



# Cabarrus County North Carolina

## Comprehensive Annual Financial Report

Fiscal Year 2016–2017

*Planning a  
Better Tomorrow*



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# Cabarrus County

North Carolina

## Comprehensive Annual Financial Report

For the year ended June 30, 2017

Prepared by  
Cabarrus County Finance



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Susan B. Fearington  
Finance Director

**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2017**

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# Introductory Section



## Finance Department

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November 14, 2017

To the Members of the Board of Commissioners and Citizens of Cabarrus County:

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Cabarrus (the County) for the fiscal year ended June 30, 2017.

This report consists of management's representations of the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the County 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 County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County'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 County's financial statements have been audited by Elliott Davis, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year that ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2017, are presented fairly in all material respects 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 County was part of a broader, federally mandated "Single Audit" process designed to meet the special needs of federal 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 government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit report is issued separately from the Comprehensive Annual Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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Cabarrus County Finance Department  
65 Church Street SE (28025) • P.O. Box 707 Concord, NC 28026-0707  
Phone: 704.920.2104 • Fax: 704.920.2881  
Website: [www.cabarruscounty.us](http://www.cabarruscounty.us)

## **Profile of the County**

The County, incorporated in 1792, is in the Piedmont section of the State of North Carolina and is bordered on the north by Rowan and Iredell counties, on the east by Stanly County, on the south by Union County and on the west by Mecklenburg County; it comprises approximately 230,400 acres. There are six municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles west from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, and Locust are smaller municipalities in the County. The U.S. Census estimated that the County had a population of 201,590 as of July 2016. The County is empowered to levy a property tax on both real and personal property located within its boundaries.

The County has operated under the Board of Commissioners/County Manager form of government since 1976. Policy-making and legislative authority are vested in a governing board consisting of five commissioners. The governing board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the county's manager, clerk to the board, tax administrator, and attorney. The board also serves as the Human Services Board. The County Manager serves as the chief executive and is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The board is elected on a partisan basis. Board members serve four-year staggered terms, with new members (two or three) elected every two years.

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County Manager on or before the end of February each year. The County Manager uses these requests as the starting point for developing a proposed budget. The Board of Commissioners is required by law to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). The Budget and Performance Manager may transfer amounts between objects of expenditure within a function. The County Manager may transfer amounts between objects of expenditures and revenues without limitation. The County Manager may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners except as specified in the budget ordinance related to budget shortfalls, and change orders. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order. The County Manager is authorized to transfer from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvements Plan for the current fiscal year. The Manager and Budget and Performance Manager may also transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Ordinance. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the County Manager or designee may adjust budgets to match, including grants that require a county match for which funds are available. The County Manager, Budget and Performance Manager, or designee may create debt financing amendments from estimated projections upon approval by the Board of Commissioners of the debt financing and adjust as needed upon closing. The County Manager may reduce revenue projections consistent with prevailing economic conditions, and reduce expenditures correspondingly. Any other changes require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Exhibit 5 as part of the basic financial statements for the governmental funds. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the special revenue funds and the capital projects funds).

## **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 County operates.

## **Local Economy**

The County is one of ten counties located in the Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area (the “Charlotte MSA”), which consists of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan and Union Counties in North Carolina and Chester, Lancaster and York Counties in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the 22<sup>nd</sup> largest metropolitan area in the United States.

Consistent with its vision and goals, the Board of Commissioners seeks to engage the community to identify and understand a sustainable resilient and robust local economy, and develop strategies that lead to success through large business diversification and small business development.

The County’s prior rapid growth, largely attributable to the County’s position in the Charlotte metropolitan region, slowed because of the global recession but has rebounded as the global economy recovers. The County believes that its short-range and long-range planning has provided the necessary infrastructure to accommodate anticipated growth, and the County cooperates with its municipalities in economic recruiting and development efforts.

The Cabarrus Economic Development Corporation (“CEDC”), serves as the primary recruiting and marketing entity. The CEDC is now administered by Cabarrus County but is a separate division with an advisory board that is also supported by other public and private entities. This structure greatly enhances efforts in business retention, expansion, and new business recruitment. Given these changes, combined with the availability of sites within commercial and industrial parks with all municipal services available and located near major highways and interstates, the County expects continued strong economic development in the area. The CEDC has been accredited by the International Economic Development Council which is an independent body that verifies the status of the organization. The CEDC is one of only 50 economic development organizations worldwide which have been accredited by the International Economic Development Council.

Historically, the County’s economy was primarily dependent on agriculture and the textile industry, but the County’s proximity to Charlotte and access to major interstate highways have helped diversify the County’s economy through investments in biotechnology, healthcare, manufacturing, industrial and business parks, warehousing and distribution, entertainment and hospitality, motorsports, retail, and aviation.

A summary of significant developments in these industries follows:

### ***Biotechnology***

The former Pillowtex properties in Kannapolis have been redeveloped as a major mixed-use development with the centerpiece of the development constituting the North Carolina Research Campus (the “Research Campus”). It includes facilities for eight major North Carolina universities whose research activities focus on biotechnology and nutrition research. At the center of the Research Campus is the 311,000-square foot David H. Murdock Core Laboratory, which houses the David H. Murdock Research Institute, a nonprofit contract research organization. Dole Food Company, Inc. has a presence on the campus as well. The Dole Nutrition Institute is a leader in nutrition education and occupies a 10,000-square foot chemistry lab within the NC State Plants for Human Health Building. They expanded the area they occupy in 2016 by relocating their east coast fresh fruit sales division into 6800 square feet creating an additional 19 jobs on the campus. In addition to the NC State University Plants for Human Health Institute’s building, UNC Chapel Hill Nutrition Research Institute is located on the campus. A 60,000-square foot Medical Office Building opened in 2013 and Data Chambers opened a 50,000 square foot data storage facility on the campus. In 2016, Ei, A Pharmaceutical SolutionsWorks, expanded onto the campus. Ei moved a 24-person research and development team into a 10,000-square foot laboratory on the third floor of the David H. Murdock Core Laboratory. Klear Optix, a contact lens research and development company moved into a 500-square foot space in 2017 with plans to grow into a larger laboratory. Ideal Health Biotechnology joined the North Carolina Research Campus to accelerate research and development of their dietary supplements made from naturally occurring plant based compounds. They are leasing space in the Core Lab building with plans to expand as the company grows.

To facilitate further development on the Research Campus and finance public improvements, the City of Kannapolis has created the North Carolina Research Campus Financing District (the “Development

District”), pursuant to the State’s project development financing act. This district is comprised of approximately 863 acres within the County and Rowan County. The Development District was created to finance infrastructure within and around the Development District to support the Research Campus. The boundaries of the Development District were created to capture the area in which such infrastructure was needed. The Research Campus is approximately 240 acres within the Development District. The development plan for the Development District contemplates that, when completed, the Research Campus will include more than 2 million square feet of office and laboratory space, 600,000 square feet of new retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units. The total estimated cost of the Research Campus project is expected to exceed \$1 billion. As part of their commitment, the City of Kannapolis recently completed construction of a new 36,000 square foot municipal building on the campus in 2016.

The City of Kannapolis issued \$35 million in limited obligation bonds in 2011 (the “Kannapolis Bonds”) to finance public infrastructure in the Development District. Pursuant to an interlocal agreement between the County and the City of Kannapolis executed about the issuance of the Kannapolis Bonds, the County has agreed to pay a portion of its incremental (net increase) ad valorem tax revenues collected in the Development District to the City to be used for the payment of not more than half of the annual payments of principal and interest due on the Kannapolis Bonds. These payments began in FY 2013 and end in FY 2027, and range (subject to a “Maximum County Contribution” ceiling) from a low of \$1,421,804 in FY 2013 to a high of \$1,513,677 in FY 2021, and total \$22,523,021.

The City of Kannapolis has purchased many properties in the village area adjacent to the research campus. A master plan has been completed for that area with plans underway for a hotel, office space, retail, residential and the relocation of the minor league baseball stadium. Along with major public infrastructure improvements, the plan maps out major revitalization and private investment in downtown Kannapolis that will move forward with the continued development of the research campus.

### ***Healthcare***

The County economy is emerging as a significant provider of healthcare services; the largest single employer in the County is Carolinas Healthcare Center (CHS) NorthEast. The hospital is in Concord and has 457 active licensed beds. CHS NorthEast is the second largest hospital facility in the Carolinas Healthcare System (CHS) network of healthcare facilities, which is the largest healthcare system in North and South Carolina and is the second largest public, multi-hospital system in the United States. CHS NorthEast provides a full range of tertiary and surgical services for residents of the County and surrounding counties. It has a Level III Trauma Center, The Jeff Gordon Children’s Hospital, The Hayes Family Center, The Batte Cancer Center, The Sanger Heart & Vascular Institute and many other specialized services and facilities. Construction began in 2017 on more than \$150 million investment in a new patient tower and outpatient heart and vascular center. CHS NorthEast has also built satellite facilities in Kannapolis and Harrisburg and owns most of the family physician offices in the County. Cabarrus County is also served by the Cabarrus Health Alliance which is a public health authority and the only one of its kind in North Carolina.

### ***Manufacturing***

The principal products manufactured in the County include optical fiber, textiles, plastic extrusion, food, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, transportation equipment, corrugated packaging, automobile parts and racing electronics. Corning, Inc.’s fiber optics facility is in the southeastern part of the county and is the world’s largest producer of fiber optic wire. Corning is continuing to increase their manufacturing numbers. The company announced an expansion in 2017 with a value of \$109 million that will add up to 200 jobs to the estimated current base of over 500 employees.

One of the largest industrial/manufacturing parcels in the state is in the center of the County. The campus encompasses over 2,100 acres and includes 2.4 million square feet of buildings. All assets were sold to Victory Industrial Park LLC in April 2014. Alevo (alevo.com), an energy service provider and established operations in the facility, manufacturing mobile energy storage banks. Alevo announced in the summer of 2017 that they were declaring bankruptcy and ceasing operations. The manufacturing site and land on both sides of U.S. 29 is available for development. The property is also adjacent to the George Liles Parkway. The Parkway is currently being extended/improved and provides a four-lane connector to N.C 49, U.S. 29, I-85, N.C. 73 and N.C. 3.

Other manufacturers are described in the following entry for “Industrial and Business Parks.”

### ***Industrial and Business Parks***

A variety of other industrial and business parks located throughout the County have provided additional focus points for economic development. For companies investigating new operations or expansions in the Charlotte area, these parks provide alternatives to sites in Charlotte - Mecklenburg County. Public utility service is widely available to these parks. Following are brief descriptions of several of these parks.

Z-Max Industrial Park in Harrisburg (developed by an arm of Charlotte Motor Speedway), has been expanded with a second road for further industrial development. It is served by rail and all utilities. Pepsi Bottling Ventures announced in April of 2015 that they would construct a \$12.5 million, 200,000 square foot facility in the industrial park. That facility has been completed and has opened. It is expected to include employment of 200 people when it reaches full employment.

Copperfield Business Park began development along I-85 in 1987. Firms that have built facilities in the Copperfield Business Park include a nationwide periodical publisher, a commercial printer, several medical offices, a pharmacy and a shopping center. Northeast Outpatient Surgery Center opened in Copperfield and most recently Charlotte Eye Ear Nose and Throat has completed a new facility. The Copperfield Business Park developers built an interchange on I-85 and in 1994 completed a five-lane connector road to link the business park with the interchange. There are many hotel, restaurant, retail and service businesses that have been built on the connector road and development continues there. ACN Communications moved its world headquarters to Concord December 2008. The telecommunications direct-sales company occupies a 140,000-square foot office building that combines all their existing facilities into one at a cost estimated to be approximately \$18 million.

The International Business Park is located near an interchange on I-85. The owners of the International Business Park actively pursue private investment from around the world. In early 1991, the Oiles America Corporation, a Japanese company, opened a manufacturing plant for self-lubricating bearings on approximately 25 acres. They completed an expansion of the facilities in 1997 and 2013 and currently employ 165 persons. In 1991, Legrand/Pass & Seymour, a French company, opened a manufacturing plant at a cost exceeding \$20 million for electrical wiring devices on a 32-acre site in the park. In mid-1995, Dai Nippon Printing Company Ltd. (DNP) commenced operations in the Park from a new 50,000 square foot facility that produces media (such as ribbons and tapes) and employs 265 people. DNP acquired nine adjacent acres for expansion in 1996 and completed an expansion which more than doubled the size of its existing facility in 1997. Federal Express also completed development of an approximately 48,000 square foot facility in the Park in 1997. SYSCO Corporation of Houston, Texas, a food service distributor, completed the construction of a new warehouse/distribution complex in the Park in 1997 and a 135,000-square foot expansion in June 2000. This 435,000-square foot facility serves nearly all North and South Carolina, as well as parts of Georgia and Virginia. SYSCO employs over 500 persons. In addition, Bonitz, a flooring contractor, opened a facility in the International Business Park in 2004. The Minka Group, a lighting products company, completed construction of a 365,000-square foot facility which will serve as its east coast distribution center. Walker Marketing, Inc. a Charlotte-area full service marketing communications firm moved its headquarters to Concord in September 2006 to expand office space and offer new services to clients including mediation and hosting focus groups. The new facility was designed by BJW Architecture another firm of the International Business Park. The agency serves clients regionally and nationally in industries such as healthcare, real estate/economic development, food services, construction and government. PreGel AMERICA is the U.S. division of PreGel, a global specialty dessert ingredient company headquartered in Italy. PreGel is the largest global manufacturer and distributor of ingredients for gelato, sorbetto, frozen yogurt, semifreddo, pastries and more, and has a presence on every continent. May 2008, PreGel AMERICA opened its U.S. headquarters in Concord, housing Administrative Offices, Professional Training Center, Warehouse and Research & Development departments under one roof to accommodate customer's ongoing business needs. PreGel AMERICA most recently opened an \$11.4 million expansion to the facility. Celgard, LLC, the largest supplier to the lithium battery industry, built a two-phase battery separator and research facility at the Park.

The most recent additions to the International Business Park are two speculative buildings and two FedEx distribution facilities. An 87,000 SF speculative building was completed in 2013 and is now occupied by DNP. The facility is expandable up to 144,000 SF for possible future expansion needs. A smaller industrial

speculative building, 50,000 square feet, was completed in late summer of 2016. The FedEx SmartPost Division that recently completed a 330,000 SF facility began operations in fall of 2015. FedEx Ground announced in December 2015 that they would occupy a 343,000-square foot facility adjacent to the SmartPost facility in the International Business Park. SunCap Property Group has constructed the facility for their FedEx Ground tenant with that was occupied in the summer of 2017. A 75,000-square foot Class A office spec building was announced in May 2016. The Project was completed in the spring of 2017. The office building is be located on Lots 7 & 8 at the end of Fortune Avenue in the International Business Park.

Several additional speculative buildings have been completed in Cabarrus County. A 360,000-square foot facility in Afton Ridge Business Park (Kannapolis) broke ground in March 2014, has been completed and is available for lease. Construction of a second speculative building in the Afton Ridge Business Park began in 2017 and it will add 216,000 square feet of space when completed. The Silverman Group broke ground on two speculative buildings, a 400,000-square foot facility and a smaller building of 150,000 square feet, at the Concord Airport Business Park (Phase I) on Derita Road. More than half of the larger building is occupied by Amazon for a distribution center. Lennox and National Kitchen and Bath Cabinetry occupy the remainder of the building. ETS Express occupies the 150,000-square foot building in Phase I. A fourth speculative building was constructed by Trinity Partners at the corner of Poplar Tent Road and International Drive. Two third party logistics companies, GEODIS and Elite Logistx occupy portions of the building with 169,000-square feet remaining available for lease. Additional industrial speculative development continues in the Concord Regional Airport area of Derita Road including the development of the 140+ acre RiverOaks Corporate Center Park and the 120+ acre Concord Airport Business Park West (Phase III) site. With the build out of these two parks, over two million new square feet of industrial space will be constructed in the coming years. Beacon partners recently completed two buildings at RiverOaks Park. K1 Speed indoor kart racing and Streetside Classic Cars occupy the first building in the park. Concord Airport Business Park Phase II, which is located on Aviation Boulevard was also completed in 2016. iTek Graphics and FlyRight occupied the 108,000-square foot building in fall 2016. Currently other multiple acre sites are under consideration by incoming projects.

The West Winds Industrial Park is located directly across from the airport entrance. Tenants in West Winds Industrial Park include S & D Coffee and Tea and NASCAR R&D. The most recent major addition for West Winds is the redevelopment and new construction for a Cabarrus County legacy company – S & D Coffee & Tea. In November 2012 S & D announced a \$97 million expansion and the addition of 200 jobs at an average wage of \$36,311. The expansion boosts its production of coffee, tea, and extracts. That redevelopment/construction project has been completed and S & D continues to add production lines as needed. West Winds is also home to 26 Acres Brewery.

The Midland Business Park and Intermodal Facility is a future business park to be built near NC Highway 24/27 and Highway 601. Aberdeen Carolina and Western Railway is working to develop the 70-acre business park to permit the relocation of an intermodal facility, as well as, additional distribution facilities. There are sewer infrastructure needs which are challenges to bringing rail projects to the sites but the Town of Midland, City of Concord and the Water & Sewer Authority of Cabarrus County have begun to address these challenges.

The Intertape Polymer Group's 2016 announcement of a new manufacturing plant in Midland is an example of continued growth in the southern part of the County. That completed plant has a value of approximately \$40 million and they are expected to reach employment levels of 50 people in the first phase. There is area on the parcel that they acquired from the County for additional phases. The building, plus rail and road improvements to serve it, has been completed. The grading for the project included a pad for an additional building to allow for future growth.

The Kannapolis Gateway Business Park is an 85-acre park is located one mile from an interchange on I-85 and features approximately 753,000 square feet of industrial space and a 12-acre retail center. The City of Kannapolis and Mark Pierce Poole Properties, Inc., a Charlotte real estate development firm specializing in industrial, retail and office properties, constructed a speculative industrial building there. It is currently occupied by Novant - a distribution operation. That Park is also home to Stewart-Haas Racing and Haas Formula 1 U.S. headquarters and engineering team.

### ***Warehouse and Distribution***

The distribution, warehousing, and shipping industry is another growing sector of the County's economy as the County continues to be a cost-effective alternative for Charlotte area distributors. This industry benefits from the County's proximity to the City of Charlotte (a regional trucking and manufacturing center with a major commercial international airport) and from access to I-85, which has seven existing interchanges in the County. In addition, I-485 and I-77 interchanges with I-85 offer major interstate highway access in multiple directions. Cabarrus County is served by Norfolk Southern railway connections and the nearest port is approximately 260 miles away in Charleston, South Carolina.

Examples of distribution centers include: Saddle Creek, a large Florida based logistics company, which occupies over 600,000 square feet of rail-served distribution space in Harrisburg (from which it serves Wal-Mart, America's largest retailer); Carolina Premium Beverages, a Greensboro based beer distributor, which in 2002 began operating a 130,000 square foot distribution center near I-85 and the Concord Regional Airport; and Rug & Home, headquartered in Asheville, opened a 96,000 square foot retail and distribution warehouse in Kannapolis April 2010, creating between 40 and 75 jobs. SP Richards, a business products distributor built a 200,000-square foot distribution facility in late 2012 and created 67 jobs. Distribution Technologies is in a formerly dilapidated 60,000 square foot distribution center. This facility has brought new life and nearly 100 jobs. Shoe Show Inc. has a headquarters and distribution facility in Kannapolis. Also located in Kannapolis next to Shoe Show is Stanley Black & Decker. Shoe Show and Stanley each have over one million square feet of distribution space. Finally, Gordon Food Service constructed a 300,000-square foot distribution center in Kannapolis in 2015. That distribution center is adjacent to Afton Ridge Business Park and employs over 200 currently.

Cabarrus County and the City of Kannapolis both approved incentive grants for a new distribution facility off NC Highway 73 near Kannapolis Parkway. That project includes the construction of a 1 million square foot building, a combined investment of \$85 million in real and personal property and a total of 600 plus full-time employees once it is in operation. It is anticipated that Amazon will occupy the building for a distribution center.

### ***Entertainment and Hospitality***

Another example of the County's diverse economy is Charlotte Motor Speedway ("CMS"), a major sports and recreational facility which regularly hosts activities that draw over 167,000 people annually. Each year, CMS hosts nine primary events, including three major NASCAR racing events that extend over a ten-day period for each event. Facilities at CMS include a seven-story office building and conference center topped by a restaurant and private club. The zMAX Dragway is also located on CMS property. It opened in 2008, where it hosts several events including four NHRA-sanctioned events in a \$60 million drag strip facility. The larger facility includes a dirt track that hosts multiple events. The Speedway facility hosts numerous other events including major car shows and concerts.

The City of Concord and Embassy Suites Hotels constructed a Convention Center and full-service hotel on Bruton Smith Boulevard. This complex is located equidistant between CMS and the Concord Mills Mall. Other hotels have located in this area, including Great Wolf Lodge, which has the largest indoor water park in North Carolina. There are another eight hotels in the area around Embassy Suites and Great Wolf and two more are under construction. Homewood Suites constructed a 120-room hotel on Scott Padgett Parkway and InTown Suites built an upscale version of its extended stay hotel off Weddington Road in Concord.

Cabarrus County operates an Arena & Events Center on N.C 49 in the eastern area of Concord. That complex is home to the annual Cabarrus County Fair, concerts, trade shows, sports/entertainment groups and a variety of other events throughout the year.

### ***Motorsports***

The County is home to Charlotte Motor Speedway (CMS), NASCAR Research & Development, World Racing Group, the Dirt Track at CMS, Concord Motorsports Park, Motorsports Radio Network, zMAX Dragway, four driving schools, Hendrick Motorsports, Roush Fenway Racing, Chip Ganassi Racing, Stewart-Haas Racing, Wood Brothers, JTG Daugherty Racing and several other motorsports-related businesses. Other developments involving motorsports businesses include the building of a \$40 million

wind tunnel by California-based Windshear. It is the only publicly available wind tunnel in North America using “rolling road” technology. This facility allows for full-scale testing of race cars at speeds of 180 miles per hour. Windshear recently expanded their facility in 2016 to allow for larger truck testing. Stewart-Haas Racing opened a state-of-the-art, 140,000 square foot racing facility which doubles the size of its former facility. JHE Productions is in the Harrisburg area operates out of a 46,000-square foot building. JHE was acquired by CSM, a sport and entertainment production company, and will continue to produce events for major sports like NASCAR, NBA, NFL, IndyCar and college sports. The acquisition has allowed JHE to continue to expand into other non-sport entertainment events.

### ***Retail***

In 1997, The Mills Corporation and the Simon-DeBartolo Company acquired approximately 165 acres located in the southwest quadrant of the King’s Grant interchange at I-85, and developed Concord Mills Mall. It opened its doors in September 1999. The 1.4 million square foot facility, which has over 200 stores, cost approximately \$240 million to complete and is estimated to generate about \$250 million annually in retail sales. Concord Mills Mall is the state’s largest tourism draw, with 17.5 million visitors each year and continues to create additional spin-off retail development on adjacent properties. Such development includes Wal-Mart, Lowe’s, and Academy Sports + Outdoors which makes the area a primary retail center for the entire MSA.

The owner of Concord Mills Simon Properties partnered with Merlin Entertainment and opened a new \$10 million Sea Life Aquarium at Concord Mills in 2014. The aquarium is expected to generate 350,000 additional visits to Concord Mills as a result. Concord Mills is currently making internal and external modifications to modernize their facility. Two restaurant pads were developed and Bone Fish Grill and Outback Steakhouse opened in early 2017. A third restaurant, Chipotle was also added.

There are many new retail centers that were constructed throughout the County because of the population increase that has occurred. Some of these are part of much larger mixed-use developments that also include services, employment and residential uses. For example, the Northlite Center, in the northern part of the county, is anchored by Sam’s Club, Wal-Mart, Kohl’s, Hobby Lobby and Academy Sports+Outdoors. Harrisburg Town Center is a 100-acre mixed use development on Highway 49, which includes a mix of residential units with 500,000-square feet of office and retail space. Afton Ridge Center retail area opened in the fall of 2006 and includes a Super Target, Marshall’s, Best Buy, Dick’s Sporting Goods and other retail stores and restaurants. This center is located at the intersection of I-85 (Exit 54) and Kannapolis Parkway. The business park section includes multiple tenants (detailed earlier in this document) and a 414-unit apartment complex.

There are many other retail centers that have been completed recently, are under construction or are planned throughout the County. Examples of these are Willow Oaks Crossing in Concord which is anchored by the first Publix in the County, a new Harris Teeter anchored center in Harrisburg and a planned Publix anchored center also in Harrisburg. Existing retail in Concord Mills is expanding to the west of Derita Road and includes more restaurants and national retailers.

### ***Aviation***

The City of Concord continues to develop and operate a general aviation reliever airport on approximately 750 acres adjacent to I-85 at exit 49. This facility, known as Concord Regional Airport is operated as an enterprise fund department of the City. It has a 7,400 foot fully instrumented and strengthened runway that can accommodate all types of aircraft up to a Boeing 737 size.

Concord Regional Airport facilities include a 12,500 SF terminal building, maintenance facility, fuel farm, on-site fire station, sixty-seven T-hangars, eight large conventional storage hangars, eleven privately leased or developed corporate hangars, and over twenty-five acres of aircraft parking ramp space. The airport opened in the fall of 1994. The total initial cost for the airport was approximately \$27 million, which was paid for using City funds (4%) and State and Federal grant funds (16% and 80% respectively). There are currently 132 aircraft based at the airport with a combined taxable value of over \$161,911,578. The airport is open 24/7/365 and, to enhance aviation traffic safety, the airport has contracted air traffic control services sixteen (16) hours daily with extended hours during race events. For these events, there are specialized aircraft fire and rescue on site.

Numerous businesses operate at the airport including a full service aircraft maintenance facility, five flight schools, two aircraft charter services, three aircraft detailing services, air ambulance service providers, and a helicopter radio platform service. The airport is also home to many NASCAR corporate aviation flight departments including Hendrick Motorsports, Stewart-Haas Racing, and Joe Gibbs Racing. In addition, many other NASCAR teams utilize large aircraft commercial charter flights that operate at the airport.

A 2012 economic impact analysis determined that the Concord Regional Airport has a \$175,790,000 economic contribution, annually supporting almost 2,000 jobs in the Cabarrus County region. Additional development and growth is expected to continue at the airport. Concord Regional Airport is now offering commercial flights through Allegiant Air. Service began in December 2013 and has been expanding since. Facility improvements include vehicle parking enhancements, passenger processing facilities, new control tower, and additional hangars. A new parking structure and commercial carrier terminal were completed in 2016 to service the growing commercial passenger traffic at the airport. The passenger complex cost \$12.6 million to construct and the terminal is 32,000 square feet. Concord hopes to add carriers and eventually reach 30 flights per week, up from the current 10. These improvements will also make it possible for additional revenues, based aircraft and new services for the community ensuring Concord Regional Airport remains a critical economic generator and community asset for the City and Cabarrus County.

Several industrial/commercial business parks are located adjacent to west side of Concord Regional Airport and include various size lots and buildings, access roads, and utilities. Currently there are over 14 buildings and additional land area for future development. Some major tenants in these business parks are the NASCAR Research and Development Center, Chip Ganassi Racing Headquarters, Roush Fenway Racing Shops / Headquarters / Museum, DIRT Motorsports Headquarters, S & D Coffee and Tea, AC Controls and Flyright Inc. Fly Right is a specialized training center that attracts pilots from all over the world for training and certification.

### ***Tourism***

Cabarrus County's tourism economy has nearly doubled over the last decade. The economic impact from tourism in 2005 was \$222 million dollars. In 2015 the economic impact from tourism was \$412 million. This impact ranks Cabarrus County 11<sup>th</sup> out of North Carolina's 100 counties. These numbers are being driven by greater demand for hotel rooms. In calendar 2014 hotel revenue saw a 16% growth over 2013 and that momentum carried into 2015 with hotel revenue 8% higher than 2014. In the first half of 2016 hotel revenue is up 10%. Hotel room supply had a 30% increase in 2009 with the opening of 5 new hotel properties, including Great Wolf Lodge. Hotel Occupancy averaged 65.5% in 2015 and Average Daily Rate was \$100.28. Both of those hotel barometers were records for Cabarrus County. Based on overall performance the 2 new hotels are mentioned earlier were planned and completed. With these new hotel properties revenues increased by 5% in FY2017. Visitor segmentation has continued to be spread evenly amongst leisure travelers, corporate travelers, and group travelers which creates greater reliability in the hotel industry.

The Cabarrus County Tourism Authority (CCTA) markets Cabarrus County utilizing the 6% Occupancy Tax levied on Hotels. The FY2016 budget for CCTA was \$4,902,703 and the FY2017 budget is \$5,522,723. The CCTA Mission is to "Drive visitation to Cabarrus County to generate the maximum impact through hotel stays and visitor spending." The CCTA currently promotes Cabarrus County by spending 60.5% of its budget directly on Sales and Marketing. This outperforms other Tourism Authority's where only 51.5% is spent on Sales and Marketing. In FY2017 the CCTA utilized \$1.2 million in leisure advertising. An agency has been hired with the directive of increasing the awareness of Cabarrus County to visitors as well as expanding the overall motorsports brand. The tactics that will come out of this new agency relationship as well as the efforts of the CCTA group sales strategy will keep tourism in Cabarrus County strong for the next decade.

## Employment

The following table lists the 10 largest employers in the County as of September 2017:

Employer	Service	Approximate Number of Employees
Carolinas Medical Ctr. -Northeast	Medical Center	4,200
Cabarrus County Schools	Education	4,109
Amazon	Distribution	1,300
Walmart	Retail	1,179
TeleTech (formerly Connexions)	Business Solutions	1,100
Cabarrus County	Government	1,097
City of Concord	Government	965
Kannapolis City Schools	Education	815
S & D Coffee and Ta	International Coffee and Tea Distributor	798
Shoe Show	Shoe Distributor	750

Source: Cabarrus County Economic Development Corporation (2017)

### Long-term financial planning

The County's operating budget (which is comprised of the General Fund, Cabarrus Arena and Events Center Fund, Landfill Operations Fund, 911 Emergency Telephone Fund, Workers Compensation and Liability Fund and Health and Dental Insurance Fund) for the fiscal year ending June 30, 2018 totals \$262,765,262 with a tax rate of \$0.70 per \$100 of assessed value, based on a total valuation of \$22,176,343,745. The valuation increased 2.9% from the FY2017 final evaluation as the economy continues to recover.

As part of the annual budget development process, the County re-examines and updates the Capital Improvements Plan (CIP). The CIP is a five-year plan which projects capital needs and expenditures. It details estimated costs, project descriptions and funding sources for capital projects. The CIP generally addresses capital assets with a value greater than \$100,000 and a useful life longer than one year. The CIP is readopted annually.

The County also develops a Five Year Financial Plan – a forecast of revenues and expenditures for a five-year period beginning with the proposed budget for the upcoming fiscal year. The purpose of the Five Year Financial Plan is to ensure that the County's commitments, obligations and anticipated needs are met in a fiscally sound manner. The basis for the forecast is the then-current fiscal year. Forecasts for subsequent years rely on previous year expenditures and revenues as a starting point. Increases and decreases are itemized.

The County acknowledges pay-as-you-go financing as a significant capital financing source, but recognizes that debt issuance is sometimes the most appropriate financing structure for a capital project. Current debt obligations as well as planned debt issuance are also factored into the County's long term financial planning.

### Relevant Financial Policies

In accordance with state statutes, appropriated fund balance in any fund will not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts.

The County will maintain an undesignated fund balance that exceeds eight percent (8%) in accordance with North Carolina Local Government Commission's (LGC) recommendation. For Cabarrus County, a Board Policy recommended target goal of fifteen percent (15%) is needed to meet our cash flow needs.

These funds will be used to avoid cash-flow interruptions, generate interest income, and assist in maintaining an investment-grade bond rating. An additional assigned fund balance amount of \$5,000,000 is set aside to sustain operations during unanticipated emergencies and disasters.

In June 14, 2005 (Revised March 15, 2010), the Board of Commissioners adopted a resolution formalizing the following fiscal management policies to be incorporated into the County's budget document beginning with the 2006 fiscal year:

1. Recurring, operational expenses of the County government will only be funded through recurring revenue sources;

2. The County will maintain an undesignated fund balance equal to 15% of general fund expenditures; and

3. Upon completion of the annual audit of the County finances, any undesignated fund balance above 15% will be transferred to the Capital Reserve Fund, to reduce reliance on debt financing; or to the Self-Funded Hospitalization and Dental Fund, or to the Self-Funded Workers Compensation and Property Liability Insurance Fund as required to maintain the integrity of those funds.

