144,946
Finance	-	-	-	308,575	-	-	308,575
Tax office	-	-	-	79,152	-	-	79,152
Human resources	-	451,282	-	79,742	-	-	531,024
Total general government	3,341,071	19,589,151	377,386	1,651,335	1,058,453	46,301	26,063,697
Public Safety							
Communications	-	-	-	1,504,802	-	-	1,504,802
Police	-	14,586,391	24,000	8,225,361	-	-	22,835,752
Fire	1,907,592	17,595,069	282,322	13,763,905	-	1,143,902	34,692,790
Total public safety	1,907,592	32,181,460	306,322	23,494,068	-	1,143,902	59,033,344
Public Works							
Streets	41,020,545	661,459	76,177	4,953,827	600,777,384	5,934,383	653,423,775
Sanitation	-	3,719,898	206,147	3,434,039	-	-	7,360,084
Cemeteries	-	-	191,523	236,788	168,239	-	596,550
Transportation	50,987	-	-	-	6,843,848	-	6,894,835
Fleet Services	-	1,024,795	-	588,586	-	-	1,613,381
Total public works	41,071,532	5,406,152	473,847	9,213,240	607,789,471	5,934,383	669,888,625
Cultural and Recreational							
Parks and recreation	7,578,974	8,215,598	4,324,993	683,666	-	3,373,982	24,177,213
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	\$ 65,729,506	\$ 5,933,449	\$ 35,189,869	\$ 609,521,191	\$ 10,498,568	\$ 781,209,304

CITY OF CONCORD, NORTH CAROLINA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
June 30, 2018

Statement 11

Function/Activity	June 30, 2017	Additions	Retirements/ Transfers	June 30, 2018
General Government				
Administration	\$ 24,963,357	\$ 259,740	\$ 78,151	\$ 25,144,946
Finance	297,568	11,007	-	308,575
Tax office	79,152	-	-	79,152
Human resources	550,806	-	19,782	531,024
Total general government	25,890,883	270,747	97,933	26,063,697
Public Safety				
Communications	1,498,539	28,998	22,735	1,504,802
Police	22,750,757	771,899	686,904	22,835,752
Fire	33,835,728	2,638,340	1,781,278	34,692,790
Total public safety	58,085,024	3,439,237	2,490,917	59,033,344
Public Works				
Streets	638,208,239	15,475,806	260,270	653,423,775
Sanitation	7,131,882	645,985	417,783	7,360,084
Cemeteries	584,202	24,619	12,271	596,550
Transportation	6,894,835	-	-	6,894,835
Fleet services	1,614,774	39,168	40,561	1,613,381
Total public works	654,433,932	16,185,578	730,885	669,888,625
Cultural and Recreational				
Parks and recreation	22,589,776	1,643,845	56,408	24,177,213
Planning and Community Development				
Planning and zoning	2,046,425	-	-	2,046,425
Total capital assets	\$ 763,046,040	\$ 21,539,407	\$ 3,376,143	\$ 781,209,304

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Supplemental Information

- Budget to actual comparison for major capital project fund, 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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CITY OF CONCORD, NORTH CAROLINA
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, 2018

Statement 12

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Investment Earnings	\$ 427,952	\$ 62,041	\$ 209,325	\$ 271,366
Expenditures				
Capital outlay	37,285,854	-	-	-
Total expenditures	37,285,854	-	-	-
Excess (deficiency) of revenues over expenditures	(36,857,902)	62,041	209,325	271,366
Other Financing Sources (Uses)				
Transfers In	40,447,902	35,447,903	5,000,000	40,447,903
Transfers Out	(3,590,000)	-	(3,590,000)	(3,590,000)
Total other financing sources (uses)	36,857,902	35,447,903	1,410,000	36,857,903
Excess of revenues and other financing sources (uses) over expenditures	\$ -	\$ 35,509,944	1,619,325	\$ 37,129,269
Fund Balance				
Beginning			<u>35,509,944</u>	
Ending			<u>\$ 37,129,269</u>	

**CITY OF CONCORD, NORTH CAROLINA
HOUSING ASSISTANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2018**

Statement 13

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Restricted intergovernmental revenues	\$ 3,802,974	\$ 3,959,229	\$ 3,910,862	\$ (48,367)
Investment earnings	500	1,750	1,327	(423)
Program income	500,000	693,347	726,065	32,718
Other income (loss)	500	16,111	8,992	(7,119)
Total revenues	4,303,974	4,670,437	4,647,246	(23,191)
Expenditures				
Administration	360,973	395,873	390,376	5,497
Housing assistance payments	3,945,000	4,276,563	4,275,944	619
Total expenditures	4,305,973	4,672,436	4,666,320	6,116
Excess (deficiency) of revenues over expenditures	(1,999)	(1,999)	(19,074)	(17,075)
Other Financing Sources				
Appropriated fund balance	1,999	1,999	-	(1,999)
Total other financing sources	1,999	1,999	-	(1,999)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	(19,074)	\$ (19,074)
Fund Balance				
Beginning			12,770	
Ending			\$ (6,304)	

CITY OF CONCORD, NORTH CAROLINA
MARKET RATE UNITS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2018

Statement 14

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 57,720	\$ 57,720	\$ 57,021	\$ (699)
Other income	-	-	439	439
Total revenues	57,720	57,720	57,460	(260)
Expenditures				
Administration	26,714	26,714	470	26,244
Total expenditures	26,714	26,714	470	26,244
Excess (deficiency) of revenues over expenditures	31,006	31,006	56,990	25,984
Other Financing Uses				
Transfers out	(31,006)	(31,006)	(31,006)	-
Total other financing uses	(31,006)	(31,006)	(31,006)	-
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ -	25,984	\$ 25,984
Fund Balance				
Beginning			24,908	
Ending			\$ 50,892	

CITY OF CONCORD, NORTH CAROLINA
COMMUNITY DEVELOPMENT GRANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 15

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues, net of reimbursements	\$ 2,408,122	\$ 1,458,466	\$ 524,860	\$ 1,983,326
Program income	63,486	60,471	7,238	67,709
Total revenues	2,471,608	1,518,937	532,098	2,051,035
Expenditures				
Administration	432,963	329,964	95,311	425,275
Rehabilitation	1,912,473	1,151,575	423,078	1,574,653
Total expenditures	2,345,436	1,481,539	518,389	1,999,928
Excess (deficiency) of revenues over expenditures	126,172	37,398	13,709	51,107
Other Financing Sources (Uses)				
Transfers In	-	2,553	-	2,553
Transfers Out	(126,172)	(53,660)	-	(53,660)
Total other financing sources (uses)	(126,172)	(51,107)	-	(51,107)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (13,709)	\$ 13,709	\$ -

CITY OF CONCORD, NORTH CAROLINA

Statement 16

SECTION 108 LOAN/BEDI GRANT

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

From Inception and for the Year Ended June 30, 2018

	Total Project Authorization	Prior Years	Actual 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	1,247,149	1,230,452	77,821	1,308,273
Total revenues	2,263,578	2,246,881	77,821	2,324,702
Expenditures				
Rehabilitation	2,676,880	2,676,879	-	2,676,879
Debt service	1,633,210	1,386,966	173,731	1,560,697
Total expenditures	4,310,090	4,063,845	173,731	4,237,576
Excess (deficiency) of revenues over expenditures	(2,046,512)	(1,816,964)	(95,910)	(1,912,874)
Other Financing Sources (Uses)				
Debt issued	1,974,000	1,974,000	-	1,974,000
Transfers In	322,108	249,596	-	249,596
Transfers Out	(249,596)	(249,596)	-	(249,596)
Total other financing sources (uses)	2,046,512	1,974,000	-	1,974,000
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	\$ -	\$ 157,036	(95,910)	\$ 61,126
Fund Balance				
Beginning			157,036	
Ending			\$ 61,126	

CITY OF CONCORD, NORTH CAROLINA
HOME FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 17

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Restricted intergovernmental revenues	\$ 3,057,506	\$ 439,225	\$ 607,043	\$ 1,046,268
Program income	897,408	430,520	541,770	972,290
Total revenues	3,954,914	869,745	1,148,813	2,018,558
Expenditures				
Administration	436,744	194,825	119,714	314,539
Rehabilitation	3,798,248	832,952	581,497	1,414,449
Total expenditures	4,234,992	1,027,777	701,211	1,728,988
Excess (deficiency) of revenues over expenditures	(280,078)	(158,032)	447,602	289,570
Other Financing Sources				
Transfers In	280,078	211,731	68,348	280,079
Total other financing sources	280,078	211,731	68,348	280,079
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 53,699	515,950	\$ 569,649
Fund Balance				
Beginning			53,699	
Ending			\$ 569,649	

**CITY OF CONCORD, NORTH CAROLINA
MUNICIPAL SERVICE DISTRICT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2018**

Statement 18

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad valorem taxes	\$ 90,000	\$ 95,299	\$ 93,547	\$ (1,752)
Expenditures				
Community development	90,000	95,299	93,464	1,835
Excess of revenues over expenditures	\$ -	\$ -	83	\$ 83
Fund Balance				
Beginning			-	
Ending			<u>\$ 83</u>	

**CITY OF CONCORD, NORTH CAROLINA
 ADDITIONAL VEHICLE TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended June 30, 2018**

Statement 19

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Program income	\$ 350,000	\$ 350,000	\$ 394,897	\$ 44,897
Investment earnings	-	-	71	71
Total revenues	350,000	350,000	394,968	44,968
Other Financing Uses				
Transfers out	(350,000)	(350,000)	(394,968)	(44,968)
Total other financing uses	(350,000)	(350,000)	(394,968)	(44,968)
Total of revenues and other financing uses	\$ -	\$ -	-	\$ -
Fund Balance				
Beginning			-	
Ending			\$ -	

CITY OF CONCORD, NORTH CAROLINA
PARKS AND RECREATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 20

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Contributions	\$ 55,250	\$ 50,250	\$ 5,000	\$ 55,250
Total operating revenues	55,250	50,250	5,000	55,250
Operating Expenditures				
Northwest Park	5,031	-	2,500	2,500
McEachern Greenway	2,110,971	843,484	721,777	1,565,261
Park Light Project	400,000	-	-	-
Hartsell Recreation Center Renovation	1,748,809	1,643,749	93,739	1,737,488
Burrage Rd House Renovation	778,310	1,690	527,631	529,321
Stream Restoration - McGee Park	30,000	-	-	-
Coddle Creek Greenway	25,000	-	6,425	6,425
Hector Henry Greenway	3,283,637	1,524,440	28,672	1,553,112
Total operating expenditures	8,381,758	4,013,363	1,380,744	5,394,107
Deficiency of revenues over expenditures before transfers	(8,326,508)	(3,963,113)	(1,375,744)	(5,338,857)
Transfers In				
Transfers in	8,326,508	6,435,508	1,891,000	8,326,508
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 2,472,395	\$ 515,256	\$ 2,987,651

CITY OF CONCORD, NORTH CAROLINA
TRANSPORTATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 21

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 6,540,036	\$ 2,499,044	\$ -	\$ 2,499,044
Investment earnings	715,202	383,506	85,733	469,239
Program income	2,631,565	2,027,812	644,815	2,672,627
Total operating revenues	9,886,803	4,910,362	730,548	5,640,910
Operating Expenditures				
Poplar Tent/Hwy 29 CMAQ	3,721,758	421,759	3,098	424,857
Hwy 601/Hwy 3 CMAQ	1,561,405	1,285,900	-	1,285,900
Future Improvements	1,050,249	-	-	-
Derita Rd	5,898,224	1,794,967	301,192	2,096,159
Traffic Management Center	3,797,500	290,431	1,370,422	1,660,853
NE Subset Sidewalk Extension	525,916	1,625	30,657	32,282
Virginia St SE Segment Improvements	1,050,000	-	-	-
Brookwood Phase Design	4,902,400	391,780	99,537	491,317
US 29 Bridge 66 & 69	15,553	-	-	-
ITS Expansion	1,250,000	355,434	77,427	432,861
US29/Copperfield SW & Bike Pro	273,211	17,495	-	17,495
Concord Mills Blvd Flyover	1,980,000	-	-	-
Pedestrian Improvements - Sidewalks	150,000	-	-	-
Bruton Smith Pedestrian Improvements	1,200,000	-	-	-
Tournament/Chestnut Intersection Impr	67,835	-	67,233	67,233
Spring/Chestnut/Broad Improvements	5,000	-	-	-
US601/Flowes Store Improvements	225,000	-	-	-
Union St S Sidewalk Extension	10,000	-	-	-
Downtown Pedestrian Signal Upgrade	70,000	-	-	-
Rock Hill Church/Poplar Tent	250,000	-	-	-
Streetscape	10,000	-	-	-
Infrastructure	403,978	-	-	-
Total operating expenditures	28,418,029	4,559,391	1,949,566	6,508,957
Excess (deficiency) of revenues over expenditures before transfers	(18,531,226)	350,971	(1,219,018)	(868,047)
Other Financing Sources				
Transfers In	18,531,226	16,323,239	2,207,987	18,531,226
Total other financing sources	18,531,226	16,323,239	2,207,987	18,531,226
Excess of revenues and transfers over expenditures	\$ -	\$ 16,674,210	\$ 988,969	\$ 17,663,179