4. Notwithstanding the requirements of items 1, 2, and 3 above, fund balance may be appropriated for any use in the general fund to overcome revenue shortfalls related to significant downturns in the economy.

### **Major initiatives**

On April 18, 2017, the Cabarrus County Board of Commissioners began the process to issue Limited Obligation Bonds (LOBS) contracts for the construction of a new high school, downtown parking deck and Performance Learning Center (alternative high school). These 20-year LOBS are planned to be issued in October 2017.

The Board of Commissioners also approved one-time funding for the purchase of 20 mobile units, 10 yellow school buses, specialized bed for wrecker, and three bus floor lifts totaling \$3,460,500. The County helped Cabarrus County Schools prepare for increased enrollment in the school district by placing an order for buses and mobile units as early as September 2017. The wrecker and floor lifts were purchased at the same time to keep the bus garage maintenance efforts efficient for the current fleet and addition of new buses.

In June 2017, the Board of Commissioners approved the use of \$7,254,970 for the following one-time funded projects: \$1,864,650 for furniture and equipment for the new Royal Oaks Elementary School; \$1,279,250 for land purchase for a new elementary school; \$1,000,000 for design of a new courthouse and renovation of the current facility; \$650,000 for design of a downtown parking deck; \$925,111 for co-location of an EMS station with City of Concord and the purchase of cardiac monitors; \$395,000 for ADA restroom renovation in the Governmental Center, upgrade to detention center security software and hardware, door access and security network upgrades in facilities; \$1,140,959 for additional funds for the new high school on Weddington road, A/C units at the community college Business & Technology Center, and additional funding for the Performance Learning Center project.

The Board of Commissioners' initiative to create and maintain a viable community is their highest priority. The focus of the Board and staff is to evaluate programs and services offered to our residents for their effectiveness and efficiencies to ensure proper use of County revenues. The County has implemented performance-based budgeting to facilitate the annual budget process and assist staff and our elected officials in making their budgetary recommendations for ensuing fiscal years.

The County has identified economic development, future capital needs of the County, our public schools and our community college as significant issues to address as we strive to enhance the viability of our county and its residents. Currently, County staff, County/City elected officials, School Boards, the Chamber of Commerce, and the Economic Development Corporation are evaluating their policies and procedures in efforts to address these issues. The 2019 Capital Improvement Plan will incorporate all the capital needs of the County, both school systems, and the community college.

Efforts to improve communications with the public about programs and services around the community have proven to be very successful. The Board of Commissioners created a cable/YouTube program called “Out & About,” in which they meet at a local restaurant and interview a program representative to discuss their program and what it provides for the community. This allows for an information exchange and provides transparency to the community for programs offered within the County. “Out & About” for which the County won a 2017 Excellence in Innovation Award sponsored by the NC Federal Credit Union, continues a bi-monthly basis, giving our citizens important information regarding programs and issues that are of concern to our citizens.

The County’s Emergency Medical Services also received a 2017 Excellence in Innovation Award sponsored by the NC Federal Credit Union for the development and implementation of the EMS Health Data Exchange Program. This program provides cost savings, collects data, clinical benchmarking, and sharing of data amongst healthcare partners. It is rare for a jurisdiction to win more than one award in one year. Cabarrus County has won more than one award for two years straight.

The County established a Mental Health Advisory Board (MHAB) of decision making officials from local governments, public schools, law enforcement, health care, health and human services, judicial, and others to begin the discussion surrounding mental health issues in our community. The MHAB has been in existence for a little over a year and has covered a lot of ground in advancing our community to acknowledge the importance of overall mental health, those who suffer from mental illness, and find better ways to address the response to those in crisis. The MHAB started with a presentation on the national Stepping Up program for those incarcerated in our local detention center and took flight to cover broader issues in the community. Mental Health First Aid training has been provided in the community and committees have been initiated to address the many concerns of the MHAB such as identifying more resources, responding to those in crisis and getting them to appropriate care, and increasing public awareness about mental health to reduce the stigma of mental illness.

The County recently held a leadership opioid forum in the community for elected officials to address the growing epidemic. The forum had presenters from Emergency Medical Services, Mental Health Providers, physicians, and law enforcement. Resources have been deployed to emergency management services and law enforcement officers to help aid in addressing overdose occurrences. Our lead agencies have come together to hold community forums in our local high schools to educate the public on how serious this issue is to the community.

The County implemented a “fire manpower response unit” to assist the volunteer fire department on responding to emergency calls during peak hours. The implementation of this program is to help maintain a level of fire protection when volunteer response is reduced due to decreased volunteer availability. This unit has been in operation approximately 9 months and has proven to meet its goals. Additional staff and available hours are being considered.

The County began the process of creating a brand to capture the essence of Cabarrus and our agency’s delivery of service. The goals for the branding project are to project the strategic vision of the County, develop recognition among residents, attract new residents and businesses, engage employees, and aid with the recruitment of the County’s workforce. At the core of the branding process is an investment in researching the perceptions of the community. The County wants to know how residents and businesses define our County’s strengths and personality. The project also heavily relies on the County’s mission statement, goals and objectives, adopted strategic initiatives, and scientific community research.

### **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 Cabarrus County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 32nd consecutive year that Cabarrus County has received this prestigious award. To be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2017. To qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device. This was the 19th year that Cabarrus County has received this prestigious award.

In summary, this Comprehensive Annual Financial Report provides a source of information to citizens, the Board of Commissioners, other government agencies, investors, and creditors, all of whom rely upon it for decision making and the opportunity to learn more about Cabarrus County's financial condition.

Much appreciation is expressed to the Finance Department's staff and Elliott, Davis, PLLC, without whose dedicated assistance this report could not have been produced. Credit also must be given to the Board of Commissioners for their continued interest and support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Michael K. Downs  
County Manager



Susan B. Ferrington  
Finance Director



Government Finance Officers Association

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

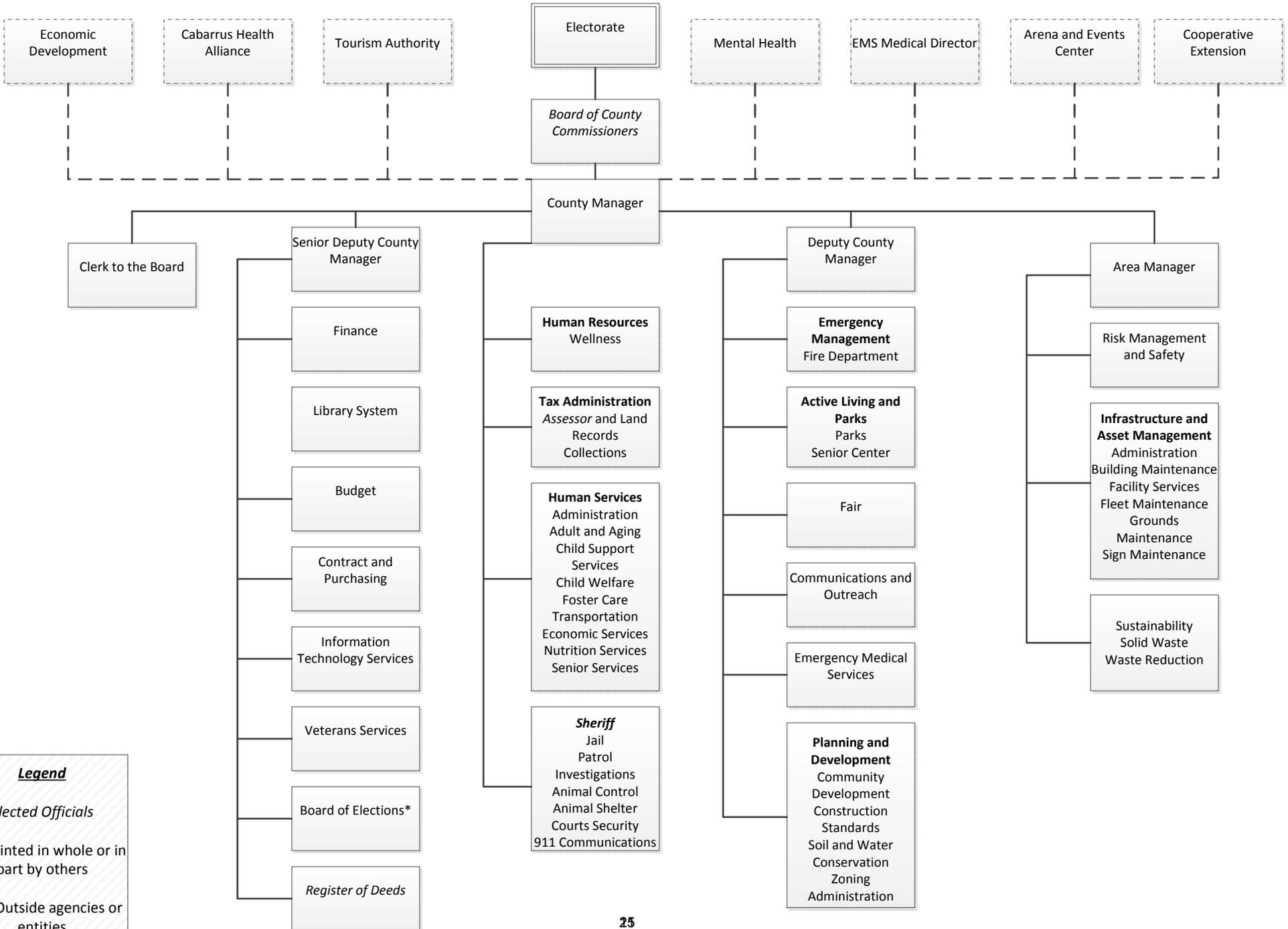
Presented to

**Cabarrus County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO



**Legend**

*Elected Officials*

\*Appointed in whole or in part by others

----- Outside agencies or entities

# Cabarrus County

## List of Principal Officials

### Board of County Commissioners

Chair ..... Stephen M. Morris  
Vice-Chair ..... Diane R. Honeycutt  
Commissioner ..... Elizabeth F. Poole  
Commissioner ..... Grace M. Mynatt  
Commissioner ..... Lynn W. Shue

### Other Elected Officials

Sheriff ..... D. Brad Riley  
Register of Deeds ..... M. Wayne Nixon

**County Manager** ..... Michael K. Downs  
Senior Deputy County Manager ..... Pamela S. Dubois  
Deputy County Manager ..... Jonathan B. Marshall  
Area Manager ..... Kyle D. Bilafer

**Clerk to the Board** ..... Megan I. Smit

### County Department Heads

Planning and Development ..... Kelly F. Sifford  
Cooperative Extension ..... Robert B. Furr  
Elections Director ..... Carol L. Soles  
Emergency Management ..... Robert S. Smith  
Emergency Medical Services ..... D. Alan Thompson  
Fair ..... Kathleen P. Sharpe  
Finance Director ..... Susan B. Fearington  
Infrastructure and Asset Services ..... Michael A. Miller  
Human Resources ..... Lundee L. Covington  
Information Technology Services ..... Deborah A. Brannan  
Libraries ..... Emery M. Ortiz  
Parks ..... Londa A. Strong  
Social Services ..... William B. Rose  
Solid Waste Management ..... Kevin P. Grant  
Tax Administration ..... Robert E. Mitchum  
Transportation ..... Robert W. Bushey  
Veterans' Service ..... Timothy J. Tereska

# Financial Section

## **Independent Auditor's Report**

The Board of County Commissioners  
Cabarrus County  
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 Cabarrus County, North Carolina (the "County") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County'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 Cabarrus Health Alliance, 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.

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 County'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 County'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 units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2017, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Implementation of New Accounting Standard**

As discussed in Note 5 to the financial statements, the County adopted provisions of Governmental Accounting Standards Board (GASB) Statement Number 73, Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, effective July 1, 2016. Our opinions are not modified with respect to this matter.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employee's Retirement System's Schedules of Proportionate Share of the Net Pension Liability and Contributions, the Register of Deeds' Schedule of Proportionate Share of Net Pension Asset and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll 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 County's basic financial statements. The combining and individual fund financial statements, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, 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, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, 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, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 November 14, 2017, on our consideration of the County'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 County's internal control over financial reporting and compliance.



Raleigh, North Carolina  
November 14, 2017

# Management's Discussion and Analysis

## Management's Discussion and Analysis

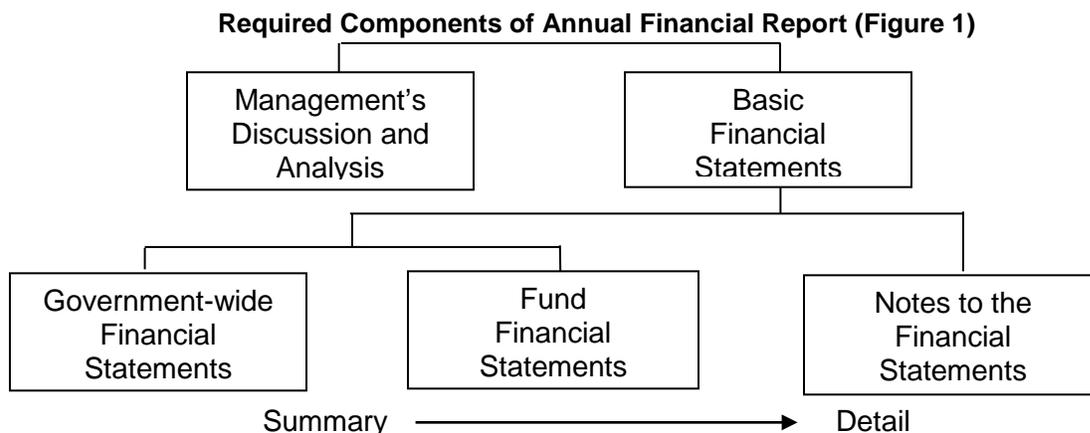
As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

- The assets and deferred outflows of resources of Cabarrus County exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$162,970 (*net position*).
- The total Net Position related to Governmental Activities (Exhibit 1) shows a balance of (\$3,351,675) a decrease of \$30,306,591 from the prior year's restated balance of \$26,959,916. This decrease is primarily due to a \$48,623,129 increase in Education Expenses Limited Obligation Bonds that were issued in Fiscal Year 2016 for the construction of three new schools. A total of \$56,005,972 in new construction expenses occurred in Fiscal Year 2017. The Statement of Net Position does not present the County's position regarding spending. This information is presented in the governmental fund statements (Exhibit 4).
- As of the close of the current fiscal year, Cabarrus County's governmental funds reported combined ending fund balances of \$146,706,669 after a net decrease in fund balance of \$52,548,319. Approximately 36.5 percent of this total amount or \$53,580,309 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$49,627,559, or 20.3 percent of total general fund expenditures and transfers out for the fiscal year.
- Cabarrus County's total debt decreased by \$30,691,433 or 8.1% during the current fiscal year. Due to normal debt service payments, COPS and LOBS debt decreased by \$23,995,000, General Obligation Bond Debt decreased by \$7,360,000, Capital leases by \$80,172, Notes Payable by \$91,465 and installment financing by \$27,253. Capital leases in the amount of \$579,816 and installment financing in the amount of \$283,642 was issued in the current year.
- Cabarrus County has installment bond ratings of AA / Aa2 / AA and general obligation bond ratings of AA+ / Aa1 / AA+.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Cabarrus County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County 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 is designed to enhance the reader's understanding of the financial condition of Cabarrus County.



## Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's general fund, non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans and other post employment benefits.

### Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. The only business-type activity fund is the Landfill operations. The only component unit the County has is the Cabarrus Health Alliance. Cabarrus Health Alliance was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. The Chairperson of the Board of Commissioners for Cabarrus County appoints the members of the board of the Health Alliance.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

### Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. 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. Cabarrus County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the NC General Statutes or the County's Budget Ordinance. All of the funds of Cabarrus County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into

cash flow, and what monies are 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 provides 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 less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Cabarrus County adopts an annual budget for its General Fund, as required by the NC General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the Budget Ordinance and whether or not the County 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 legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Cabarrus County has two kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Cabarrus County uses an enterprise fund to account for landfill operations. This fund is 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 used to account for operations that provide services to other departments on a cost-reimbursement basis. Cabarrus County uses an internal service fund to account for self-insured hospitalization/dental and workers compensation/property liability activities.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Cabarrus County has six fiduciary funds which are agency funds.

**Notes to the Financial Statements** – The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statement.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans and other post-employment benefits.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$162,970 as of June 30, 2017. The County's net position decreased by \$30,103,488 in the same period. This decrease is primarily the result of large educational capital expenses in the current year. One of the largest portions of net position \$135,088,132 is Net Investment in Capital Assets (e.g. land, buildings, vehicles, equipment and other machinery used in providing services to residents). These assets are not available for future spending. Although the county'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 cannot be used to liquidate these liabilities. In accordance with the North Carolina General Statutes, the County is the issuer and payer of debt for capital purposes for the Cabarrus County Schools, Kannapolis City Schools and the Rowan-Cabarrus Community College. This debt, which totals \$278,842,233 at June 30, 2017 and totaled \$305,933,678 at June 30, 2016, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts the net position of the County, creating a large deficit in unrestricted net position. An additional portion of the County's net position, \$22,230,970,

represents resources which are reserved by law for specific purposes. Net position does not present the County's position regarding spending, this amount is presented in the governmental funds statements.

### Cabarrus County's Net Position

**Figure 2**

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 176,896,563	\$ 230,685,126	\$ 5,041,518	\$ 4,854,891	\$ 181,938,081	\$ 235,540,017
Capital assets	196,818,429	199,628,367	2,681,953	2,617,174	199,500,382	202,245,541
Total assets	<u>373,714,992</u>	<u>430,313,493</u>	<u>7,723,471</u>	<u>7,472,065</u>	<u>381,438,463</u>	<u>437,785,558</u>
Deferred outflows of resources	33,304,188	24,157,563	53,446	11,034	33,357,634	24,168,597
Long-term liabilities outstanding	330,901,434	364,276,694	3,987,541	3,918,757	334,888,975	368,195,451
Other liabilities	77,491,545	54,915,832	271,832	245,417	77,763,377	55,161,249
Total liabilities	<u>408,392,979</u>	<u>419,192,526</u>	<u>4,259,373</u>	<u>4,164,174</u>	<u>412,652,352</u>	<u>423,356,700</u>
Deferred inflows of resources	1,977,876	2,466,618	2,899	7,383	1,980,775	2,474,001
<b>Net Position</b>						
Net investment in capital assets	135,088,132	132,384,494	2,681,953	2,617,174	137,770,085	135,001,668
Restricted	22,230,970	20,309,397	-	-	22,230,970	20,309,397
Unrestricted	(160,670,777)	(119,878,979)	832,692	694,368	(159,838,085)	(119,184,611)
Total net position	<u>\$ (3,351,675)</u>	<u>\$ 32,814,912</u>	<u>\$ 3,514,645</u>	<u>\$ 3,311,542</u>	<u>\$ 162,970</u>	<u>\$ 36,126,454</u>

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- Continued low cost of debt due to the County's high bond rating and the prevailing low interest rate environment.
- General Fund County revenues at June 30, 2017 were \$10,065,490 over budget. This is higher than expected due to the following areas exceeding budgeted amounts: property tax (\$6,210,136), Local Option Sales Tax (\$2,173,471), Register of Deeds fees (\$272,282) and Building Inspection fees (\$138,876).
- The General Fund received \$5,721,814 in other financing sources from several capital project funds the majority of which was used for payment of debt service and to purchase buses and mobile units for schools.
- The General Fund had budgeted fund balance appropriated of \$18,095,365 that was not used during the fiscal year due to revenues exceeding budget by \$10,065,490 and expenses under budget by \$11,936,468.
- Of the General Fund expenses at June 30, 2017 that were \$11,936,468 under budget, some of the under-spending \$4,639,358 related to expenditures that were re-appropriated into FY2018. Of this amount there were \$3,922,591 in capital outlay and one-time projects funds allocated for Cabarrus County Schools, Kannapolis City Schools and Rowan Cabarrus Community College that were uncompleted at June 30, 2017. An additional \$716,767 was re-appropriated for various projects

and grants that were not completed in FY2017. County Departments were conservative in their spending resulting in an additional \$7,297,110 of savings. The largest areas of savings were in 1) Human Services, \$2,547,084 under budget, due to reduced expenses in Transportation, Economic Services and Child Welfare and 2) County salary and fringe expenses of \$2,356,573 under budget, due to unfilled positions and turnover.

- The Landfill Enterprise Fund operating FY2017 expenses were \$294,483 under budget. The variance primarily resulted from not performing some budgeted capital improvement projects and a reduction in tire disposal costs related to normal project operations.

**Cabarrus County's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 19,528,924	\$ 18,829,718	\$ 676,295	\$ 741,644	\$ 20,205,219	\$ 19,571,362
Operating grants and contributions	24,553,582	28,583,567	-	-	24,553,582	28,583,567
Capital grants and contributions	3,943,756	2,573,803	-	-	3,943,756	2,573,803
General revenues:						
Property taxes	154,541,579	145,851,203	-	-	154,541,579	145,851,203
Local option sales tax	47,584,589	44,145,980	-	-	47,584,589	44,145,980
ABC revenues	128,382	99,766	-	-	128,382	99,766
Other taxes and licenses	897,888	844,478	360,626	338,457	1,258,514	1,182,935
Investment earnings	1,043,249	2,494,713	32,258	14,706	1,075,507	2,509,419
Total revenues	<u>252,221,949</u>	<u>243,423,228</u>	<u>1,069,179</u>	<u>1,094,807</u>	<u>253,291,128</u>	<u>244,518,035</u>
Expenses:						
General government	25,784,005	22,937,803	-	-	25,784,005	22,937,803
Public safety	47,282,589	44,488,831	-	-	47,282,589	44,488,831
Economic and physical development	4,556,125	4,657,763	-	-	4,556,125	4,657,763
Environmental protection	654,645	396,644	-	-	654,645	396,644
Human services	38,136,558	36,753,034	-	-	38,136,558	36,753,034
Education	144,665,606	96,042,477	-	-	144,665,606	96,042,477
Cultural and recreation	8,177,430	7,593,910	-	-	8,177,430	7,593,910
Interest on long-term debt	13,271,582	13,448,868	-	-	13,271,582	13,448,868
Landfill	-	-	866,076	1,673,170	866,076	1,673,170
Total expenses	<u>282,528,540</u>	<u>226,319,330</u>	<u>866,076</u>	<u>1,673,170</u>	<u>283,394,616</u>	<u>227,992,500</u>
Increase (decrease) in net position before transfers	(30,306,591)	17,103,898	203,103	(578,363)	(30,103,488)	16,525,535
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	<u>(30,306,591)</u>	<u>17,103,898</u>	<u>203,103</u>	<u>(578,363)</u>	<u>(30,103,488)</u>	<u>16,525,535</u>
Net position, beginning, previously reported	32,814,912	14,134,538	3,311,542	3,889,905	36,126,454	18,024,443
Restatement	(5,859,996)	1,576,476	-	-	(5,859,996)	1,576,476
Net position, beginning, restated	<u>26,954,916</u>	<u>15,711,014</u>	<u>3,311,542</u>	<u>3,889,905</u>	<u>30,266,458</u>	<u>19,600,919</u>
Net position ending	<u>\$ (3,351,675)</u>	<u>\$ 32,814,912</u>	<u>\$ 3,514,645</u>	<u>\$ 3,311,542</u>	<u>\$ 162,970</u>	<u>\$ 36,126,454</u>

## **Governmental activities**

For the year ended June 30, 2017, governmental activities decreased the County's net position by \$30,306,591 and business-type activities increased net position by \$203,103. Key elements of the \$30,103,488 net decrease are as follows:

### **Revenues:**

Charges for services had a net increase of \$699,206 or 3.7% over FY2016. General Government had a net decrease of \$199,768. The Register of Deeds fees increased \$152,130 for recording new property settlements for an improving economy. FY 2016 was a bi-annual municipal election year which added \$104,240 of election fees that were not realized in the non-municipal 2017 year. During FY2016 a one time \$402,195 was received for the sale of land. Public Safety increased by \$623,313. Of this increase \$327,150 was attributed to the result of a full year of the Emergency Management Services Department providing transports for hospital patients. An additional \$250,392 was from the increase in the number of inmates being housed in the Cabarrus County Jail through the State Misdemeanant Confinement Program.

Economic and Physical Development revenues increased by \$321,193. This is primarily due to the first full year of The Cabarrus County Economic Development Corporation reimbursing the County for their employees who are now Cabarrus County employees.

Operating grants and contributions had a net decrease of \$4,029,985 or 14.1% over FY2016. This decrease is the result of several factors. There was a decrease of \$3,582,268 in the General Government revenue category. A new Internal Service fund was added in FY2016. For FY2016, the Workers Compensation and Property Liability Fund was added. The accounting for these transactions had previously been handled by a government corporation and was not included on the County's books. The government corporation was dissolved September 1, 2015. All assets were transferred to the County upon dissolution of the corporation. Human Service programs had a decrease in funding of \$497,341 from the federal and state government in the areas of Day Care and Social Service Administration reimbursements.

Capital grants and contributions experienced a net increase in the amount of \$1,369,953 or 53.2%. This net increase is made up of a \$118,666 decrease in transportation grants and a \$150,000 one-time capital contribution from the Management Company that operates the Cabarrus Arena and Events Center for FY2016. A \$1,600,000 increase was received from North Carolina Lottery funds to assist with the construction of public school facilities.

Property tax revenue increased from FY2016 levels by \$8,690,376 or 6.0%. Real property levy increases were due to tax revaluation and increased new construction and real estate improvements indicating an improving economy. Due to diligent tax collection procedures the Real Property Tax rate also increased from 98.02% to 98.96% from FY2016 to FY2017.

Local option sales tax increased by \$3,438,609 or 7.8%. Statewide, Counties experienced 7% growth during FY2017.

Investment earnings had a net decrease of \$1,451,463 over FY 2016 or 58.2%. An increase of \$500,141 was attributed to higher interest rates, increased cash balance and additional focus of time on investing. However, FY2017 was the first year that amortization of bond premium was recorded as a reduction in interest expense instead of an increase in interest revenue. This change resulted in a \$2,390,042 reduction in interest income from FY2016 to FY2017.

### **Expenses:**

General Government expenses increased overall by \$2,846,204 or 12.4%. An increase of \$513,011 was related to additional vehicle purchases. A total of \$2,768,663 was recognized as a loss on disposal of land and the property was donated to the community college. There was a \$466,772 increase in salary and benefits due to the addition of four new personnel, increased health insurance costs, and cost of living and merits.

Public Safety expenses increased \$2,793,758 or 6.3%. This increase is primarily due to the addition of 22 employees in the Sheriff, Emergency Medical Services, Fire Department and Planning & Development Departments. In addition to the increase in health insurance, COLA's and merits, \$312,911 in Sheriff radios were purchased.

Economic and Physical Development had a net decrease of \$101,638 or 2.2%. There was a \$373,019 increase in salary and benefits. FY2017 was the first full year of Economic Development employees becoming Cabarrus County employees. A decrease of \$352,787 was realized in the payment of economic incentives. Due to timing, incentives are not budgeted until payable. Other smaller decreases were realized in Soil & Water activities and Community Development rehabilitation projects.

Environmental Protection had a net increase of \$258,001 or 65.0%. This net increase is primarily due to the purchase of a conservation easement in FY2017 for \$266,967.

Human Services had a net increase of \$1,383,524 or 3.8%. Twelve new positions were added to the Human Services area. Other increases were realized in the recording of pension expense (\$281,132) and additional contributions to the Public Health Authority for their operations and school nurse program (\$331,521).

Education had a net increase of \$48,623,129 or 50.6%. Additional current expense funding of \$6,265,557 was provided to the Public Schools for FY2017. Construction of Odell 3-5 Elementary continued with \$4,761,926 in expenses. Construction of three new schools continued in FY2017, 1) Royal Oaks Elementary \$8,807,966, 2) Mt. Pleasant Middle School \$23,944,876, and 3) Kannapolis Middle School \$23,253,130. Preliminary planning of several new schools began in FY2017. Land and architect expenses were made for a new high school \$6,385,106. Architect plans were drawn for a performance learning center \$9,508. A land survey was prepared for a new elementary school \$2,400. Architectural and engineering plans prepared for an advanced technology center for the community college \$470,488.

Culture and Recreation had an increase of \$583,520 or 7.7%. Salary and benefits increased \$171,731 due to health insurance cost increases, COLA's and merit. Additional contributions to the Arena and Events center in the amount of \$174,296 were made in FY2017 for operations. Rob Wallace Park opened during FY2017 which increased park operations expense by \$56,698. Additional Senior Center grant proceeds were expensed in FY2017 for operations in the amount of \$76,641.

Interest on long term debt had a net decrease of \$177,286 or 1.3%. The County issued \$73,785,000 in Limited Obligation Bonds for the construction and equipping of three new schools on March 31, 2016. The first interest payment for this debt occurred in FY2017 in the amount of \$3,339,012. Older debt interest payments decreased in FY2017. The majority of the decrease was COPS/LOBS interest in the amount of \$481,584 and General Obligation Bonds in the amount of \$299,575. Another decrease of \$2,390,042 between FY2016 and FY2017 was realized when bond premium amortization was recorded as a reduction in interest expense in FY2017 instead of an increase in interest income as it had been in previous years.

### **Business-type activities**

The County's Business-type activity, the Landfill, experienced a \$203,103 (6.1%) increase in net position. Tipping fees decreased by \$72,765 due to a decrease in materials received at the landfill. Total expenses decreased \$807,094 from FY2016. The decrease is primarily due to closure/ post-closure care costs that occurred in FY2016 and not in FY2017 when an updated closure/ post-closure study was implemented.

### **Financial Analysis of the County's Funds**

As noted earlier, Cabarrus County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's major funds, as defined by GAAP for the fiscal year ended June 30, 2017, were the *General Fund* and the *School Construction Debt Fund*.

**Governmental Funds.** The focus of Cabarrus County's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing Cabarrus County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Cabarrus County. As of June 30, 2017, Cabarrus County's total fund balance was \$85,529,610 of which \$65,128,806 was available for commitments, assignments and appropriations. The Governing Body of Cabarrus County has determined that the county should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities and to meet the cash flow needs of the County. The County currently has an available fund balance of 28.20% of general fund expenditures, while total fund balance represents 34.92% of that same amount. Of the \$69,080,143 available fund balance, the County has restricted \$3,951,337 (5.7%), committed \$7,975,354 (11.5%) and assigned \$7,525,893 (10.9%) for specific projects and obligations. Following the fund balance policy, \$38,049,022 (55.1%) of the available fund balance has been set aside for working capital. This leaves \$11,578,537 (16.8%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2017, the governmental funds of Cabarrus County reported a combined fund balance of \$146,706,669, a \$52,548,319 decrease from last year. The majority of the decrease was from the issuance of \$73,785,000 in Limited Obligation Bonds (LOBS) in FY2016. The LOBS are being recorded in the *School Construction Debt Fund* (Major Fund). Additional revenues of \$84,944,452 in debt proceeds were recorded in FY2016. Expenditures of debt proceeds of \$56,005,972 were recorded in FY2017.

The *General Fund* fund balance increased \$5,240,627. Property taxes are the largest revenue source. The collection rate increased from the prior year's 98.19% to 99.05%. Current year tax collections were \$5,849,216 over budget.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2017, sales taxes of \$47,584,589 were collected; \$2,173,471 in excess of anticipated amounts.

Permits and Fees are primarily collected by the Register of Deeds office for the recording and dissemination of records and by the Planning and Development Department for inspection fees related to construction standards. The economy continues to grow and these two areas were \$438,605 over the budget.

Expenditures were under budget by \$11,936,468. Much of the underspending (\$4,639,358) related to expenditures that were re-appropriated into FY2018 for uncompleted projects. County departments were conservative in their spending resulting in an additional \$7,297,110 of savings.

The above highlighted increases in revenues and reduction in expenditures positively affected the General Fund fund balance. There were also \$17,344,988 in transfers from the General Fund to other funds during FY2017. The majority of the transfer amount (\$14,504,394) was related to fulfilling the County's 15% Fund Balance policy. The \$14,504,394 was transferred to the Capital Reserve Fund for future capital projects. Another large component of the transfer was \$1,122,880 which represents a transfer from the General Fund to the Construction and Renovation Fund for County capital projects that may spread over multiple fiscal years.

**Major and Non-Major Funds.** The *School Construction Debt Fund* (Major Fund) was created in FY2014 for the construction of debt financed schools. The actual debt \$73,785,000 in Limited Obligation Bonds was sold on March 31, 2016. Three schools, Royal Oaks Elementary, Mt. Pleasant Middle, and Kannapolis Middle are being built with debt and *Capital Reserve Fund* (Non-Major Fund) funding. During FY2017 \$56,005,972 was spent towards the construction of the three schools.

The *School Construction Fund* (Non-Major Fund) is being used to build a new Elementary school, to make school renovations and replace roofs on five schools through non-debt sources. The main source of revenue for this fund is through transfers from the *Capital Reserve Fund* (Non-Major Fund). During FY2017 this multi-year fund received \$2,621,643 from the *Capital Reserve Fund* and \$7,315,361 was spent towards the school construction projects.

The *Capital Reserve Fund* (Non-Major Fund) received \$14,504,394 in funds during FY2017 based on the County's 15% fund balance policy. As mentioned in the paragraph above, \$2,621,643 was transferred to the *School Construction Fund* (Non-Major Fund). Another \$3,721,739 was transferred to the General Fund (Major Fund) for the purchase of school mobile units and buses. During FY2017 \$4,423,351 was transferred to the *School Construction Debt Fund* (Major Fund) for the construction of Royal Oaks Elementary, Mt. Pleasant Middle, and Kannapolis Middle schools.

The *Limited Obligation Bonds 2017 Capital Projects Fund* (Non-Major Fund) is used to account for school and county projects that will be funded through cash and Limited Obligation Bonds that will be issued in November 2017. During FY2017 the Capital Reserve Fund transferred \$3,772,956 that was used for preliminary expenditures related to a new high school, performance learning center and parking deck.

The *Limited Obligation Bonds 2018 Capital Projects Fund* (Non-Major Fund) is used to account for school construction that will be funded through cash and Limited Obligation Bonds that will be issued in the spring of 2018. During FY2017 the Capital Reserve Fund transferred \$2,220,950 that was used for preliminary expenditures related to a new elementary school and advanced technology center for the community college.

**General Fund Budgetary Highlights:** During the fiscal year, the County 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) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund's budget amounted to an increase of \$24,817,499 with \$14,504,394 related to fund balance appropriated for the transfer of the 15% excess over fund balance.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by \$10,065,565 (3.9%). Actual general fund expenditures and transfers out were less than *final budgetary* figures by \$11,940,427 (4.6%).

Major budget increases and decreases during the year include:

- **Budgeting of Fund Balance:** A total of \$18,095,365 of fund balance was budgeted in FY2017. \$381,941 in fund balance was re-appropriated in August and \$153,387 in September, in addition to \$637,951 of open contracts and purchase orders from prior year for projects that were not completed in FY2016 and were on-going in FY2017. Fund balance was also appropriated for the transfer of excess fund balance of \$14,504,394 to the Capital Reserve Fund to be used for County and School projects.
- **Proprietary Funds.** Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Landfill Fund is the County's sole Enterprise fund. The Net position of the Landfill Fund increased by \$203,103 during the fiscal year ended June 30, 2017. The increase primarily relates to an increase in the other taxes and licenses and an increase in investment earnings.

### Capital Asset and Debt Administration

**Capital assets.** Cabarrus County's investment in capital assets for its governmental and business-type activities as of June 30, 2017, totals \$199,500,382 (net of accumulated depreciation). These assets include buildings, building improvements, land, land improvements, reservoir, equipment, furniture and fixtures, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Purchased one vehicle for County Manager, two for Volunteers, five for Property Maintenance, five for Building Maintenance, four for the Service Garage, seventeen for the Sheriff's department, one for Animal Control, three for Planning and Development, three for Emergency Management, six for Emergency Medical Services (which included three ambulances), three crusader vans for Transportation, for a total of 50 vehicles

- Purchased 35 Arbitrator MK 3 Main Unit/Camera with accessories for the Sheriff's Department.
- Completed projects included Rob Wallace park Phase I improvement, Frank Liske overflow parking lot and Tax Collectors renovation.
- Constructions in progress at the end of the year were the downtown parking deck, ALI Gateway Union County 911 backup, detention security and control/monitoring project, Sheriff Department firing range building improvement, new courthouse, Public Safety Training Center, restroom facility Frank Liske Park barn/playground, and Arena aisle safety lighting.
- Completed construction in progress at the end of the year for the Proprietary Fund was Landfill Expansion #3.

**Cabarrus County's Capital Assets**  
(net of accumulated depreciation)

**Figure 4**

	Governmental		Business-type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Land	\$ 21,106,389	\$ 21,636,186	\$ 490,447	\$ 490,447	\$ 21,596,836	\$ 22,126,633
Land Improvements	5,759,813	3,180,518	1,209,953	1,047,817	6,969,766	4,228,335
Buildings	124,402,913	129,684,763	911,330	942,744	125,314,243	130,627,507
Building Improvements	15,300,089	15,630,863	-	-	15,300,089	15,630,863
Equipment	3,700,386	3,646,060	8,575	-	3,708,961	3,646,060
Furniture and Fixtures	43,941	140,142	-	-	43,941	140,142
Vehicles	3,717,020	3,210,906	61,648	126,266	3,778,668	3,337,172
Reservoir	21,286,655	21,308,420	-	-	21,286,655	21,308,420
Construction in progress	1,501,223	1,190,509	-	9,900	1,501,223	1,200,409
<b>Total</b>	<b>\$ 196,818,429</b>	<b>\$ 199,628,367</b>	<b>\$ 2,681,953</b>	<b>\$ 2,617,174</b>	<b>\$ 199,500,382</b>	<b>\$ 202,245,541</b>

Additional information on the County's capital assets can be found in Note 2 section A (5) of the Basic Financial Statements.

**Long-term Debt.** As of June 30, 2017, Cabarrus County had total debt outstanding of \$345,627,326 which includes General Obligation Bonds that are backed by the full faith and credit of the County and other debt that is covered by pledged collateral and is subject to appropriation.

**Cabarrus County's Outstanding Debt**  
**All Debt Funding Sources**

**Figure 5**

	Governmental	
	Activities	
	2017	2016
General obligation bonds	\$ 65,546,821	\$ 73,900,237
Certificates of participation/ Limited obligation bonds	276,304,369	301,695,995
Notes payable	274,393	365,858
Capital lease obligations	3,245,354	2,745,710
Installment financing	256,389	-
<b>Total</b>	<b>\$ 345,627,326</b>	<b>\$ 378,707,800</b>

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 7th consecutive year an Aa1 rating from Moody's and an AA+ rating from Fitch. For the 8th consecutive year, a rating of AA+ from Standard and Poor's has been maintained. These bond ratings are a clear indication of the sound financial condition of Cabarrus County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,399,594,777 as of June 30, 2017. Additional information regarding Cabarrus County's long-term obligations can be found beginning in Note 2 section B (7) in the Basic Financial Statements.

### **Economic Factors and Next Year's Budgets and Rates**

Cabarrus County is a part of the Charlotte Metropolitan Statistical Area (MSA), which continues to experience economic growth.

The following key indicators reflect the economic condition of the County:

- Unemployment for the County was 3.9% for April 2017, compared to 4.5% at April 2016. Comparable rates for the State of North Carolina were 4.7% and 5.0% respectively.
- Population growth experienced an increase to approximately 201,590.
- A large diverse tax base with only 8.24% of assessed value attributed to the top ten taxpayers in the County.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2018 fiscal year.

### **Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2018**

**Governmental Activities:** The County's conservative financial management practices have positioned it to sustain services while keeping expenditures relatively flat over the next three years. In FY2018, the County is issuing debt for the construction of the new high school, a Performance Learning Center, a warehouse, and downtown Concord parking deck. The County still struggles to maintain the current tax rate with the increase in growth that the County is experiencing, in addition to the many capital needs of the schools and deferred maintenance costs. The County's five year financial plan ensures the County will maintain a healthy fund balance. In developing the FY2018 budget, the County was successful in keeping the tax rate from growing. The County adopted its FY2018 budget of \$262,765,262 at 3.34% less than the FY2017 amended budget dated April 2017. The County's 2018 budget is based on a tax rate of \$0.70 per \$100 valuation (the same as the rate in FY2017).

The total taxable property tax value was estimated to increase 2.9% from FY2017. The collection percentages used were 98.02% for real property and 100% for motor vehicles (the prior year actual experience).

Total sales tax was budgeted at \$48,793,954, a 7.75% increase over the FY2017 revised budget. Two factors influence normal growth in sales tax. The first is growth in retail sales and the second is the value of non-profit refunds.

The County budgeted \$2,000,000 in lottery proceeds in FY2018, which is the same as the FY2017 revised budget. Expected revenues of \$2,000,000 will be budgeted per year in the coming years for lottery funds due to the State's change in their funding.

Increases in the FY2018 spending relate primarily to: an increase of health insurance costs \$521,394, an increase of \$1,626,091 for a cost of living and merit increase for County staff, an increase in funding for 34 new positions which totals approximately \$1,638,522 and increases in debt service for the construction of the new high school, a Performance Learning Center and a downtown Concord parking deck.

The FY2018 budget added the following approved positions: One Budget Analyst, one Multi-Media Journalist, one Recruitment Specialist in Human Resources, one Grounds Maintenance Worker, one Facility Services Worker, one Sergeant position that will be in Harrisburg, one Records Specialist, one Firefighter, five part-time EMT's, two Code Enforcement Officers and one Permit Associate. The majority of the approved positions were for the Department of Human Services, which includes: four Child Welfare Social Work Assessment positions, one part-time Child Welfare Social Work Assessment position, one Administrative Associate in Child Welfare, one Child Welfare Social Work Supervisor III, one Child Welfare Human Service Evaluator II, one Child Support Agent I, one Income Maintenance Supervisor II, two Income Maintenance Caseworker III, one Foreign Language Interpreter II, one Social Worker III. The Active Living and Parks Department had the following positions approved: one Park Attendant, one Senior Park Ranger, one part-time Park Ranger and one part-time Senior Center Supervisor.

The County continues to be conservative and budgeted \$1,828,182 for FY2018, with \$300,000 for contingency for the Board, \$1,144,962 is allotted for 630 charter school students per the additional student count and increased per pupil count to \$1,817.40 based on the ADM split and \$383,220 for unallocated contingency.

**Business-type Activities:** The Landfill budget decreased \$74,390 or 7.11% from FY2017 to FY2018 to \$971,952. For FY2018, tipping fees are budgeted at \$592,952 as a part of the sales and services category for revenues. Tire disposal fees are projected to increase from FY2017 to FY2018 from \$210,000 to \$225,000. The overall decrease in this fund relates to improvement projects that took place in FY17 that were required for the design and quality assurance of the expansion of the landfill, which the Board approved in April 2016.

### **Requests for Information**

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Department, Cabarrus County, 65 Church Street SE, Concord, NC 28025. You can also call 704-920-2104 or visit our website at [www.cabarruscounty.us](http://www.cabarruscounty.us).

# Basic Financial Statements

**Cabarrus County, North Carolina**  
**Statement of Net Position**  
**June 30, 2017**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 120,998,253	\$ 4,902,193	\$ 125,900,446	\$ 7,555,523
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,378,890	28,830	4,407,720	2,399,669
Customers	1,460,914	17,269	1,478,183	671,480
Interest	513,273	13,305	526,578	-
Property taxes	1,673,744	-	1,673,744	-
Due from other governments	11,090,902	79,921	11,170,823	96,639
Inventories	163,863	-	163,863	-
Prepaid items	503,059	-	503,059	-
Restricted cash and cash equivalents	35,305,178	-	35,305,178	898,148
Net Register of Deeds				
Supplemental Retirement Asset	448,487	-	448,487	-
Notes Receivable	360,000	-	360,000	-
Capital Assets not being depreciated:				
Land	21,106,389	490,447	21,596,836	-
Construction in Progress	1,501,223	-	1,501,223	-
Capital Assets net of accumulated depreciation:				
Land Improvements	5,759,813	1,209,953	6,969,766	-
Buildings and Building Improvements	139,703,002	911,330	140,614,332	97,962
Reservoir	21,286,655	-	21,286,655	-
Furniture and Fixtures	43,941	-	43,941	46,744
Equipment	3,700,386	8,575	3,708,961	150,707
Vehicles and Motorized Equipment	3,717,020	61,648	3,778,668	119,625
<b>Total assets</b>	<b>373,714,992</b>	<b>7,723,471</b>	<b>381,438,463</b>	<b>12,036,497</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>33,304,188</b>	<b>53,446</b>	<b>33,357,634</b>	<b>3,214,450</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	13,040,616	125,014	13,165,630	1,123,090
Liabilities to be paid from restricted assets	598,000	-	598,000	898,148
Accrued interest payable	3,609,317	-	3,609,317	-
Retainage payable	2,616,010	-	2,616,010	-
Long-term liabilities:				
Net Pension Liability LGERS	16,441,622	62,716	16,504,338	3,539,206
Total Pension Liability LEOSSA	6,676,726	-	6,676,726	-
Due within one year	34,509,254	84,102	34,593,356	588,920
Due in more than one year	330,901,434	3,987,541	334,888,975	908,616
Total long-term liabilities	388,529,036	4,134,359	392,663,395	5,036,742
<b>Total liabilities</b>	<b>408,392,979</b>	<b>4,259,373</b>	<b>412,652,352</b>	<b>7,057,980</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,977,876</b>	<b>2,899</b>	<b>1,980,775</b>	<b>124,018</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	135,088,132	2,681,953	137,770,085	415,038
Restricted for :				
Stabilization by State Statute	17,047,918	-	17,047,918	2,496,308
Register of Deeds	317,461	-	317,461	-
Jail Housing Unit/Sheriff Admin debt payments	488	-	488	-
Emergency Telephone 911	281,638	-	281,638	-
Sheriff & State Safety programs	262,632	-	262,632	-
HOME Programs	63,796	-	63,796	-
Energy assistance programs	33,348	-	33,348	-
Soil & Water programs	252,225	-	252,225	-
State recycling programs	4,575	-	4,575	-
Social Services grants	214,542	-	214,542	-
School debt & construction	3,570,594	-	3,570,594	-
Cabarrus Arena & Events Center	51,664	-	51,664	-
Park grants	11,651	-	11,651	-
Library grants	118,438	-	118,438	-
Unrestricted	(160,670,777)	832,692	(159,838,085)	5,157,603
<b>Total net position</b>	<b>\$ (3,351,675)</b>	<b>\$ 3,514,645</b>	<b>\$ 162,970</b>	<b>\$ 8,068,949</b>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

Function/Program Activities	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities		Total
<b>Primary Government:</b>								
Governmental Activities:								
General government	\$ 25,784,005	\$ 3,650,774	\$ 1,956,333	\$ -	\$ (20,176,898)	\$ -	\$ (20,176,898)	\$ -
Public safety	47,282,589	12,642,192	1,669,713	38,619	(32,932,065)	-	(32,932,065)	-
Economic and physical development	4,556,125	458,680	689,873	-	(3,407,572)	-	(3,407,572)	-
Environmental protection	654,645	45,345	12,263	-	(597,037)	-	(597,037)	-
Human services	38,136,558	1,344,764	18,155,349	305,137	(18,331,308)	-	(18,331,308)	-
Education	144,665,606	-	717,727	3,600,000	(140,347,879)	-	(140,347,879)	-
Culture and recreation	8,177,430	1,387,169	1,352,324	-	(5,437,937)	-	(5,437,937)	-
Interest on long-term debt	13,271,582	-	-	-	(13,271,582)	-	(13,271,582)	-
Total governmental activities	<u>282,528,540</u>	<u>19,528,924</u>	<u>24,553,582</u>	<u>3,943,756</u>	<u>(234,502,278)</u>	<u>-</u>	<u>(234,502,278)</u>	<u>-</u>
Business-Type Activities:								
Solid Waste	866,076	676,295	-	-	-	(189,781)	(189,781)	-
Total business-type activities	<u>866,076</u>	<u>676,295</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(189,781)</u>	<u>(189,781)</u>	<u>-</u>
Total primary government	<u>\$ 283,394,616</u>	<u>\$ 20,205,219</u>	<u>\$ 24,553,582</u>	<u>\$ 3,943,756</u>	<u>(234,502,278)</u>	<u>(189,781)</u>	<u>(234,692,059)</u>	<u>-</u>
<b>Component Unit:</b>								
Cabarrus Health Alliance	<u>\$ 23,208,662</u>	<u>\$ 11,397,891</u>	<u>\$ 12,294,538</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,767</u>
General Revenues:								
Property taxes					154,541,579	-	154,541,579	-
Local option sales tax					47,584,589	-	47,584,589	-
ABC revenues					128,382	-	128,382	-
Other taxes and licenses					897,888	360,626	1,258,514	-
Investment earnings					1,043,249	32,258	1,075,507	34,710
Miscellaneous					-	-	-	60,005
Total general revenues					<u>204,195,687</u>	<u>392,884</u>	<u>204,588,571</u>	<u>94,715</u>
Change in net position					<u>(30,306,591)</u>	<u>203,103</u>	<u>(30,103,488)</u>	<u>578,482</u>
Net position, beginning, previously reported					32,814,912	3,311,542	36,126,454	7,490,467
Restatement					<u>(5,859,996)</u>	<u>-</u>	<u>(5,859,996)</u>	<u>-</u>
Net position, beginning, restated					<u>26,954,916</u>	<u>3,311,542</u>	<u>30,266,458</u>	<u>7,490,467</u>
Net position, ending					<u>\$ (3,351,675)</u>	<u>\$ 3,514,645</u>	<u>\$ 162,970</u>	<u>\$ 8,068,949</u>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

Exhibit 3  
Page 1 of 2

	Major		Non-Major	Total Governmental Funds
	General	School Construction Debt	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 72,632,411	\$ 7,183,082	\$ 30,353,654	\$ 110,169,147
Restricted cash	3,571,082	30,965,994	768,102	35,305,178
Receivables (net of allowance for uncollectible)				
Accounts receivable	4,329,384	-	49,506	4,378,890
Customers	1,460,914	-	-	1,460,914
Property taxes	1,673,744	-	-	1,673,744
Interest	253,757	-	38,904	292,661
Due from other funds	5,610	-	-	5,610
Due from other governments	11,011,327	-	57,671	11,068,998
Prepaid items	219,482	-	-	219,482
Notes receivable	-	-	360,000	360,000
Inventories	163,863	-	-	163,863
Total assets	\$ 95,321,574	\$ 38,149,076	\$ 31,627,837	\$ 165,098,487
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,708,823	\$ 4,586,824	\$ 701,816	\$ 10,997,463
Due to other funds	-	-	5,610	5,610
Liabilities to be paid from restricted assets	-	-	598,000	598,000
Contract retainages	-	2,468,053	147,957	2,616,010
Total liabilities	5,708,823	7,054,877	1,453,383	14,217,083
<b>DEFERRED INFLOWS OF RESOURCES</b>	4,083,141	-	91,594	4,174,735
Fund Balances:				
Nonspendable:				
Inventories	163,863	-	-	163,863
Prepaid items	219,482	-	-	219,482
Restricted:				
Stabilization by State Statute	16,066,122	-	981,796	17,047,918
Register of Deeds Automation & Enhancement	-	-	317,461	317,461
Jail Housing Unit/Sheriff Admin debt payments	488	-	-	488
Emergency Telephone 911	-	-	281,638	281,638
Sheriff & State Safety Programs	116,139	-	146,493	262,632
HOME programs	-	-	63,796	63,796
Energy assistance programs	33,348	-	-	33,348
Soil & Water programs	-	-	252,225	252,225
State recycling programs	4,575	-	-	4,575
Social Services grants	214,542	-	-	214,542
School debt & construction	3,570,594	30,965,994	-	34,536,588
Cabarrus Arena & Events Center	-	-	51,664	51,664
Park grant	11,651	-	-	11,651
Library grants	-	-	118,438	118,438
Committed:				
General Government	-	-	7,387,164	7,387,164
Public Safety	1,576,476	-	295,443	1,871,919
Economic & Physical Development	2,532,100	-	2,143,423	4,675,523
Environmental Protection	-	-	325,000	325,000
Human Services	-	-	286,810	286,810
Education	3,866,778	128,205	8,108,452	12,103,435
Culture & Recreation	-	-	2,969,259	2,969,259
Assigned:				
General Government	6,191,609	-	-	6,191,609
Public Safety	705	-	-	705
Economic & Physical Development	1,208,933	-	-	1,208,933
Environmental Protection	4,993	-	-	4,993
Human Services	63,000	-	-	63,000
Education	55,813	-	5,127,433	5,183,246
Culture & Recreation	840	-	1,284,036	1,284,876
Unassigned	49,627,559	-	(57,671)	49,569,888
Total fund balances	85,529,610	31,094,199	30,082,860	146,706,669
Total liabilities, deferred inflows of resources, and fund balances	\$ 95,321,574	\$ 38,149,076	\$ 31,627,837	\$ 165,098,487

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**June 30, 2017**

Exhibit 3A  
Page 2 of 2

Total fund balances-total governmental funds		\$ 146,706,669
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Government capital assets	270,446,690	
Less accumulated depreciation	<u>(73,628,261)</u>	196,818,429
Charges related to advance refunding bond issue		
Less current year amortization	<u>21,214,956</u> <u>(2,200,541)</u>	19,014,415
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds		
Deferred Inflows of resources for taxes and ambulance receivables		3,134,658
Premium on Debt Issuance	(24,006,232)	
Current Year Amortization	<u>2,390,042</u>	(21,616,190)
Sales tax receivable for capital lease		
		21,904
Contributions and other costs to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
Pension		14,011,215
Register of Deeds Supplemental Retirement		141,753
Benefit payments and pension administration costs for LEOSSA		136,805
Internal service funds are used by management to charge the costs of self-insured hospitalization dental, Workers Compensation and Liability Insurance to individual departments		
		9,097,414
Pension related deferred inflows		
		(937,799)
Long-term liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and Other Debt Payable	(324,011,136)	
Accrued Interest	(3,416,589)	
Compensated Absences	(3,856,475)	
LEO Pension Obligation	(6,676,726)	
Net pension liability	(16,441,622)	
Net Register of Deeds Supplemental Retirement asset	448,487	
OPEB Obligation	<u>(15,926,887)</u>	<u>(369,880,948)</u>
Net position of governmental activities		<u>\$ (3,351,675)</u>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2017**

Exhibit 4  
Page 1 of 2

	<u>Major</u>		<u>Non-Major</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u>	<u>School</u> <u>Construction Debt</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 153,149,213	\$ -	\$ 4,656,553	\$ 157,805,766
Other taxes and licenses	48,482,477	-	-	48,482,477
Intergovernmental revenues	23,592,676	-	4,938,599	28,531,275
Permits and fees	5,966,475	-	-	5,966,475
Sales and services	11,924,453	-	770,669	12,695,122
Investment earnings	637,633	237,133	101,615	976,381
Donations	-	-	559,896	559,896
Miscellaneous	376,307	-	10,583	386,890
<b>Total revenues</b>	<u>244,129,234</u>	<u>237,133</u>	<u>11,037,915</u>	<u>255,404,282</u>
<b>EXPENDITURES</b>				
Current:				
General government	21,505,046	-	159,789	21,664,835
Public safety	36,599,353	-	4,459,515	41,058,868
Economic & physical development	4,484,864	-	16,109	4,500,973
Environmental protection	306,699	-	303,681	610,380
Human services	37,003,442	-	-	37,003,442
Education	74,476,771	56,005,972	14,182,863	144,665,606
Culture and recreation	4,998,718	-	1,570,353	6,569,071
Capital outlay:				
Land and land improvements	45,658	-	3,888,020	3,933,678
Building and building improvements	117,459	-	121,736	239,195
Equipment and furniture	1,086,393	-	422,935	1,509,328
Vehicles and motorized equipment	2,044,937	-	29,801	2,074,738
Construction in progress	-	-	25,272	25,272
Debt service:				
Principal retirement	31,526,637	-	27,253	31,553,890
Interest and fees	13,382,367	-	2,511	13,384,878
<b>Total expenditures</b>	<u>227,578,344</u>	<u>56,005,972</u>	<u>25,209,838</u>	<u>308,794,154</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,550,890</u>	<u>(55,768,839)</u>	<u>(14,171,923)</u>	<u>(53,389,872)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Lease Financing issued	312,911	-	528,642	841,553
Transfers in	5,721,814	6,023,351	33,663,312	45,408,477
Transfers out	(17,344,988)	(75)	(28,063,414)	(45,408,477)
<b>Total other financing sources (uses)</b>	<u>(11,310,263)</u>	<u>6,023,276</u>	<u>6,128,540</u>	<u>841,553</u>
<b>Net change in fund balances</b>	5,240,627	(49,745,563)	(8,043,383)	(52,548,319)
Fund balance, July 1	80,288,983	80,839,762	38,126,243	199,254,988
Fund balance, June 30	<u>\$ 85,529,610</u>	<u>\$ 31,094,199</u>	<u>\$ 30,082,860</u>	<u>\$ 146,706,669</u>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**And Changes in Fund Balance to the Statement of Activities of Governmental Funds**  
**For the Year Ended June 30, 2017**

Exhibit 4A  
Page 2 of 2

Net change in fund balances-total governmental funds \$ (52,548,319)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.

Expenditures for capital assets	7,782,211	
Less current year depreciation	<u>(7,637,905)</u>	144,306

Contributions and other costs to the pension plan in the current fiscal year are not included on the Statement of Activities		11,210,361
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Ambulance	86,655	
Property Tax	<u>(3,264,187)</u>	(3,177,532)

The effect of disposal of capital assets, net book value		(2,954,244)
--	--	-------------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of

Debt proceeds	(841,553)	
Amortization of current year debt premium	2,390,042	
Principal payments	31,553,890	
Deferred charge on refunding	<u>(2,200,542)</u>	30,901,837

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 governmental funds.

Compensated Absences	(79,915)	
Law Enforcement Officers Pension Obligation	(351,583)	
Local Government Employees Retirement System	(12,029,847)	
Register of Deeds Supplemental Retirement	(87,454)	
Other Postemployment Benefit Obligations	(1,704,128)	
Accrued Interest	<u>(76,205)</u>	(14,329,132)

Internal service funds are used by management to charge the cost of self-insured hospitalization, workers compensation and liability systems to individual departments.		<u>446,132</u>
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Changes in net position of governmental activities		<u><u>\$ (30,306,591)</u></u>
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The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2017**

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Ad Valorem Taxes:				
Taxes	\$ 146,214,972	\$ 146,439,077	\$ 152,416,763	\$ 5,977,686
Interest	500,000	500,000	732,450	232,450
Other Taxes and Licenses	46,082,453	46,210,118	48,482,477	2,272,359
Intergovernmental Revenues	21,244,006	23,368,757	23,592,676	223,919
Permits and Fees	5,527,870	5,527,870	5,966,475	438,605
Sales and Services	11,070,624	11,148,164	11,924,453	776,289
Investment Earnings	280,000	280,000	637,633	357,633
Miscellaneous	456,335	589,758	376,307	(213,451)
<b>Total revenues</b>	<u>231,376,260</u>	<u>234,063,744</u>	<u>244,129,234</u>	<u>10,065,490</u>
<b>EXPENDITURES</b>				
Current:				
General Government	27,350,535	25,096,972	22,666,304	2,430,668
Public Safety	39,212,258	40,256,589	38,300,960	1,955,629
Economic & Physical Development	4,195,229	5,112,734	4,484,864	627,870
Environmental Protection	378,737	389,433	306,699	82,734
Human Services	39,204,919	39,736,906	37,189,822	2,547,084
Education	70,702,150	78,423,195	74,476,771	3,946,424
Culture and Recreation	5,346,724	5,563,149	5,243,920	319,229
Debt service:				
Principal retirement	32,856,638	32,856,638	32,856,637	1
Interest and fees	13,408,296	13,409,196	13,382,367	26,829
<b>Total expenditures</b>	<u>232,655,486</u>	<u>240,844,812</u>	<u>228,908,344</u>	<u>11,936,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,279,226)</u>	<u>(6,781,068)</u>	<u>15,220,890</u>	<u>22,001,958</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,000,000	5,721,739	5,721,814	75
Transfers out	(720,774)	(17,348,947)	(17,344,988)	3,959
Lease Proceeds	-	312,911	312,911	-
Fund balance appropriated	-	18,095,365	-	(18,095,365)
<b>Total other financing sources (uses)</b>	<u>1,279,226</u>	<u>6,781,068</u>	<u>(11,310,263)</u>	<u>(18,091,331)</u>
<b>Net change in fund balance</b>	<u>-</u>	<u>-</u>	<u>3,910,627</u>	<u>\$ 3,910,627</u>
Fund Balance, July 1			\$ 80,288,983	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name			<u>1,330,000</u>	
Fund balance, June 30			<u>\$ 85,529,610</u>	

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2017**

	<b>Business-type Activities Landfill Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 4,902,193	\$ 10,829,106
Receivables (net):		
Accounts	28,830	-
Customers	17,269	-
Due from other governments	79,921	-
Interest	13,305	27,884
Prepaid expenses	-	283,577
Total current assets	<u>5,041,518</u>	<u>11,140,567</u>
Capital assets:		
Land & land improvements	2,689,843	-
Buildings & improvements	1,256,544	-
Vehicles and equipment	2,387,270	-
Less: Accumulated depreciation	(3,651,704)	-
Total capital assets (net)	<u>2,681,953</u>	<u>-</u>
Total assets	<u>7,723,471</u>	<u>11,140,567</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>53,446</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	125,014	5,159
Closure/postclosure costs payable	72,000	-
Compensated absences payable	12,102	-
Total current liabilities	<u>209,116</u>	<u>5,159</u>
Noncurrent liabilities:		
Net pension liability	62,716	-
Amounts payable for future claims	-	2,037,994
Closure/postclosure costs payable	3,875,910	-
Compensated absences payable	3,026	-
Other postemployment benefits	108,605	-
Total noncurrent liabilities	<u>4,050,257</u>	<u>2,037,994</u>
Total liabilities	<u>4,259,373</u>	<u>2,043,153</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>2,899</u>	<u>-</u>
<b>NET POSITION</b>		
Net Invested in capital assets	2,681,953	-
Unrestricted	832,692	9,097,414
Total net position	<u>\$ 3,514,645</u>	<u>\$ 9,097,414</u>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Revenues, Expenses, And Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

Exhibit 7  
Page 1 of 2

	<b>Business-type Activities Landfill Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Operating revenues:</b>		
Charges for sales and services:		
Tipping fees	\$ 604,553	\$ -
Waste disposal fees	71,742	-
Insurance premiums   refunds	-	12,258,021
Program fees	-	36,314
Total operating revenues	676,295	12,294,335
<b>Operating expenses:</b>		
Administration:		
Salaries and benefits		
Salary and wages	193,928	-
FICA	11,706	-
Medicare	2,738	-
Group hospital insurance	37,491	-
Vision care	103	-
Retirement	18,157	-
Life insurance	81	-
Workers' compensation	10,943	-
Deferred compensation - 401k	10,021	-
Insurance and bonds	3,507	-
Total salaries and benefits	288,675	-
Operations:		
General and administrative		
Administrative fees	-	2,098,552
Dues and subscriptions	624	-
Lights and power	4,741	2,190
Office supplies   Medical supplies	1,983	79,422
Other operating costs	-	10,381
Telephone	1,620	-
Travel	1,407	-
Uniforms	2,745	-
Total general and administrative	13,120	2,190,545

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Revenues, Expenses, And Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

Exhibit 7  
Page 2 of 2

Other operational expenses:		
Auto and truck maintenance	13,403	-
Building and ground maintenance	8,320	-
Claims	-	9,403,150
Consultant	-	42,000
Depreciation	191,057	-
Engineers	523	-
Fuel	31,157	-
Heavy equipment maintenance	29,360	-
Landfill disposal tax remittance	31,508	-
Minor equipment maintenance	809	-
Permitting fees	8,600	-
Service contracts	-	247,999
Equipment and furniture	2,397	-
Tire disposal	99,427	-
Tools and minor equipment	2,966	31,377
Capital reserve	139,916	-
Waste disposal charges	4,838	-
Total other operational expenses	<u>564,281</u>	<u>9,724,526</u>
Total operating expenses	<u>866,076</u>	<u>11,915,071</u>
Operating income (loss)	<u>(189,781)</u>	<u>379,264</u>
<b>Nonoperating revenues:</b>		
Landfill disposal tax	30,597	-
Landfill state tax distribution	42,889	-
Solid waste franchise fee	25,000	-
Tire disposal fees	262,035	-
Investment earnings	32,258	66,868
Miscellaneous revenue	105	-
Total nonoperating revenues	<u>392,884</u>	<u>66,868</u>
Change in net position	203,103	446,132
Total net position, July 1	<u>3,311,542</u>	<u>8,651,282</u>
Total net position, June 30	<u>\$ 3,514,645</u>	<u>\$ 9,097,414</u>

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2017**

	<b>Business-type Activities Landfill Enterprise Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 659,139	\$ 3,655
Cash received from departments	-	12,258,094
Cash paid to employees	(310,467)	-
Cash paid to suppliers for goods and services	(316,249)	(11,823,533)
Net cash provided by operating activities	32,423	438,216
<b>Cash flows from non-capital financing activities:</b>		
Net cash provided by non-capital financing activities	360,626	-
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(255,836)	-
Net cash (used) by capital financing activities	(255,836)	-
<b>Cash flows from investing activities:</b>		
Interest received on investments	25,201	51,373
Net cash provided by investing activities	25,201	51,373
<b>Net increase in cash and cash equivalents</b>	162,414	489,589
Cash and cash equivalents, July 1	4,739,779	10,339,517
Cash and cash equivalents, June 30	\$ 4,902,193	\$ 10,829,106
<b>Reconciliation of operating income (loss) to net cash provided (used for) operating activities:</b>		
Operating income (loss)	\$ (189,781)	\$ 379,264
Depreciation expense	191,057	-
(Increase) decrease in accounts receivable and prepaids	(25,133)	(32,586)
(Increase) decrease in due from other governments	(4,591)	-
Decrease in customers receivable	12,568	-
Increase in net pension liability	50,371	-
Increase in deferred outflows of resources - pensions	(42,412)	-
(Decrease) in deferred inflows of resources - pensions	(4,484)	-
Increase in accounts payable and accrued liabilities	3,948	91,538
Increase in landfill closure   post-closure care costs	47,376	-
Increase in other postemployment benefits	7,954	-
Increase (decrease) in compensated absences payable	(14,450)	-
Total adjustments	222,204	58,952
Net cash provided by operating activities	\$ 32,423	\$ 438,216

The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 439,310
Accounts receivable	10,957
Due from other Government	730,688
 Total assets	 \$ 1,180,955
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 10,306
Due to courts	550
Due to jail inmates	34,823
Due to municipalities	948,380
Due to program participants	64,864
Due to schools	122,032
 Total liabilities	 \$ 1,180,955

The notes to the financial statements are an integral part of this statement.