CITY OF CONCORD, NORTH CAROLINA
GENERAL FUND CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 22

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 220,000	\$ 23,880	\$ -	\$ 23,880
Contributions	473,531	160,281	313,250	473,531
Total operating revenues	693,531	184,161	313,250	497,411
Expenditures				
Contract services	1,639,358	555,866	324,701	880,567
Capital outlay	2,194,804	415,890	259,739	675,629
Total expenditures	3,834,162	971,756	584,440	1,556,196
Excess (deficiency) of revenues over expenditures before transfers	(3,140,631)	(787,595)	(271,190)	(1,058,785)
Transfer In	3,140,631	2,006,281	1,134,351	3,140,632
Excess of revenues and transfers over expenditures	\$ -	\$ 1,218,686	\$ 863,161	\$ 2,081,847

Change in net position:

General Fund Capital Projects Fund	\$ 863,161
First Concord Capital Project Fund (Statement 42)	18,823
	<u>\$ 881,984</u>

CITY OF CONCORD, NORTH CAROLINA
FIRE AND LIFE SAFETY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
From Inception and for the Year Ended June 30, 2018

Statement 23

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Other income	\$ -	\$ -	\$ -	\$ -
Operating Expenditures				
Operating supplies	-	135,085	54,655	189,740
Capital outlay	2,056,244	1,025,607	-	1,025,607
Total operating expenditures	2,056,244	1,160,692	54,655	1,215,347
Deficiency of revenues over expenditures before transfers	(2,056,244)	(1,160,692)	(54,655)	(1,215,347)
Transfer In	2,056,244	1,301,784	756,244	2,058,028
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 141,092	\$ 701,589	\$ 842,681

CITY OF CONCORD, NORTH CAROLINA
ELECTRIC OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 24

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 83,736,000	\$ 81,936,000	\$ 82,709,459	\$ 773,459
Other operating revenues	1,220,000	1,220,000	1,636,744	416,744
Total operating revenues	84,956,000	83,156,000	84,346,203	1,190,203
Operating Expenditures				
Administration	3,341,458	3,391,458	3,165,929	225,529
Purchased power	58,951,516	63,737,549	58,958,183	4,779,366
Power line and plant	14,837,756	16,822,723	13,460,861	3,361,862
Total operating expenditures	77,130,730	83,951,730	75,584,973	8,366,757
Nonoperating Revenues (Expenditures)				
Capital outlay	(2,939,188)	(3,149,782)	(2,259,605)	890,177
Interest earned on investments	-	350,000	383,818	33,818
Debt service and capital lease payments	(2,892,959)	(2,892,959)	(2,885,776)	7,183
Appropriated Fund Balance	(450,762)	8,530,832	-	(8,530,832)
Gain on sale of capital assets	-	-	95,919	95,919
Total nonoperating expenditures	(6,282,909)	2,838,091	(4,665,644)	(7,503,735)
Income before capital contributions and transfers	1,542,361	2,042,361	4,095,586	2,053,225
Transfers In (Out)				
Transfers out	(1,542,361)	(2,042,361)	(2,042,361)	-
Excess (deficiency) of revenues over expenditures and transfers	\$ -	\$ -	2,053,225	\$ 2,053,225
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(4,671,926)	
Capital outlay			2,259,605	
Unfunded OPEB Expense			(65,915)	
Pension expense			(3,259)	
Health claims incurred but not reported			1,449	
Increase to workers comp claims reserve			(6,924)	
Debt service			2,174,648	
Change in net position			\$ 1,740,903	
Change in net position:				
Electric Operating Fund			\$ 1,740,903	
Electric Projects Capital Projects Fund (Statement 25)			1,218,544	
Utility Capital Reserve Project Fund (Statement 31)			-	
			\$ 2,959,447	

CITY OF CONCORD, NORTH CAROLINA
ELECTRIC PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 25

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 1,673,000	\$ -	\$ 929,884	\$ 929,884
Total operating revenues	<u>1,673,000</u>	<u>-</u>	<u>929,884</u>	<u>929,884</u>
Operating Expenditures				
Contract cost	1,673,000	125,002	1,126,340	1,251,342
Capital outlay	14,068,074	7,273,619	1,223,247	8,496,866
Total operating expenditures	<u>15,741,074</u>	<u>7,398,621</u>	<u>2,349,587</u>	<u>9,748,208</u>
Deficiency of revenues over expenditures before transfers	<u>(14,068,074)</u>	<u>(7,398,621)</u>	<u>(1,419,703)</u>	<u>(8,818,324)</u>
Transfer In	14,068,074	12,653,075	1,415,000	14,068,075
Excess (deficiency) of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 5,254,454</u>	<u>(4,703)</u>	<u>\$ 5,249,751</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>1,223,247</u>	
Change in net position			<u>\$ 1,218,544</u>	

CITY OF CONCORD, NORTH CAROLINA
WATER OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 26

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 22,000,000	\$ 22,000,000	\$ 22,679,102	\$ 679,102
Other operating revenues	421,750	421,750	1,178,643	756,893
Total operating revenues	22,421,750	22,421,750	23,857,745	1,435,995
Operating Expenditures				
Repairs and maintenance	1,355,658	1,353,658	621,717	731,941
Water plants and lakes	7,951,711	7,953,711	7,318,123	635,588
Water line operation and maintenance	7,738,300	7,738,300	7,059,121	679,179
Total operating expenditures	17,045,669	17,045,669	14,998,961	2,046,708
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	346,375	346,375
Capital outlay	(604,916)	(604,916)	(478,469)	126,447
Debt service	(4,353,993)	(4,353,993)	(4,342,860)	11,133
Gain on sale of capital assets	-	-	151,666	151,666
Appropriated Fund Balance	7,753,678	8,868,678	-	(8,868,678)
Total nonoperating expenditures	2,794,769	3,909,769	(4,323,288)	(8,233,057)
Income before capital contributions and transfers	8,170,850	9,285,850	4,535,496	(4,750,354)
Transfers In (Out)				
To Project Fund	(8,170,850)	(9,285,850)	(9,285,850)	-
Capital Contributions	-	-	2,117,257	2,117,257
Excess of revenues, capital contributions over expenditures	\$ -	\$ -	(2,633,097)	\$ (2,633,097)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(4,209,567)	
Unfunded OPEB Expense			(60,488)	
Pension expense			(3,492)	
Health claims incurred but not reported			1,249	
Increase to workers comp claims reserve			(26,125)	
Capital outlay			478,469	
Debt service			3,235,938	
Change in net position			\$ (3,217,113)	
Change in net position:				
Water Operating Fund			\$ (3,217,113)	
2008 Revenue Bonds Capital Project Fund (Statement 27)			-	
Water Projects Capital Project Fund (Statement 28)			10,935,842	
			\$ 7,718,729	

CITY OF CONCORD, NORTH CAROLINA
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, 2018

Statement 27

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues				
Interest earned on investments	\$ 10,651	\$ 10,651	\$ -	\$ 10,651
	<u>10,651</u>	<u>10,651</u>	<u>-</u>	<u>10,651</u>
Expenditures				
Capital Outlay:				
Fire Flow Improvements	265,859	215,370	-	215,370
Albemarle Waterline	1,971,578	1,971,578	-	1,971,578
Total expenditures	<u>2,237,437</u>	<u>2,186,948</u>	<u>-</u>	<u>2,186,948</u>
Deficiency of revenues over expenditures	<u>(2,226,786)</u>	<u>(2,176,297)</u>	<u>-</u>	<u>(2,176,297)</u>
Other Financing Sources				
Issuance of bonds	2,226,786	2,226,785	-	2,226,785
	<u>2,226,786</u>	<u>2,226,785</u>	<u>-</u>	<u>2,226,785</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 50,488</u>	<u>-</u>	<u>\$ 50,488</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>-</u>	
Change in net position			<u>\$ -</u>	

CITY OF CONCORD, NORTH CAROLINA
WATER PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 28

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Other income	\$ -	\$ 828,979	\$ 1,666,592	\$ 2,495,571
Total operating revenues	-	828,979	1,666,592	2,495,571
Operating Expenditures				
Contract cost	-	3,096,626	4,750	3,101,376
Capital outlay	31,925,315	8,773,310	4,391,964	13,165,274
Total operating expenditures	31,925,315	11,869,936	4,396,714	16,266,650
Deficiency of revenues over expenditures before transfers	(31,925,315)	(11,040,957)	(2,730,122)	(13,771,079)
Transfer In	31,925,315	22,651,315	9,274,000	31,925,315
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 11,610,358	6,543,878	\$ 18,154,236
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			4,391,964	
Change in net position			\$ 10,935,842	

CITY OF CONCORD, NORTH CAROLINA
WASTEWATER OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 29

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 16,925,711	\$ 16,925,711	\$ 16,691,260	\$ (234,451)
Other operating revenues	191,000	191,000	309,933	118,933
Total operating revenues	17,116,711	17,116,711	17,001,193	(115,518)
Operating Expenditures				
Repairs and maintenance	566,170	566,170	193,136	373,034
Wastewater line and plant	12,438,963	12,438,963	11,462,138	976,825
Total operating expenditures	13,005,133	13,005,133	11,655,274	1,349,859
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	180,953	180,953
Capital outlay	(1,748,332)	(1,748,332)	(969,441)	778,891
Debt service	(2,746,375)	(2,746,375)	(2,739,514)	6,861
Gain (loss) on sale of capital assets	-	-	40,964	40,964
Appropriated Fund Balance	931,877	931,877	-	(931,877)
Total nonoperating expenditures	(3,562,830)	(3,562,830)	(3,487,038)	75,792
Income before capital contributions and transfers in	548,748	548,748	1,858,881	1,310,133
Capital Contributions	-	-	4,473,543	4,473,543
Transfers In (Out)				
Transfers out	(548,748)	(548,748)	(548,748)	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	5,783,676	\$ 5,783,676
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(3,389,381)	
Capital outlay			969,441	
Unfunded OPEB Expense			(27,049)	
Pension expense			(3,361)	
Health claims incurred but not reported			268	
Increase to workers comp claims reserve			(10,224)	
Debt service			2,168,866	
Change in net position			\$ 5,492,236	
Change in net position:				
Wastewater Operating Fund			\$ 5,492,236	
Wastewater Projects Capital Project Fund (Statement 30)			1,555,793	
			\$ 7,048,029	

CITY OF CONCORD, NORTH CAROLINA
WASTEWATER PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 30

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Other income	\$ -	\$ 519,960	\$ 1,013,393	\$ 1,533,353
Total operating revenues	-	519,960	1,013,393	1,533,353
Operating Expenditures				
Capital outlay	2,933,547	12,528	261,051	273,579
Total operating expenditures	2,933,547	12,528	261,051	273,579
Excess (deficiency) of revenues over expenditures before transfers	(2,933,547)	507,432	752,342	1,259,774
Transfer In	2,933,547	2,391,147	542,400	2,933,547
Excess of revenues and transfers over expenditures	\$ -	\$ 2,898,579	1,294,742	\$ 4,193,321
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			261,051	
Change in net position			\$ 1,555,793	

**CITY OF CONCORD, NORTH CAROLINA
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, 2018**

Statement 31

	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	12,341,948	-	12,341,948
Excess of other financing sources over expenditures	<u>\$ -</u>	<u>\$ 12,341,948</u>	<u>-</u>	<u>\$ 12,341,948</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			-	
Change in net position			<u>\$ -</u>	
 The change in net position is allocated as follows:				
Electric Operating Fund			<u>\$ -</u>	