# Notes to the Financial Statements

**Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2017**

**Note 1. Summary of Significant Accounting Policies**

The accompanying financial statements and the following accounting policies of Cabarrus County, North Carolina (the "County") and its component units conform to accounting principles generally accepted in the United States of America as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The County, which is governed by a five-member board of commissioners, is one of the one hundred counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities, for which the County is financially accountable. The Cabarrus Development Corporation, blended component unit, and the Cabarrus County Industrial Facility and Pollution Control Financing Authority, a discretely presented component unit, described below, have no financial transactions or account balances; therefore, they do not appear in the financial statements. The Cabarrus County Development Corporation was organized and shall be operated exclusively for the purpose of providing debt financing for the County, to fulfill various statutory obligations involving but not limited to, purchase and sale, construction and/or lease of real estate improvements, facilities, and equipment. The Cabarrus County Industrial Facility and Pollution Control Financing Authority exist to issue and service revenue bond debt of private businesses for economic development purposes. The Public Health Authority of Cabarrus County, a discretely presented component unit described below, is reported in a separate column in the County's financial statements in order to emphasize that it is legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Cabarrus Development Corporation	Blended	The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County.	None Issued
Cabarrus County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance	Discrete	Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 <sup>th</sup> , 1998, the Cabarrus County Board by resolution authorized the transfer of powers, duties, and responsibilities to the Alliance for communicable disease control, environmental protection, and maintenance of vital records. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. The County funded the Alliance with \$6,343,345 or 26.60% of its total revenues for the fiscal year ended June 30, 2017. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 300 Mooresville Road Kannapolis, NC 28081

**Cabarrus County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

*Government-wide Statements:* The Statement of Net Position and the Statement of Activities display information about the primary government's (the County's) and its component unit's net position. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. 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 non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. This fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**School Construction Debt Fund.** This fund accounts for planning, design, construction and/or renovation of schools through the use of debt and non-debt sources.

The County reports the following major proprietary fund:

**Landfill Fund.** This fund accounts for the operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Additionally, the County reports the following fund types:

**Internal Service Fund.** This fund accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The County has two internal service funds, the Self-Insured Hospitalization and Dental Fund and the Property Liability and Workers' Compensation Fund.

**Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Cabarrus County has one Fiduciary Fund, the Agency Fund.

**Cabarrus County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Agency Funds.** These funds are custodial in nature and do not involve the measurement of operating results. These funds are used to account for assets that the government holds for others in an agency capacity. The County maintains six agency funds: the Department of Social Services Agency Fund, the Charitable Campaign Agency Fund, the Undistributed Taxes Agency Fund, the Intergovernmental Agency Fund, the Sheriff Civil Agency Fund and the Jail Commissary Agency Fund. The Department of Social Services Agency Fund is used to account for money deposited with the County through the social services department under a program which manages the financial affairs of persons unable or incapable of managing them on their own. The Charitable Campaign Agency Fund is used to account for money contributed by County employees through annual one time giving and through payroll deductions for the purpose of distribution to charitable non-profit agencies in our area. One hundred percent of the money collected is distributed to the charitable non-profit agencies. The Undistributed Taxes Agency Fund is used to accumulate collected property taxes before they are distributed to local municipalities. The Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina. The Sheriff Civil Records Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiffs. The Jail Commissary Agency Fund is used to account for an inmate's money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release.

**Special Revenue Funds.** These funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The County maintains the following special revenue funds:

*Emergency Telephone System* – accounts for the receipt and disbursement of funds for the Cabarrus County Emergency 911 system.

*Community Development Grant* – accounts for the receipt and disbursement of grant funds from the Community Development Block Grant.

*Cabarrus Arena and Events Center* – accounts for the operations of the County owned Arena and Events Center and the annual Cabarrus County Fair.

*Fire Districts* – accounts for the receipt and disbursement of property taxes collected by Cabarrus County and then remitted to each fire department for the purpose of providing fire protection to a specific tax area.

*Sheriff's Department* – collects and appropriates federal and State funds received specifically for the Cabarrus County Sheriff's Department.

*Department of Aging* – collects and appropriates contributions and private donations received specifically for the Cabarrus County Department of Aging's Senior Citizen programs and projects.

**Capital Projects Funds.** These funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County maintains the following non-major capital projects funds:

*Public School Building* – collects State public school funds and lottery proceeds and disbursing the funds for smaller non-debt school capital projects.

*Construction and Renovations* – constructs, renovates and equips larger Capital projects for the County through the use of debt and non-debt sources.

*School Construction* – accounts for planning, design, construction and/or renovation of schools through the use of non-debt General or Capital Reserve funds.

*Limited Obligation Bonds 2017* - accounts for planning, design, construction and/or renovation of school and other capital projects that are funded by debt issued in 2017.

**Cabarrus County, North Carolina**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

*Limited Obligation Bonds 2018* – accounts for planning, design, construction and/or renovation of school and other capital projects that are funded by debt to be issued in 2018.

*Capital Reserve* – maintains funds for future County and School capital projects.

*Small Projects* – collects and appropriates general fund revenues and federal and State grant funds received specifically for use by the appropriate Cabarrus County Department who has received the funds.

*Cannon Memorial Library* – collects and appropriates contributions and private donations received specifically for the Cabarrus County libraries to purchase books or to use on library programs and projects.

**Measurement Focus – Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements* – The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus except for the Agency Funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 County enterprise funds are charges to customers for sales and services. 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 non-operating revenues and expenses.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 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. 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

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for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Landfill Enterprise Fund, the Cabarrus Arena and Events Center Special Revenue Fund, the Fire District Special Revenue Fund, and the Emergency Telephone Special Revenue Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the remaining special revenue funds and the capital projects funds. The County operates under a financial plan for the Self-Insured Hospitalization and Property, Liability and Workers' Compensation Internal Service Fund. The financial plan was adopted by the governing board at the time the County's budget ordinance was approved, as required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

The County Manager and/or Finance Director, or designee is hereby authorized to transfer appropriations within or between funds, or modify revenue and expenditure projections, as contained herein under the following conditions:

1. The Finance Director may transfer amounts between objects of expenditure within a function.
2. The County Manager may transfer amounts between objects of expenditures and revenues without limitation.
3. The County Manager may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners, except as specified below for budget shortfalls and change orders.
4. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order.
5. The County Manager is authorized to transfer funds from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvement Plan for the current fiscal year.
6. Additional authority is granted to the Finance Director or designee to transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance.
7. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Manager or Designee may adjust budgets to match, including grants that require a County match for which funds are available.
8. The Manager, Finance Director, or designee may create debt financing amendments from estimated projections upon approval by the Board of Commissioners of the debt financing and adjust as needed upon closing.

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9. The County Manager may enter into and execute change orders or amendments to construction contracts in amounts less than \$90,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.
10. The County Manager may execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.
11. The County Manager may execute contracts with outside agencies to properly document budgeted appropriations to such agencies where G.S. 153 A-248(b), 259, 449 and any similar statutes require such contracts.
12. The County Manager may reject formal bids when deemed appropriate and in the best interest of Cabarrus County pursuant to G.S. 143-129(a).
13. The County Manager may reduce revenue projections consistent with prevailing economic conditions, and also reduce expenditures correspondingly.

In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent the final authorized amounts as of June 30, 2017.

Expenditures may not legally exceed budgeted appropriations at the functional level for all annually budgeted funds, financial plans and multi-year funds. During the year, several supplementary appropriations were necessary. The net effect of the budget amendments from the adopted budget to the final amended budget was immaterial. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers the time until the annual ordinance can be adopted.

As required by General Statute (G.S.) 159-26(d), the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances represent commitments related to unperformed contracts and purchase orders for goods or services. Encumbrances are recognized during the year. Amounts outstanding at June 30, 2017 in the General Fund was \$466,043 and \$1,040,048 in Other Government Funds.

#### **D. Assets, Liabilities, Deferred Inflows and Outflows and Fund Equity**

##### **1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County and its component units 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 non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's and its component unit's investments with a maturity of more than one year at acquisition, and non-money market investments, are carried at fair value as determined by quoted market prices. The NC Capital management Trust 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. Non-participating interest earning investment contracts are reported at cost.

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**2. Cash and Cash Equivalent**

A centralized cash account is maintained and may be used by all funds except the Public School Building Fund. Interest is allocated quarterly to the owning funds based on the average cash balances outstanding during the quarter. Public School Building Fund cash is held by the Department of State Treasurer, State of North Carolina, in a separate account upon which manual checks may be issued and/or drawdowns of funds may be made.

The County, as well as the Cabarrus Health Alliance, pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**3. Restricted Assets**

The unexpended amounts of Certificates of Participation, Bonds and the Cabarrus Arena Marketing funds are classified as restricted cash and cash equivalents on the Statement of Net Position and the Governmental Balance Sheet. The amounts are considered restricted because their use is expressly prohibited except for the original purpose of which the funds were received. Money in the Certificates of Participation 2009 Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Governmental Activities			
General Fund	Debt Payments held in Escrow by Agent	\$	3,571,082
School Construction Debt Fund	Unspent debt proceeds		30,965,994
Public School Capital Projects Fund	Due to other governments		598,000
Cabarrus Arena and Events Center Fund	Unexpended Escrow		51,664
Cannon Memorial Library Fund	Unexpended Grant proceeds		118,438
Total Restricted Cash		\$	35,305,178

**4. Ad Valorem Taxes Receivable**

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year, and are due on September 1; however, penalties and interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2016. The legal lien date is January 1.

The County is permitted by North Carolina general statutes to levy taxes up to \$1.50 per \$100 assessed valuation for general governmental services. This limitation does not apply to debt service, court and jail facilities, funding deficits, conducting elections, kindergarten to post-secondary public education, social services or joint ventures with other political subdivisions in providing these functions, services or activities. The County's tax rate for the 2016-2017 fiscal year was \$0.70 per \$100 valuation.

**5. Allowances for Doubtful Accounts**

Ad valorem taxes, Emergency Management Services and Landfill receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**6. Inventories and Prepaid items**

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. The Cabarrus Health Alliance maintains no inventory. 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.

**Cabarrus County, North Carolina  
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**7. Capital Assets**

Capital assets are defined by the government as assets with an initial, minimum individual cost of \$5,000 and an estimated useful life in excess of one year. Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The costs of normal maintenance and repair that do not add to the value of the assets or materially extend assets lives are not capitalized.

The County holds title to certain Cabarrus County and Kannapolis City Board of Education properties, which have not been included in capital assets. The properties have been deeded to the County to permit Certificates of Participation and installment financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Boards of Education give the Boards of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Boards of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Cabarrus County and Kannapolis City Boards of Education.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	40
Land improvements	15
Furniture and equipment	5
Reservoir	999
Vehicles and motorized equipment	5

Capital assets of the Cabarrus Health Alliance are depreciated over their useful live on a straight-line basis as follows:

<u>Assets</u>	<u>Years</u>
Office equipment	5
Computer equipment	5
Vehicles	5
Leasehold Improvements	15

**8. Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 County has three items that meet this criterion – charges on debt refunding, pension related deferrals, and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also 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 County has five items that meet this criterion for this category – prepaid taxes, child support incentive, property tax receivable, ambulance receivable, and other pension related deferrals.

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**9. Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

**10. Compensated Absences**

All permanent and probationary County and Cabarrus Health Alliance employees who are scheduled to work at least 1,000 hours during the calendar year receive vacation and sick leave benefits. The County's vacation policy allows for an unlimited accumulation of earned leave during the calendar year with a maximum of 240 hours (336 hours for emergency services personnel) being carried over to January 1. Vacation exceeding 240 hours (336 hours for emergency services personnel) is converted into sick leave after January 1st. Vacation leave is fully vested when earned. The County budgets and funds the current portion of accumulated vacation leave during each fiscal year. Vacation leave is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The County's and Cabarrus Health Alliance's sick leave policies also allow for unlimited accumulation of earned leave. Sick leave benefits do not vest but any unused leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. As there is not an obligation to pay sick leave until it is actually taken, no liability is recorded for these non-vested benefits.

**11. Net Position/Fund Balances**

**a. Net Position**

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

**b. Fund Balances**

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:

**1. Non-spendable 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.

Prepaid items – portion of fund balance that is not an available resource because it represents the amount of payment of items that will be expensed in future fiscal years.

**2. Restricted Fund Balance**

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Stabilization by State statute – portion of fund balance that is determined annually and can neither be added to nor spent throughout the year. The amount remains static for the entire fiscal year.

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Monies restricted by the Restricted for Stabilization by State Statute may not be spent, per North Carolina G.S. 159-8. For the fiscal year ended June 30, 2017, \$16,066,122 was related to the General Fund and \$981,796 for other non-major funds.

Restricted for Register of Deeds– portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office. For the fiscal year ended June 30, 2017 this amount was \$317,461.

Restricted for Jail Housing Unit/Sheriff Admin debt payments – portion of fund balance restricted by revenue source for unspent cost of issuance funds for refinancing the Sheriff Administration and Jail Housing Unit debt. For the fiscal year ended June 30, 2017 this amount was \$488.

Restricted for Emergency Telephone 911 – portion of fund balance restricted by revenue source for purchasing equipment and maintenance of the E-911 system. For the fiscal year ended June 30, 2017 this amount was \$281,638.

Restricted for Sheriff and State Safety programs – portion of fund balance for the fiscal year ended June 30, 2017 restricted by revenue source for unspent Federal Forfeiture funds \$37,435, unspent NC Substance Control funds \$96,993, \$12,065 for future firing range improvements, \$5,064 for DARE summer camp and K9 bullet proof vests, and \$111,075 for State Criminal Alien Assistance Program.

Restricted for HOME programs – portion of fund balance restricted by revenue source for community development low income housing projects. For the fiscal year ended June 30, 2017 this amount was \$63,796.

Restricted for Energy Assistance Programs – portion of fund balance restricted for DUKE rebate funds was \$33,348.

Restricted for Soil & Water programs – portion of fund balance restricted by revenue source for unspent Conservation Grant proceeds used for Soil and Water Land conservation projects. For the fiscal year ended June 30, 2017, \$3,225 was for the unspent NC Ecosystem Enhancement grant, and \$249,000 was for the unspent Suther Conservation grant.

Restricted for State recycling programs – portion of fund balance restricted by revenue source for unspent NC Electronic Management. For the fiscal year ended June 30, 2017, the unspent amount was \$4,575.

Restricted for Social Services – portion of fund balance restricted by revenue source for unspent for various grants was \$214,542.

Restricted for School debt and construction – portion of fund balance for the fiscal year ended June 30, 2017 restricted by revenue source to be used for school debt service payments \$3,570,594 and constructing and equipping of Mt. Pleasant Middle, Kannapolis Middle and Royal Oaks Elementary Schools \$30,965,994.

Restricted for Cabarrus Arena & Events Center – portion of fund balance restricted by revenue source for use as an At Risk Fund for the Cabarrus Arena and Events Center operations. For the fiscal year ended June 30, 2017 this amount was \$51,664.

Restricted for Parks – portion of fund balance restricted by revenue source for unspent grant funds to be used for future park projects. For the fiscal year ended June 30, 2017 this amount was \$11,651.

Restricted for Library – portion of fund balance restricted by revenue source for unspent Cannon Grant funds to be used for future Library capital purchases. For the fiscal year ended June 30, 2017 this amount was \$118,438.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 as of June 30, 2017 by the amount of unspent debt proceeds of \$30,965,994.

**Cabarrus County, North Carolina**  
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**3. Committed Fund Balance**

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government – portion of fund balance committed by the governing board for 1) construction planning of a downtown parking lot \$628,041, 2) building renovations \$165,638, 3) uncompleted Tax Collector renovations \$34,602, 4) County website development design \$227,000, 5) construction of an Infrastructure and Asset Management Facility and Warehouse \$6,141,264, 6) Cooperative Extension bathrooms for ADA accessibility \$178,723, 7) Board of Elections equipment purchase \$595, 8) Soil and Water Seed Drill \$11,301.

Committed for Public Safety – portion of fund balance committed by the governing board for 1) unpaid future pension payments for retired law enforcement personnel \$1,576,476, 2) Public safety radios and training \$295,443.

Committed for Economic & Physical Development – portion of fund balance committed by the governing board for, 1) wet lands mitigation projects \$100,000, 2) Local Agriculture Preservation \$1,866,114, 3) Soil and Water Activities \$140,888, 4) Stewardship Fund \$36,421, 5) Economic Incentives \$2,532,100.

Committed for Environmental Protection – portion of fund balance committed by the governing board for 1) landfill retaining wall \$325,000.

Committed for Human Services – portion of fund balance committed by the governing board for 1) Senior Citizens activities and projects \$136,810, 2) furniture for Department of Social Services \$150,000.

Committed for Education – portion of fund balance committed by the governing board for 1) bed for wrecker, purchase of 10 school buses, and 20 mobile units for Cabarrus County Schools \$3,178,527, 2) buses and radios for Kannapolis City Schools \$443,709, 3) renovations, security enhancements, vehicle and move cosmetology facility for Rowan Cabarrus Community College \$244,542, 4) New High School and Performance Learning Center \$2,104,546, 5) Capital Reserve funding for New Elementary School and Advanced Technology Center \$2,265,259, 6) Contingencies for Royal Oaks, Mount Pleasant Middle School, Kannapolis Middle School and Rowan Cabarrus Community College Advanced Technology Building \$2,345,448, and 7) School Construction Capital Projects for Concord Middle School, Harrisburg Middle School, R. Brown McAllister Elementary School, Kannapolis Intermediate and Cabarrus Business Technical Center \$1,393,199.

Committed for Culture & Recreation – portion of fund balance committed by the governing board for 1) Construction of Rob Wallace Park \$1,321,465, 2) renovation of two bathrooms at Frank Liske Park \$308,345, 3) Frank Liske Park parking lot \$14,311, 4) Senior Center Parking Lot \$64,000 5) Cabarrus Arena bathroom renovations, \$13,453, 6) Cabarrus Arena aisle safety lighting project \$170,203, 7) Cabarrus Arena marquee replacement and sign enhancement \$1,240, 8) Facility and Field projects \$1,076,242.

**4. Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that Cabarrus County intends to use for specific purposes. The County's governing body has the authority to assign fund balance. The Manager and Deputy County Managers, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned for General Government – portion of fund balance that is intended to be used for 1) property tax appeals \$595,000, 2) extraordinary circumstances \$5,000,000, 3) pending and potential claims \$400,000, 4) uncompleted County Manager projects \$26,000, 4) uncompleted Information Technology System purchases and projects \$141,000, and 5) uncompleted Infrastructure and Asset Management projects \$29,609.

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Assigned for Public Safety – portion of fund balance intended to be used for Sheriff Department equipment purchases and operations that will be made after fiscal year end \$705.

Assigned for Economic and Physical Development – portion of fund balance intended to be used for 1) uncompleted Harrisburg Area development plan \$70,366 and 2) future economic tax incentives \$1,138,567.

Assigned for Environmental Protection – portion of fund balance intended to be used for hazard waste disposal \$4,993.

Assigned for Human Services – portion of fund intended to be used for Department of Human Services uncompleted scanning project \$63,000.

Assigned for Education – portion of fund balance intended to be used for 1) uncompleted Rowan Community College air conditioning project \$29,013, 2) uncompleted Kannapolis City School playground project \$26,800, and 3) furniture, technology, contingency and start up for a new high school \$5,127,433.

Assigned for Culture and Recreation – portion of fund balance intended to be used for 1) Park programs that were delayed due to the weather \$840 and 2) future County Fair and Arena projects and improvements \$1,284,036.

### **5. Unassigned Fund Balance**

Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes within the general fund.

Cabarrus County has revenue spending procedures that provide guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, state funds, local funds, county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Finance Director has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Cabarrus County has a Fund Balance Policy. On June 14, 2005 (revised March 15, 2010), the Board of Commissioners adopted a resolution formalizing the following fiscal management policies to be incorporated into the County's budget document beginning with the 2006 fiscal year:

1. Recurring, operational expenses of the County government will only be funded through recurring revenue sources.
2. The County will maintain an undesignated fund balance equal to 15% of general fund expenditures; and
3. Upon the completion of the annual audit of the County finances, any undesignated fund balance above 15% will be transferred to the Capital Reserve Fund, to reduce reliance on debt financing; or to the Self-Funded Hospitalization Fund, the Self-Funded Liability Fund or the Self-Funded Workers' Compensation Fund as required to maintain the integrity of those funds.
4. Notwithstanding the requirements of items 1, 2, and 3 above, fund balance may be appropriated for any use in the general fund to overcome revenue shortfalls related to significant downturns in the economy.

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

**Cabarrus County, North Carolina  
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Total fund balance-General Fund	\$ 85,529,610
Less:	
Inventories	163,863
Prepaid items	219,482
Stabilization by state statute	16,066,122
Restricted for debt payments	3,571,082
Committed for unpaid tax incentives	2,532,100
Committed for future pension payments	1,576,476
Uncompleted FY17 projects	4,247,033
General Government assignments	7,525,893
Working Capital/Fund Balance Policy	<u>38,049,022</u>
Fund Balance remaining for appropriation	<u><u>\$ 11,578,537</u></u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2017 are as follows:

<b>General Fund</b>	<b>Non-Major Governmental Funds</b>
<u>\$ 466,043</u>	<u>\$ 1,040,048</u>

**12. Defined Benefit Pension Plans**

The County participates in two cost-sharing, multiple employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF), (collectively the "state-administered defined benefit pension plans"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or 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 contributions are due. The County's employer contributions are recognized when due and the County 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. Investments are reported at fair value.

**E. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**F. Other Resources**

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers-out" in the General Fund and "Transfers-in" in the receiving fund

**Cabarrus County, North Carolina  
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**G. Comparative Data/Reclassifications**

Comparative data for the prior years have been presented for the Management Discussion and Analysis report, the Notes to the Financial Statements and Statistical Tables in order to provide an understanding of the changes in the financial position and operations of the County. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Note 2. Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All of the County's and its component unit's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County'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 County and its component units, these deposits are considered to be held by their agents in the entities' names. The amount of pledged collateral is based on an approved averaging method for non-interest 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 County, its component units or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the County or its component units under the Pooling Method, the potential exists for 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. Cabarrus County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Cabarrus Health Alliance has no formal policy regarding custodial credit risk for deposits.

At June 30, 2017, the carrying amount of the County's bank deposits, including fiduciary funds, was \$20,243,571, and the bank balance was \$20,006,919. Of the bank balance, \$812,393 was covered by federal depository insurance, and \$19,194,526 was covered by collateral, held by authorized escrow agents in the name of the County, under the Pooling Method. There was \$35,135,076 held in financial institutions for restricted purposes. At June 30, 2017, the County had \$8,364 cash on hand.

At June 30, 2017, the carrying amount of the Cabarrus Health Alliance's bank deposits was \$1,116,025 and the bank balance was \$1,217,581. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Cabarrus Health Alliance's agent in the Alliance's name. At June 30, 2017, the Cabarrus Health Alliance had \$3,600 of cash on hand.

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**2. Investments**

As of June 30, 2017, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method <sup>2,3</sup></u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
US Government Agencies	Fair Value-Level 2	\$ 62,840,150	\$ 8,996,200	\$ 23,958,051
US Treasuries	Fair Value-Level 1	3,477,040	-	-
Commercial Paper	Amortized Cost	34,672,892	34,672,892	-
NC Capital Management Trust:				
Government Portfolio	Amortized Cost	1,166,918	N/A	N/A
Term Portfolio <sup>1</sup>	Fair Value-Level 1	4,100,923	4,100,923	-
<b>Total</b>		<b>\$ 106,257,923</b>	<b>\$ 47,770,015</b>	<b>\$ 23,958,051</b>

<sup>1</sup> Because the term portfolio has a duration of 0.09 years, it is presented as an investment with a maturity of less than six months.

<sup>2</sup> 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.

<sup>3</sup> Level of fair value hierarchy: Level 1 - debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 - debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

*Credit Risk.* The County's investment policy 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 issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2017, The County's investment in commercial paper were rated A-1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended. The County's investment in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank) are rated Aaa by Moody's Investors Service.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's formal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the designated investment officer.

*Concentration of Credit Risk.* With the exception of U.S. Treasury securities, U.S. agencies and authorized pools, Cabarrus County's investment policy does not allow for an investment in any one issuer in excess of 35% of the County's total investments. More than 5% of the County's investments are held in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), JP Morgan Securities commercial paper and Canadian Imperial

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Holding commercial paper. These investments represent 18.8%, 14.1%, 13.1%, 13.1%, 9.3% and 9.3%, respectively, of the County's total investments.

At June 30, 2017, the Cabarrus Health Alliance's investments consisted of \$7,334,046 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAA by Standard and Poor's. The Government portfolio's valuation measurement method is amortized cost. The Cabarrus Health Alliance does not have a formal policy regarding credit risk or interest rate risk.

**3. Property Tax-Use-Value Assessment on Certain Lands**

In accordance with North Carolina general statutes, agriculture, horticulture, and forestland may be taxed by the County at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable. The amounts shown in the table are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

**Property Tax-Use-Value Assessment on Certain Lands**

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 6,926,227	\$ 2,268,338	\$ 9,194,565
2015	6,942,662	1,648,883	8,591,545
2016	6,878,324	1,014,553	7,892,877
2017	6,350,415	365,149	6,715,564
Total	<u>\$ 27,097,628</u>	<u>\$ 5,296,923</u>	<u>\$ 32,394,551</u>

**4. Receivables**

**a. Notes Receivable**

On May 22, 2007 Midland Volunteer Fire and Rescue agreed to pay \$900,000 over a 10 year period at zero interest for the construction of a new fire station. The first payment of \$3,000 was due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 are payable each month through June 1, 2017. A final balloon payment of \$360,000 is due on July 1, 2017 for total payments of \$900,000. The unpaid balance of the note at June 30, 2017 was \$360,000. The note receivable is being reported in the Capital Reserve Capital Projects Fund.

**b. Government-wide Receivables**

Receivables at the government-wide level for the Primary Government at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 4,329,384	\$ 9,264,737	\$ 11,033,231	\$ 3,993,992	\$ 28,621,344
Other Governmental	49,506	-	57,671	38,904	146,081
Total Receivables	<u>4,378,890</u>	<u>9,264,737</u>	<u>11,090,902</u>	<u>4,032,896</u>	<u>28,767,425</u>
Allowance for doubtful accounts	-	(7,803,823)	-	(1,845,879)	(9,649,702)
Total-governmental activities	<u>\$ 4,378,890</u>	<u>\$ 1,460,914</u>	<u>\$ 11,090,902</u>	<u>\$ 2,187,017</u>	<u>\$ 19,117,723</u>

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	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
<b>Business-type activities:</b>					
Landfill	\$ 28,830	\$ 17,269	\$ 79,921	\$ 13,305	\$ 139,325
Total-business-type activities	<u>\$ 28,830</u>	<u>\$ 17,269</u>	<u>\$ 79,921</u>	<u>\$ 13,305</u>	<u>\$ 139,325</u>

Due from other governments that is owed to the County consists of the following:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Local option sales	\$ 9,845,783	\$ -
Motor Vehicle Tax	1,245,119	-
Solid waste disposal tax	-	10,263
Scrap tire tax	-	69,658
	<u>\$ 11,090,902</u>	<u>\$ 79,921</u>

Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2017, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 2,399,669	\$ 881,714	\$ 96,639	\$ 3,378,022
Allowance for doubtful accounts	-	(210,234)	-	(210,234)
Total Receivables	<u>\$ 2,399,669</u>	<u>\$ 671,480</u>	<u>\$ 96,639</u>	<u>\$ 3,167,788</u>
Total-governmental activities	<u>\$ 2,399,669</u>	<u>\$ 671,480</u>	<u>\$ 96,639</u>	<u>\$ 3,167,788</u>

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**5. Capital Assets**

Primary Government

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 21,636,186	\$ 886,319	\$ (1,416,116)	\$ -	\$ 21,106,389
Construction in Progress	<u>1,190,509</u>	<u>3,434,150</u>	<u>-</u>	<u>(3,123,436)</u>	<u>1,501,223</u>
Total capital assets not being depreciated	<u>22,826,695</u>	<u>4,320,469</u>	<u>(1,416,116)</u>	<u>(3,123,436)</u>	<u>22,607,612</u>
Capital Assets being depreciated:					
Buildings	163,671,534	13,877	(1,916,190)	-	161,769,221
Building Improvements	20,993,106	103,582	(52,761)	121,735	21,165,662
Equipment	16,725,406	1,223,886	(310,602)	-	17,638,690
Furniture and Fixtures	1,258,476	-	-	-	1,258,476
Land Improvements	8,281,457	45,659	-	3,001,701	11,328,817
Vehicles	12,011,824	2,074,738	(1,152,080)	-	12,934,482
Reservoir	<u>21,743,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,743,730</u>
Total capital assets being depreciated	<u>244,685,533</u>	<u>3,461,742</u>	<u>(3,431,633)</u>	<u>3,123,436</u>	<u>247,839,078</u>
Less accumulated depreciation for:					
Buildings	33,986,771	3,970,362	(590,825)	-	37,366,308
Building Improvements	5,362,243	523,000	(19,670)	-	5,865,573
Equipment	13,079,346	1,169,561	(310,603)	-	13,938,304
Furniture and Fixtures	1,118,334	96,201	-	-	1,214,535
Land Improvements	5,100,939	468,065	-	-	5,569,004
Vehicles	8,800,918	1,388,951	(972,407)	-	9,217,462
Reservoir	<u>435,310</u>	<u>21,765</u>	<u>-</u>	<u>-</u>	<u>457,075</u>
Total accumulated depreciation	<u>67,883,861</u>	<u>7,637,905</u>	<u>(1,893,505)</u>	<u>-</u>	<u>73,628,261</u>
Total Capital Assets, being depreciated, net	<u>176,801,672</u>	<u>(4,176,163)</u>	<u>(1,538,128)</u>	<u>3,123,436</u>	<u>174,210,817</u>
Governmental Capital Assets, net	<u>\$ 199,628,367</u>	<u>\$ 144,306</u>	<u>\$ (2,954,244)</u>	<u>\$ -</u>	<u>\$ 196,818,429</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 868,151
Public Safety	4,783,266
Environmental Protection	51,814
Economic & Physical Development	44,808
Human Services	389,808
Culture & Recreation	<u>1,500,058</u>
Total depreciation expense - governmental activities	<u>\$ 7,637,905</u>

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

	Beginning Balance	Increases	Transfers	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 490,447	\$ -	\$ -	\$ 490,447
Construction in Progress	9,900	245,336	(255,236)	-
Total Capital assets, not being depreciated:	<u>500,347</u>	<u>245,336</u>	<u>(255,236)</u>	<u>490,447</u>
Capital assets, being depreciated:				
Land Improvements	1,944,160	-	255,236	2,199,396
Vehicles	2,166,912	-	-	2,166,912
Equipment	209,858	10,500	-	220,358
Buildings	1,256,544	-	-	1,256,544
Total Capital assets, being depreciated:	<u>5,577,474</u>	<u>10,500</u>	<u>255,236</u>	<u>5,843,210</u>
Less accumulated depreciation for:				
Land Improvements	896,343	93,100	-	989,443
Vehicles	2,040,646	64,618	-	2,105,264
Equipment	209,858	1,925	-	211,783
Buildings	313,800	31,414	-	345,214
Total Accumulated Depreciation	<u>3,460,647</u>	<u>191,057</u>	<u>-</u>	<u>3,651,704</u>
Total Capital assets, being depreciated, net	<u>2,116,827</u>	<u>(180,557)</u>	<u>255,236</u>	<u>2,191,506</u>
Business-type Capital assets, net	<u>\$ 2,617,174</u>	<u>\$ 64,779</u>	<u>\$ -</u>	<u>\$ 2,681,953</u>

Construction commitments

The government has active construction projects as of June 30, 2017. The projects include new school construction, school roofing projects and restroom renovations and Cabarrus Arena and Events Center. At year-end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent-To-Date</u>	<u>Remaining Commitment</u>
New School Construction	\$ 60,782,120	\$ 23,987,639
School Roofing Projects	1,412,902	156,900
Cabarrus Arena Restrooms	66,673	13,656
	<u>\$ 62,261,695</u>	<u>\$ 24,158,195</u>

Discretely presented component unit

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and fixtures	\$ 309,217	\$ 5,263	\$ -	\$ 314,480
Vehicles	613,891	22,406	(67,472)	568,825
Equipment	1,236,114	48,113	(21,445)	1,262,782
Land Improvements	600,505	-	-	600,505
Total capital assets being depreciated	<u>2,759,727</u>	<u>75,782</u>	<u>(88,917)</u>	<u>2,746,592</u>

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	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Furniture and fixtures	217,015	50,721	-	267,736
Vehicles	473,424	43,248	(67,472)	449,200
Equipment	1,014,785	118,735	(21,445)	1,112,075
Land Improvements	462,509	40,034	-	502,543
Total accumulated depreciation	<u>2,167,733</u>	<u>252,738</u>	<u>(88,917)</u>	<u>2,331,554</u>
Total governmental activities, being depreciated (net)	<u>\$ 591,994</u>	<u>\$ (176,956)</u>	<u>\$ -</u>	<u>\$ 415,038</u>
Governmental Capital Assets, net	<u><u>\$ 591,994</u></u>	<u><u>\$ (176,956)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 415,038</u></u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level for the Primary Government at June 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 2,758,157	\$ 2,534,352	\$ 2,459,467	\$ 7,751,976
School Construction Debt	4,586,824	-	-	4,586,824
Other Governmental	649,862	1,954	50,000	701,816
Total-governmental activities	<u>\$ 7,994,843</u>	<u>\$ 2,536,306</u>	<u>\$ 2,509,467</u>	<u>\$ 13,040,616</u>
Business-type activities				
Landfill	<u>\$ 68,676</u>	<u>\$ 6,024</u>	<u>\$ 50,314</u>	<u>\$ 125,014</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 584,410</u>	<u>\$ 538,680</u>	<u>\$1,123,090</u>
Total-governmental activities	<u><u>\$ 584,410</u></u>	<u><u>\$ 538,680</u></u>	<u><u>\$1,123,090</u></u>

**2. Pension Plan and Other Postemployment Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The County is a participating employer 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 LGERS. That report may

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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](http://www.osc.nc.gov).