**CITY OF CONCORD, NORTH CAROLINA
REGIONAL AIRPORT OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018**

Statement 32

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 8,203,247	\$ 9,470,247	\$ 9,775,639	\$ 305,392
Other operating revenues	52,200	69,399	116,030	46,631
Total operating revenues	8,255,447	9,539,646	9,891,669	352,023
Operating Expenditures				
Airport operation and maintenance	7,706,810	9,021,908	8,721,109	300,799
Total operating expenditures	7,706,810	9,021,908	8,721,109	300,799
Nonoperating Revenues (Expenditures)				
Interest earned on investments	-	-	39,059	39,059
Capital outlay	(174,175)	(191,374)	(192,937)	(1,563)
Debt service	(1,342,667)	(5,103,609)	(5,081,300)	22,309
Miscellaneous revenues	-	-	8,661	8,661
Total nonoperating expenditures	(1,516,842)	(5,294,983)	(5,226,517)	68,466
Income (loss) before capital contributions and transfers	(968,205)	(4,777,245)	(4,055,957)	721,288
Capital Contributions	414,495	414,495	211,670	(202,825)
Transfers In (Out)				
Financing proceeds	-	3,809,040	3,809,040	-
Transfers in	785,287	785,287	785,287	-
Transfers out	(231,577)	(231,577)	(231,577)	-
Excess of revenues and operating transfers over expenditures	\$ -	\$ -	518,463	\$ 518,463
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(2,820,781)	
Capital outlay			192,937	
Unfunded OPEB Expense			(36,065)	
Pension expense			(22,165)	
Health claims incurred but not reported			(2,502)	
Increase to workers comp claims reserve			(25,313)	
Financing proceeds			(3,809,040)	
Debt service			4,752,413	
Change in net position			\$ (1,252,053)	
Change in net position:				
Regional Airport Operating Fund			\$ (1,252,053)	
Airport Capital Project Fund (Statement 33)			2,682,394	
First Concord Capital Project Fund (Statement 42)			(208,137)	
			\$ 1,222,204	

CITY OF CONCORD, NORTH CAROLINA
AIRPORT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 33

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Restricted intergovernmental revenues	\$ 21,405,258	\$ 12,798,331	\$ 2,684,584	\$ 15,482,915
Investment earnings	4,486	4,486	-	4,486
Total operating revenues	21,409,744	12,802,817	2,684,584	15,487,401
Operating Expenditures				
Contract services	-	86,490	2,190	88,680
Capital outlay	28,546,838	21,271,001	2,344,750	23,615,751
Total operating expenditures	28,546,838	21,357,491	2,346,940	23,704,431
Deficiency of revenues over expenditures before transfers	(7,137,094)	(8,554,674)	337,644	(8,217,030)
Other Financing Sources				
Issuance of debt	5,759,000	5,759,000	-	5,759,000
Transfer In	1,378,094	1,377,298	-	1,377,298
Total other financing sources	7,137,094	7,136,298	-	7,136,298
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ (1,418,376)	337,644	\$ (1,080,732)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			2,344,750	
Change in net position			\$ 2,682,394	

CITY OF CONCORD, NORTH CAROLINA
STORMWATER OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 34

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 4,864,600	\$ 4,864,600	\$ 4,939,248	\$ 74,648
Other operating revenues	26,000	26,000	28,957	2,957
Total operating revenues	4,890,600	4,890,600	4,968,205	77,605
Operating Expenditures				
Stormwater operation and maintenance	2,750,407	2,750,407	2,467,970	282,437
Total operating expenditures	2,750,407	2,750,407	2,467,970	282,437
Nonoperating Revenues (Expenditures)				
Capital outlay	(456,500)	(456,500)	(469,539)	(13,039)
Interest earned on investments	-	-	65,045	65,045
Gain on sale of capital assets	-	-	60,208	60,208
Appropriated Fund Balance	381,049	381,049	-	(381,049)
Total nonoperating expenditures	(75,451)	(75,451)	(344,286)	(268,835)
Income before capital contributions and transfers	2,064,742	2,064,742	2,155,949	91,207
Transfers Out				
To Project Fund	(2,064,742)	(2,064,742)	(2,064,742)	-
Excess of revenues over expenditures and transfers out	\$ -	\$ -	91,207	\$ 91,207
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation and amortization			(1,737,754)	
Unfunded OPEB Expense			(18,995)	
Pension expense			3,781	
Health claims incurred but not reported			1,181	
Capital outlay			469,539	
Change in net position			\$ (1,191,041)	
Change in net position:				
Stormwater Operating Fund			\$ (1,191,041)	
Stormwater Capital Project Fund (Statement 35)			2,058,545	
			\$ 867,504	

CITY OF CONCORD, NORTH CAROLINA
STORMWATER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 35

	Total Project Authorization	Prior Years	Actual 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	230,836	35,065	1,965	37,030
Capital outlay	6,856,769	1,321,646	2,412,216	3,733,862
Total operating expenditures	<u>7,087,605</u>	<u>1,356,711</u>	<u>2,414,181</u>	<u>3,770,892</u>
Deficiency of revenues over expenditures before transfers	<u>(6,947,605)</u>	<u>(1,216,711)</u>	<u>(2,414,181)</u>	<u>(3,630,892)</u>
Transfer In	6,947,605	4,887,095	2,060,510	6,947,605
Excess of revenues and transfers over expenditures	<u>\$ -</u>	<u>\$ 3,670,384</u>	<u>(353,671)</u>	<u>\$ 3,316,713</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			<u>2,412,216</u>	
Change in net position			<u>\$ 2,058,545</u>	

CITY OF CONCORD, NORTH CAROLINA
GOLF COURSE OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 36

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 1,104,701	\$ 1,104,701	\$ 1,166,083	\$ 61,382
Other operating revenues	690,477	690,477	666,777	(23,700)
Total operating revenues	1,795,178	1,795,178	1,832,860	37,682
Operating Expenditures				
Professional services	878,464	885,214	830,562	54,652
Other operating costs	815,731	862,947	821,375	41,572
Total operating expenditures	1,694,195	1,748,161	1,651,937	96,224
Nonoperating Revenues (Expenditures)				
Capital outlay	-	(164,000)	(151,274)	12,726
Appropriated Fund Balance	(208,983)	8,983	-	(8,983)
Total nonoperating revenues	(208,983)	(155,017)	(151,274)	3,743
Income before transfers	(108,000)	(108,000)	29,649	137,649
Transfers in (out)				
Transfers in	1,049,373	1,049,373	911,724	(137,649)
Among golf course funds	(941,373)	(941,373)	(941,373)	-
Excess of revenues over expenditures and transfers in (out)	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			151,274	
Depreciation			(68,622)	
Change in net position			\$ 82,652	
Change in net position:				
Golf Course Operating Fund			\$ 82,652	
Golf Capital Project Fund (Statement 37)			92,000	
First Concord Capital Project Fund (Statement 42)			911,175	
			\$ 1,085,827	

CITY OF CONCORD, NORTH CAROLINA
GOLF CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 37

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Expenditures				
Capital outlay	\$ 305,185	\$ 213,185	\$ 91,552	\$ 304,737
Total operating expenditures	305,185	213,185	91,552	304,737
Deficiency of revenues over expenditures before transfers	(305,185)	(213,185)	(91,552)	(304,737)
Transfer In	305,185	213,186	92,000	305,186
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ 1	448	\$ 449
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			91,552	
Change in net position			\$ 92,000	

**CITY OF CONCORD, NORTH CAROLINA
HOUSING DEPARTMENT OPERATING FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018**

Statement 38

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Charges for services	\$ 332,214	\$ 414,145	\$ 412,061	\$ (2,084)
Total operating revenues	332,214	414,145	412,061	(2,084)
Operating Expenditures				
Administrative	588,891	670,816	709,817	(39,001)
Utilities	255,000	255,000	243,499	11,501
Housing maintenance and repairs	365,328	440,316	412,181	28,135
Total operating expenditures	1,209,219	1,366,132	1,365,497	635
Nonoperating Revenues (Expenditures)				
Operating subsidy	759,066	815,806	881,934	66,128
Interest earned on investments	2,000	2,000	3,224	1,224
Miscellaneous	97,983	97,983	72,200	(25,783)
Debt service	(489)	(489)	(488)	1
Appropriated Fund Balance	18,445	36,687	-	(36,687)
Total nonoperating revenues	877,005	951,987	956,870	4,883
Excess (deficiency) of revenues over expenditures	\$ -	\$ -	3,434	\$ 3,434
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Unfunded OPEB Expense			(12,605)	
Pension expense			(3,637)	
Health claims incurred but not reported			(210)	
Depreciation			(517,688)	
Change in net position			\$ (530,706)	
Change in net position:				
Housing Department Operating Fund			\$ (530,706)	
Housing Capital Project Fund (Statement 39)			48,846	
			\$ (481,860)	

CITY OF CONCORD, NORTH CAROLINA
HOUSING CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 39

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Expenditures				
Administrative	\$ 475,412	\$ -	\$ 39,912	\$ 39,912
Capital outlay	48,846	-	48,846	48,846
Total expenditures	524,258	-	88,758	88,758
Other Financing Sources				
Federal grants	524,258	-	88,758	88,758
Excess (deficiency) of other financing sources over expenditures	\$ -	\$ -	-	\$ -
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Capital outlay			48,846	
Change in net position			\$ 48,846	

CITY OF CONCORD, NORTH CAROLINA
TRANSIT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 40

	Total Project Authorization	Prior Years	Actual Current Year	Total to Date
Operating Revenues				
Charges for services	\$ 595,699	\$ 497,996	\$ 301,339	\$ 799,335
Total operating revenues	595,699	497,996	301,339	799,335
Operating Expenditures				
Administrative	865,247	373,308	410,306	783,614
Professional services	6,010,331	2,882,202	3,075,191	5,957,393
Operating supplies	1,592,360	428,085	352,295	780,380
Miscellaneous	-	6,472	38	6,510
Total operating expenditures	8,467,938	3,690,067	3,837,830	7,527,897
Nonoperating Revenues (Expenditures)				
Operating subsidy	10,095,597	2,859,824	1,899,935	4,759,759
Gain on sale of capital assets	15,577	-	15,577	15,577
Capital outlay	(4,730,091)	(2,704,610)	(1,699,484)	(4,404,094)
Deficiency of revenues over expenditures before transfers	(2,491,156)	(3,036,857)	(3,320,463)	(6,357,320)
Transfer In	2,491,156	1,598,112	945,065	2,543,177
Excess (deficiency) of revenues and transfers over expenditures	\$ -	\$ (1,438,745)	(2,375,398)	\$ (3,814,143)
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Depreciation			(1,138,583)	
Unfunded OPEB Expense			(4,552)	
Pension expense			(3,824)	
Health claims incurred but not reported			(482)	
Capital outlay			1,699,484	
Change in net position			\$ (1,823,355)	

CITY OF CONCORD, NORTH CAROLINA
INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
Year Ended June 30, 2018

Statement 41
Page 1 of 2

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Building and Grounds			
Salaries and benefits	\$ 2,412,941	\$ 2,312,578	\$ 100,363
Professional services	47,205	34,507	12,698
Other expenses	833,645	718,544	115,101
Capital outlay	253,000	215,218	37,782
Building and grounds allocation	(3,605,571)	(3,254,429)	(351,142)
	<u>(58,780)</u>	<u>26,418</u>	<u>(85,198)</u>
Data Services			
Salaries and benefits	95,832	99,921	(4,089)
Professional services	1,464,591	1,465,385	(794)
Other expenses	794,369	668,780	125,589
Capital outlay	490,366	100,335	390,031
Data services allocation	(2,975,601)	(2,520,669)	(454,932)
	<u>(130,443)</u>	<u>(186,248)</u>	<u>55,805</u>
Engineering			
Salaries and benefits	1,973,540	1,721,490	252,050
Professional services	16,132	26,365	(10,233)
Other expenses	242,326	177,259	65,067
Capital outlay	160,000	171,479	(11,479)
Engineering allocation	(2,391,998)	(1,996,516)	(395,482)
	<u>-</u>	<u>100,077</u>	<u>(100,077)</u>
Billing			
Salaries and benefits	698,478	699,428	(950)
Professional services	1,717	8,457	(6,740)
Other expenses	352,468	350,605	1,863
Billing allocation	(1,178,502)	(1,211,383)	32,881
	<u>(125,839)</u>	<u>(152,893)</u>	<u>27,054</u>
Customer Care			
Salaries and benefits	1,468,878	1,389,849	79,029
Professional services	14,384	43,963	(29,579)
Other expenses	239,586	185,985	53,601
Customer care allocation	(1,922,348)	(1,856,855)	(65,493)
	<u>(199,500)</u>	<u>(237,058)</u>	<u>37,558</u>

(Continued)

CITY OF CONCORD, NORTH CAROLINA
INTERNAL SERVICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP) (Continued)
Year Ended June 30, 2018