*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 line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly 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 also 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.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Cabarrus County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Cabarrus County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.32% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Cabarrus County were \$3,472,475 for the year ended June 30, 2017.

*Refunds of Contributions* – County 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.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017, the County reported a liability of \$16,504,338 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was 0.778%, which was an increase of 0.054% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$4,387,308. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 310,088	\$ 578,331
Changes of assumptions	1,130,400	-
Net difference between projected and actual earnings on pension plan investments	9,124,820	-
Changes in proportion and differences between County contributions and proportionate share of contributions	26,878	184,573
County Contributions subsequent to the measurement date	3,472,475	-
	\$ 14,064,661	\$ 762,904

\$3,472,475 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 1,451,604
2019	1,453,066
2020	4,297,020
2021	2,627,592
2022	-
Thereafter	-
	\$ 9,829,282

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

Inflation	3.0 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on RP-2014 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 using MP-2015.

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return

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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 asset class as of June 30, 2016 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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	100.0%	

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.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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.

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 39,172,493	\$ 16,504,338	\$ (2,429,791)

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

**b. Law Enforcement Officers' Special Separation Allowance**

*Plan Description.* Cabarrus County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County'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

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of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>207</u>
Total	<u><u>218</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

*Basis of Accounting.* The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. 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 following criteria which are outlined in GASB Statements 73.

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

Inflation	3.0 percent
Salary Increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

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

Mortality rates are based on the RP-2014 Healthy Annuitant, Employee and Disabled Retiree base rates projected to the valuation date using MP-2015 and adjusted by percentages based on gender.

*Contributions.* The County 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 County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$204,875 as benefits came due for the reporting period.

At June 30, 2017, the County reported a total pension liability of \$6,676,726. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was roll forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$488,388.

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	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	139,028
County benefit payments and plan administrative expense made subsequent to the measurement date	136,805	-
<b>Total</b>	<b>\$ 136,805</b>	<b>\$ 139,028</b>

\$136,805 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2018	\$ 25,416
2019	25,416
2020	25,416
2021	25,416
2022	25,416
Thereafter	11,948
	<b>\$ 139,028</b>

\$136,805 reported as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
County's proportionate share of the net pension liability (asset)	\$ 7,261,798	\$ 6,676,726	\$ 6,141,382
		<b>Total Pension Liability</b>	
Beginning balance		6,532,773	
Service cost		283,709	
Interest on the total pension liability		229,563	
Change of benefit terms		-	
Difference between expected and actual experience in the measurement of the total pension liability		-	
Changes of assumptions or other inputs		(164,444)	
Benefit payments		(204,875)	
Other changes		-	
Ending balance of the total pension liability		<b>\$ 6,676,726</b>	

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

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

**c. Supplemental Retirement Income Plan (401k)**

*Plan Description.* The County 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 and non-law enforcement employees of the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provision 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.

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County has chosen to extend this benefit to all its full and part-time (who are eligible for North Carolina Local Governmental Employees' Retirement System) employees. Contributions by Cabarrus County for the year ended June 30, 2017 were \$3,211,436 which consisted of \$2,330,092 from the County and \$881,344 from the employees. In February 2009, the Cabarrus Health Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Cabarrus Health Alliance employees made contributions of \$334,652 for the year ended June 30, 2017.

The County offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan available to all County employees permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The County has complied with changes in the laws that govern the County's deferred compensation plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Formerly, the undistributed amounts, which had been deferred by the plan participants, were required to be reported as assets of the County. In accordance with GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", the County's deferred compensation plan is no longer reported within the County's agency funds.

**d. Register of Deeds' Supplemental Pension Fund**

*Plan Description.* Cabarrus County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 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 Register of Deeds' Supplemental 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 Registers of Deeds' Supplemental 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](http://www.osc.nc.gov).

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*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

*Contributions.* Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$20,743 for the year ended June 30, 2017.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2017, the County reported an asset of \$448,487 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 2.399%, which was an increase of 0.133% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$16,310. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 480	\$ 5,805
Changes of assumptions	119,487	-
Net difference between projected and actual earnings on pension plan investments	767	-
Changes in proportion and differences between County contributions and proportionate share of contributions	276	32,965
County Contributions subsequent to the measurement date	20,743	-
	<b>\$ 141,753</b>	<b>\$ 38,770</b>

\$20,743 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

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**Year ended June 30:**

2018	\$	30,080
2019		39,722
2020		17,450
2021		(5,012)
2022		-
Thereafter		-
	<u>\$</u>	<u>82,240</u>

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

Inflation	3.0 percent
Salary Increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. 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 adopted asset allocation policy for the RODSPF is 100% in the fixed income class. The best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 is 1.4%.

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 3.05%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. 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.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability

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would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	(361,625)	(448,487)	(521,460)

**e. Other Postemployment Benefits (OPEB) – Healthcare Benefits Plan**

*Plan Description.*

The County administers a single-employer defined benefit Healthcare Benefits Plan. This plan provides postemployment healthcare benefits to retirees of the County, provided they participate in the North Carolina Governmental Employee's Retirement System (System) and at the time of their retirement meet certain service requirements as shown in the chart below. In addition, retirees must work the last five years at Cabarrus County.

Hire   Rehire Date	Eligible for 100% coverage	Eligible for 50% coverage	Not Eligible
Prior to 07/01/1997	If employees signed vacation (schedule A) acceptance agreement	N/A	If employee signed vacation (schedule B) declination agreement for reduced vacation
07/01/1997-10/31/2003	10 years of creditable service	N/A	N/A
11/01/2003-10/31/2016	25 years of creditable service	10 years of creditable service	N/A
On or after 11/01/2016	25 years of creditable service	15 years of creditable service	N/A

Retirees receive the same benefits as active employees and the County's eligible retirees can purchase coverage for their dependents at the County's group rate. Coverage for all retirees will cease when the retiree becomes eligible for Medicare, or reaches the age where they would have had such benefits had they qualified for Social Security. The Cabarrus County Board of Commissioners may amend the benefit provisions.

Membership of the HCB plan consisted of the following at December 31, 2015 the date of the latest actuarial valuation:

Retirees receiving benefits	88
Active Plan Members:	
General Employees	721
Law Enforcement	196
Total	1,005

*Funding Policy.* The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Retirees are required to pay for dependent coverage. The County contributions are financed on a pay as you go basis. In the future, employees and retirees may be required to participate in premiums for

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basic group health and life insurance plans. The plan was established and may be amended by the Board of Commissioners.

The current Annual Required Contribution rate is 7.55% of annual covered payroll (4.82% normal costs and 2.73% accrued liability). The County contributed \$1,488,105 or 3.2% of annual covered payroll for the current fiscal year. The County is self-insured for healthcare coverage. Employees and retirees who currently use tobacco products and have not signed a non-use tobacco certification forfeit a \$50 monthly premium discount. Employees that have decided not to participate in the County's Accountability Improvement Measures (AIM) program also forfeit a \$50 monthly premium discount. Total contributions from the employees who forfeit the tobacco or AIM discount totaled \$42,400, for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$898,359.

*Summary of Significant Accounting Policies.* Postemployment expenditures for former employees are made from the Self-Insured Hospitalization and Dental Fund, an Internal Service Fund. This fund is maintained on a modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	2017
Annual Required Contribution	\$ 3,174,594
Interest on Net OPEB Obligation	572,937
Adjustment to annual required contribution	(547,344)
Annual OPEB cost (expense)	3,200,187
Contributions made	(1,488,105)
Increase (decrease) in net OPEB obligation	1,712,082
Net OPEB obligation, beginning of year	14,323,410
Net OPEB obligation, end of year	\$ 16,035,492

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 3,100,446	39.0%	\$ 12,158,555
2016	3,196,328	32.3%	14,323,410
2017	3,200,188	46.5%	16,035,492

*Funded Status and Funding Progress.* As of December 31, 2015 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus the unfunded actuarial accrued liability (UAAL) was \$29,664,669. The covered payroll (annual payroll of active employees covered by the plan) was \$39,265,400 and the ratio of the UAAL to the covered payroll was 75.5%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new

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

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

**f. Other Employment Benefits**

The County and the Cabarrus Health Alliance have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employee's Retirement System (Death Benefit Plan), a State administered 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 his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment 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 County considers the contributions immaterial.

Effective July 1, 2004, pursuant to a new IRS regulation regarding Group Life Insurance benefits, the County is now required to include the amount of group life insurance coverage that exceeds \$50,000 as a taxable fringe benefit. As a full-time employee participating in the NC Local Government Retirement System, an employee is eligible for a death benefit of \$25,000 to \$50,000 and an additional \$20,000 the County provides for all employees who have been employed for at least one year. If this combined life insurance coverage exceeds the \$50,000 limit, the excess amount is multiplied by a premium cost factor per \$1,000 based on age at December 31<sup>st</sup> provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis.

**3. Closure and Postclosure Care Costs - Cabarrus County Landfill Facility**

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,947,910 reported as landfill closure and post closure care liability at June 30, 2017 represents a cumulative amount reported to date, based on the use of 100% of the combined Municipal Solid Waste (MSW) and Construction and Demolition (C&D) cell and 69% of a (C&D) only cell. This amount is based on what it would cost to perform all closure and post closure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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The County's liability is set aside for the closure and post closure of the following:

- The Municipal Solid Waste (MSW) reached capacity in 1997 and was covered in 1998.
- An expansion area that sits on the top of the MSW site was added in 1998 to accept construction and demolition waste (C&D). This expansion area has reached capacity and is in the process of being closed.
- An additional C&D expansion area was opened in Fiscal Year 2006 and is expected to reach full capacity in June 2018.

Cabarrus County has met the requirements of the local government financial assurance test that is one option under state and federal laws and regulations that aids in determining if a unit is secure and financially able to meet the necessary closure and post closure care requirements as of each balance sheet date. Governments that utilize the local government financial assurance test allow them to remain exempt from a set contribution schedule.

**4. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 19,014,415	\$ -
Pensions - difference between expected and actual experience	310,568	584,136
Pensions - change of assumptions	1,249,887	139,028
Pensions - difference between expected and actual earnings on pension plan investments	9,125,587	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	27,154	217,534
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	3,493,218	-
Benefit payment   administrative costs paid subsequent to the measurement date (LEOSSA)	136,805	-
Prepaid taxes not yet earned	-	739,527
Child Support Incentive	-	300,550
Government-wide deferred outflows and inflows of resources	33,357,634	1,980,775
Taxes receivable, net (General)	-	1,673,744
Ambulance receivable, net (General)	-	1,460,914
Total	\$ 33,357,634	\$ 5,115,433

**5. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County participates in a property liability program, which is financed by using a combination of self-funding and purchase excess insurance coverage through Arthur J. Gallagher & Co. A property liability insurance fund was established to track all financial transactions related to this program. The County retains the first \$350,000 in liability insurance. Above the \$350,000 retention is purchased up to a total limit of \$2,500,000 per occurrence and \$5,000,000 aggregate.

The property insurance program is financed using a combination of self-funding and insurance purchased through Travelers Insurance. Excess property insurance above a \$25,000 deductible is purchased based on

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estimated replacement values submitted to the Excess Property Company each year. Special deductibles apply for certain perils such as food, earth movement, boiler, machinery, and the Stough Road location.

The County purchases primary policies for Emergency Medical Services (EMS). The policies provide coverage for physical damage to EMS units, equipment, and automobiles, general and medical professional liability.

Fidelity exposures are covered through the purchase of bonds. Arthur J. Gallagher secures the purchase of these bonds on behalf of the County.

The Workers Compensation insurance program is financed using a combination of self-funding and purchasing excess insurance through Arthur J. Gallagher. A Workers Compensation fund was established to track all the financial claims in excess of this program. The County has purchased excess Workers Compensation insurance for claims in excess of that amount. The self-insured retention for Workers Compensation is as follows: \$600,000 per occurrence for Police & Drivers, EMS (EMS occurrences resulting in an injury to any employee in, upon, entering, or alighting from any employer owned or non-owned ambulance) and \$500,000 for all other occurrences.

The County has also purchased Cyber Liability coverage through Arthur J. Gallagher (National Union Fire Insurance Company of Pittsburgh, PA) with a \$7,000,000 limit and a basis retention of \$100,000.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$200,000.

The County carries commercial coverage for all other risks of loss including flood loss. Flood coverage is an annual limit not to exceed \$25,000,000. There have been no significant reductions in insurance coverage from previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Cabarrus Health Alliance is exposed to various risks of loss related to torts, employer liability, work-related injuries, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The Cabarrus Health Alliance has property, general liability, auto liability, workers' compensation and medical malpractice liability coverage through an outside agent.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The current claims liability for fiscal year ended June 30, 2017 is shown.

Self-Insured Workers' Compensation and Property Liability

	<u>6/30/2016</u>	<u>6/30/2017</u>
Unpaid claims, beginning of fiscal year	\$ -	\$ 402,084
Incurred claims	1,068,113	92,224
Claims payments	(666,029)	-
Unpaid claims, end of fiscal year	<u>\$ 402,084</u>	<u>\$ 494,308</u>

On July 1, 2004, the County chose to establish a Self-Insured Health Insurance Fund (an internal service fund) for risk associated with the health insurance plan. The Health Insurance Fund is where assets are set aside for claim settlements. A premium is charged to each fund that accounts for full-time employees, eligible part-time employees based on ACA, plus this benefit is also offered to retired employees who meet specific criteria. The total charge to each fund is based on actual calculated cost which includes but is not limited to fixed cost, mature claim cost, expected monthly liability and the number of projected employees who will be covered by insurance.

The uninsured risk retention per claim is \$200,000 with an aggregate stop loss of 125%. This coverage is for claims incurred and paid in 12 months. The benefits covered are Medical MH/SA Pharmacy and Vision.

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A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The current claims liability for fiscal year ended June 30, 2017 is shown.

Self-Insured Health Insurance

	<b>6/30/2016</b>	<b>6/30/2017</b>
Unpaid claims, beginning of fiscal year	\$ 1,448,269	\$ 1,439,589
Incurred claims	6,888,932	8,396,797
Claims payments	(6,897,612)	(8,292,700)
Unpaid claims, end of fiscal year	\$ 1,439,589	\$ 1,543,686

**6. Contingent Liabilities**

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. The amount, if any, of such refunds cannot be determined at this time although management believes that such amounts would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant funds.

As of June 30, 2017, the County was a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of counsel for the County that resolution of these matters will not have a material adverse impact on the financial condition of the County.

**7. Long-Term Obligations**

**a. Capital Leases**

The County has entered into agreements to lease property and equipment. The lease agreements qualify as capital leases for account purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

On December 18, 2008, the County, lessee, financed the acquisition of land for the Rob Wallace Park with a down payment of \$190,000 at an effective interest rate of 4.00%. In May 2016, the County sold 40.6 acres of this property. Annual payments of \$190,000 will be made on the lease through December 2037.

On October 28, 2016, the County, lessee, financed the acquisition of Sheriff's Department equipment at an effective interest rate of 3.27%. Payments of \$170,100 and \$164,715 will be made in fiscal years 2018 and 2019, respectively.

On February 28, 2017, the County, lessee, financed the acquisition of additional land for the Rob Wallace Park with a down payment of \$260,000 with no effective interest rate. Annual payments of \$49,000 will be made on this lease through June 2021.

The assets acquired through capital leases are as follows:

	Governmental Activities
County owned Asset:	
Equipment	\$ 312,911
Land	3,462,896
Less: Accumulated depreciation	(26,076)
Total	\$ 3,749,731

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The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2017, are as follows:

Year Ending, June 30	Governmental Activities
2018	\$ 239,000
2019	409,100
2020	409,100
2021	239,000
2022	239,000
2023-2027	950,000
2028-2032	950,000
2033-2037	950,000
2038-2038	190,000
Total Minimum lease payments	4,575,200
Less: amount representing interest	(1,329,846)
Present value of minimum lease payments	<u>\$ 3,245,354</u>

**b. Operating Leases**

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$1,119,048 for the year ended June 30, 2017. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2018	\$ 1,083,375
2019	1,047,837
2020	833,547
2021	780,478
2022	657,914
Total	<u>\$ 4,403,151</u>

**c. Notes Payable**

On September 9, 2015 the County entered into a Memorandum of Understanding with the North Carolina Department of Public Safety for the payment of a \$457,323 Note for inmate safekeeping services provided by the State prior to June 30, 2015. Payments consist of approximately \$91,465 annually with no interest. Final payment on the note will be due June 30, 2020.

Year Ending, June 30	Principal
2018	\$ 91,465
2019	91,465
2020	91,463
	<u>\$ 274,393</u>

**d. General Obligation Indebtedness**

General obligation bonds are issued to provide funding for the construction of capital facilities used for general government activities. All general obligation bonds are collateralized by the full faith, credit, and taxing power of

**Cabarrus County, North Carolina  
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the County. Principal and interest requirements are provided by appropriation in the year in which they become due.

General Obligation Bonds (2004) consist of the construction of Concord Middle School, Winecoff Elementary School, Irvin Elementary School, and Harrisburg Elementary School along with various renovations and additions.

General Obligation Advance Refunding Bonds (2013) refunded a portion of the 2005 and 2006 General Obligation Bonds. These bonds (2005 and 2006) consisted of the construction of Hickory Ridge High School, W. R. Odell Elementary School, Charles E. Boger Elementary School, Carl A. Furr Elementary School, Building 3000 at Rowan Cabarrus Community College, along with various renovations and additions.

The County's general obligation bonds payable at June 30, 2017 is comprised of the following individual issues serviced by the County's General Fund:

\$32,855,000 (2004) Advanced Refunding Bonds due on August 1 and February 1 in installments through February 1, 2018; interest at 3.0 to 5.0 percent.	\$ 2,095,000
\$62,360,000 (2013) Advance Refunding Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 1.5 to 5.0 percent.	55,765,000
	\$ 57,860,000

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2017, for the County's general obligation bonds are as follows:

Year Ending, June 30	Principal	Interest
2018	\$ 7,190,000	\$ 2,431,088
2019	6,380,000	2,208,788
2020	6,425,000	1,889,788
2021	6,380,000	1,644,100
2022	6,410,000	1,325,100
2023-2027	25,075,000	2,496,375
	\$ 57,860,000	\$ 11,995,239

**e. Certificates of Participation/Limited Obligation Bonds**

On January 25, 2008, the Cabarrus County Development Corporation issued \$46,920,000 (2008A) Certificates of Participation (COPS) Installment contracts to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. The original 20-year COPS had interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$10,431,263. Total remaining annual payments of principal and interest range from approximately \$2,462,250 to \$2,561,913. The total principal balance due at June 30, 2017 is \$4,690,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11-year COPS have interest rates ranging from 3.00% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments

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of principal and interest range from approximately \$1,485,750 to \$1,561,150. Total principal and interest over an 11-year period will be \$20,864,956. The total principal balance due at June 30, 2017 is \$2,855,000.

On December 1, 2008, The Cabarrus County Development Corporation issued \$58,810,000 (2008C) Certificates of Participation (COPS) Installment contracts to provide funds to (a) pay the costs of construction of a residential tower to house County inmates and related improvements and (b) pay certain expenses incurred in connection with the execution and delivery of the 2008C Certificates. The original 20-year COPS had interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a three-year period to be \$10,182,550. One annual payment of principal and interest remains totaling \$3,249,750. The total principal balance due at June 30, 2017 is \$3,095,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide fund (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. The original 20-year COPS had interest rates ranging from 3.0% to 5.0%. Debt service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$21,246,450. Total remaining annual payments of principal and interest range from approximately \$4,966,000 to \$5,202,300. The total principal balance due at June 30, 2017 is \$9,460,000.

On September 22, 2010, the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction of Cox Mill Elementary School, Harris Road Middle School, C.C. Griffin Middle School and equipping of two middle schools and one elementary school. These 11-year COPS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$23,666,150. Total remaining payments of principal and interest range from approximately \$1,865,250 to \$2,165,050. The total principal balance due at June 30, 2017 is \$7,275,000.

On April 14, 2011, the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15-year COPS are financed under two bullets using Qualified School Construction Bonds. The first bullet, in the amount of \$7,200,000, will mature in 2023, with an interest rate of 5.10%, and the second bullet, for \$7,435,000, will mature in 2026 with an interest rate of 5.50%. The Federal subsidy rate on the deal was a 5.43%. The second bullet will have a net interest cost to the County of 0.07%, while the County will have no interest cost on the first bullet. The principal on this debt is deferred for five years with the first principal payment due on April 1, 2016. The principal payments will be held in an interest bearing sinking fund until the bullet payments are due. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments of principal and interest range from approximately \$1,539,463 to \$1,718,063. Total principal and interest over a 15-year period will be \$25,147,248 less the federal subsidy of \$10,434,369, with the net cost to the County of \$14,712,879. In fiscal year 2013, the Federal Government began reducing the subsidy payment by approximately 7.6% for a Federal sequestration. At June 30, 2017, the County's trustee held principal payments of \$2,660,000 in a sinking fund; the total principal balance due at June 30, 2017 is \$14,635,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$11,735,000 (2011B) Limited Obligation Bonds (LOBS) contracts to refund \$11,970,000 of the 2002 COPS issued for the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. These 11-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$14,988,756. Total remaining annual payments of principal and interest range from approximately \$1,309,150 to \$1,580,900. The total principal balance due at June 30, 2017 is \$6,330,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$21,780,000 (2011C) Limited Obligation Bonds (LOBS) contracts to refund \$22,425,000 of the 2003 COPS issued for the cost of acquiring

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real property, construction and equipping of Bethel Elementary School, Pitts Road Elementary, Kannapolis Middle School, expansion of two existing elementary school facilities and various real and personal property improvements. These 13-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$29,779,084. Total remaining annual payments of principal and interest range from approximately \$2,047,500 to \$2,678,500. The total principal balance due at June 30, 2017 is \$13,770,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$18,045,000 (2015A) Limited Obligation Bonds (LOBS) contracts to refund \$16,795,000 of the 2007 COPS issued for the construction of a sheriff administration facility. These 12-year LOBS have an interest rate of 2.38%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 12-year period will be \$21,057,440. Total remaining annual payments of principal and interest range from approximately \$1,617,604 to \$2,322,571. The total principal balance due at June 30, 2017 is \$17,545,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$23,460,000 (2015B) Limited Obligation Bonds (LOBS) contracts to refund \$21,105,000 of the 2008A COPS issued to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. These 13-year LOBS have an interest rate of 2.49%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$28,404,338. Total remaining annual payments of principal and interest range from approximately \$863,716 to \$3,208,776. The total principal balance due at June 30, 2017 is \$22,840,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$38,295,000 (2015C) Limited Obligation Bonds (LOBS) contracts to refund \$34,025,000 of the 2008C COPS issued to fund the cost of construction of a residential tower to house County inmates and related improvements. These 14-year LOBS have an interest rate of 2.51%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$46,368,088. The total remaining annual payments of principal and interest range from approximately \$1,487,340 to \$4,583,409. The total principal balance due at June 30, 2017 is \$37,145,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$54,435,000 (2015D) Limited Obligation Bonds (LOBS) contracts to refund \$47,300,000 of the 2009 COPS issued a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities. These 14-year LOBS have an interest rate of 2.52%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$66,336,892. Total remaining annual payments of principal and interest range from approximately \$2,096,402 to \$6,827,090. The total principal balance due at June 30, 2017 is \$52,635,000.

On March 10, 2016, the Cabarrus County Development Corporation issued \$73,785,000 (2016) Limited Obligation Bonds (LOBS) contracts for the construction of Mount Pleasant Middle School, Kannapolis Middle School and Royal Oaks Elementary School. These 20-year LOBS have interest rates ranging from 2.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$108,697,900. Annual principal and interest payments range from \$3,804,763 to \$6,941,063. The total principal balance due at June 30, 2017 is \$70,100,000.

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For Cabarrus County, the annual debt service payments to maturity as of June 30, 2017, for the County's Certificates of Participation/Limited Obligation Bonds are as follows:

Year Ending, June 30	Principal	Interest
2018	\$ 23,955,000	\$ 9,531,779
2019	23,905,000	8,524,097
2020	22,375,000	7,519,528
2021	22,105,000	6,767,833
2022	20,070,000	6,003,578
2023-2027	99,095,000	19,101,628
2028-2032	36,115,000	6,104,589
2033-2036	14,755,000	1,512,249
	\$ 262,375,000	\$ 65,065,281

**f. Installment Financing**

On July 20, 2016, the County entered into an installment contract to finance the purchase of E-911 equipment. The County was advanced funds totaling \$283,642. Annual installment payments range from \$27,253 to \$58,230 over five years with an effective interest rate of 1.77%.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2017, for the County's installment financing are as follows:

Year Ending, June 30	Principal	Interest
2018	\$ 55,231	\$ 4,295
2019	56,213	3,313
2020	57,213	2,313
2021	58,230	1,296
2022	29,502	261
	\$ 256,389	\$ 11,478

**g. Advance Refunding**

In prior years the County undertook advance refunding. As a result, the refunded Certificates of Participation are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net position. The amount of defeased principal debt that remains outstanding as of June 30, 2017 is \$102,430,000.

At June 30, 2017 Cabarrus County had a legal debt margin of \$1,399,594,777.

**Debt related to Capital Activities** – Of the total Governmental Activities debt listed, only \$66,785,093 relates to assets for which the County holds title. There is no unspent restricted cash related to the debt amounts.

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**h. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 65,220,000	\$ -	\$ 7,360,000	\$ 57,860,000	\$ 7,190,000
Plus: Premiums on issuance	8,680,237	-	993,416	7,686,821	-
Total General obligation bonds	<u>73,900,237</u>	<u>-</u>	<u>8,353,416</u>	<u>65,546,821</u>	<u>7,190,000</u>
Certificates of Participation/ Limited Obligation Bonds	286,370,000	-	23,995,000	262,375,000	23,955,000
Plus: Premiums on issuance	15,325,995	-	1,396,626	13,929,369	-
Total Certificates of Participation/ Limited Obligation Bonds	<u>301,695,995</u>	<u>-</u>	<u>25,391,626</u>	<u>276,304,369</u>	<u>23,955,000</u>
Notes payable	365,858	-	91,465	274,393	91,465
Capital leases	2,745,710	579,816	80,172	3,245,354	132,378
Installment financing	-	283,642	27,253	256,389	55,231
Compensated absences	3,776,560	2,621,743	2,541,828	3,856,475	3,085,180
Net Pension liability (LGERS)	3,235,173	13,206,449	-	16,441,622	-
Net Pension liability (LEOSSA)	6,532,773	143,953	-	6,676,726	-
Other postemployment benefits	14,222,759	3,192,233	1,488,105	15,926,887	-
Total governmental activities	<u>\$ 406,475,065</u>	<u>\$ 20,027,836</u>	<u>\$ 37,973,865</u>	<u>\$ 388,529,036</u>	<u>\$ 34,509,254</u>
	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	\$ 29,578	\$ 1,159	\$ 15,609	\$ 15,128	\$ 12,102
Net pension liability (LGERS)	12,345	50,371	-	62,716	-
Other postemployment benefits	100,651	7,954	-	108,605	-
Landfill Closure/Post-Closure	3,900,534	47,376	-	3,947,910	72,000
Total business-type activities	<u>\$ 4,043,108</u>	<u>\$ 106,860</u>	<u>\$ 15,609</u>	<u>\$ 4,134,359</u>	<u>\$ 84,102</u>
	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
<b>Discretely presented component unit:</b>					
Compensated absences	\$ 575,308	\$ 660,662	\$ 635,031	\$ 600,939	\$ 588,920
OPEB Obligation	835,754	118,815	57,972	896,597	-
Total discretely presented component unit	<u>\$ 1,411,062</u>	<u>\$ 779,477</u>	<u>\$ 693,003</u>	<u>\$ 1,497,536</u>	<u>\$ 588,920</u>

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For governmental activities, compensated absences, OPEB and unfunded pension cost are liquidated by the general fund. For business-type activities, compensated absences and OPEB are liquidated by the business-type activity. Compensated absences are accounted for on the LIFO basis, assuming employees are taking leave time as it is earned.

**i. Conduit Debt Obligations**

Cabarrus County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, there were no industrial revenue bonds outstanding.

**C. Interfund Balances and Activity**

Transactions between funds are accounted for as follows:

- 1) Transactions which would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are recorded as revenues, expenditures or expenses in the appropriate funds.
- 2) Transactions which are reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures or expenses in the appropriate funds.
- 3) All transactions other than those in 1) and 2) above are recorded as transfers.