Statement 41
Page 2 of 2

	Final Budget	Actual	Variance - Favorable (Unfavorable)
Warehouse Operations			
Salaries and benefits	\$ 416,145	\$ 353,915	\$ 62,230
Professional services	58	9,074	(9,016)
Other expenses	89,646	58,482	31,164
Capital outlay	20,000	-	20,000
Warehouse allocation	(525,849)	(436,833)	(89,016)
	<u>-</u>	<u>(15,362)</u>	<u>15,362</u>
Utilities Collection			
Salaries and benefits	267,243	275,732	(8,489)
Professional services	118,580	93,250	25,330
Other expenses	112,117	105,283	6,834
Utilities collection allocation	(525,563)	(506,402)	(19,161)
	<u>(27,623)</u>	<u>(32,137)</u>	<u>4,514</u>
Total operating expenditures	<u>(542,185)</u>	<u>(497,203)</u>	<u>(44,982)</u>
Transfers out	(542,185)	(541,800)	385
Deficiency of revenues over expenditures	<u>\$ -</u>	<u>(44,597)</u>	<u>\$ (44,597)</u>
Reconciliation of Modified Accrual Basis to Full Accrual Basis			
Depreciation		(343,542)	
Unfunded OPEB Expense		(100,142)	
Pension expense		(6,301)	
Decrease to health claims incurred but not reported		1,982	
Decrease to workers comp claims reserve		5,568	
Capital outlay		487,032	
Change in net position		<u>\$ -</u>	
Change in net position:			
Internal Service Fund		\$ -	
First Concord Capital Project Fund (Statement 42)		<u>120,877</u>	
		<u>\$ 120,877</u>	

CITY OF CONCORD, NORTH CAROLINA
FIRST CONCORD CAPITAL PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
From Inception and for the Year Ended June 30, 2018

Statement 42

	Total Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues				
Investment earnings	\$ 16,196	\$ 17,331	\$ 6,043	\$ 23,374
Gain on sale of capital assets	-	-	8,327	8,327
Total revenue	16,196	17,331	14,370	31,701
Expenditures				
Debt service	19,830,199	15,496,328	4,437,576	19,933,904
Cost of issuance	1,380,987	1,366,682	-	1,366,682
Contract services	-	1,231,870	581	1,232,451
Capital outlay:				
Plaza	2,057,658	-	-	-
City Hall	20,600,000	19,283,332	-	19,283,332
Total expenditures	43,868,844	37,378,212	4,438,157	41,816,369
Deficiency of revenues over expenditures	(43,852,648)	(37,360,881)	(4,423,787)	(41,784,668)
Other Financing Sources (Uses)				
Transfers in	21,831,872	17,369,936	4,447,404	21,817,340
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	43,852,648	39,390,712	4,447,404	43,838,116
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,029,831	23,617	\$ 2,053,448
Reconciliation of Modified Accrual Basis to Full Accrual Basis				
Debt service principal payments			3,085,000	
Depreciation and amortization			(2,652,054)	
Change in net position			\$ 456,563	
The change in First Concord net position is allocated as follows:				
General Fund Capital Projects Fund			18,823	
Governmental activities			(386,175)	
Internal Service Fund			120,877	
Golf Course Fund			911,175	
Regional Airport Fund			(208,137)	
			\$ 456,563	

CITY OF CONCORD, NORTH CAROLINA
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2018

Statement 43

	Balance				Balance
	July 1, 2017	Addition	Deduction		June 30, 2018
Joe Cannon Trust:					
Assets:					
Cash	\$ 307,733	\$ 98,367	\$ 406,100	\$	-
Liabilities:					
Agency payable	\$ 307,733	\$ 98,367	\$ 406,100	\$	-
Employee's Insurance Fund:					
Assets:					
Cash	\$ 3,081,051	\$ 10,687,986	\$ 9,062,440	\$	4,706,597
Liabilities:					
Agency payable	\$ 3,081,051	\$ 10,687,986	\$ 9,062,440	\$	4,706,597
Total agency funds:					
Assets:					
Cash	\$ 3,388,784	\$ 10,786,353	\$ 9,468,540	\$	4,706,597
Liabilities:					
Agency payable	\$ 3,388,784	\$ 10,786,353	\$ 9,468,540	\$	4,706,597

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SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections, Credits and Adjustments	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 53,695,713	\$ 53,071,029	\$ 624,684
2016-2017	889,583	-	753,471	136,112
2015-2016	356,485	-	233,435	123,050
2014-2015	233,233	-	138,709	94,524
2013-2014	320,326	-	255,294	65,032
2012-2013	169,880	-	48,833	121,047
2011-2012	136,447	-	46,962	89,485
2010-2011	73,082	-	22,020	51,062
2009-2010	86,960	-	16,462	70,498
2008-2009	120,607	-	44,010	76,597
2007-2008	60,460	-	60,460	-
	<u>\$ 2,447,063</u>	<u>\$ 53,695,713</u>	<u>\$ 54,690,685</u>	<u>1,452,091</u>
Less allowance for uncollectible ad valorem taxes receivable				<u>363,023</u>
Ad valorem taxes receivable				<u>\$ 1,089,068</u>

	General Fund	Municipal Service District Fund	
Reconciliation to revenue:			
Taxes, ad valorem	\$ 54,299,520	\$ 93,249	
Releases of prior years' taxes	219,056	-	
Taxes written off	78,411	449	
Total collections and credits	<u>\$ 54,596,987</u>	<u>\$ 93,698</u>	\$ 54,690,685
Interest billed and collected during the year			442,303
Releases of prior years' taxes			(219,056)
Taxes written off			(78,860)
Total Ad valorem taxes			<u>\$ 54,835,072</u>

ANALYSIS OF CURRENT LEVY
Year Ended June 30, 2018

Fiscal Year	Property Valuation	Rate	Total Levy	Total Levy	
				Property	Registered Motor Vehicles
Original levy:					
City wide	\$ 10,194,823,125	0.48	\$ 48,935,151	\$ 48,935,151	\$ -
Municipal Service District	38,696,852	0.23	89,003	89,003	-
Current year's rate, Motor vehicles	887,772,292	0.48	4,261,307	-	4,261,307
Discoveries/additional listings:					
Current year taxes, City wide	139,854,167	0.48	671,300	671,300	-
Current year taxes, MSD	1,352,609	0.23	3,111	3,111	-
Current year's rate, Motor vehicles	295,417	0.48	1,418	-	1,418
Abatements:					
Current year's rate, City wide	(55,253,125)	0.48	(265,215)	(265,215)	-
Current year's rate, MSD	(84,800)	0.23	(195)	(195)	-
Current year's rate, Motor vehicles	(34,792)	0.48	(167)	-	(167)
Total for year	\$ 11,207,421,745		53,695,713	49,433,155	4,262,558
Less uncollected tax at June 30, 2018			624,684	624,195	489
Current year's taxes collected			\$ 53,071,029	\$ 48,808,960	\$ 4,262,069
Current levy collection percentage			98.84%	98.74%	99.99%
Distribution of levy:					
General Fund			\$ 53,603,794		
Municipal Service District			91,919		
			\$ 53,695,713		

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2018

	Reported Value	Fair Value
Cash		
On hand	\$ 21,900	\$ 21,900
Demand deposits	16,536,178	16,536,178
Certificates of deposit	500,000	500,000
Total cash	17,058,078	17,058,078
Investments		
North Carolina Capital Management Trust	21,786,985	21,786,985
US Treasury	951,774	951,774
Federal Farm Credit	42,552,764	42,552,764
FNMA Discount Notes	50,604,160	50,604,160
Federal Home Loan	53,801,379	53,801,379
Federal Home Loan Mortgage Corporation	65,012,231	65,012,231
Commercial Paper	49,766,802	50,064,848
Total investments	284,476,095	284,774,141
Total cash and investments	\$ 301,534,173	\$ 301,832,219
Distribution by Fund		
General Fund:		
Unrestricted	\$ 56,236,777	
Restricted	8,716,978	\$ 64,953,755
Special Revenue Funds (Unrestricted):		
Housing Assistance Fund		30,279
Market Rate Units Fund		54,242
Community Development Fund		-
Section 108 Loan/BEDI Grant Fund		61,126
Home Fund		578,278
Municipal Service District		83
Capital Project Funds:		
Parks (Unrestricted)		3,228,907
Transportation (Unrestricted)		16,775,254
General Fund Capital Project Fund:		
Unrestricted	882,708	
Restricted	627,236	1,509,944
General Fund Capital Reserve Project Fund (Restricted)		36,988,387
Fire and Life Safety (Unrestricted)		847,681

(Continued)

SCHEDULE OF CASH AND INVESTMENT BALANCES
June 30, 2018

Distribution by Fund (Continued)		
Enterprise Funds:		
Electric Fund:		
Unrestricted	\$ 64,391,940	
Restricted	3,360,429	\$ 67,752,369
Water Fund:		
Unrestricted	56,105,744	
Restricted	1,965,786	58,071,530
Wastewater Fund:		
Unrestricted	22,417,142	
Restricted	1,980,971	24,398,113
Regional Airport Fund:		
Unrestricted	5,889,125	
Restricted	100,962	5,990,087
		12,315,720
Stormwater Fund (Unrestricted)		
		-
Golf Course Fund (Unrestricted)		
		-
Housing Department Fund:		
Unrestricted	630,491	
Restricted	37,722	668,213
Internal Service Fund:		
Unrestricted	2,315,226	
Restricted	288,382	2,603,608
		4,706,597
Agency Fund		
		4,706,597
Total reported value		\$ 301,534,173

CITY OF CONCORD, NORTH CAROLINA
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
 Year Ended June 30, 2018

Line Item	Account Description	Low Rent Public Housing 14.850	Resident Oppor. and Supportive Services 14.870	Housing Choice Vouchers 14.871	Public Housing Capital Fund 14.872	Family Self Sufficiency 14.896
Assets:						
Current Assets:						
Cash:						
111	Cash - unrestricted	\$ 597,995	\$ -	\$ -	\$ -	\$ -
113	Cash - other restricted	29,502	-	30,637	-	-
114	Cash - tenant security deposits	37,722	-	-	-	-
115	Cash - restricted for payment of current liabilities	13,298	-	-	-	-
100	Total cash	678,517	-	30,637	-	-
Accounts and notes receivable:						
121	Accounts receivable - PHA projects	-	-	25,578	-	-
122	Accounts receivable - HUD other projects	-	-	16,601	-	-
125	Accounts receivable - miscellaneous	-	-	250	-	-
126	Accounts receivable - tenants - dwelling units	5,898	-	-	-	-
126.1	Allowance for doubtful accounts - dwelling rents	(2,222)	-	-	-	-
127	Notes, loans, and mortgages receivable - current	-	-	-	-	-
128	Fraud recovery	2,718	-	5,256	-	-
128.1	Allowance for doubtful accounts - other	(680)	-	(1,314)	-	-
129	Accrued interest receivable	2,560	-	95	-	-
120	Total receivables	8,274	-	46,466	-	-
142	Prepaid expenses and other assets	2,246	-	363	-	-
143	Inventories	-	-	-	-	-
143.1	Allowance for obsolete inventories	-	-	-	-	-
150	Total current assets	689,037	-	77,466	-	-
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	(2,024,207)	-	-	-	-
167	Construction in progress	-	-	-	-	-
180	Total non-current assets	1,503,219	-	-	-	-
190	Total Assets	2,192,256	-	77,466	-	-
200	Deferred Outflow of Resources	129,786	-	-	-	-
290	Total Assets and Deferred Outflow of Resources	\$ 2,322,042	\$ -	\$ 77,466	\$ -	\$ -
Liabilities and Equity:						
Liabilities:						
Current Liabilities:						
312	Accounts payable (less than or equal to 90 days)	\$ 40,078	\$ -	\$ 2,865	\$ -	\$ -
321	Accrued wage/payroll taxes payable	12,958	-	9,372	-	-
322	Accrued compensated absences	32,918	-	2,796	-	-
331	Accounts payable - HUD PHA programs	-	-	357	-	-
341	Tenant security deposits	37,722	-	-	-	-
342	Unearned revenue	-	-	-	-	-
343	Current portion of long-term debt - capital projects/mortgage rev bonds	-	-	-	-	-
345	Other current liabilities	13,298	-	2,153	-	-
346	Accrued liability - other	8,053	-	-	-	-
310	Total current liabilities	145,027	-	17,543	-	-
Non-current Liabilities:						
351	Long-term debt, net of current - capital projects/mortgage revenue	-	-	-	-	-
353	Non-current liabilities - other	29,502	-	64,936	-	-
354	Accrued compensated absences - non current	10,973	-	932	-	-
357	Accrued pension and OPEB liabilities	794,611	-	-	-	-
350	Total non-current liabilities	835,086	-	65,868	-	-
300	Total liabilities	980,113	-	83,411	-	-
400	Deferred Inflow of Resources	28,890	-	-	-	-
Equity:						
Contributed Capital:						
508.1	Net investment in capital assets	1,503,218	-	-	-	-
511.1	Restricted net position	-	-	-	-	-
512.1	Unrestricted net position	(190,179)	-	(5,945)	-	-
513	Total equity	1,313,039	-	(5,945)	-	-
600	Total liabilities, deferred inflows of resources and equity	\$ 2,322,042	\$ -	\$ 77,466	\$ -	\$ -

(Continued)

CITY OF CONCORD, NORTH CAROLINA
 SUPPLEMENTAL FINANCIAL DATA SCHEDULE - SECTION 8 HOUSING PROGRAMS
 Year Ended June 30, 2018