**The composition of interfund balances as of June 30, 2017 is as follows:**

	Total Transfers In			Total Transfers Out
	General	School Construction Debt	Non Major	
General	\$ -	\$ -	\$ 17,344,988	\$ 17,344,988
School Construction Debt	75	-	-	75
Non-Major	5,721,739	6,023,351	16,318,324	28,063,414
<b>Total</b>	<u>\$ 5,721,814</u>	<u>\$ 6,023,351</u>	<u>\$ 33,663,312</u>	<u>\$ 45,408,477</u>

Transfers to and from other funds at June 30, 2017 consists of the following:

To the General Fund from the Public School Building Capital Projects Fund for debt service payments.	\$ 2,000,000
To the General Fund from the Capital Reserve Fund for purchase of school buses and mobile units	3,721,739
To the General Fund from the School Construction Debt Projects Fund for debt service payments	75
To the Community Development Special Revenue Fund from the General Fund for HOME grant County match	21,041

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To the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund for the operations of the facility.	680,774
To the Capital Reserve Fund from the General Fund to fulfill the 15% Fund Balance policy	14,504,394
To the LOBS 2017 Capital Projects Fund from the General Fund for land for performance learning center and architect fees for parking deck	997,000
To the School Construction Capital Projects Fund from the General Fund for mobile units for early college	18,899
To the Construction and Renovations Capital Projects Fund from the General Fund for various County projects	1,122,880
To the LOBS 2017 Capital Projects Fund from the Capital Reserve Fund for parking deck, warehouse, new high school and performance learning center	3,772,956
To the LOBS 2017 Capital Projects Fund from the Construction and Renovations Fund for parking deck project, and warehouse	2,246,000
To the LOBS 2017 Capital Projects Fund from the School Construction Capital Projects Fund for new high school	4,933,803
To the LOBS 2018 Capital Projects Fund from the Capital Reserve Fund for new elementary school and RCC advance technology center	2,220,950
To the LOBS 2018 Capital Projects Fund from the School Construction Capital Projects Fund for new elementary school	517,197
To the School Construction Debt Capital Projects Fund from the Public School Building Capital Projects Fund for construction of Mt. Pleasant Middle School and Kannapolis Middle School	1,600,000
To the School Construction Debt Capital Projects Fund from the Capital Reserve Capital Projects Fund for Royal Oaks, Mt. Pleasant Middle School and Kannapolis Middle School	4,423,351
To the Construction and Renovations Fund from the Small Projects Fund for election equipment	5,775
To the School Construction Capital Projects Fund from the Capital Reserve Fund for various school projects	2,621,643
<b>Total</b>	<b><u>\$ 45,408,477</u></b>

The General Fund includes a due from the Fire Districts' Special Revenue Fund in the amount of \$5,610. This amount represents taxes paid to two fire districts based on property valuations which were abated. These amounts will be recouped and paid back to the General Fund in fiscal year 2018.

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**D. Net Investment in Capital Assets**

Governmental Activity, net investment in capital assets at June 30, 2017, are computed as follows:

Capital assets, net of accumulated depreciation	\$	196,818,429
Deferred outflows of resources		19,014,415
Less: capital debt		
Gross debt	\$	(345,627,326)
School debt related to assets to which the County does not capitalize		(66,785,093)
		278,842,233
Deferred outflows related to school debt		(13,959,619)
Net investment in capital assets	\$	135,088,132

**E. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Tax**

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2017 the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

**F. Public School Building Capital Fund**

The Public School Building Capital Fund (PSBCF) is currently the only source of recurring state funding for the capital facility needs (buildings and land) of the local boards of education (local education administration, or LEA). The PSBCF revenue (originally funded from a portion of the Corporate Income Tax) was distributed among the counties in the state according to Average Daily Membership (ADM) and was thus colloquially known as the "ADM Fund." At June 30, 2017 the balance of the County's ADM allocation account was \$311.

When the Lottery was formed, the share of that revenue allocated for capital projects was brought under the 'umbrella' of the PSBCF for distribution to the LEAs in the State. Technically, both the 'ADM Fund' and the Lottery are part of the PSBCF. At June 30, 2017 the Lottery fund had a disbursing account balance of \$598,000.

**G. Internal Service**

The County has two internal service funds, one for self-insured hospitalization / dental insurance and the other for workers' compensation and property liability insurance. The self-insured hospitalization insurance fund accumulates premiums and pays all claims and related expenses for health insurance activities. At June 30, 2017 the self-insured hospitalization / dental internal service fund had an unrestricted net position of \$3,994,177. The self-insured workers' compensation and property liability insurance fund accumulates premiums and pays all claims and related expenses for workers' compensation and property liability insurance activities. At June 30, 2017 the workers' compensation / property liability internal service fund had an unrestricted net position of \$5,103,237. In the basic financial statements, the net positions and activities have been allocated to all governmental fund types, and business types as applicable. These surpluses are being retained for anticipated future catastrophic losses.

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**H. Benefit payments issued by the State**

The following amounts listed under the columns labeled "Federal" and "State" were paid by the State of North Carolina from federal and State moneys directly to individual recipients on behalf of Cabarrus County and Cabarrus Health Alliance. The amounts are not included in the County's or Cabarrus Health Alliance's financial statements since the County and the Alliance have no primary responsibilities beyond making eligibility determinations.

	<u>Federal</u>	<u>State</u>
Food Stamp - WIC	\$ 3,067,851	\$ -
Temporary assistance to needy families	521,408	-
Refugee	12,543	-
LINKS	4,288	-
Foster Care	317,712	311,741
Adoption assistance	477,154	733,257
Medical assistance	129,750,023	66,850,683
State Children's Health Insurance	4,762,348	32,624
Special assistance to adults	-	939,335
Total	<u>\$ 138,913,327</u>	<u>\$ 68,867,640</u>

**Note 3. Joint Ventures**

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solution with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because Cardinal Innovations Healthcare Solution's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations Healthcare Solution, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,020 to Cardinal Innovations Healthcare Solution to supplement its activities. Complete financial statements for Cardinal Innovations Healthcare Solution can be obtained from Cardinal Innovations Healthcare Solution's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an *ex-officio* non-voting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2013 Refunding General Obligation bonds issued, \$1,991,750 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,361,832 to the community college for operating purposes and \$177,487 for capital outlay during the fiscal year ended June 30, 2017. In addition, the County made debt service payments of \$124,323 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2017. Complete financial statements for the community college may be obtained from the community college's administrative offices at I-85 at Jake Alexander Boulevard South, Salisbury, NC 28145.

**Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2017**

**Note 4. Jointly Governed Organization**

The County in conjunction with the Cities of Concord and Kannapolis and the Towns of Harrisburg and Mount Pleasant organized the Water and Sewer Authority of Cabarrus County in order to operate and maintain a regional interceptor sewer system and wastewater treatment system. Although not a user of the wastewater treatment services, the County is a related party by virtue of joint governance of the Water and Sewer Authority of Cabarrus County.

**Note 5. Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefits payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$5,859,996. ,

# Required Supplemental Financial Data

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This section contains additional information on the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits-Retiree Health Plan as of June 30, 2017.

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**Cabarrus County, North Carolina  
Other Post Employment Benefits (OPEB)  
Required Supplementary Information  
Schedule of Funding Progress  
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2005	\$ -	\$ 17,505,771	\$ 17,505,771	0.0%	\$ 21,611,231	81.0%
12/31/2007	-	21,441,875	21,441,875	0.0%	25,327,869	84.7%
12/31/2008	-	25,198,592	25,198,592	0.0%	31,224,203	80.7%
12/31/2011	-	27,978,569	27,978,569	0.0%	34,588,322	80.9%
12/31/2013	-	29,435,762	29,435,762	0.0%	35,882,634	82.0%
12/31/2015	-	29,664,669	29,664,669	0.0%	39,265,400	75.5%

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2017	\$ 3,174,594	46.9
2016	3,174,594	32.5
2015	3,082,130	38.7

**Cabarrus County, North Carolina**  
**Schedule of the County's Proportionate Share of the Net Pension**  
**Liability (Asset)**  
**Local Governmental Employees' Retirement System**  
**Last Four Fiscal Years <sup>(1), (2)</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.778%	0.724%	0.740%	0.741%
County's proportionate share of the net pension liability (asset) \$	16,504,338	3,247,518	(4,362,472)	8,935,512
County's covered-employee payroll	42,520,688	39,999,294	39,888,050	38,285,570
County's proportionate share of the net pension Liability (asset) as a percentage of its covered-employee payroll	38.81%	8.12%	(10.94%)	23.34%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

<sup>(1)</sup> The amount presented for each fiscal year were determined as of the prior fiscal year ending June 30.

<sup>(2)</sup> This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**Cabarrus County, North Carolina**  
**Schedule of County Contributions**  
**Local Governmental Employees' Retirement System**  
**Last Four Fiscal Years <sup>(1)</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,472,475	\$ 2,903,772	\$ 2,855,518	\$ 2,836,414
Contributions in relation to the contractually required contribution	<u>3,472,475</u>	<u>2,903,772</u>	<u>2,855,518</u>	<u>2,836,414</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	46,557,398	42,520,688	39,999,294	39,888,050
Contributions as a percentage of covered-employee payroll	7.46%	6.83%	7.14%	7.11%

<sup>(1)</sup> This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**Cabarrus County, North Carolina**  
**Schedule of the County's Proportionate Share of the Net Pension**  
**Liability (Asset)**  
**Register of Deed's Supplemental Pension Fund**  
**Last Four Fiscal Years <sup>(1), (2)</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.399%	2.267%	2.143%	2.163%
County's proportionate share of the net pension liability (asset) \$	(448,487)	(525,183)	(485,686)	(462,104)
County's covered-employee payroll	71,669	71,326	71,286	60,367
County's proportionate share of the net pension Liability (asset) as a percentage of its covered-employee payroll	(625.78%)	(736.31%)	(681.31%)	(765.49%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

<sup>(1)</sup> The amount presented for each fiscal year were determined as of the prior fiscal year ending June 30.

<sup>(2)</sup> This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**Cabarrus County, North Carolina**  
**Schedule of County Contributions**  
**Register of Deeds' Supplemental Pension Fund**  
**Last Four Fiscal Years <sup>(1)</sup>**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 20,743	\$ 19,597	\$ 18,134	\$ 17,494
Contributions in relation to the contractually required contribution	<u>20,743</u>	<u>19,597</u>	<u>18,134</u>	<u>17,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	78,423	71,669	71,326	71,286
Contributions as a percentage of covered-employee payroll	26.45%	27.34%	25.42%	24.54%

<sup>(1)</sup> This schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

**Cabarrus County, North Carolina**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2017**

	<u>2017</u>
Beginning balance	\$ 6,532,773
Service Cost	283,709
Interest on the total pension liability	229,563
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	-
Changes of assumption or other inputs	(164,444)
Benefits payments	(204,875)
Other changes	-
Ending balance of the total pension liability	<u><u>\$ 6,676,726</u></u>

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

**Cabarrus County, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**For the Year Ended June 30, 2017**

	2017
Total pension liability	\$ 6,676,726
Covered payroll	10,335,413
Total pension liability as a percentage of covered payroll	64.60%

Notes to the schedules:

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

# Other Supplemental Information

**Combining Statements for Non-Major Funds**

**Special Revenue Funds**

**Capital Projects Funds**

**Fiduciary Funds**

Cabarrus County, North Carolina  
Combining Balance Sheet  
Non-major Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds						Capital Projects Funds								Total Non-major Governmental Funds		
	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds	Public School Building Capital Projects Fund	Construction and Renovations Fund	School Construction Fund	Limited Obligation Bonds 2017 Fund	Limited Obligation Bonds 2018 Fund	Capital Reserve Fund	Small Projects Fund		Cannon Memorial Library Fund	Total Capital Projects Funds
<b>ASSETS</b>																	
Cash and cash equivalents	\$ 444,437	\$ 63,796	\$ 1,432,477	\$ -	\$ 146,493	\$ 136,810	\$ 2,224,013	\$ -	\$ 4,290,847	\$ 1,625,892	\$ 4,933,272	\$ 2,357,159	\$ 12,189,123	\$ 2,733,348	\$ -	\$ 28,129,641	\$ 30,353,654
Accounts receivable	-	-	24,753	-	-	-	24,753	-	-	-	-	-	24,753	-	-	24,753	49,506
Interest receivable	1,075	-	4,052	-	400	373	5,900	-	-	-	-	-	26,590	6,091	323	33,004	38,904
Due from other governments	-	-	-	57,671	-	-	57,671	-	-	-	-	-	-	-	-	-	57,671
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	360,000	-	-	-	360,000	360,000
Restricted cash	-	-	51,664	-	-	-	51,664	598,000	-	-	-	-	-	118,438	716,438	768,102	
<b>Total assets</b>	<b>445,512</b>	<b>63,796</b>	<b>1,512,946</b>	<b>57,671</b>	<b>146,893</b>	<b>137,183</b>	<b>2,364,001</b>	<b>598,000</b>	<b>4,290,847</b>	<b>1,625,892</b>	<b>4,933,272</b>	<b>2,357,159</b>	<b>12,600,466</b>	<b>2,739,439</b>	<b>118,761</b>	<b>29,263,836</b>	<b>31,627,837</b>
<b>LIABILITIES</b>																	
Accounts payable and accrued liabilities	85,436	-	148,441	52,061	-	-	285,938	-	158,005	91,403	59,421	91,900	-	15,149	-	415,878	701,816
Liabilities to be paid from restricted assets	-	-	-	-	-	-	-	598,000	-	-	-	-	-	-	-	598,000	598,000
Due to other funds	-	-	-	5,610	-	-	5,610	-	-	-	-	-	-	-	-	-	5,610
Contract retainages	-	-	-	-	-	-	-	-	6,667	141,290	-	-	-	-	-	147,957	147,957
<b>Total liabilities</b>	<b>85,436</b>	<b>-</b>	<b>148,441</b>	<b>57,671</b>	<b>-</b>	<b>-</b>	<b>291,548</b>	<b>598,000</b>	<b>164,672</b>	<b>232,693</b>	<b>59,421</b>	<b>91,900</b>	<b>-</b>	<b>15,149</b>	<b>-</b>	<b>1,161,835</b>	<b>1,453,383</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,594</b>	<b>-</b>	<b>91,594</b>	<b>91,594</b>
<b>FUND BALANCES</b>																	
<b>Restricted</b>																	
Stabilization by State statute	78,438	-	28,805	57,671	400	373	165,687	-	756,752	-	-	-	51,343	7,691	323	816,109	981,796
General government	-	-	-	-	-	-	-	-	-	-	-	-	-	317,461	-	317,461	317,461
Public safety	281,638	-	-	-	146,493	-	428,131	-	-	-	-	-	-	-	-	-	428,131
Economic and physical development	-	63,796	-	-	-	-	63,796	-	-	-	-	-	-	252,225	-	252,225	316,021
Culture and recreation	-	-	51,664	-	-	-	51,664	-	-	-	-	-	-	118,438	-	118,438	170,102
<b>Committed</b>																	
General government	-	-	-	-	-	-	-	-	605,963	-	2,769,305	-	4,000,000	11,896	-	7,387,164	7,387,164
Public safety	-	-	-	-	-	-	-	-	295,443	-	-	-	-	-	-	295,443	295,443
Economic and physical development	-	-	-	-	-	-	-	-	100,000	-	-	-	-	2,043,423	-	2,143,423	2,143,423
Environmental protection	-	-	-	-	-	-	-	-	325,000	-	-	-	-	-	-	325,000	325,000
Human services	-	-	-	-	-	136,810	136,810	-	150,000	-	-	-	-	-	-	150,000	286,810
Education	-	-	-	-	-	-	-	-	-	1,393,199	2,104,546	2,265,259	2,345,448	-	-	8,108,452	8,108,452
Culture and recreation	-	-	-	-	-	-	-	-	1,893,017	-	-	-	1,076,242	-	-	2,969,259	2,969,259
<b>Assigned</b>																	
Education	-	-	-	-	-	-	-	-	-	-	-	-	5,127,433	-	-	5,127,433	5,127,433
Culture and recreation	-	-	1,284,036	-	-	-	1,284,036	-	-	-	-	-	-	-	-	-	1,284,036
<b>Unassigned</b>																	
	-	-	-	(57,671)	-	-	(57,671)	-	-	-	-	-	-	-	-	-	(57,671)
<b>Total fund balances</b>	<b>360,076</b>	<b>63,796</b>	<b>1,364,505</b>	<b>-</b>	<b>146,893</b>	<b>137,183</b>	<b>2,072,453</b>	<b>-</b>	<b>4,126,175</b>	<b>1,393,199</b>	<b>4,873,851</b>	<b>2,265,259</b>	<b>12,600,466</b>	<b>2,632,696</b>	<b>118,761</b>	<b>28,010,407</b>	<b>30,082,860</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 445,512</b>	<b>\$ 63,796</b>	<b>\$ 1,512,946</b>	<b>\$ 57,671</b>	<b>\$ 146,893</b>	<b>\$ 137,183</b>	<b>\$ 2,364,001</b>	<b>\$ 598,000</b>	<b>\$ 4,290,847</b>	<b>\$ 1,625,892</b>	<b>\$ 4,933,272</b>	<b>\$ 2,357,159</b>	<b>\$ 12,600,466</b>	<b>\$ 2,739,439</b>	<b>\$ 118,761</b>	<b>\$ 29,263,836</b>	<b>\$ 31,627,837</b>

Cabarrus County, North Carolina  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Non-major Governmental Funds  
 For the Year Ended June 30, 2017

	Special Revenue Funds						Capital Projects Funds										Total Non-major Governmental Funds
	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts' Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds	Public School Building Fund	Construction and Renovations Fund	School Construction Fund	Limited Obligation Bonds 2017 Fund	Limited Obligation Bonds 2018 Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	
<b>REVENUES</b>																	
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 3,860,446	\$ -	\$ -	\$ 3,860,446	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,107	\$ -	\$ 796,107	\$ 4,656,553
Restricted Intergovernmental	614,475	-	-	-	17,887	-	632,362	-	350,000	-	-	-	-	356,237	-	706,237	1,338,599
Intergovernmental - Lottery	-	-	-	-	-	-	-	3,600,000	-	-	-	-	-	-	-	3,600,000	3,600,000
Program fees	-	7,200	668,550	-	1,848	-	677,598	-	69,657	-	-	-	-	23,414	-	93,071	770,669
Investment earnings	2,725	-	9,771	-	992	900	14,388	-	-	-	-	72,119	14,322	786	87,227	101,615	
Donations	-	-	275,898	-	-	8,100	283,998	-	-	-	-	275,898	-	-	275,898	559,896	
Miscellaneous	-	-	10,583	-	-	-	10,583	-	-	-	-	-	-	-	-	-	10,583
<b>Total revenues</b>	<b>617,200</b>	<b>7,200</b>	<b>964,802</b>	<b>3,860,446</b>	<b>20,727</b>	<b>9,000</b>	<b>5,479,375</b>	<b>3,600,000</b>	<b>419,657</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348,017</b>	<b>1,190,080</b>	<b>786</b>	<b>5,558,540</b>	<b>11,037,915</b>
<b>EXPENDITURES</b>																	
General Government	-	-	-	-	-	-	-	-	56,750	-	1,335	-	-	101,704	-	159,789	159,789
Public Safety	559,206	-	-	3,860,446	244	-	4,419,896	-	39,619	-	-	-	-	-	-	39,619	4,459,515
Economic and Physical Development	-	16,109	-	-	-	-	16,109	-	-	-	-	-	-	-	-	-	16,109
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	303,681	-	303,681	303,681	
Education	-	-	-	-	-	-	-	-	-	7,315,361	6,394,614	472,888	-	-	14,182,863	14,182,863	
Culture and Recreation	-	-	1,504,184	-	-	-	1,504,184	-	66,169	-	-	-	-	-	66,169	1,570,353	
Capital Outlay	285,442	-	26,233	-	29,801	-	341,476	-	3,466,329	-	679,959	-	-	-	4,146,288	4,487,764	
Debt Service:																	
Principal Interest	27,253	-	-	-	-	-	27,253	-	-	-	-	-	-	-	-	-	27,253
Interest and fees	2,511	-	-	-	-	-	2,511	-	-	-	-	-	-	-	-	-	2,511
<b>Total expenditures</b>	<b>874,412</b>	<b>16,109</b>	<b>1,530,417</b>	<b>3,860,446</b>	<b>30,045</b>	<b>-</b>	<b>6,311,429</b>	<b>-</b>	<b>3,628,867</b>	<b>7,315,361</b>	<b>7,075,908</b>	<b>472,888</b>	<b>-</b>	<b>405,385</b>	<b>-</b>	<b>18,898,409</b>	<b>25,209,838</b>
Excess (deficiency) of revenues over (under) expenditures	(257,212)	(8,909)	(565,615)	-	(9,318)	9,000	(832,054)	3,600,000	(3,209,210)	(7,315,361)	(7,075,908)	(472,888)	348,017	784,695	786	(13,339,869)	(14,171,923)
<b>OTHER FINANCING SOURCES (USES)</b>																	
Lease financing issued	283,642	-	-	-	-	-	283,642	-	245,000	-	-	-	-	-	-	245,000	528,642
Transfer in	-	21,041	680,774	-	-	-	701,815	-	1,128,655	2,640,542	11,949,759	2,738,147	14,504,394	-	-	32,961,497	33,663,312
Transfer (out)	-	-	-	-	-	-	-	(3,600,000)	(2,246,000)	(5,451,000)	-	-	(16,760,639)	(5,775)	-	(28,063,414)	(28,063,414)
<b>Total other financing sources (uses):</b>	<b>283,642</b>	<b>21,041</b>	<b>680,774</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>985,457</b>	<b>(3,600,000)</b>	<b>(872,345)</b>	<b>(2,810,458)</b>	<b>11,949,759</b>	<b>2,738,147</b>	<b>(2,256,245)</b>	<b>(5,775)</b>	<b>-</b>	<b>5,143,083</b>	<b>6,128,540</b>
<b>Net change in fund balances</b>	<b>26,430</b>	<b>12,132</b>	<b>115,159</b>	<b>-</b>	<b>(9,318)</b>	<b>9,000</b>	<b>153,403</b>	<b>-</b>	<b>(4,081,555)</b>	<b>(10,125,819)</b>	<b>4,873,851</b>	<b>2,265,259</b>	<b>(1,908,228)</b>	<b>778,920</b>	<b>786</b>	<b>(8,196,786)</b>	<b>(8,043,383)</b>
Fund balance, July 1	333,646	51,664	1,249,346	-	156,211	128,183	1,919,050	-	8,207,730	11,519,018	-	-	14,508,694	1,853,776	117,975	36,207,193	38,126,243
<b>Fund balance, June 30</b>	<b>\$ 360,076</b>	<b>\$ 63,796</b>	<b>\$ 1,364,505</b>	<b>\$ -</b>	<b>\$ 146,893</b>	<b>\$ 137,183</b>	<b>\$ 2,072,453</b>	<b>\$ -</b>	<b>\$ 4,126,175</b>	<b>\$ 1,393,199</b>	<b>\$ 4,873,851</b>	<b>\$ 2,265,259</b>	<b>\$ 12,600,466</b>	<b>\$ 2,632,696</b>	<b>\$ 118,761</b>	<b>\$ 28,010,407</b>	<b>\$ 30,082,860</b>

# Special Revenue Funds

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes

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**Emergency Telephone System** – accounts for the receipt and disbursement of funds for the Cabarrus County Emergency 911 system.

**Community Development Grant** – accounts for the receipt and disbursement of grant funds from the Community Development Block Grant.

**Cabarrus Arena and Events Center** – accounts for the operations of the County owned Arena and Events Center and the annual Cabarrus County Fair.

**Fire Districts'** – accounts for the receipt of property taxes levied for each Fire Department District collected by Cabarrus County and then remitted to each fire department for the purpose of providing fire protection to a specific tax area.

**Sheriff's Department** – collects and appropriates Federal and State funds received specifically for the Cabarrus County Sheriff's Department.

**Department of Aging** – collects and appropriates contributions and private donations received specifically for the Cabarrus County Department of Aging's Senior Citizen programs and projects.

**Cabarrus County, North Carolina**  
**Emergency Telephone System Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Actual</u>		<b>Variance Positive (Negative)</b>
	<u>Budget</u>	<u>Actual</u>	
<b>REVENUES</b>			
Restricted intergovernmental:			
NC 911 service fees	\$ 614,475	\$ 614,475	\$ -
Local contributions	157,485	-	(157,485)
Investment earnings	<u>1,500</u>	<u>2,725</u>	<u>1,225</u>
Total revenues	<u>773,460</u>	<u>617,200</u>	<u>(156,260)</u>
<b>EXPENDITURES</b>			
Public Safety:			
Operations	650,091	559,206	90,885
Capital Outlay	377,247	285,442	91,805
Debt service:			
Principal	27,253	27,253	-
Interest	<u>2,511</u>	<u>2,511</u>	<u>-</u>
Total expenditures	<u>1,057,102</u>	<u>874,412</u>	<u>182,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(283,642)</u>	<u>(257,212)</u>	<u>26,430</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Lease	<u>283,642</u>	<u>283,642</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>26,430</u>	<u>\$ 26,430</u>
Fund balance, July 1		<u>333,646</u>	
Fund balance, June 30		<u>\$ 360,076</u>	

**Cabarrus County, North Carolina**  
**Community Development Block Grant Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
<b>Restricted intergovernmental:</b>				
CDGB program fees	\$ 34,997	\$ 34,997	\$ -	\$ 34,997
HOME Consortium Grants	447,547	251,658	-	251,658
HOME program revenues	26,290	26,290	7,200	33,490
Total Revenues	<u>508,834</u>	<u>312,945</u>	<u>7,200</u>	<u>320,145</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
CDBG:				
Sub-contractor construction	34,997	12,541	15,861	28,402
Total CDBG	<u>34,997</u>	<u>12,541</u>	<u>15,861</u>	<u>28,402</u>
HOME Consortium:				
Consultants	25,409	14,303	-	14,303
Sub-contractor construction	574,719	339,687	248	339,935
Total HOME consortium	<u>600,128</u>	<u>353,990</u>	<u>248</u>	<u>354,238</u>
Total expenditures	<u>635,125</u>	<u>366,531</u>	<u>16,109</u>	<u>382,640</u>
Revenues over (under) expenditures	<u>(126,291)</u>	<u>(53,586)</u>	<u>(8,909)</u>	<u>(62,495)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in - General Fund	<u>126,291</u>	<u>105,250</u>	<u>21,041</u>	<u>126,291</u>
Total other financing sources	<u>126,291</u>	<u>105,250</u>	<u>21,041</u>	<u>126,291</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 51,664</u>	12,132	<u>\$ 63,796</u>
Fund balance, July 1			<u>51,664</u>	
Fund balance, June 30			<u>\$ 63,796</u>	

**Cabarrus County, North Carolina**  
**Cabarrus Arena and Events Center Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Actual</u>		<b>Variance Positive (Negative)</b>
	<u>Budget</u>	<u>Actual</u>	
<b>REVENUES</b>			
<b>Arena and Events Center:</b>			
Donations - Cabarrus Visitors Bureau	\$ 260,000	\$ 265,898	\$ 5,898
Investment earnings	-	15	15
Total Arena and Events Center	<u>260,000</u>	<u>265,913</u>	<u>5,913</u>
<b>County Fair:</b>			
Program fees	609,040	668,550	59,510
Investment earnings	255	9,756	9,501
Miscellaneous	9,000	10,583	1,583
Total County Fair	<u>618,295</u>	<u>688,889</u>	<u>70,594</u>
<b>Visitor Related Events:</b>			
Donations - Cabarrus Visitors Bureau	10,000	10,000	-
Total Visitor Related Events	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total revenues	<u>888,295</u>	<u>964,802</u>	<u>76,507</u>
<b>EXPENDITURES</b>			
Cultural and recreational:			
<b>Arena and Events Center</b>			
Management Company	654,441	563,009	91,432
Capital Outlay	26,233	26,233	-
Other operating expenses	419,115	337,323	81,792
Total Arena & Events Center	<u>1,099,789</u>	<u>926,565</u>	<u>173,224</u>
<b>County Fair:</b>			
Salaries and employee benefits	125,718	114,835	10,883
Other operating expenses	492,577	479,017	13,560
Total County Fair	<u>618,295</u>	<u>593,852</u>	<u>24,443</u>
<b>Visitor Related Events:</b>			
Total Visitor Related Events	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>1,728,084</u>	<u>1,530,417</u>	<u>197,667</u>
Revenues over (under) expenditures	<u>(839,789)</u>	<u>(565,615)</u>	<u>274,174</u>
<b>OTHER FINANCING SOURCES</b>			
Transfer in - General Fund	680,774	680,774	-
Fund Balance Appropriated	159,015	-	(159,015)
Total other financing sources	<u>839,789</u>	<u>680,774</u>	<u>(159,015)</u>
Net change in fund balance	<u>\$ -</u>	<u>115,159</u>	<u>\$ 115,159</u>
Fund balance, July 1		<u>1,249,346</u>	
Fund balance, June 30		<u>\$ 1,364,505</u>	

**Cabarrus County, North Carolina**  
**Fire Districts' Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Actual</u>		<b>Variance Positive (Negative)</b>
	<u>Budget</u>	<u>Actual</u>	
<b>REVENUES</b>			
Property tax collections	\$ 4,242,498	\$ 3,860,446	\$ (382,052)
Total revenues	<u>4,242,498</u>	<u>3,860,446</u>	<u>(382,052)</u>
<b>EXPENDITURES</b>			
Public Safety	<u>4,242,498</u>	<u>3,860,446</u>	<u>382,052</u>
Total expenditures	<u>4,242,498</u>	<u>3,860,446</u>	<u>382,052</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1		<u>-</u>	
Fund balance, June 30		<u>\$ -</u>	

**Cabarrus County, North Carolina**  
**Sheriff's Department Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>REVENUES</b>				
Federal Forfeiture Sharing	\$ 97,931	\$ 97,742	\$ 189	\$ 97,931
Federal Forfeiture Sharing -Treasury	257,611	257,611	-	257,611
NC Substance Control Tax	386,308	368,146	17,698	385,844
Firing Range fees	26,395	23,811	1,848	25,659
Investment earnings:				
Federal Forfeiture sharing	6,926	6,895	92	6,987
Federal Forf sharing-Treasury	10,735	10,678	221	10,899
NC Substance Control Tax	54,156	54,001	610	54,611
Firing Range	255	238	69	307
Total revenues	<u>840,317</u>	<u>819,122</u>	<u>20,727</u>	<u>839,849</u>
<b>EXPENDITURES</b>				
Public Safety	595,767	448,162	244	448,406
Capital Outlay:				
Equipment	153,701	153,701	-	153,701
Vehicles	268,300	238,499	29,801	268,300
Total expenditures	<u>1,017,768</u>	<u>840,362</u>	<u>30,045</u>	<u>870,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,451)</u>	<u>(21,240)</u>	<u>(9,318)</u>	<u>(30,558)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in-General Fund	285,138	285,138	-	285,138
Transfer (out)-General Fund	<u>(107,687)</u>	<u>(107,687)</u>	<u>-</u>	<u>(107,687)</u>
Total other financing sources (uses)	<u>177,451</u>	<u>177,451</u>	<u>-</u>	<u>177,451</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 156,211</u>	<u>(9,318)</u>	<u>\$ 146,893</u>
Fund balance, July 1			<u>156,211</u>	
Fund balance, June 30			<u>\$ 146,893</u>	

**Cabarrus County, North Carolina**  
**Department of Aging Special Revenue Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Contributions and private donations	\$ 190,651	\$ 182,503	\$ 8,100	\$ 190,603
Investment earnings	14,723	14,525	900	15,425
Total revenues	<u>205,374</u>	<u>197,028</u>	<u>9,000</u>	<u>206,028</u>
<b>EXPENDITURES</b>				
Human Services:				
Special Projects	<u>205,374</u>	<u>68,845</u>	<u>-</u>	<u>68,845</u>
Total expenditures	<u>205,374</u>	<u>68,845</u>	<u>-</u>	<u>68,845</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 128,183</u>	9,000	<u>\$ 137,183</u>
Fund balance, July 1			<u>128,183</u>	
Fund balance, June 30			<u>\$ 137,183</u>	

# Capital Projects Funds

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The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

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**Public School Building** – collects State public school funds and lottery proceeds and disbursing the funds for smaller non-debt school capital projects.

**Construction and Renovations** – constructs, renovates and equips larger Capital projects for the County through the use of debt and non-debt sources.

**School Construction** – accounts for the planning, design, construction and/or renovation of schools through the use of non-debt General or Capital Reserve funds.

**Limited Obligation Bonds 2017** – accounts for planning, design, construction and/or renovation of schools and other capital projects that are funded by debt issues in 2017.

**Limited Obligation Bonds 2018** – accounts for planning, design, construction and/or renovation of schools and other capital projects that are funded by debt issues in 2018.

**Capital Reserve** – maintains funds for future County and School capital projects.

**Small Projects** – collects and appropriates general fund revenues and federal and State grant funds received specifically for use by the appropriate Cabarrus County Department who has received the funds.

**Cannon Memorial Library** – collects and appropriates contributions and private donations received specifically for the Cabarrus County libraries to purchase books or to use on library programs and projects.