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	\$ 408,109	\$ -	\$ -	\$ -	\$ -
70400	Tenant revenue - other	88,433	-	-	-	-
70600	HUD PHA operating grants	759,609	135,029	3,910,862	39,912	44,945
70610	Capital grants	-	-	-	48,846	-
71100	Investment income - unrestricted	12,904	-	889	-	-
71400	Fraud recovery	3,933	-	6,291	-	-
71500	Other income	18	-	729,440	-	-
71600	Gain or loss on sale of capital assets	-	-	-	-	-
72000	Investment income - restricted	-	-	-	-	-
70000	Total revenues	1,273,006	135,029	4,647,482	88,758	44,945
Expenses:						
Administrative:						
91100	Administrative salaries	183,114	-	181,994	-	-
91200	Auditing fees	1,532	-	2,209	-	-
91500	Employee benefit contributions	103,419	-	63,262	-	-
91600	Office expenses	60,643	11,669	72,590	-	-
91800	Travel	2,303	860	2,442	-	-
91900	Other	16,266	-	19,584	-	-
92100	Tenant services - salaries	27,095	-	-	-	29,001
92300	Tenant services - employee benefit contributions	13,251	-	-	-	13,942
92400	Tenant services - other	23,093	122,500	-	-	-
93100	Water	44,066	-	-	-	-
93200	Electricity	79,649	-	-	-	-
93300	Gas	63,542	-	-	-	-
93600	Sewer	45,470	-	-	-	-
93800	Other utility expense	10,773	-	-	-	-
94100	Ordinary maintenance and operations - labor	104,393	-	24,807	-	-
94200	Ordinary maintenance and operations - materials and other	170,506	-	-	-	-
94300	Ordinary maintenance and operations - contract costs	143,319	-	-	-	-
94500	Ordinary maintenance and operations - employee benefit contributions	37,260	-	9,601	-	-
96100	Insurance premiums	18,757	-	2,049	-	-
96200	Other general expense	49,241	-	5,813	-	-
96210	Compensated absences	19,148	-	4,711	-	2,002
96400	Bad debt - tenant rents	26,087	-	-	-	-
96600	Bad debt - other	680	-	1,314	-	-
96720	Interest on notes payable (short and long term)	488	-	-	-	-
96900	Total operating expenses	1,244,095	135,029	390,376	-	44,945
97000	Excess of operating revenues over expenditures	28,911	-	4,257,106	88,758	-
97100	Extraordinary maintenance	55,474	-	-	-	-
97300	Housing assistance payments	-	-	3,595,213	-	-
97350	HAP portability-in	-	-	680,731	-	-
97400	Depreciation expense	109,025	-	-	-	-
90000	Total expenses	1,408,594	135,029	4,666,320	-	44,945
10010	Operating transfer in	39,912	-	-	-	-
10020	Operating transfer out	-	-	-	(39,912)	-
10030	Operating transfers from/to primary government	-	-	-	-	-
10000	Excess of revenue over expenses	(95,676)	-	(18,838)	48,846	-
11030	Beginning equity	1,790,258	-	12,893	-	-
11040	Prior period adjustments, equity transfers & correction of errors	(381,543)	-	-	(48,846)	-
	Ending equity	\$ 1,313,039	\$ -	\$ (5,945)	\$ -	\$ -

Memo information:

11170	Administrative fee equity	-	-	(5,945)	-	-
11180	Housing assistance payments equity	-	-	-	-	-
11190	Unit months available	2,028	-	6,492	-	-
11210	Number of unit months leased	1,943	-	5,586	-	-
11270	Excess cash	409,639	-	-	-	-
11620	Building purchases	-	-	-	48,846	-
11640	Furniture & equipment - administrative purchases	-	-	-	-	-
11650	Leasehold improvement purchases	-	-	-	-	-

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS
June 30, 2018

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Electric Fund					
Capital assets, not being depreciated:					
Land	\$ 1,172,514	\$ -	\$ -	\$ -	\$ 1,172,514
Construction in progress	8,594,434	2,481,947	1,186,375	-	9,890,006
Total capital assets, not being depreciated	9,766,948	2,481,947	1,186,375	-	11,062,520
Capital assets, being depreciated:					
Buildings	5,620,676	-	-	-	5,620,676
Improvements other than buildings	121,846,383	1,548,952	-	-	123,395,335
Machinery and equipment	10,425,314	636,692	526,547	41,551	10,577,010
Total capital assets, being depreciated	137,892,373	2,185,644	526,547	41,551	139,593,021
Accumulated depreciation:					
Buildings	2,558,568	137,658	-	-	2,696,226
Improvements other than buildings	69,807,853	3,558,139	-	-	73,365,992
Machinery and equipment	7,146,696	1,005,480	526,547	41,551	7,667,180
Total accumulated depreciation	79,513,117	4,701,277	526,547	41,551	83,729,398
Total capital assets, being depreciated, net	58,379,256	(2,515,633)	-	-	55,863,623
Electric Fund capital assets, net	\$ 68,146,204	\$ (33,686)	\$ 1,186,375	\$ -	\$ 66,926,143
Water Fund					
Capital assets, not being depreciated:					
Land	\$ 1,083,514	\$ -	\$ -	\$ -	\$ 1,083,514
Construction in progress	3,933,683	4,390,181	526,488	-	7,797,376
Total capital assets, not being depreciated	5,017,197	4,390,181	526,488	-	8,880,890
Capital assets, being depreciated:					
Buildings	15,184,259	75,736	-	-	15,259,995
Improvements other than buildings	135,828,661	2,519,226	-	-	138,347,887
Machinery and equipment	3,034,632	529,036	206,181	(5,025)	3,352,462
Total capital assets, being depreciated	154,047,552	3,123,998	206,181	(5,025)	156,960,344
Accumulated depreciation:					
Buildings	5,311,363	494,417	-	-	5,805,780
Improvements other than buildings	59,481,573	3,573,095	-	-	63,054,668
Machinery and equipment	2,439,403	214,610	206,181	(5,025)	2,442,807
Total accumulated depreciation	67,232,339	4,282,122	206,181	(5,025)	71,303,255
Total capital assets, being depreciated, net	86,815,213	(1,158,124)	-	-	85,657,089
Water Fund capital assets, net	\$ 91,832,410	\$ 3,232,057	\$ 526,488	\$ -	\$ 94,537,979

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2018

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Wastewater Fund					
Capital assets, not being depreciated:					
Land	\$ 1,065,402	\$ -	\$ -	\$ -	\$ 1,065,402
Construction in progress	12,528	261,051	273,579	-	-
Total capital assets, not being depreciated	1,077,930	261,051	273,579	-	1,065,402
Capital assets, being depreciated:					
Buildings	1,920,754	-	-	-	1,920,754
Improvements other than buildings	117,671,381	4,747,122	-	-	122,418,503
Machinery and equipment	2,879,143	969,440	167,243	(41,551)	3,639,789
Total capital assets, being depreciated	122,471,278	5,716,562	167,243	(41,551)	127,979,046
Accumulated depreciation:					
Buildings	772,090	50,278	-	-	822,368
Improvements other than buildings	45,116,936	3,063,986	-	-	48,180,922
Machinery and equipment	2,125,969	291,436	167,243	(41,551)	2,208,611
Total accumulated depreciation	48,014,995	3,405,700	167,243	(41,551)	51,211,901
Total capital assets, being depreciated, net	74,456,283	2,310,862	-	-	76,767,145
Wastewater Fund capital assets, net	\$ 75,534,213	\$ 2,571,913	\$ 273,579	\$ -	\$ 77,832,547
Regional Airport Fund					
Capital assets, not being depreciated:					
Land	\$ 26,236,458	\$ -	\$ -	\$ -	\$ 26,236,458
Construction in progress	-	2,344,750	-	-	2,344,750
Total capital assets, not being depreciated	26,236,458	2,344,750	-	-	28,581,208
Capital assets, being depreciated:					
Buildings	38,207,861	-	-	-	38,207,861
Improvements other than buildings	48,185,574	-	-	-	48,185,574
Machinery and equipment	2,735,022	192,937	157,800	121,133	2,891,292
Total capital assets, being depreciated	89,128,457	192,937	157,800	121,133	89,284,727
Accumulated depreciation:					
Buildings	11,952,720	1,337,342	-	-	13,290,062
Improvements other than buildings	14,516,348	1,715,478	-	-	16,231,826
Machinery and equipment	1,931,206	172,980	146,442	121,319	2,079,063
Total accumulated depreciation	28,400,274	3,225,800	146,442	121,319	31,600,951
Total capital assets, being depreciated, net	60,728,183	(3,032,863)	11,358	(186)	57,683,776
Regional Airport Fund capital assets, net	\$ 86,964,641	\$ (688,113)	\$ 11,358	\$ (186)	\$ 86,264,984

(Continued)

SCHEDULE OF BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS (Continued)
June 30, 2018

	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Stormwater Fund					
Capital assets, not being depreciated:					
Land	\$ 114,282	\$ -	\$ -	\$ -	\$ 114,282
Construction in progress	1,281,289	2,412,216	1,349,294	-	2,344,211
Total capital assets, not being depreciated	1,395,571	2,412,216	1,349,294	-	2,458,493
Capital assets, being depreciated:					
Buildings	76,509	-	-	-	76,509
Improvements other than buildings	56,202,370	1,349,294	-	-	57,551,664
Machinery and equipment	2,171,424	469,539	275,304	43,883	2,409,542
Total capital assets, being depreciated	58,450,303	1,818,833	275,304	43,883	60,037,715
Accumulated depreciation:					
Buildings	21,378	2,380	-	-	23,758
Improvements other than buildings	17,129,815	1,531,407	-	-	18,661,222
Machinery and equipment	1,598,711	203,967	275,304	43,883	1,571,257
Total accumulated depreciation	18,749,904	1,737,754	275,304	43,883	20,256,237
Total capital assets, being depreciated, net	39,700,399	81,079	-	-	39,781,478
Stormwater Fund capital assets, net	\$ 41,095,970	\$ 2,493,295	\$ 1,349,294	\$ -	\$ 42,239,971
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	17,846,586	21,964	157,999	-	17,710,551
Improvements other than buildings	1,092,077	140,197	-	-	1,232,274
Machinery and equipment	11,673,548	2,267,180	656,358	60,214	13,344,584
Total capital assets, being depreciated	30,612,211	2,429,341	814,357	60,214	32,287,409
Accumulated depreciation:					
Buildings	6,289,144	701,495	141,766	-	6,848,873
Improvements other than buildings	419,263	67,554	-	-	486,817
Machinery and equipment	7,684,800	1,442,426	644,532	66,784	8,549,478
Total accumulated depreciation	14,393,207	2,211,475	786,298	66,784	15,885,168
Total capital assets, being depreciated, net	16,219,004	217,866	28,059	(6,570)	16,402,241
Nonmajor Enterprise Funds capital assets, net	\$ 27,428,322	\$ 217,866	\$ 28,059	\$ (6,570)	\$ 27,611,559
Business-type activities capital assets, net	\$391,001,760	\$ 7,793,332	\$ 3,375,153	\$ (6,756)	\$395,413,183