**Cabarrus County, North Carolina**  
**Public School Building Capital Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Intergovernmental - State:				
Lottery Proceeds	\$ 20,019,308	\$ 16,419,308	\$ 3,600,000	\$ 20,019,308
Lottery Proceeds: Rowan County	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>20,319,308</u>	<u>16,419,308</u>	<u>3,600,000</u>	<u>20,019,308</u>
<b>EXPENDITURES</b>				
Capital outlay - education:				
Rowan County projects	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,019,308</u>	<u>16,419,308</u>	<u>3,600,000</u>	<u>20,019,308</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out) - General Fund	(18,419,308)	(16,419,308)	(2,000,000)	(18,419,308)
Transfer (out) - School Construction Debt - CPF	<u>(1,600,000)</u>	<u>-</u>	<u>(1,600,000)</u>	<u>(1,600,000)</u>
Total other financing sources (uses)	<u>(20,019,308)</u>	<u>(16,419,308)</u>	<u>(3,600,000)</u>	<u>(20,019,308)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1			<u>-</u>	
Fund balance, June 30			<u>\$ -</u>	

**Cabarrus County, North Carolina**  
**Construction and Renovations Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
<b>REVENUES</b>				
Contributions and private donations	\$ 117,036	\$ 117,036	\$ -	\$ 117,036
Rental Fees	726,099	579,085	69,657	648,742
Sale of capital assets	423,417	423,417	-	423,417
PARTF Project Grant	350,000	-	350,000	350,000
Total revenues	<u>1,616,552</u>	<u>1,119,538</u>	<u>419,657</u>	<u>1,539,195</u>
<b>EXPENDITURES</b>				
<b>Improvement</b>				
General Government	966,113	7,162	56,750	63,912
Public Safety	1,040,853	730,197	39,619	769,816
Economic & Physical Development	100,000	-	-	-
Soil & Water	325,000	-	-	-
Human Services	150,000	-	-	-
Culture & Recreation	224,569	-	66,169	66,169
Total Improvements	<u>2,806,535</u>	<u>737,359</u>	<u>162,538</u>	<u>899,897</u>
<b>Capital outlay</b>	<u>11,479,253</u>	<u>5,716,032</u>	<u>3,466,329</u>	<u>9,182,361</u>
Total expenditures	<u>14,285,788</u>	<u>6,453,391</u>	<u>3,628,867</u>	<u>10,082,258</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,669,236)</u>	<u>(5,333,853)</u>	<u>(3,209,210)</u>	<u>(8,543,063)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Lease	3,666,394	3,421,394	245,000	3,666,394
Transfer in - General Fund	4,335,779	3,212,901	1,122,880	4,335,781
Transfer in - Capital Reserve Fund	6,907,288	6,907,288	-	6,907,288
Transfer in - Capital Projects Fund	5,775	-	5,775	5,775
Transfer (out) - LOBS 2017	(2,246,000)	-	(2,246,000)	(2,246,000)
Total other financing sources (uses)	<u>12,669,236</u>	<u>13,541,583</u>	<u>(872,345)</u>	<u>12,669,238</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,207,730</u>	<u>(4,081,555)</u>	<u>\$ 4,126,175</u>
Fund balance, July 1			<u>8,207,730</u>	
Fund balance, June 30			<u>\$ 4,126,175</u>	

**Cabarrus County, North Carolina**  
**School Construction Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Education				
Other Improvements - Available	77,367	-	-	-
Rocky River Elementary School	599,904	599,904	-	599,904
Concord Middle School	884,359	-	806,778	806,778
Winecoff Elementary School	655,571	655,571	-	655,571
Northwest Middle School	885,470	885,470	-	885,470
JM Robinson High School	1,146,752	1,146,752	-	1,146,752
Harrisburg Middle School	917,125	-	681,368	681,368
R. Brown McAllister Elementary	30,000	-	4,800	4,800
Odell Elementary 3-5 School	22,432,068	17,670,142	4,761,926	22,432,068
Early College RCCC	746,859	519,129	227,730	746,859
Kannapolis Intermediate	1,520,978	-	832,759	832,759
Cabarrus Business Technical Center	289,075	-	-	-
Total expenditures	<u>30,185,528</u>	<u>21,476,968</u>	<u>7,315,361</u>	<u>28,792,329</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,185,528)</u>	<u>(21,476,968)</u>	<u>(7,315,361)</u>	<u>(28,792,329)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in - Capital Projects Fund	2,134,634	2,134,634	-	2,134,634
Transfer in - General Fund	4,947,601	4,928,702	18,899	4,947,601
Transfer in - Capital Reserve Fund	28,560,893	25,939,250	2,621,643	28,560,893
Transfer out - Capital Reserve Fund	(6,600)	(6,600)	-	(6,600)
Transfer out - LOBS 2017	(4,933,803)	-	(4,933,803)	(4,933,803)
Transfer out - LOBS 2018	(517,197)	-	(517,197)	(517,197)
Total other financing sources (uses)	<u>30,185,528</u>	<u>32,995,986</u>	<u>(2,810,458)</u>	<u>30,185,528</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,519,018</u>	<u>(10,125,819)</u>	<u>\$ 1,393,199</u>
Fund balance, July 1			<u>11,519,018</u>	
Fund balance, June 30			<u>\$ 1,393,199</u>	

**Cabarrus County, North Carolina**  
**Limited Obligation Bonds 2017 Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Cost of Debt Issuance	1,000,000	-	1,335	1,335
<b>Education</b>				
Performance Learning Center	414,000	-	9,508	9,508
New High School - Weddington Road	8,086,495	-	6,385,106	6,385,106
Total Education	8,500,495	-	6,394,614	6,394,614
<b>General Government</b>	6,141,264	-	-	-
<b>Capital Outlay:</b>				
Downtown Parking Deck				
Land acquisition	262,630	-	260,263	260,263
Construction in progress	1,045,370	-	419,696	419,696
Total Capital Outlay	1,308,000	-	679,959	679,959
Total Expenditures	16,949,759	-	7,075,908	7,075,908
Excess (deficiency) of revenues over (under) expenditures	(16,949,759)	-	(7,075,908)	(7,075,908)
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Proceeds - LOBS 2017	1,000,000	-	-	-
Transfer in - General Fund	997,000	-	997,000	997,000
Transfer in - Construction and Renovation Fund	2,246,000	-	2,246,000	2,246,000
Transfer in - Capital Reserve Fund	7,772,956	-	3,772,956	3,772,956
Transfer in - School Construction Fund	4,933,803	-	4,933,803	4,933,803
Total other financing sources (uses)	16,949,759	-	11,949,759	11,949,759
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	4,873,851	<u>\$ 4,873,851</u>
Fund balance, July 1			-	
Fund balance, June 30			<u>\$ 4,873,851</u>	

**Cabarrus County, North Carolina**  
**Limited Obligation Bonds 2018 Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
New Elementary School (Harrisburg)	1,157,751	-	2,400	2,400
Advanced Technology Center	1,580,396	-	470,488	470,488
Total expenditures	<u>2,738,147</u>	<u>-</u>	<u>472,888</u>	<u>472,888</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,738,147)</u>	<u>-</u>	<u>(472,888)</u>	<u>(472,888)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in - Capital Reserve Fund	2,220,950	-	2,220,950	2,220,950
Transfer in - School Construction Fund - CPF	517,197	-	517,197	517,197
Total other financing sources (uses)	<u>2,738,147</u>	<u>-</u>	<u>2,738,147</u>	<u>2,738,147</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,265,259	<u>\$ 2,265,259</u>
Fund balance, July 1			<u>-</u>	
Fund balance, June 30			<u>\$ 2,265,259</u>	

**Cabarrus County, North Carolina**  
**Capital Reserve Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Contribution - Tourism Authority	\$ 573,771	\$ 851,687	\$ 275,898	\$ 1,127,585
Investment earnings	415,142	403,866	72,119	475,985
Total revenues	<u>988,913</u>	<u>1,255,553</u>	<u>348,017</u>	<u>1,603,570</u>
<b>EXPENDITURES</b>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>988,913</u>	<u>1,255,553</u>	<u>348,017</u>	<u>1,603,570</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in - General Fund	69,336,508	54,832,114	14,504,394	69,336,508
Transfer in - School Construction Fund	6,600	6,600	-	6,600
Transfer (out) - General Fund	(6,560,553)	(2,265,043)	(3,721,739)	(5,986,782)
Transfer (out) - Construction & Renovation Fund	(4,747,288)	(4,747,288)	-	(4,747,288)
Transfer (out) - School Construction Fund	(23,109,893)	(20,488,250)	(2,621,643)	(23,109,893)
Transfer (out) - School Construction Debt Fund	(12,593,748)	(6,473,992)	(4,423,351)	(10,897,343)
Transfer (out) - Limited Obligation Bonds 2017	(19,933,349)	(7,093,803)	(3,772,956)	(10,866,759)
Transfer (out) - Limited Obligation Bonds 2018	(3,387,190)	(517,197)	(2,220,950)	(2,738,147)
Total other financing sources (uses)	<u>(988,913)</u>	<u>13,253,141</u>	<u>(2,256,245)</u>	<u>10,996,896</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,508,694</u>	(1,908,228)	<u>\$ 12,600,466</u>
Fund balance, July 1			<u>14,508,694</u>	
Fund balance, June 30			<u>\$ 12,600,466</u>	

**Cabarrus County, North Carolina**  
**Small Projects Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>REVENUES</b>				
<b>Board of Elections:</b>				
Investment earnings	\$ 34,097	\$ 33,917	\$ 175	\$ 34,092
Total Board of Elections	<u>34,097</u>	<u>33,917</u>	<u>175</u>	<u>34,092</u>
<b>Register of Deeds:</b>				
Automation & enhancement fees	1,433,669	1,337,547	128,125	1,465,672
Investment earnings	39,251	38,725	2,159	40,884
Total Register of Deeds	<u>1,472,920</u>	<u>1,376,272</u>	<u>130,284</u>	<u>1,506,556</u>
<b>Soil &amp; Water:</b>				
Grants	1,319,045	546,258	228,112	774,370
Stewardship Fund	36,421	14,588	21,833	36,421
Deferred tax collections	375,000	375,000	-	375,000
Program fees	12,000	10,374	1,581	11,955
Contribution and donations	2,898	2,898	-	2,898
Investment earnings	1,693	1,693	-	1,693
Total Soil & Water	<u>1,747,057</u>	<u>950,811</u>	<u>251,526</u>	<u>1,202,337</u>
<b>Local Agriculture Preservation:</b>				
Deferred tax collections	1,837,870	1,069,821	796,107	1,865,928
Investment earnings	7,751	5,489	11,988	17,477
Total Soil & Water	<u>1,845,621</u>	<u>1,075,310</u>	<u>808,095</u>	<u>1,883,405</u>
Total revenues	<u>5,099,695</u>	<u>3,436,310</u>	<u>1,190,080</u>	<u>4,626,390</u>
<b>EXPENDITURES</b>				
Operations:				
General Govt - Board of Elections	111,677	111,677	-	111,677
General Govt - Register of Deeds	1,550,425	1,164,895	101,704	1,266,599
Environmental Protection - Soil & Water	1,860,064	569,229	303,681	872,910
Environ Protect - Local Agric Preservat	1,284,221	-	-	-
Total Operations	<u>4,806,387</u>	<u>1,845,801</u>	<u>405,385</u>	<u>2,251,186</u>
Capital Outlay:				
Land and Land Improvements	26,792	26,792	-	26,792
Equipment and Furniture	127,530	127,530	-	127,530
Total Capital Outlay	<u>154,322</u>	<u>154,322</u>	<u>-</u>	<u>154,322</u>
Total expenditures	<u>4,960,709</u>	<u>2,000,123</u>	<u>405,385</u>	<u>2,405,508</u>
Excess (deficiency) of revenues over (under) expenditures	<u>138,986</u>	<u>1,436,187</u>	<u>784,695</u>	<u>2,220,882</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in-General Fund	292,589	292,589	-	292,589
Transfer in-Capital Reserve Fund	150,000	150,000	-	150,000
Transfer out-General Fund	(575,200)	(25,000)	-	(25,000)
Transfer out-Const & Renovation Fund	(6,375)	-	(5,775)	(5,775)
Total other financing sources (uses)	<u>(138,986)</u>	<u>417,589</u>	<u>(5,775)</u>	<u>411,814</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,853,776</u>	<u>778,920</u>	<u>\$ 2,632,696</u>
Fund balance, July 1			<u>1,853,776</u>	
Fund balance, June 30			<u>\$ 2,632,696</u>	

**Cabarrus County, North Carolina**  
**Cannon Memorial Library Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Fiscal Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Contributions and donations	\$ 935,089	\$ 935,089	\$ -	\$ 935,089
Investment earnings	199,178	198,962	786	199,748
Total revenues	<u>1,134,267</u>	<u>1,134,051</u>	<u>786</u>	<u>1,134,837</u>
<b>EXPENDITURES</b>				
Cultural and Recreation: Special Projects	<u>113,627</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Total expenditures	<u>113,627</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Excess (deficiency) of revenues over (under) expenditures	1,020,640	1,130,466	786	1,131,252
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in-General Fund	9,740	9,740	-	9,740
Transfer (out)-General Fund	<u>(1,030,380)</u>	<u>(1,022,231)</u>	<u>-</u>	<u>(1,022,231)</u>
Total other financing sources (uses)	<u>(1,020,640)</u>	<u>(1,012,491)</u>	<u>-</u>	<u>(1,012,491)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 117,975</u>	786	<u>\$ 118,761</u>
Fund balance, July 1			<u>117,975</u>	
Fund balance, June 30			<u>\$ 118,761</u>	

# Fiduciary Funds

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Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds

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**Department of Social Services Agency Fund** is used to account for money deposited with the County through the Social Services Department under a program which manages the financial affairs of persons unable or incapable of managing them on their own.

**Charitable Campaign Agency Fund** is used to account for money County employees contribute through annual one time giving and through payroll deductions for the purpose of distribution to charitable non-profit agencies in our area. One hundred percent of the money collected is distributed to the charitable non-profit agencies.

**Undistributed Taxes Agency Fund** is used to accumulate collected property taxes before they are distributed to local municipalities.

**Intergovernmental Agency Fund** is used to accumulate fines and forfeitures before they are distributed to the local School Boards; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina.

**Sheriff Civil Records Agency Fund** is used to account for collections of civil writs from citizens prior to distribution to plaintiff.

**Jail Commissary Agency Fund** is used to account for an inmate's money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release.

**Cabarrus County, North Carolina**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2017**

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>Department of Social Services</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 66,672	\$ 299,685	\$ 295,402	\$ 70,955
Total	<u>\$ 66,672</u>	<u>\$ 299,685</u>	<u>\$ 295,402</u>	<u>\$ 70,955</u>
<b><u>Liabilities:</u></b>				
Accounts payable	\$ 3,980	\$ 259,559	\$ 254,351	\$ 9,188
Due to program participants	62,692	298,302	299,227	61,767
Total	<u>\$ 66,672</u>	<u>\$ 557,861</u>	<u>\$ 553,578</u>	<u>\$ 70,955</u>
<b><u>Charitable Campaign</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 16,112	\$ 35,236	\$ 48,884	\$ 2,464
Accounts receivable	1,862	633	1,862	633
Total	<u>\$ 17,974</u>	<u>\$ 35,869</u>	<u>\$ 50,746</u>	<u>\$ 3,097</u>
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ 48,492	\$ 48,492	\$ -
Due to program participants	17,974	34,319	49,196	3,097
Total	<u>\$ 17,974</u>	<u>\$ 82,811</u>	<u>\$ 97,688</u>	<u>\$ 3,097</u>
<b><u>Undistributed Taxes</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 98,001	\$ 182,404,131	\$ 182,284,440	\$ 217,692
Due from State DOT	701,288	730,707	701,307	730,688
Total	<u>\$ 799,289</u>	<u>\$ 183,134,838</u>	<u>\$ 182,985,747</u>	<u>\$ 948,380</u>
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ 36,492,575	\$ 36,492,575	\$ -
Intergovernmental payable - Municipalities	799,289	249,680,743	249,531,652	948,380
Total	<u>\$ 799,289</u>	<u>\$ 286,173,318</u>	<u>\$ 286,024,227</u>	<u>\$ 948,380</u>
<b><u>Intergovernmental</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 114,233	\$ 2,042,013	\$ 2,044,538	\$ 111,708
Accounts receivable	-	12,908	2,584	10,324
Total	<u>\$ 114,233</u>	<u>\$ 2,054,921</u>	<u>\$ 2,047,122</u>	<u>\$ 122,032</u>
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ 2,015,870	\$ 2,015,870	\$ -
Due to Schools - Fines & Forfeitures	114,233	2,052,337	2,044,538	122,032
Total	<u>\$ 114,233</u>	<u>\$ 4,068,207</u>	<u>\$ 4,060,408</u>	<u>\$ 122,032</u>
<b><u>Sheriff Civil Records</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 8,634	\$ 399,981	\$ 406,947	\$ 1,668
<b><u>Liabilities:</u></b>				
Accounts payable	\$ -	\$ 406,105	\$ 404,987	\$ 1,118
Due to courts	8,634	401,356	409,440	550
Total	<u>\$ 8,634</u>	<u>\$ 807,461</u>	<u>\$ 814,427</u>	<u>\$ 1,668</u>
<b><u>Jail Commissary</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 45,348	\$ 589,882	\$ 600,407	\$ 34,823
<b><u>Liabilities:</u></b>				
Due to jail inmates	45,348	627,568	638,093	34,823
Total	<u>\$ 45,348</u>	<u>\$ 627,568</u>	<u>\$ 638,093</u>	<u>\$ 34,823</u>
<b><u>Total All Agency Funds</u></b>				
<b><u>Assets:</u></b>				
Cash and cash equivalents	\$ 349,000	\$ 185,770,928	\$ 185,680,618	\$ 439,310
Accounts receivable	1,862	13,541	4,446	10,957
Due from State DOT	701,288	730,707	701,307	730,688
Total	<u>\$ 1,052,150</u>	<u>\$ 186,515,176</u>	<u>\$ 186,386,371</u>	<u>\$ 1,180,955</u>
<b><u>Liabilities:</u></b>				
Accounts payable	\$ 3,980	\$ 39,222,601	\$ 39,216,275	\$ 10,306
Due to courts	8,634	401,356	409,440	550
Due to jail inmates	45,348	627,568	638,093	34,823
Due to municipalities	799,289	249,680,743	249,531,652	948,380
Due to program participants	80,666	332,621	348,423	64,864
Due to schools	114,233	2,052,337	2,044,538	122,032
Total	<u>\$ 1,052,150</u>	<u>\$ 292,317,226</u>	<u>\$ 292,188,421</u>	<u>\$ 1,180,955</u>

# Internal Service Funds

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Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other department or agencies of the County on a cost reimbursement basis

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**Workers' Compensation / Property Liability Fund** was established to accumulate premiums and pay all claims and related expenses for workers' compensation and property liability activities.

**Self-Insured Hospitalization Fund** was established as a self-insurance fund for employee health insurance coverage. The employee's premium and the County's contribution are deposited in this fund. Payments for health coverage are made to a third-party administrator for the statement of claims plus administrative expenses.

**Cabarrus County, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Net Position**  
**June 30, 2017**

	<b>Self-Insured Workers' Compensation and Property Liability Fund</b>	<b>Self-Insured Hospitalization   Dental Fund</b>	<b>Total</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 5,581,858	\$ 5,247,248	\$ 10,829,106
Interest receivable	14,887	12,997	27,884
Prepaid expenses	800	282,777	283,577
<b>Total assets</b>	<b>5,597,545</b>	<b>5,543,022</b>	<b>11,140,567</b>
<b><u>Liabilities</u></b>			
Accounts payable	-	5,159	5,159
Amounts payable for future claims	494,308	1,543,686	2,037,994
<b>Total liabilities</b>	<b>494,308</b>	<b>1,548,845</b>	<b>2,043,153</b>
<b><u>Net position</u></b>			
Unrestricted	5,103,237	3,994,177	9,097,414
<b>Total Net Position</b>	<b>\$ 5,103,237</b>	<b>\$ 3,994,177</b>	<b>\$ 9,097,414</b>

**Cabarrus County, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

	<b>Self-Insured Workers' Compensation and Property Liability Fund</b>	<b>Self-Insured Hospitalization   Dental Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
Insurance premiums	\$ 1,743,580	\$ 10,277,766	\$ 12,021,346
Program fees	-	36,314	36,314
Insurance refunds	12,454	224,221	236,675
	<u>1,756,034</u>	<u>10,538,301</u>	<u>12,294,335</u>
Total operating revenues	<u>1,756,034</u>	<u>10,538,301</u>	<u>12,294,335</u>
<b>Operating expenses:</b>			
General administrative and other	637,288	1,874,633	2,511,921
Claims	659,428	8,743,722	9,403,150
	<u>1,296,716</u>	<u>10,618,355</u>	<u>11,915,071</u>
Total operating expenses	<u>1,296,716</u>	<u>10,618,355</u>	<u>11,915,071</u>
Operating income	<u>459,318</u>	<u>(80,054)</u>	<u>379,264</u>
<b>Nonoperating revenues:</b>			
Investment earnings	35,287	31,581	66,868
	<u>35,287</u>	<u>31,581</u>	<u>66,868</u>
Total nonoperating revenues	<u>35,287</u>	<u>31,581</u>	<u>66,868</u>
Income before contributions	494,605	(48,473)	446,132
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	494,605	(48,473)	446,132
Net position, July 1	<u>4,608,632</u>	<u>4,042,650</u>	<u>8,651,282</u>
Net position, June 30	<u>\$ 5,103,237</u>	<u>\$ 3,994,177</u>	<u>\$ 9,097,414</u>

**Cabarrus County, North Carolina**  
**Self Insured Workers' Compensation and Property Liability Internal Service Fund**  
**Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2017**

	2017		Variance Favorable (Unfavorable)
	Financial Plan	Actual	
<b>Revenues:</b>			
<b>Liability:</b>			
Operating revenues:			
Insurance premiums	\$ 851,328	\$ 894,528	\$ 43,200
Insurance refunds	-	7,089	7,089
Total liability	<u>851,328</u>	<u>901,617</u>	<u>50,289</u>
Nonoperating revenues:			
Investment earnings	300	35,287	34,987
Total nonoperating revenues	<u>300</u>	<u>35,287</u>	<u>34,987</u>
<b>Workers Compensation</b>			
Operating revenues:			
Insurance premiums	787,000	849,052	62,052
Insurance refunds	-	5,365	5,365
Total workers compensation	<u>787,000</u>	<u>854,417</u>	<u>67,417</u>
Nonoperating revenues:			
Investment earnings	250	-	(250)
Total nonoperating revenues	<u>250</u>	<u>-</u>	<u>(250)</u>
Total revenues	<u>1,638,878</u>	<u>1,791,321</u>	<u>152,443</u>
<b>Expenditures:</b>			
<b>Liability:</b>			
General and administrative - Premiums	570,000	490,540	79,460
Claims	265,628	269,391	(3,763)
Consultants	16,000	16,000	-
Total liability	<u>851,628</u>	<u>775,931</u>	<u>75,697</u>
<b>Workers Compensation</b>			
General and administrative - Premiums	120,000	104,748	15,252
Claims	641,250	390,037	251,213
Consultant	26,000	26,000	-
Total workers compensation	<u>787,250</u>	<u>520,785</u>	<u>266,465</u>
Total expenditures	<u>1,638,878</u>	<u>1,296,716</u>	<u>342,162</u>
Revenues over (under) expenditures	<u>-</u>	<u>494,605</u>	<u>494,605</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>494,605</u>	<u>\$ 494,605</u>
Change in net position		<u>\$ 494,605</u>	

**Cabarrus County, North Carolina**  
**Self Insured Hospitalization and Dental Internal Service Fund**  
**Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2017**

	<b>2017</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Financial Plan</b>	<b>Actual</b>	
<b>Revenues:</b>			
<b>Hospitalization:</b>			
Operating revenues:			
Insurance premiums	\$ 9,803,466	\$ 9,853,530	\$ 50,064
Insurance refunds	224,000	224,221	221
Program fees	34,987	36,314	1,327
Total hospitalization	<u>10,062,453</u>	<u>10,114,065</u>	<u>51,612</u>
<b>Dental:</b>			
Operating revenues:			
Insurance premiums	420,355	424,236	3,881
Insurance refunds	-	-	-
Program fees	-	-	-
Total Dental	<u>420,355</u>	<u>424,236</u>	<u>3,881</u>
Nonoperating revenues:			
Investment earnings	<u>6,000</u>	<u>31,581</u>	<u>25,581</u>
Total nonoperating revenues	<u>6,000</u>	<u>31,581</u>	<u>25,581</u>
Total revenues	<u>10,488,808</u>	<u>10,569,882</u>	<u>81,074</u>
<b>Expenditures:</b>			
<b>Hospitalization:</b>			
General and administrative	2,074,567	1,817,921	256,646
Claims	8,538,386	8,396,798	141,588
Total hospitalization	<u>10,612,953</u>	<u>10,214,719</u>	<u>398,234</u>
<b>Dental:</b>			
General and administrative	57,515	56,712	803
Claims	362,840	346,924	15,916
Total dental	<u>420,355</u>	<u>403,636</u>	<u>16,719</u>
Total expenditures	<u>11,033,308</u>	<u>10,618,355</u>	<u>414,953</u>
Revenues over (under) expenditures	<u>(544,500)</u>	<u>(48,473)</u>	<u>496,027</u>
Fund Balance Appropriated	<u>544,500</u>	<u>-</u>	<u>544,500</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(48,473)</u>	<u>\$ (48,473)</u>
Change in net position		<u>\$ (48,473)</u>	

**Cabarrus County, North Carolina**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

	<b>Self-Insured Workers' Compensation and Property Liability Fund</b>	<b>Self-Insured Hospitalization   Dental Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ -	\$ 3,655	\$ 3,655
Cash received from departments	1,755,234	10,502,860	12,258,094
Cash paid to suppliers for goods and services	(1,217,340)	(10,606,193)	(11,823,533)
Net cash provided (used) by operating activities	537,894	(99,678)	438,216
<b>Cash flows from investing activities:</b>			
Interest received on investments	26,895	24,478	51,373
Net cash provided (used) by investing activities	26,895	24,478	51,373
Net increase (decrease) in cash and cash equivalents	564,789	(75,200)	489,589
Cash and cash equivalents - July 1	5,017,069	5,322,448	10,339,517
Cash and cash equivalents - June 30	\$ 5,581,858	\$ 5,247,248	\$ 10,829,106
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 459,318	\$ (80,054)	\$ 379,264
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable and prepaid expenses	(800)	(31,786)	(32,586)
Increase in accounts payable and accrued liabilities	79,376	12,162	91,538
Total adjustments	78,576	(19,624)	58,952
Net cash provided (used) by operating activities	\$ 537,894	\$ (99,678)	\$ 438,216

# Other Schedules

**Tax Receivable and Tax Levy** schedules report the balance of the past ten years of tax levies and provides detailed information concerning the current tax assessment and levy.

**General Fund** accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**School Construction Debt** accounts for planning, design, construction and/or renovation of schools through the use of debt and non-debt sources.

**Landfill Fund** is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The schedule presents the results of operation for the Landfill on the modified accrual basis for comparison to the legally adopted budget. A reconciliation of the modified accrual basis to the full accrual basis (per generally accepted accounting principles) follows the schedule.

**Cabarrus County, North Carolina**  
**General Fund**  
**Schedule Of Ad Valorem Taxes Receivable**  
**For the Fiscal Year Ended June 30, 2017**

<u>Fiscal Year Ended June 30,</u>	<u>Uncollected Balance June 30, 2016</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2017</u>
2017	\$ -	\$ 153,019,960	\$ 151,567,896	\$ 1,452,064
2016	2,597,782		2,162,395	435,387
2015	2,461,249		2,177,920	283,329
2014	2,835,555		2,555,723	279,832
2013	1,199,070		927,250	271,820
2012	245,672		48,038	197,634
2011	294,340		41,786	252,554
2010	169,843		19,785	150,058
2009	126,597		11,462	115,135
2008	89,745		7,935	81,810
2007	<u>83,023</u>		<u>83,023</u>	<u>-</u>
	<u>\$ 10,102,876</u>	<u>\$ 153,019,960</u>	<u>\$ 159,603,213</u>	<u>3,519,623</u>
Less: Allowance for uncollectible accounts: General Fund				<u>(1,845,879)</u>
Ad valorem taxes receivable (net): General Fund				<u>\$ 1,673,744</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 153,149,213
Penalties collected on ad valorem taxes - Agency Fund				268,563
Total ad valorem taxes and penalties				<u>153,417,776</u>
Reconciling items:				
Deferred taxes				695,937
Interest collected				(732,450)
Taxes written-off				198,138
Release of prior year taxes				5,959,746
Collection of tax previously written-off				(3,685)
NCVTS refunds				67,751
Total reconciling items				<u>6,185,437</u>
Total collections and credits				<u>\$ 159,603,213</u>

**Cabarrus County, North Carolina**  
**Analysis Of Current Tax Levy**  
**County-Wide Levy**  
**For the Year Ended June 30, 2017**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 21,667,397,143	\$ 0.7000	\$ 151,663,297	\$ 138,296,740	\$ 13,366,557
Penalties	-		102,970	102,970	-
<b>Total</b>	<b>21,667,397,143</b>		<b>151,766,267</b>	<b>138,399,710</b>	<b>13,366,557</b>
Discoveries:					
Current year taxes	135,833,303	0.7000	950,834	949,206	1,628
Prior year taxes			1,817,400	1,817,400	-
Penalties	-		216,675	216,675	-
<b>Total</b>	<b>135,833,303</b>		<b>2,984,909</b>	<b>2,983,281</b>	<b>1,628</b>
Releases	(258,156,531)		(1,731,216)	(1,730,933)	(283)
<b>Total property valuation</b>	<b>\$ 21,545,073,915</b>				
Ney levy			153,019,960	139,652,058	13,367,902
Uncollected taxes at June 30, 2017			1,452,064	1,451,933	131
Current year's taxes collected			\$ 151,567,896	\$ 138,200,125	\$ 13,367,771
Current levy collection percentage			99.05%	98.96%	100.00%

**Cabarrus County, North Carolina  
Analysis Of Current Tax Levy  
County-Wide Levy  
For the Year Ended June 30, 2017**

**Secondary market disclosures:**

Assessed valuation:	
Assessment ratio <sup>1</sup>	100%
Real property	\$ 17,490,495,184
Personal property	3,673,234,986
Public service companies <sup>2</sup>	<u>381,343,745</u>
Total assessed valuation	\$ 21,545,073,915
Tax rate per \$100	<u>0.7000</u>
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u><u>\$ 153,019,960</u></u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire protection districts <sup>4</sup>	<u><u>\$ 3,512,380</u></u>
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<sup>1</sup> Percentage of appraised value has been established by statute.

<sup>2</sup> Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

<sup>3</sup> Levy includes penalties.

<sup>4</sup> Levy excludes motor vehicle taxes.

**Cabarrus County, North Carolina**  
**Ten Largest Taxpayers<sup>1</sup>**  
**For the Fiscal Year Ended June 30, 2017**

**Secondary market disclosures (continued):**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Corning, Incorporated	Fiber optics manufacturer	\$ 320,404,041	1.49%
Castle & Cooke North Carolina, LLC / David H Murdock	Land developer	294,161,046	1.37%
Concord Mills LTD Partnership	Shopping center	227,830,932	1.06%
Charlotte Motor Speedway, Incorporated	Auto racing	219,603,191	1.02%
Celgard LLC	Battery manufacturer	197,740,761	0.92%
Duke Energy Corporation	Public service company	121,236,689	0.56%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	106,706,002	0.50%
Weinstein Properties	Property management	101,646,310	0.47%
Hendricks Motorsports, Incorporated	Auto racing	92,311,192	0.43%
Hendricks Automotive	Automotive sales	89,513,480	0.42%
Totals		<u>\$ 1,771,153,644</u>	<u>8.24%</u>

<sup>1</sup>More information about principal property taxpayers can be found on Table 7.