SCHEDULE OF BUSINESS-TYPE ACTIVITIES LONG-TERM DEBT**June 30, 2018**

	July 1, 2017	Increases	Decreases	June 30, 2018	Current Maturities
Electric Fund					
Revenue bonds	\$ 17,010,458	\$ -	\$ 2,174,648	\$ 14,835,810	\$ 1,453,380
Plus premium on revenue bonds	1,853,935	-	146,194	1,707,741	-
Compensated absences	401,976	332,593	318,856	415,713	311,785
Net pension liability (LGERS)	1,255,866	-	373,701	882,165	-
Net OPEB liability	3,288,921	-	15,935	3,272,986	-
Electric Fund long-term debt	\$ 23,811,156	\$ 332,593	\$ 3,029,334	\$ 21,114,415	\$ 1,765,165
Water Fund					
Revenue bonds	\$ 27,161,082	\$ -	\$ 3,235,938	\$ 23,925,144	\$ 2,022,045
Plus premium on revenue bonds	3,015,386	-	249,287	2,766,099	-
Compensated absences	279,311	290,737	293,719	276,329	207,247
Net pension liability (LGERS)	1,150,126	-	340,596	809,530	-
Net OPEB liability	3,018,120	-	14,623	3,003,497	-
Water Fund long-term debt	\$ 34,624,025	\$ 290,737	\$ 4,134,163	\$ 30,780,599	\$ 2,229,292
Wastewater Fund					
Revenue bonds	\$ 13,631,050	\$ -	\$ 2,168,866	\$ 11,462,184	\$ 1,856,888
Plus premium on revenue bonds	727,658	-	67,854	659,804	-
Compensated absences	89,989	108,194	99,743	98,440	73,830
Net pension liability (LGERS)	505,925	-	143,921	362,004	-
Net OPEB liability	1,349,637	-	6,539	1,343,098	-
Wastewater Fund long-term debt	\$ 16,304,259	\$ 108,194	\$ 2,486,923	\$ 13,925,530	\$ 1,930,718
Regional Airport Fund					
Installment purchase	\$ 11,041,500	\$ 3,809,040	\$ 4,752,413	\$ 10,098,127	\$ 1,009,572
Installment notes	759,000	-	193,600	565,400	191,400
Plus premium on LOBs	43,197	-	10,164	33,033	-
Compensated absences	108,526	98,381	85,936	120,971	90,728
Net pension liability (LGERS)	592,144	-	109,472	482,672	-
Net OPEB liability	1,799,516	-	8,719	1,790,797	-
Regional Airport Fund long-term debt	\$ 14,343,883	\$ 3,907,421	\$ 5,160,304	\$ 13,091,000	\$ 1,291,700
Stormwater Fund					
Compensated absences	\$ 73,758	\$ 82,671	\$ 75,969	\$ 80,460	\$ 60,345
Net pension liability (LGERS)	383,918	-	129,695	254,223	-
Net OPEB liability	947,803	-	4,592	943,211	-
Stormwater Fund long-term debt	\$ 1,405,479	\$ 82,671	\$ 210,256	\$ 1,277,894	\$ 60,345
Nonmajor Enterprise Funds and Internal Service Fund					
Installment notes	\$ 9,405,575	\$ -	\$ 1,093,100	\$ 8,312,475	\$ 1,120,700
Plus premium on LOBs	715,008	-	101,096	613,912	-
Compensated absences	480,361	396,930	436,368	440,923	330,692
Net pension liability (LGERS)	2,197,766	-	627,909	1,569,857	-
Net OPEB liability	5,852,794	-	28,356	5,824,438	-
Nonmajor Enterprise Funds long-term debt	\$ 18,651,504	\$ 396,930	\$ 2,286,829	\$ 16,761,605	\$ 1,451,392
Business-type activities long-term debt	\$ 109,140,306	\$ 5,118,546	\$ 17,307,809	\$ 96,951,043	\$ 8,728,612

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.	164
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.	169
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.	176
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	181
Operating Information These tables contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	183

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$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	\$317,112,060
Restricted	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	24,158,763
Unrestricted	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	66,036,514
Total governmental activities net position	<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>	<u>\$407,307,337</u>
Business-type activities										
Net investment in capital assets	\$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	\$323,941,763
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	163,072,895
Total business-type activities net position	<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>	<u>\$487,014,658</u>
Primary government										
Net investment in capital assets	\$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	\$641,053,823
Restricted	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	24,158,763
Unrestricted	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	229,109,409
Total primary government activities net position	<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>	<u>\$894,321,995</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 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	\$ 6,538,526
Public safety	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	43,288,505
Public works	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	26,745,618
Cultural & recreational	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	5,417,520
Planning & community development	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	3,982,622
Administration	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137	895,927	1,083,360
Housing assistance Payments	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	4,275,944
Rehabilitation	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157	895,828	1,004,575
Interest on long-term debt	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	1,063,021
Total governmental activities expenses	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	93,399,691
Business-type activities:										
Electric	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	82,169,016
Water	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	20,409,056
Wastewater	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	15,655,669
Regional airport	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	12,391,145
Stormwater	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	4,221,722
Other non major business-type	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	8,676,065
Total business-type activities expenses	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	143,522,673
Total primary government expenses	\$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	\$236,922,364
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 1,086,129
Public safety	706,749	739,461	622,544	749,902	612,622	834,822	1,394,849	1,346,713	1,187,729	1,274,871
Public works	-	-	-	-	335,140	651,378	391,750	381,028	858,487	1,039,712
Cultural and recreational	352,470	251,425	266,110	265,249	290,561	294,687	356,987	326,091	322,636	347,960
Planning and community development	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	2,143,720
Housing assistance	3,055	4,046	3,009	-	745,975	981,520	1,197,220	749,463	483,440	726,065
Rehabilitation	816,778	654,957	660,865	396,514	395,125	614,844	503,318	582,108	76,887	549,008
Operating grants and contributions	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	8,574,090
Capital grants and contributions	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	12,866,794
Total government activities program revenues	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	28,608,349

(Continued)

CHANGES IN NET POSITION

Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Electric	\$ 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	\$ 84,346,203
Water	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	25,524,337
Wastewater	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	18,014,586
Regional airport	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	9,891,669
Stormwater	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	4,968,205
Other non major business-type	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	2,546,260
Operating grants and contributions	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	2,870,627
Capital grants and contributions	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	9,487,054
Total business-type activities program revenues	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	157,648,941
Total primary government program revenue	\$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	\$186,257,290
Net (Expenses)/Revenue										
Governmental activities	\$(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)	\$(64,791,342)
Business-type activities	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	14,126,268
Total primary government net expense	\$(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)	\$(50,665,074)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Ad Valorem taxes	\$ 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	\$ 54,088,843
Other taxes	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	18,602,265
Operating grants and contributions	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	5,168,960
Investment earnings	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220	646,692	672,167
Miscellaneous gain (loss)	1,230,921	761,842	936,229	876,108	926,090	996,503	954,545	1,097,241	1,197,470	1,521,687
Transfers	(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)	(2,011,132)
Total governmental activities	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	78,042,790
Business-type activities										
Investment earnings	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	1,018,510
Miscellaneous	182,333	(21,017)	417,059	402,869	494,871	468,406	272,280	717,903	555,843	1,561,492
Transfers	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	2,011,132
Total business-type activities	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	4,591,134
Total primary government	\$ 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	\$ 82,633,924
Change in Net Position										
Governmental activities	\$ 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	\$ 13,251,448
Business-type activities	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	18,717,402
Total primary government	\$ 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	\$ 31,968,850

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 128,476	\$ 128,127	\$ 109,186	\$ 91,095	\$ 69,260	\$ 178,322	\$ 166,024	\$ 174,692	\$ 231,111	\$ 160,215
Restricted	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	22,741,178
Assigned	1,500,000	-	-	-	-	-	-	-	-	-
Unassigned	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	48,122,752
Total General Fund	<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>	<u>\$71,024,145</u>
All Other Governmental funds										
Restricted	\$ 1,166,853	\$ 606,815	\$ 1,016,237	\$ 965,468	\$ 494,738	\$ 1,761,249	\$ 1,588,779	\$ 513,519	\$ 1,639,470	\$ 1,257,370
Committed	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	37,647,614
Assigned	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	21,870,916
Unassigned	(4,627,540)	(3,978,046)	(4,767,945)	(4,072,385)	(3,983,924)	(3,968,089)	(619,797)	(127,780)	(236,053)	(56,534)
Total all other governmental funds	<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>	<u>\$60,719,366</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 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	\$ 54,835,072
Other taxes	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	18,602,265
Unrestricted intergovernmental revenues	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	5,168,960
Restricted intergovernmental revenues	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	9,296,854
Licenses, fees, and permits	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	1,385,999
Investment earnings	1,385,206	1,322,057	1,022,184	730,032	(281,947)	1,260,653	640,669	1,032,220	646,692	672,167
Investment earnings restricted	46,022	36,179	26,044	19,323	25,628	16,234	23,385	32,037	49,118	58,934
Program income	816,778	654,957	660,865	698,157	1,476,240	2,247,742	2,460,878	1,712,599	1,474,389	2,371,806
Other revenues	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	3,927,847
Total revenues	<u>74,183,908</u>	<u>74,902,248</u>	<u>75,043,304</u>	<u>76,235,689</u>	<u>76,169,002</u>	<u>82,230,529</u>	<u>84,592,847</u>	<u>85,370,241</u>	<u>90,378,921</u>	<u>96,319,904</u>
Expenditures										
General government	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	5,872,583
Public safety	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	39,654,458
Public works	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	12,447,406
Cultural and recreational	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	4,885,244
Planning and community development	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	3,918,391
Administration	557,556	656,431	784,000	856,103	649,716	1,036,472	2,076,215	2,010,137	895,927	1,083,360
Housing assistance payments	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	4,275,944
Rehabilitation	680,796	553,868	1,053,446	3,227,906	554,455	568,412	214,316	1,072,157	895,828	1,004,575
Capital outlay	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	7,350,932
Debt service										
Interest	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	1,063,021
Principal	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	5,355,079
Total expenditures	<u>67,631,194</u>	<u>64,783,445</u>	<u>69,266,893</u>	<u>70,503,192</u>	<u>66,697,038</u>	<u>73,513,823</u>	<u>83,726,797</u>	<u>79,301,897</u>	<u>78,290,301</u>	<u>86,910,993</u>
Excess of revenues over (under) expenditures	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	9,408,911
Other Financing Sources (Uses)										
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	295,328
Debt issued	704,487	-	-	-	-	-	15,208,806	-	-	2,724,477
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	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	17,815,721
Transfers out	(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)	(19,833,609)
Total Other Financing Sources (Uses)	<u>(2,092,540)</u>	<u>(1,868,860)</u>	<u>(1,486,324)</u>	<u>(2,254,042)</u>	<u>(2,429,308)</u>	<u>(1,713,823)</u>	<u>12,395,158</u>	<u>(2,130,710)</u>	<u>(1,751,900)</u>	<u>1,001,917</u>
Net change in fund balances	\$ 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	\$ 10,410,828
Debt service as a percentage of non capital expenditures	10.96%	8.86%	10.04%	4.99%	5.16%	4.73%	4.11%	5.71%	5.40%	8.07%

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

Fiscal Year	Residential	Commercial	Industrial	Total
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
2018	26,482	4,488	61	31,031

Source: City of Concord Finance and Electric Departments

**ELECTRIC RATES
Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Residential Customers										
Basic charges	\$ 8.58	\$ 9.11	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.46	\$ 9.65	\$ 9.65	\$ 9.65
Energy Charges per kWh (July - October)										
First 350	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476	0.097476
Over 350	0.082401	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476	0.097476
Energy Charges per kWh (November - June)										
First 350	0.083982	0.880000	0.091331	0.091331	0.091331	0.091331	0.091331	0.097476	0.097476	0.097476
Over 350	0.074461	0.795700	0.082582	0.082582	0.082582	0.082582	0.082582	0.088476	0.088476	0.088476
Commercial Customers										
Basic Facilities Charge	17.17	17.51	18.20	18.20	18.20	18.20	18.20	18.2	18.2	18.2
Demand Charge per kW (over 30 kW of billing demand)	3.56	3.63	3.77	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	0.107729	0.109884	0.114193	0.114193	0.114193	0.114193	0.114193	0.120344	0.120344	0.120344
Next 87,000	0.064693	0.065987	0.068575	0.068575	0.068575	0.068575	0.068575	0.074726	0.074726	0.074726
Over 90,000	0.062515	0.063765	0.066266	0.066266	0.066266	0.066266	0.066266	0.072417	0.072417	0.072417
Next 275 kWh per kW billing demand per month										
First 6,000	0.061751	0.062986	0.065456	0.065456	0.065456	0.065456	0.065456	0.071607	0.071607	0.071607
Next 134,000	0.054884	0.055982	0.058177	0.058177	0.058177	0.058177	0.058177	0.064328	0.064328	0.064328
Over 140,000	0.052705	0.053759	0.055867	0.055867	0.055867	0.055867	0.055867	0.062018	0.062018	0.062018
All over 400 kWh per kW billing demand	0.051615	0.052647	0.054712	0.054712	0.054712	0.054712	0.054712	0.060813	0.060863	0.060863
Industrial Customers										
Basic Facilities Charge	17.17	17.86	18.54	18.54	18.54	18.54	18.54	19.30	19.30	19.30
Demand Charge per kW (over 30 kW of billing demand)	3.35	3.48	3.62	3.62	3.62	3.62	3.62	3.80	3.80	3.80
Energy Charge										
First 125 kWh per kW billing demand per month										
First 3,000	0.099641	0.103627	0.107612	0.107612	0.107612	0.107612	0.107612	0.115251	0.0115251	0.115251
Next 87,000	0.059189	0.061557	0.063924	0.063924	0.063924	0.063924	0.063924	0.070911	0.070911	0.070911
Over 90,000	0.057143	0.059429	0.061714	0.061714	0.061714	0.061714	0.061714	0.069151	0.069151	0.069151
Next 275 kWh per kW billing demand per month										
First 140,000	0.049969	0.051968	0.053967	0.053967	0.053967	0.053967	0.053967	0.060471	0.060471	0.060471
Over 140,000	0.047921	0.049838	0.051755	0.051755	0.051755	0.051755	0.051755	0.058651	0.058651	0.058651
All over 400 kWh per kW billing demand	0.046896	0.048772	0.050648	0.050648	0.050648	0.050648	0.050648	0.056751	0.056751	0.056751

Source: City of Concord Finance and Electric Departments

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

Customer	2018			%	2009			%
	Electric Revenue	Rank	Percentage of Total Electric Revenue		Electric Revenue	Rank	Percentage of Total Electric Revenue	
City of Concord	\$ 2,331,510	1	2.63	%	\$ 1,265,647	3	2.04	%
Celgard LLC	2,180,689	2	2.47		-		-	
Concord Mills LLC	1,634,467	3	1.85		1,531,241	1	2.47	
Cabarrus County Schools	1,555,203	4	1.76		1,246,663	4	2.01	
Perdue Farms Inc	1,429,646	5	1.62		1,227,548	5	1.98	
Legrand	1,424,778	6	1.61		1,324,669	2	2.13	
S&D Coffee	1,415,319	7	1.60		807,863	7	1.30	
Water and Sewer Authority of Cabarrus County	1,251,549	8	1.42		-		-	
DNP IMS America Corp	1,013,546	9	1.15		-		-	
Cabarrus Plastics Mfg	1,001,058	10	1.13		636,375	9	1.03	
Rocky River Water Treatment Plant	-		-		922,535	6	1.49	
Atrium Healthcare	-		-		716,072	8	1.15	
Sysco Fooda	-		-		538,969	10	0.87	
Total	\$ 15,237,765		17.24	%	\$ 10,217,582		16.47	%

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)				
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
2018	7,308,226,072	1,775,705,266	814,494,754	1,149,787,848	159,207,805	11,207,421,745	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)		
2009	0.42	0.18	0.4190	0.63	1.05
2010	0.42	0.18	0.4190	0.63	1.05
2011	0.42	0.18	0.4190	0.63	1.05
2012	0.42	0.18	0.4190	0.63	1.05
2013	0.48	0.23	0.4788	0.70	1.18
2014	0.48	0.23	0.4788	0.70	1.18
2015	0.48	0.23	0.4788	0.71	1.19
2016	0.48	0.23	0.4788	0.70	1.18
2017	0.48	0.23	0.4788	0.70	1.18
2018	0.48	0.23	0.4788	0.70	1.18

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	2018			2009		
	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	\$ 226,308,470	1	2.02 %	\$ 209,894,700	2	2.18 %
Charlotte Motor Speedway LLC	225,504,703	2	2.01	205,671,994	3	2.13
Celgard LLC	187,715,865	3	1.67	-	-	-
Great Wolf Lodge	105,525,737	4	0.94	-	-	-
Weinstein Properties	101,646,310	5	0.91	-	-	-
Hendrick Automotive	98,172,418	6	0.88	-	-	-
DNP IMS America Corp	85,600,567	7	0.76	-	-	-
Hendrick Motorsports Inc	83,561,346	8	0.75	56,599,998	5	0.59
JQH-Concord Development LLC	77,995,982	9	0.70	56,832,500	4	0.59
Bootsmead	75,591,220	10	0.67	-	-	-
Philip Morris	-	-	-	1,089,951,879	1	11.30
Pass & Seymour, Inc.	-	-	-	52,260,566	6	0.54
Shea Homes	-	-	-	43,535,345	7	0.45
Windstream	-	-	-	40,671,972	8	0.42
Inland Western Concord	-	-	-	39,953,810	9	0.41
BFI Waste Systems of America	-	-	-	36,110,600	10	0.37
Total	\$ 1,267,622,618		11.31 %	\$ 1,831,483,364		18.98 %

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
2009	44,077,915	42,894,749	97.3%	1,106,569	44,001,318	99.8%
2010	44,956,754	43,881,105	97.6%	1,005,151	44,886,256	99.8%
2011	44,365,653	43,329,051	97.7%	985,540	44,314,591	99.9%
2012	43,076,823	42,056,886	97.6%	930,452	42,987,338	99.8%
2013	43,608,877	42,445,084	97.3%	1,042,746	43,487,830	99.7%
2014	46,548,215	45,126,093	96.9%	1,357,090	46,483,183	99.9%
2015	46,943,610	46,174,814	98.4%	674,272	46,849,086	99.8%
2016	47,667,548	46,909,735	98.4%	634,763	47,544,498	99.7%
2017	51,709,905	50,820,322	98.3%	753,471	51,573,793	99.7%
2018	53,695,713	53,071,029	98.8%	-	53,071,029	98.8%

**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			
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%	1,473
2017	2,835	-	1,597	24,950	1,320	11,042	-	63,400	10,923	116,067	1.37%	1,307
2018	2,578	-	1,270	23,012	1,211	10,098	-	55,357	9,525	103,051	1.17%	1,138

(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)
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	-	-	-	-	-
2018	-	-	-	-	-

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, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (3)	Estimated Share of Direct and Overlapping Debt
City of Concord (1)	\$ 28,071,041	100%	\$ 28,071,041
Cabarrus County (2)	415,182,062	50%	207,591,031
Total			<u>\$ 235,662,072</u>

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

(2) Source: Cabarrus County Finance Department

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

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 779,858	\$ 856,688	\$ 779,768	\$ 820,665	\$ 729,040	\$ 773,864	\$ 782,350	\$ 796,278	\$ 863,783	\$ 896,594
Total net debt applicable to limit	31,819	28,391	24,337	22,387	20,532	18,788	30,096	27,997	25,925	23,870
Legal debt margin	\$ 748,039	\$ 828,297	\$ 755,431	\$ 798,278	\$ 708,508	\$ 755,076	\$ 752,254	\$ 768,281	\$ 837,858	\$ 872,724
Total net debt applicable to the limit as a percentage of debt limit	4%	3%	3%	3%	3%	2%	4%	4%	3%	3%

Legal Debt Margin Calculation for Fiscal Years

Total assessed value	<u>\$11,207,421,745</u>
Debt limit (8% of assessed value)	<u>896,593,740</u>
Debt applicable to limit:	
General Obligation bonds	-
Installment purchase notes	12,676,215
Installment notes	30,170,000
Less: Amount of bonded debt incurred for Electric, Water and Wastewater purposes	<u>(18,976,002)</u>
Total net debt applicable to limit	<u>23,870,213</u>
Legal Debt Margin	<u>\$ 872,723,527</u>
Net debt as a % of assessed values	0.21%

**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		
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	
2018	28,139	15,104	13,035	3,236	1,107	3.00	

Wastewater Revenue Bonds							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
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	
2018	22,710	11,702	11,008	2,169	570	4.02	

Electric Revenue Bonds							
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
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	
2018	85,756	77,413	8,343	2,175	711	2.89	

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)
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	87,452	8,171,731	42,097	31,271	3.7%
2017 (5)	88,815	8,502,745	42,111	31,941	4.4%
2018 (5)	90,591	8,829,357	42,467	32,385	3.9%

(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	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Atrium Health	4,500	1	9.69 %	4,000	1	13.76 %
Cabarrus County Schools	4,000	2	8.62	3,398	2	11.69
Cabarrus County Government	1,220	3	2.63	828	6	2.85
S&D Coffee and Tea	1,100	4	2.37	-		-
City of Concord	1,044	5	2.25	925	4	3.18
Amazon	1,000	6	2.15	-		-
Speedway Motorsports, Inc	1,000	7	2.15	-		-
Kannapolis City Schools	925	8	1.99	900	5	3.10
Shoe Show	750	9	1.62	500	9	1.72
ACN	600	10	1.29	480	10	1.65
Corning	600	11	1.29	-		-
Hendrick Motorsports	600	12	1.29	500	7	1.72
Connexions	-		-	950	3	3.27
North Carolina Government	-		-	500	8	1.72
	<u>17,339</u>		<u>37.34 %</u>	<u>12,981</u>		<u>44.66 %</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
General Government										
Public Service Administration	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Manager's Office	6.00	6.00	6.00	5.00	6.00	6.00	6.00	6.00	6.50	6.50
Human Resources	8.00	8.00	8.00	9.00	10.00	10.00	10.00	10.00	11.00	12.00
Finance	13.00	13.00	13.35	14.00	14.00	14.00	13.25	13.00	13.00	13.00
Tax	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00	3.50	0.75
Legal	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Public Safety										
Police	174.25	175.25	177.25	178.25	178.25	180.25	189.25	191.00	200.00	204.00
Code Enforcement	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00
Communications	22.50	22.50	22.50	21.50	21.50	22.50	22.50	22.00	23.50	25.50
Radio Shop	4.70	4.50	4.50	3.50	3.50	2.50	3.50	3.00	3.50	4.10
Fire & Life Safety (Operations)	173.30	170.00	182.00	182.00	181.00	181.00	181.00	181.00	187.00	194.00
Fire & Life Safety (Prevention)	6.00	6.00	6.00	6.00	6.00	6.00	9.00	9.00	9.50	10.50
Fire & Life Safety (Training)	2.00	2.00	2.00	2.00	4.00	4.00	2.00	4.00	4.00	4.00
Emergency Mangement Coordinator	2.80	2.80	2.85	2.85	1.00	1.00	1.00	1.00	2.00	2.00
Public Works										
Street & Traffic	27.00	26.00	27.00	27.00	27.00	27.00	27.00	28.00	30.00	34.00
Traffic Services	6.00	6.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Traffic Signals	3.00	3.00	4.00	4.00	4.00	5.00	5.00	5.00	5.00	5.00
Solid Waste & Recycling	37.00	36.50	33.00	32.00	32.00	32.00	32.00	32.00	31.50	32.50
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	13.25	13.00	13.00	13.00	13.00	13.00	13.00	14.00	14.00
Other Public Works										
Economic Development										
Business & Neighborhood Services	9.00	9.00	8.85	15.00	14.00	14.50	14.50	14.00	16.00	17.00
Economic Development	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Development Services	10.00	9.00	9.00	-	-	-	-	-	-	-
Culture & Recreation										
Parks and recreation	22.75	22.00	22.00	20.00	20.00	21.25	21.00	17.00	17.00	29.93
Total FTE General Fund	568.30	561.30	572.80	566.60	566.75	572.50	583.50	582.00	607.00	638.78

(Continued)

CITY OF CONCORD, NORTH CAROLINA

Table 19
Page 2 of 2FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM,
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<i>Other Funds</i>										
Home Consortium Fund	1.50	1.50	1.30	0.90	0.90	1.00	0.90	1.00	0.80	0.80
CDBG	1.50	1.50	1.50	1.10	1.10	1.00	1.10	1.00	1.20	1.20
Stormwater	21.00	20.50	20.25	20.25	20.25	19.77	22.09	22.00	21.00	21.09
Electric										
Electric Administration	3.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Powerlines Maintenance	13.00	13.00	13.00	13.00	13.00	13.00	17.00	17.00	17.00	18.00
Tree Trimming	10.00	9.00	9.00	9.00	9.00	9.00	7.00	7.00	7.00	7.00
Electric Construction	34.00	34.00	34.00	34.00	34.00	34.00	33.00	33.00	33.00	35.00
Peak Shaving	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-	-
Electric Engineering	6.00	5.00	5.00	5.00	5.00	5.00	5.00	7.00	8.00	8.00
Utility Locate Services	5.00	5.00	5.00	4.00	4.00	4.00	5.00	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	15.00	15.00	14.50
Coddle Creek Water Treatment Plant	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.00	15.00	15.50
Waterlines Operations & Maintenance	37.00	35.00	34.75	34.75	34.75	34.24	34.59	36.00	37.00	35.60
Public Transit										
Rider Transit System	-	-	2.00	2.75	2.55	2.70	3.70	4.00	5.00	6.50
Wastewater Resources	31.00	30.00	30.00	30.00	30.00	30.00	30.32	29.00	30.00	31.31
Internal Services										
Utility Collections	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00	5.00
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	11.00	11.00	11.00	11.00	10.00	10.00	10.00	10.00	11.25
Customer Service	17.00	17.00	16.00	16.00	15.50	15.50	25.00	26.00	26.00	27.00
Engineering	28.00	25.00	25.00	25.00	24.00	24.00	23.00	23.00	24.00	26.00
Purchasing	9.00	9.00	8.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Customer Care Center	7.95	7.70	7.65	8.15	8.50	9.50	-	-	-	-
Buildings & Grounds	41.50	39.60	38.50	39.50	39.00	39.50	40.65	38.00	39.00	44.60
Aviation	40.50	36.50	35.25	36.00	36.00	33.00	34.00	34.00	40.00	41.50
Public Housing	16.00	16.50	16.00	14.00	13.00	12.00	13.38	14.00	14.00	13.00
Total FTE Other Funds	373.95	356.30	352.70	350.90	348.05	343.71	351.23	352.00	363.00	378.85
Total	942.25	917.60	925.50	917.50	914.80	916.21	934.73	934.00	970.00	1,017.63

Source: City of Concord Budget Department

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests	6,128	6,275	5,783	5,837	5,072	4,925	3,948	4,486	4,207	4,655
Parking violations	2,506	1,576	3,343	2,964	2,696	2,375	2,365	2,671	2,764	2,922
Traffic violations	13,629	13,004	13,561	9,878	9,422	8,135	9,209	10,699	12,335	12,748
Communications										
Calls received	105,912	107,585	107,341	100,197	108,843	109,382	100,830	102,526	106,933	100,286
Fire										
Emergency responses	7,324	7,287	7,920	8,856	9,077	9,246	10,008	10,616	11,561	12,078
Fires extinguished	327	322	402	315	293	192	245	261	270	269
Inspections	5,255	5,166	5,564	5,764	6,343	5,900	5,939	7,128	826	7,533
Education classes conducted (4)	492	668	575	446	681	739	334	384	826	632
Number of people reached by educators (4)	23,708	16,841	25,364	37,187	29,774	31,008	25,096	28,361	25,633	41,081
Emergency Management (7)										
Exercize/Drill	0	0	0	0	0	0	0	0	9	11
Hazmat	0	0	0	0	0	0	0	0	14	44
Risk Assessment	0	0	0	0	0	0	0	0	105	145
Special Event	0	0	0	0	0	0	0	0	106	12
Planning	0	0	0	0	0	0	0	0	14	34
UAS (Drone)	0	0	0	0	0	0	0	0	0	6
Education classes conducted (4)	0	0	0	0	0	0	0	0	26	11
Customer Care Center										
Calls answered	159,197	153,503	153,158	206,144	191,689	116,672	112,652	121,843	129,263	120,517
Solid Waste & Recycling										
Refuse collected (tons per day)	94	99	92	89	86	90	94	96	94	100
Recyclables collected (tons per day)	11	13	14	22	22	22	21	23	23	21
Other Public Works										
Street resurfacing (miles) (5)	11	10	7	8	10	6	0	18	9	24
Potholes repaired	80	72	78	74	28	36	50	92	112	101
NCDOT signalized street lights	75	95	96	101	105	102	114	115	113	119
NCDOT road (Non Interstate)	89	89	89	90	90	90	90	92	92	92
Economic Development										
Single family residential	212	346	284	403	460	397	441	661	637	931
Single family attached in units	49	30	20	4	0	15	22	2	6	74
Two family residential in units	13	13	0	66	550	18	2	0	2	6
Multi-family residential in units	0	0	0	0	0	66	348	264	264	89
Commercial building permits issued	36	11	18	52	53	59	96	82	27	58
Parks and recreation										
% Cost recovery Adult programs	90	90	90	90	92	92	100	105	107	120
Youth participation	11,097	11,285	9,974	9,974	10,848	11,672	11,251	14,793	18,432	29,867
Rec center attendance (6)	73,194	73,947	93,846	93,846	79,014	81,093	85,663	87,165	79,302	140,000
Stormwater										
Accounts	28,823	29,007	29,292	29,683	30,168	30,701	31,285	31,978	32,643	33,462

(Continued)

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Electric										
Accounts	26,920	27,368	27,447	27,675	28,062	28,576	29,069	29,371	30,074	31,031
Average megawatt hours daily use (2)	2,241	2,221	2,401	2,332	2,318	2,282	2,358	2,427	2,498	2,439
Substations	14	14	14	15	15	15	15	15	15	15
Water										
Accounts	33,522	33,688	33,859	34,431	35,843	36,692	37,348	37,088	38,961	40,050
Water Main Breaks	27	36	43	33	2	13	21	25	18	75
Average daily consumption (mgd)	9	10	9	9	9	9	10	9	11	12
Peak daily consumption (mgd)	10	13	12	13	12	13	13	14	14	15
Transit										
Average daily use	1,328	1,264	1,252	1,451	1,411	1,345	1,316	1,188	1,157	1,129
Days of operation	307	307	307	310	306	346	359	359	357	359
Wastewater										
Accounts	30,338	30,729	30,972	31,569	31,939	32,745	33,307	34,029	34,878	35,807
Average daily treatment (thousands of gallons)	9,047	8,875	7,821	8,193	8,011	9,150	8,478	8,870	9,211	8,387
Golf Course										
Total Green Fee Rounds (3)	23,237	30,085	26,256	25,410	26,028	31,341	31,241	28,998	32,034	32,982
Cart Fee Rounds	28,498	27,942	23,488	22,183	20,237	23,553	23,462	23,534	27,406	27,470
Tournaments hosted	78	66	63	70	72	76	67	68	64	60
Aviation										
Avgas (annual gallons)	221,096	222,943	193,419	197,687	173,006	169,452	151,505	168,627	189,923	222,290
Jeta (annual gallons)	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	2,722,010
Operations = take off & landing (1)	60,506	56,706	61,553	60,612	59,179	59,010	54,200	57,736	67,223	77,646
Total enplanements	0	0	0	0	0	8,672	35,572	63,316	106,718	128,250
Tax Base listings										
T Hanger	67	67	67	67	67	67	67	67	67	67
HIC	42	42	41	46	46	45	45	41	58	58
Tiedown	51	51	32	30	30	25	25	27	31	54
Corporate	6	7	6	9	9	3	3	4	3	4
Ground	8	10	11	18	18	9	9	11	11	11
Office	29	31	34	35	35	27	27	26	26	26
Public Housing										
Units in use	174	174	174	174	174	174	174	174	174	174
Housing Choice Vouchers	534	541	541	541	541	534	541	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.
- (6) Hartsell Recreation Center was closed for renovations
- (7) Emergency Management moved under City Manger's Office. Previously reported under Fire.

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	120	120	132	134	134	135	150	159	169	172
Fire										
Stations	9	9	10	10	10	10	10	11	11	11
Fire Units	14	14	14	14	14	14	14	14	16	16
Emergency Management (7)										
EM Units	0	0	0	0	0	0	0	0	2	2
Mobile Command Unit	0	0	0	0	0	0	0	0	1	1
Solid Waste & Recycling										
Refuse collection trucks	27	29	28	28	28	29	28	29	29	31
Other Public Works										
Paved streets (miles)	323	324	326	329	331	337	341	343	348	354
Signalized Street	14	14	14	15	15	15	15	16	17	18
Control Beacons	6	6	6	6	6	6	6	6	6	6
Guardrail	4	4	4	4	4	4	4	5	5	5
Curb and Gutter	414	416	421	423	427	440	452	462	472	548
Sidewalk	199	202	205	206	209	222	235	245	254	254
School Zond Flashers	N/A	N/A	19	21	22	22	22	22	22	22
Facilities (City owned):										
Parks (developed acreage)	101	101	101	101	101	101	157	157	157	157
Parks (undeveloped acreage)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	69	69	69
Playgrounds	14	14	14	14	14	14	13	13	14	14
Gymnasiums	3	3	3	3	3	3	3	3	3	3
Basketball courts (1)	9	9	11	11	11	11	11	9	9	9
Tennis courts	14	14	14	14	14	14	14	14	14	14
Pickleball courts	0	0	0	0	0	0	0	0	0	2
Playing fields (2)	28	28	28	28	28	28	28	23	23	23
Swimming pool	1	1	1	1	1	1	1	1	1	1
Green Way	2	4.5	5	5	5	5	7	7	7	8
Walking Trails	3	3	3	3	3	3	4	4	4	4
Stormwater										
Storm Sewers (miles)	161	229	254	256	263	275	263	264	267	280
Electric										
Substations	14	14	14	15	15	15	15	15	15	15

(Continued)

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

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water										
Water Mains (miles)	663	667	680	681	683	691	692	709	717	725
Fire hydrants	4,648	3,898	3,898	4,633	4,642	4,697	4,737	4,772	4,820	4,946
Storage capacity (millions of gallons)	14	14	14	14	16	16	16	16	16	16
Transit										
Transit Center	N/A	N/A	1	1	1	1	1	1	1	1
Buses	10	12	12	12	12	12	12	12	12	12
Wastewater										
Sanitary sewers (miles)	516	530	530	530	530	539	540	544	563	583
Treatment capacity (thousands of gallons)	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	3,061,566
Golf Course	1	1	1	1	1	1	1	1	1	1
Aviation										
Terminal	1	1	1	1	1	1	1	1	1	2
T Hangars	67	67	67	67	66	67	67	67	67	67
Corporate Hangar	2	2	2	3	3	3	3	3	3	4
Private Hangar	N/A	N/A	9	9	9	9	9	9	9	8
Hanger in Common	7	7	8	7	7	7	7	7	7	7
Acreage approximately	625	688	713	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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2018. 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.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive style with a large, sweeping initial "E".

Raleigh, North Carolina
December 21, 2018



**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, 2018. 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, 2018.

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.



Raleigh, North Carolina
December 21, 2018



**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, 2018. 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"), as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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, 2018.

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.

A handwritten signature in black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive style with a long, sweeping underline.

Raleigh, North Carolina
December 21, 2018

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year Ended June 30, 2018

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-14-MC-37-0012	\$ -	\$ 53,632	\$ -	\$ -
	14.218	B-15-MC-37-0012	-	46,779	-	-
	14.218	B-16-MC-37-0012	-	230,952	-	-
	14.218	B-17-MC-37-0012	-	193,497	-	7,239
Total CDBG Entitlement Grants Cluster			-	524,860	-	7,239
HOME Program - Program Income	14.239	M-13-DC-370209	-	3,804	-	-
	14.239	M-14-DC-370209	143,848	189,377	-	-
	14.239	M-15-DC-370209	260,793	260,793	-	5,000
	14.239	M-16-DC-370209	35,761	105,416	-	46,240
	14.239	M-17-DC-370209	2,377	29,428	-	27,220
			442,779	588,818	-	78,460
Public Housing: Operating subsidy	14.850	A-4309	-	759,609	-	484,052
Resident Opportunity and Supp Services	14.870	NC008RPS126A015	-	77,380	-	-
Public Housing Capital Fund	14.872	NC19P00850117	-	88,758	-	-
Family Self-Sufficiency Grant	14.896	NC008FSH362A016	-	21,785	-	-
	14.896	FSS17NC0032	-	23,159	-	-
			-	44,944	-	-

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2018

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	\$ -	\$ 3,894,261	\$ -	\$ 772,558
Total U.S. Department of Housing and Urban Development			442,779	5,978,630	-	1,342,309
U.S. Department of Homeland Security: SAFER Grant	97.083	EMW2016FH00423	-	161,338	-	53,779
U.S. Department of Justice: Bulletproof Vest Partnership	16.607	2016	-	10,331	-	10,331
U.S. Department of Transportation Federal Transit Cluster: Federal Transit Formula Grant	20.507	NC-90-X511-00	-	1,447,474	297,265	300,593
Transit Services Program Cluster Enhanced Mobility Grant	20.513	NC-2016-45-00	28,367	33,190	-	28,367
Enhanced Mobility Grant	20.513	NC-2017-27-00	150,865	167,627	-	37,716
			179,232	200,817	-	66,083
Federal Aviation Administration Airport Improvement Program: Master Plan	20.106	3-37-0015-003-2017	-	211,670	-	23,519
Runway & Taxiway Strengthening	20.106	3-37-0015-004-2017	-	1,623,200	-	180,355
			-	1,834,870	-	203,874

(Continued)

CITY OF CONCORD, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grant/Contract Number	Passed Through To Subrecipients	Total Federal Expenditures	State Expenditures	Local Expenditures
Passed through North Carolina Department of Transportation:						
Metropolitan Planning Grant	20.505	36230.7.13.6	\$ -	\$ 44,000	\$ 5,500	\$ 5,500
Metropolitan Planning Grant	20.505	39225.1.3	-	234,283	-	61,673
Airport Improvement Program:						
New Terminal Environmental Assessment	20.106	36237-29.30.1	-	182,962	-	20,329
Taxiway/Runway Strengthening	20.106	36237-29.30.2	-	383,095	-	42,566
Temporary Commercial Terminal Service	20.106	36237.29.30.3	-	196,100	-	21,789
			-	1,040,440	5,500	151,857
Total U.S. Department of Transportation			179,232	4,523,601	302,765	722,407
Total federal awards			622,011	10,673,900	302,765	2,128,826
State Financial Assistance:						
Department of Transportation:						
Powell Bill	N/A		-	-	2,155,789	-
Airport Improvement Program:						
Commercial Services Terminal	20.106	46326.3.1	-	-	120,683	13,409
Total state awards			-	-	2,276,472	13,409
Total federal and state awards			\$ 622,011	\$ 10,673,900	\$ 2,579,237	\$ 2,142,235

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, 2018

(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.

City of Concord, North Carolina
Schedule of Findings and Questioned Costs
For the year ended June 30, 2018

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
14.850	Public Housing

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

Auditee qualified as low-risk auditee? Yes

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, 2018

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