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>REVENUES</b>			
<b>Ad Valorem Taxes:</b>			
Taxes - Current	\$ 144,704,977	\$ 150,554,193	\$ 5,849,216
Taxes - Delinquent	1,734,100	1,862,570	128,470
Interest	500,000	732,450	232,450
Total	<u>146,939,077</u>	<u>153,149,213</u>	<u>6,210,136</u>
<b>Local Option Sales Taxes:</b>			
Sales tax - one cent	17,473,825	18,138,042	664,217
Sales tax - half cent (40)	9,057,929	9,332,986	275,057
Sales tax - half cent (42)	10,647,660	11,115,123	467,463
Sales tax - half cent (44)	-	953	953
Sales tax - half cent (46)	7,256,704	8,021,787	765,083
Sales tax fire districts	975,000	975,698	698
Total	<u>45,411,118</u>	<u>47,584,589</u>	<u>2,173,471</u>
<b>Other Taxes:</b>			
Franchise fees	539,000	528,307	(10,693)
Gross receipts tax	160,000	202,572	42,572
Heavy equipment tax	45,000	90,051	45,051
Disposal Tax on White Goods	55,000	76,958	21,958
Total	<u>799,000</u>	<u>897,888</u>	<u>98,888</u>
<b>Intergovernmental Revenues:</b>			
Federal and state grants	21,138,108	21,111,294	(26,814)
Court facilities fees	325,000	380,715	55,715
ABC profit distribution	88,000	128,382	40,382
Other intergovernmental	1,817,649	1,972,285	154,636
Total	<u>23,368,757</u>	<u>23,592,676</u>	<u>223,919</u>
<b>Permits and Fees:</b>			
Inspection fees	2,908,500	3,047,376	138,876
Register of deeds	2,372,500	2,644,782	272,282
Other permits	246,870	274,317	27,447
Total	<u>5,527,870</u>	<u>5,966,475</u>	<u>438,605</u>
<b>Sales and Services:</b>			
Rental fees	33,775	33,985	210
Ambulance fees	5,191,921	5,336,776	144,855
Jail fees	1,033,650	1,502,465	468,815
Library fees	110,000	144,744	34,744
Recreation fees	559,647	572,925	13,278
Human services	146,002	173,213	27,211
Transportation	998,500	1,080,499	81,999
Tax collection fees	265,240	287,957	22,717
Other sales and services	2,809,429	2,791,889	(17,540)
Total	<u>11,148,164</u>	<u>11,924,453</u>	<u>776,289</u>

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Investment Earnings:</b>			
Interest on investments	280,000	637,633	357,633
Total	<u>280,000</u>	<u>637,633</u>	<u>357,633</u>
<b>Miscellaneous:</b>			
Private contributions and donations	388,300	159,240	(229,060)
Sale of materials and capital assets	35,705	82,366	46,661
Gain (Loss) on Foreclosures	-	3,454	3,454
Other	165,753	131,247	(34,506)
Total	<u>589,758</u>	<u>376,307</u>	<u>(213,451)</u>
 <b>Total revenues</b>	 <u>234,063,744</u>	 <u>244,129,234</u>	 <u>10,065,490</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Board of Commissioners			
Personal services	325,699	317,925	7,774
Operations	724,735	609,671	115,064
Total	<u>1,050,434</u>	<u>927,596</u>	<u>122,838</u>
County Manager			
Personal services	965,296	963,468	1,828
Operations	49,954	43,720	6,234
Total	<u>1,015,250</u>	<u>1,007,188</u>	<u>8,062</u>
Communications & Outreach			
Personal services	338,278	335,407	2,871
Operations	273,755	121,432	152,323
Capital Outlay	65,000	62,046	2,954
Total	<u>677,033</u>	<u>518,885</u>	<u>158,148</u>
Human Resources			
Personal services	623,602	622,397	1,205
Operations	196,300	169,104	27,196
Total	<u>819,902</u>	<u>791,501</u>	<u>28,401</u>
Tax Collector			
Personal services	529,055	528,111	944
Operations	493,788	484,601	9,187
Total	<u>1,022,843</u>	<u>1,012,712</u>	<u>10,131</u>
Tax Administration			
Personal services	1,894,597	1,888,932	5,665
Operations	322,640	282,825	39,815
Total	<u>2,217,237</u>	<u>2,171,757</u>	<u>45,480</u>

**Cabarrus County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Board of Elections			
Personal services	581,565	546,479	35,086
Operations	220,777	198,908	21,869
Total	<u>802,342</u>	<u>745,387</u>	<u>56,955</u>
Register of Deeds			
Personal services	494,546	491,341	3,205
Operations	81,427	78,723	2,704
Total	<u>575,973</u>	<u>570,064</u>	<u>5,909</u>
Finance			
Personal services	757,918	757,043	875
Operations	146,855	146,035	820
Total	<u>904,773</u>	<u>903,078</u>	<u>1,695</u>
Information Technology Services			
Personal services	2,181,842	2,178,887	2,955
Operations	2,781,156	2,390,867	390,289
Capital outlay	382,429	352,931	29,498
Total	<u>5,345,427</u>	<u>4,922,685</u>	<u>422,742</u>
Grounds Maintenance			
Personal services	470,989	451,180	19,809
Operations	1,016,606	916,876	99,730
Capital outlay	516,247	442,675	73,572
Total	<u>2,003,842</u>	<u>1,810,731</u>	<u>193,111</u>
Infrastructure and Asset Management			
Personal services	532,745	483,943	48,802
Operations	1,280,420	1,129,978	150,442
Capital outlay	9,500	8,879	621
Total	<u>1,822,665</u>	<u>1,622,800</u>	<u>199,865</u>
Street Sign Maintenance			
Personal services	119,418	106,506	12,912
Operations	43,086	32,633	10,453
Total	<u>162,504</u>	<u>139,139</u>	<u>23,365</u>
Building Maintenance			
Personal services	701,272	662,534	38,738
Operations	2,227,738	1,837,994	389,744
Capital outlay	58,000	-	58,000
Total	<u>2,987,010</u>	<u>2,500,528</u>	<u>486,482</u>
Facility Services			
Personal services	1,110,784	1,005,838	104,946
Operations	324,659	246,462	78,197
Total	<u>1,435,443</u>	<u>1,252,300</u>	<u>183,143</u>

**Cabarrus County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Fleet Maintenance</b>			
Personal services	385,837	384,302	1,535
Operations	54,065	42,091	11,974
Capital outlay	805,274	688,739	116,535
<b>Total</b>	<u>1,245,176</u>	<u>1,115,132</u>	<u>130,044</u>
<b>Other General Government</b>			
Salary Adjustments	-	-	-
Other benefits	583,125	583,125	-
Unemployment compensation	40,008	22,614	17,394
Contingency	262,937	-	262,937
Other Operations	123,048	49,082	73,966
<b>Total</b>	<u>1,009,118</u>	<u>654,821</u>	<u>354,297</u>
<b>Total General Government</b>	<u>25,096,972</u>	<u>22,666,304</u>	<u>2,430,668</u>
<b>Public Safety</b>			
<b>County Sheriff</b>			
Personal services	10,785,554	10,284,289	501,265
Operations	2,081,928	1,917,677	164,251
Capital outlay	564,277	564,650	(373)
<b>Total</b>	<u>13,431,759</u>	<u>12,766,616</u>	<u>665,143</u>
<b>Jail</b>			
Personal services	9,024,738	8,495,208	529,530
Operations	2,006,393	1,816,753	189,640
Capital Outlay	115,842	4,767	111,075
<b>Total</b>	<u>11,146,973</u>	<u>10,316,728</u>	<u>830,245</u>
<b>Animal Control</b>			
Personal services	694,473	692,618	1,855
Operations	115,392	77,255	38,137
Capital Outlay	31,950	31,753	197
<b>Total</b>	<u>841,815</u>	<u>801,626</u>	<u>40,189</u>
<b>Animal Shelter</b>			
Personal services	235,015	206,648	28,367
Operations	86,086	60,262	25,824
<b>Total</b>	<u>321,101</u>	<u>266,910</u>	<u>54,191</u>
<b>Courts</b>			
Personal services	31,725	29,279	2,446
Operations	276,069	216,141	59,928
<b>Total</b>	<u>307,794</u>	<u>245,420</u>	<u>62,374</u>

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Construction Standards</b>			
Personal services	1,928,072	1,900,064	28,008
Operations	129,208	94,138	35,070
<b>Total</b>	<u>2,057,280</u>	<u>1,994,202</u>	<u>63,078</u>
<b>Emergency Management</b>			
Personal services	540,285	538,320	1,965
Operations	78,808	69,726	9,082
Capital outlay	52,605	50,878	1,727
<b>Total</b>	<u>671,698</u>	<u>658,924</u>	<u>12,774</u>
<b>Fire Department</b>			
Personal services	116,521	108,663	7,858
Operations	395,060	389,372	5,688
<b>Total</b>	<u>511,581</u>	<u>498,035</u>	<u>13,546</u>
<b>Emergency Medical Services</b>			
Personal services	7,101,908	7,024,851	77,057
Operations	1,218,423	1,181,376	37,047
Capital outlay	571,416	512,688	58,728
<b>Total</b>	<u>8,891,747</u>	<u>8,718,915</u>	<u>172,832</u>
<b>Other Public Safety</b>			
Personal services (LEO Retirees)	291,266	274,687	16,579
Operations (LEO Retirees)	550	532	18
Juvenile Crime Prevention Council	296,092	295,057	1,035
Medical Examiner	122,500	122,550	(50)
Forester	76,522	52,149	24,373
Fire District	975,000	975,698	(698)
Capital outlay	312,911	312,911	-
<b>Total</b>	<u>2,074,841</u>	<u>2,033,584</u>	<u>41,257</u>
<b>Total Public Safety</b>	<u>40,256,589</u>	<u>38,300,960</u>	<u>1,955,629</u>
<b>Economic and Physical Development</b>			
<b>Planning and Development Services</b>			
Personal services	470,635	455,047	15,588
Operations	149,080	70,161	78,919
<b>Total</b>	<u>619,715</u>	<u>525,208</u>	<u>94,507</u>
<b>Community Development</b>			
Personal services	186,951	186,472	479
Operations	492,376	383,331	109,045
<b>Total</b>	<u>679,327</u>	<u>569,803</u>	<u>109,524</u>
<b>Soil &amp; Water Conservation</b>			
Personal services	210,187	200,587	9,600

**Cabarrus County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2017**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Operations	54,702	27,615	27,087
Total	<u>264,889</u>	<u>228,202</u>	<u>36,687</u>
Zoning Administration			
Personal services	180,306	142,211	38,095
Operations	14,248	9,246	5,002
Total	<u>194,554</u>	<u>151,457</u>	<u>43,097</u>
Economic Development			
Personal services	358,471	357,616	855
Total	<u>358,471</u>	<u>357,616</u>	<u>855</u>
Economic Development Incentives			
Flyright	66,074	63,535	2,539
PreGel	73,000	70,702	2,298
Concord Creamery	12,000	11,133	867
390 Business Blvd.	36,000	33,004	2,996
Sea Life	82,477	82,477	-
Beacon Properties	419,298	419,298	-
Hotel Concord	21,000	21,000	-
SunCap	192,500	-	192,500
S & D Coffee Inc.	142,000	-	142,000
Total	<u>1,044,349</u>	<u>701,149</u>	<u>343,200</u>
Other Economic and Physical Development			
Carolina Farm Steward	40,000	40,000	-
Economic Development Corp	400,000	400,000	-
City of Kannapolis - Obligation bonds	1,511,429	1,511,429	-
Total	<u>1,951,429</u>	<u>1,951,429</u>	<u>-</u>
<b>Total Economic and Physical Development</b>	<u>5,112,734</u>	<u>4,484,864</u>	<u>627,870</u>
<b>Environmental Protection</b>			
Waste Reduction/Recycling			
Personal services	107,263	106,774	489
Operations	282,170	199,925	82,245
Total	<u>389,433</u>	<u>306,699</u>	<u>82,734</u>
<b>Total Environmental Protection</b>	<u>389,433</u>	<u>306,699</u>	<u>82,734</u>
<b>Human Services</b>			
Veterans Services			
Personal services	247,567	246,677	890
Operations	10,585	8,916	1,669
Total	<u>258,152</u>	<u>255,593</u>	<u>2,559</u>

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation			
Personal services	1,407,311	1,323,082	84,229
Operations	771,516	578,756	192,760
Capital outlay	302,300	172,503	129,797
Total	<u>2,481,127</u>	<u>2,074,341</u>	<u>406,786</u>
Cooperative Extension			
Personal services	356,745	331,321	25,424
Operations	94,349	62,710	31,639
Total	<u>451,094</u>	<u>394,031</u>	<u>57,063</u>
HS - Administration Operations			
Personal services	915,448	908,885	6,563
Operations	2,294,668	2,103,011	191,657
Total	<u>3,210,116</u>	<u>3,011,896</u>	<u>198,220</u>
HS - Child Welfare			
Personal services	5,286,656	4,983,302	303,354
Operations	2,435,264	1,819,251	616,013
Total	<u>7,721,920</u>	<u>6,802,553</u>	<u>919,367</u>
HS - Child Support Services			
Personal services	1,302,318	1,294,465	7,853
Operations	253,290	252,619	671
Total	<u>1,555,608</u>	<u>1,547,084</u>	<u>8,524</u>
HS - Economic Services			
Personal services	7,054,107	6,867,163	186,944
Operations	5,410,660	5,097,051	313,609
Total	<u>12,464,767</u>	<u>11,964,214</u>	<u>500,553</u>
HS - Adult and Family Services			
Personal services	2,012,067	1,959,951	52,116
Operations	1,345,584	1,166,200	179,384
Total	<u>3,357,651</u>	<u>3,126,151</u>	<u>231,500</u>
HS Aging - Nutrition Title III			
Personal services	203,916	187,409	16,507
Operations	288,408	203,387	85,021
Total	<u>492,324</u>	<u>390,796</u>	<u>101,528</u>
HS Aging - Senior Services			
Personal services	265,082	264,059	1,023
Operations	461,754	351,579	110,175
Total	<u>726,836</u>	<u>615,638</u>	<u>111,198</u>

**Cabarrus County, North Carolina**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Human Services			
Operations	44,946	44,945	1
Veterinarian Services-Spay	15,000	5,215	9,785
Public Health Authority	6,343,345	6,343,345	-
Mental Health Center	614,020	614,020	-
Total	<u>7,017,311</u>	<u>7,007,525</u>	<u>9,786</u>
<b>Total Human Services</b>	<u>39,736,906</u>	<u>37,189,822</u>	<u>2,547,084</u>
<b>Education</b>			
Schools - Current Expense			
Cabarrus County Schools	60,772,051	60,772,051	-
Kannapolis City Schools	7,933,341	7,933,341	-
Rowan Cabarrus Community College	2,361,832	2,361,832	-
Total	<u>71,067,224</u>	<u>71,067,224</u>	<u>-</u>
Schools - Capital Outlay			
Cabarrus County Schools	5,680,169	2,494,952	3,185,217
Kannapolis City Schools	1,093,646	621,539	472,107
Rowan Cabarrus Community College	466,587	177,487	289,100
Total	<u>7,240,402</u>	<u>3,293,978</u>	<u>3,946,424</u>
Schools - Other			
Cabarrus County Schools	<u>115,569</u>	<u>115,569</u>	<u>-</u>
<b>Total Education</b>	<u>78,423,195</u>	<u>74,476,771</u>	<u>3,946,424</u>
<b>Culture &amp; Recreation</b>			
Active Living and Parks - Operations			
Personal services	1,066,985	1,055,587	11,398
Operations	374,328	326,554	47,774
Capital outlay	165,000	93,915	71,085
Total	<u>1,606,313</u>	<u>1,476,056</u>	<u>130,257</u>
Active Living and Parks - Senior Centers			
Personal services	445,412	411,006	34,406
Operations	251,254	216,197	35,057
Total	<u>696,666</u>	<u>627,203</u>	<u>69,463</u>
Library System			
Personal services	2,558,628	2,481,947	76,681
Operations	625,542	584,972	40,570
Capital outlay	50,000	47,742	2,258
Total	<u>3,234,170</u>	<u>3,114,661</u>	<u>119,509</u>
Other Culture and Recreation			
Cabarrus Arts Council	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total	<u>26,000</u>	<u>26,000</u>	<u>-</u>
<b>Total Culture &amp; Recreation</b>	<u>5,563,149</u>	<u>5,243,920</u>	<u>319,229</u>

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Debt Service</b>			
Principal:			
Bonds			
Public schools	7,235,678	7,235,677	1
Community college	124,323	124,323	-
Certificates of Participation/ Limited Obligation Bonds			
Public schools	18,807,275	18,807,275	-
County buildings	6,517,725	6,517,725	-
Notes Payable	91,465	91,465	-
Lease Financing			
Land	80,172	80,172	-
Total	<u>32,856,638</u>	<u>32,856,637</u>	<u>1</u>
Interest and Fees:			
Bonds	2,758,589	2,758,587	2
Certificates of Participation/ Limited Obligation Bonds	10,489,878	10,489,877	1
Lease Financing	109,829	109,828	1
Bond issuance costs	50,900	24,075	26,825
Total	<u>13,409,196</u>	<u>13,382,367</u>	<u>26,829</u>
<b>Total Debt Service</b>	<u>46,265,834</u>	<u>46,239,004</u>	<u>26,830</u>
<b>Total expenditures</b>	<u>240,844,812</u>	<u>228,908,344</u>	<u>11,936,468</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,781,068)</u>	<u>15,220,890</u>	<u>22,001,958</u>

**Cabarrus County, North Carolina  
General Fund  
Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>Transfers in:</b>			
From Public School Bldg. Fund-Lottery	2,000,000	2,000,000	-
From Capital Reserve Fund	3,721,739	3,721,739	-
From Cert of Participation/LOBS	-	75	75
Total	<u>5,721,739</u>	<u>5,721,814</u>	<u>75</u>
<b>Transfers (out):</b>			
To Community Development Fund	(25,000)	(21,041)	3,959
To Cabarrus Arena & Events Fund	(680,774)	(680,774)	-
To Construction and Renovation Fund	(1,122,880)	(1,122,880)	-
To School Construction Fund	(18,899)	(18,899)	-
To Capital Projects Funds-LOBS 2017	(997,000)	(997,000)	-
To Capital Reserve Fund	(14,504,394)	(14,504,394)	-
Total	<u>(17,348,947)</u>	<u>(17,344,988)</u>	<u>3,959</u>
Total Other Financing Sources (Uses)	<u>(11,627,208)</u>	<u>(11,623,174)</u>	<u>4,034</u>
Lease Proceeds	<u>312,911</u>	<u>312,911</u>	<u>-</u>
Fund balance appropriated	<u>18,095,365</u>	<u>-</u>	<u>(18,095,365)</u>
Net change in fund balance	<u>\$ -</u>	<u>3,910,627</u>	<u>3,910,627</u>
Fund Balance, June 30		\$ 80,288,983	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name		<u>1,330,000</u>	
Fund balance, June 30		<u>\$ 85,529,610</u>	

**Cabarrus County, North Carolina**  
**School Construction Debt Capital Projects Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund**  
**Balances - Budget and Actual**  
**From Inception and for the Year Ended June 30, 2017**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Interest on Investments	\$ 18,817	\$ 74,771	\$ 237,133	\$ 311,904
Total revenues	<u>18,817</u>	<u>74,771</u>	<u>237,133</u>	<u>311,904</u>
<b>EXPENDITURES</b>				
Education				
Royal Oaks Elementary	22,378,840	2,128,694	8,807,966	10,936,660
Mt. Pleasant Middle School	34,260,164	4,165,346	23,944,876	28,110,222
Kannapolis Middle School	41,417,739	4,955,544	23,253,130	28,208,674
Legal Fees	<u>740,370</u>	<u>740,370</u>	<u>-</u>	<u>740,370</u>
Total expenditures	<u>98,797,113</u>	<u>11,989,954</u>	<u>56,005,972</u>	<u>67,995,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(98,778,296)</u>	<u>(11,915,183)</u>	<u>(55,768,839)</u>	<u>(67,684,022)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on Debt Issue	11,159,453	11,159,453	-	11,159,453
Proceeds from COPS	73,785,000	73,785,000	-	73,785,000
Transfer in - Capital Projects	1,600,000	-	1,600,000	1,600,000
Transfer in - Capital Reserve	10,897,343	6,473,992	4,423,351	10,897,343
Transfer in - General Fund	1,336,500	1,336,500	-	1,336,500
Transfer out - General Fund	<u>-</u>	<u>-</u>	<u>(75)</u>	<u>(75)</u>
Total other financing sources (uses)	<u>98,778,296</u>	<u>92,754,945</u>	<u>6,023,276</u>	<u>98,778,221</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 80,839,762</u>	<u>(49,745,563)</u>	<u>\$ 31,094,199</u>
Fund balance, July 1			<u>80,839,762</u>	
Fund balance, June 30			<u>\$ 31,094,199</u>	

**Cabarrus County, North Carolina**  
**Landfill Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2017**

	<b>2017</b>		
	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Favorable (Unfavorable)</b></u>
<b>Revenues:</b>			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 520,910	\$ 604,553	\$ 83,643
Waste disposal fee	56,000	71,742	15,742
Total operating revenues	<u>576,910</u>	<u>676,295</u>	<u>83,643</u>
Nonoperating revenues:			
Landfill disposal tax	32,000	30,597	(1,403)
Landfill state tax distribution	37,000	42,889	5,889
Solid waste franchise fee	25,000	25,000	-
Tire disposal fees	210,000	262,035	52,035
Investment earnings	-	32,258	32,258
Miscellaneous revenue	-	105	105
Total nonoperating revenues	<u>304,000</u>	<u>392,884</u>	<u>88,884</u>
Total revenues	<u>880,910</u>	<u>1,069,179</u>	<u>172,527</u>
<b>Expenditures:</b>			
Landfill Administration:			
Salaries and wages	202,595	200,425	2,170
FICA	11,500	11,706	(206)
Medicare	2,691	2,738	(47)
Group hospital insurance	38,694	37,491	1,203
Vision Care	115	103	12
Retirement	14,219	14,682	(463)
Deferred compensation- 401K	9,807	10,021	(214)
Workers' Compensation	10,490	10,943	(453)
Life Insurance	81	81	-
Insurance and bonds	3,510	3,507	3
Total salaries and benefits	<u>293,702</u>	<u>291,697</u>	<u>2,005</u>
Landfill Operations:			
General and administrative:			
Dues and subscriptions	600	624	(24)
Lights and power	5,250	4,741	509
Office supplies	2,350	1,983	367
Other operating cost	320	-	320
Telephone	1,620	1,620	-
Travel	2,250	1,407	843
Uniforms	4,000	2,745	1,255
Total general and administrative	<u>16,390</u>	<u>13,120</u>	<u>3,270</u>

**Cabarrus County, North Carolina**  
**Landfill Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2017**

Other operating expenditures:			
Auto and truck maintenance	14,103	13,403	700
Building and ground maintenance	21,650	8,320	13,330
Capital reserve	139,916	92,540	47,376
Engineers	162,070	152,791	9,279
Equipment and furniture	12,897	12,897	-
Fuel	49,218	31,157	18,061
Heavy equipment maintenance	33,500	29,360	4,140
Landfill disposal tax remittance	32,000	31,508	492
Minor equipment maintenance	2,500	809	1,691
Permitting fees	9,000	8,600	400
Other Improvements	150,000	93,067	56,933
Tire disposal	240,862	99,427	141,435
Tools and minor equipment	3,000	2,966	34
Waste disposal charges	5,450	4,838	612
Total other operating expenditures	<u>876,166</u>	<u>581,683</u>	<u>294,483</u>
Total expenditures	<u>1,186,258</u>	<u>886,500</u>	<u>299,758</u>
Revenues over (under) expenditures	(305,348)	182,679	488,027
<b>Other financing sources (uses):</b>			
Transfers out:	-		
General Fund	-	-	-
Fund Balance Appropriated	<u>305,348</u>	<u>-</u>	<u>(305,348)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	182,679	<u>\$ 182,679</u>

**Reconciliation from budgetary basis (modified accrual)  
to full accrual:**

Reconciling items:		
Capital Outlays	255,836	
Depreciation	(191,057)	
Increase in net pension liability	(50,371)	
Increase in deferred outflows of resources - pensions	42,412	
Decrease in deferred inflows of resources - pensions	4,484	
Increase in accrued landfill closure / post-closure care costs	(47,376)	
Decrease in compensated absences payable	14,450	
Increase in other postemployment benefits	(7,954)	
Total reconciling items	<u>20,424</u>	
Change in net position	<u>\$ 203,103</u>	

# Statistical Section

# Statistical Section

The information presented in this section is provided for additional analysis purposes only and has not been subjected to audit verification as presented.

**Financial Trends** - These tables contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Net Position by Component	Table 1
Changes in Net Position	Table 2
Fund Balances of Government Funds	Table 3
Changes in Fund Balances of Governmental Funds	Table 4

**Revenue Capacity** - These tables contain information to help the reader assess the government's most significant local revenue source, the property tax.

Assessed Value of Taxable Property	Table 5
Direct and Overlapping Property Tax Rates	Table 6
Principal Property Taxpayers	Table 7
Property Tax Levies and Collections	Table 8

**Debt Capacity** - These tables present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Ratios of General Bonded Debt Outstanding	Table 9
Ratios of Outstanding Debt by Type	Table 10
Direct and Overlapping Governmental Activities Debt	Table 11
Legal Debt Margin Information	Table 12

**Demographic and Economic Information** - These tables offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Demographic and Economic Statistics	Table 13
Principal Employers	Table 14

**Operating Information** - These tables contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Full-time Equivalent County Government Employees by Function/Program	Table 15
Operating Indicators by Functional Area	Table 16
Capital Asset Statistics by Function/Program	Table 17

**Cabarrus County, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 91,564,956	\$ 108,046,560	\$ 108,911,093	\$ 111,057,044	\$ 123,980,302	\$ 126,276,528	\$ 128,602,206	\$ 130,096,524	\$ 132,384,494	\$ 135,088,132
Restricted	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397	22,230,970
Unrestricted	(209,510,459)	(215,569,630)	(245,337,483)	(237,704,769)	(221,575,904)	(187,041,424)	(163,966,006)	(131,914,054)	(119,878,979)	(160,670,777)
Total governmental activities net position	\$ (44,099,788)	\$ (48,421,348)	\$ (78,928,543)	\$ (79,755,501)	\$ (65,093,245)	\$ (39,238,848)	\$ (18,094,453)	\$ 14,134,538	\$ 32,814,912	\$ (3,351,675)
Business-type activities										
Net investment in capital assets	\$ 3,856,424	\$ 4,174,313	\$ 4,048,802	\$ 3,978,432	\$ 3,601,643	\$ 3,220,285	\$ 3,019,858	\$ 2,884,041	\$ 2,617,174	\$ 2,681,953
Unrestricted	957,349	604,100	(286,743)	(272,454)	45,035	343,174	724,114	1,005,864	694,368	832,692
Total business-type activities net position	\$ 4,813,773	\$ 4,778,413	\$ 3,762,059	\$ 3,705,978	\$ 3,646,678	\$ 3,563,459	\$ 3,743,972	\$ 3,889,905	\$ 3,311,542	\$ 3,514,645
Primary government										
Net investment in capital assets	\$ 95,421,380	\$ 112,220,873	\$ 112,959,895	\$ 115,035,476	\$ 127,581,945	\$ 129,496,813	\$ 131,622,064	\$ 132,980,565	\$ 135,001,668	\$ 137,770,085
Restricted	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397	22,230,970
Unrestricted	(208,553,110)	(214,965,530)	(245,624,226)	(237,977,223)	(221,530,869)	(186,698,250)	(163,241,892)	(130,908,190)	(119,184,611)	(159,838,085)
Total primary government net position	\$ (39,286,015)	\$ (43,642,935)	\$ (75,166,484)	\$ (76,049,523)	\$ (61,446,567)	\$ (35,675,389)	\$ (14,350,481)	\$ 18,024,443	\$ 36,126,454	\$ 162,970
Component Unit										
Net investment in capital assets	\$ 991,163	\$ 980,806	\$ 1,561,575	\$ 725,114	\$ 1,152,374	\$ 959,140	\$ 771,532	\$ 698,177	\$ 591,994	\$ 415,038
Restricted	-	-	-	2,936,461	4,077,601	982,679	900,338	1,768,998	2,079,353	2,496,308
Unrestricted	4,726,508	4,267,097	6,469,292	4,428,335	2,587,525	5,305,575	5,782,236	4,312,657	4,819,120	5,157,603
Total component unit net position	\$ 5,717,671	\$ 5,247,903	\$ 8,030,867	\$ 8,089,910	\$ 7,817,500	\$ 7,247,394	\$ 7,454,106	\$ 6,779,832	\$ 7,490,467	\$ 8,068,949

**Cabarrus County, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Table 2  
Page 1 of 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities:										
General government	\$ 18,415,916	\$ 19,804,610	\$ 20,931,001	\$ 21,750,176	\$ 21,958,116	\$ 20,446,857	\$ 29,319,941	\$ 20,025,751	\$ 22,937,803	\$ 25,784,005
Public safety	27,859,820	29,872,453	31,944,942	36,043,142	39,222,178	39,553,136	42,377,716	41,286,464	44,488,831	47,282,589
Economic and physical development	5,120,325	3,546,315	3,207,792	3,128,710	3,892,813	4,073,657	4,132,476	4,056,316	4,657,763	4,556,125
Environmental protection	273,920	251,712	541,463	619,639	583,412	547,558	259,725	457,082	396,644	654,645
Human Services	42,113,299	41,849,320	40,925,099	38,015,497	39,620,352	37,438,873	37,786,315	35,979,796	36,753,034	38,136,558
Education	80,456,701	96,464,947	118,863,929	77,221,156	66,152,595	63,146,646	65,435,585	71,063,433	96,042,477	144,665,606
Cultural and recreation	7,750,422	6,401,250	6,771,004	6,161,896	6,577,413	7,465,525	7,370,579	6,526,629	7,593,910	8,177,430
Interest on long term debt	13,267,793	15,302,702	19,753,394	19,633,769	19,108,759	17,898,970	16,436,391	14,504,045	13,448,868	13,271,582
Total governmental activities	195,258,196	213,493,309	242,938,624	202,573,985	197,115,638	190,571,222	203,118,728	193,899,516	226,319,330	282,528,540
Business-type activities:										
Solid Waste	1,746,268	1,733,185	2,333,383	1,312,509	1,096,968	957,890	823,069	833,661	1,673,170	866,076
Total primary government expenses	<u>\$ 197,004,464</u>	<u>\$ 215,226,494</u>	<u>\$ 245,272,007</u>	<u>\$ 203,886,494</u>	<u>\$ 198,212,606</u>	<u>\$ 191,529,112</u>	<u>\$ 203,941,797</u>	<u>\$ 194,733,177</u>	<u>\$ 227,992,500</u>	<u>\$ 283,394,616</u>
<b>Program Revenues</b>										
Governmental activities										
Charges for services:										
General government	\$ 4,253,175	\$ 2,764,580	\$ 2,450,708	\$ 2,253,561	\$ 2,576,452	\$ 2,595,260	\$ 2,834,998	\$ 2,908,433	\$ 3,850,542	\$ 3,650,774
Public safety	9,009,527	7,227,219	8,759,169	8,883,156	9,117,930	10,031,226	10,662,877	11,294,592	12,018,879	12,642,192
Economic and physical development	361,302	142,332	72,730	52,364	36,062	46,169	76,791	53,589	137,487	458,680
Environmental protection	1,668	647	593	928	53,770	42,172	63,757	54,978	28,143	45,345
Human Services	3,627,327	3,501,902	3,400,337	3,189,986	2,262,905	3,176,475	2,612,401	2,237,069	1,383,584	1,344,764
Education	2,854,128	793,590	754,640	477,517	793,610	33,170	-	-	-	-
Cultural and recreation	1,013,966	1,036,875	1,004,898	1,140,124	1,064,273	1,285,260	1,423,298	1,192,236	1,411,083	1,387,169
Operating grants and contributions:										
General government	559,742	337,714	274,343	1,286,545	750,094	1,243,161	796,903	1,400,995	5,538,601	1,956,333
Public safety	1,227,341	974,186	1,201,549	906,658	974,200	783,970	1,039,695	1,990,379	1,735,870	1,669,713
Economic and physical development	186,901	452,379	729,427	953,047	999,754	593,672	483,393	671,151	671,661	689,873
Environmental protection	64,835	38,813	31,090	32,085	8,425	6,912	7,373	8,808	11,054	12,263
Human Services	17,305,815	18,827,015	19,244,360	16,857,848	17,595,622	16,698,603	15,598,848	17,249,740	18,652,890	18,155,349
Education	259,232	128,465	-	-	743,081	770,920	786,774	714,643	847,822	717,727
Cultural and recreation	1,356,447	615,998	425,927	533,322	530,772	1,184,367	1,183,120	1,050,281	1,125,669	1,352,324
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	38,619
Human Services	298,051	663,564	268,010	285,158	260,866	329,566	357,278	352,184	423,803	305,137
Education	1,388,593	956,939	6,149,845	258,938	1,713,555	7,307,518	4,911,790	2,200,000	2,000,000	3,600,000
Cultural and recreation	-	-	-	-	-	-	-	-	150,000	-
Total governmental activities program revenues	43,768,050	38,462,218	44,767,626	37,111,237	39,481,371	46,128,421	42,839,296	43,379,078	49,987,088	48,026,262
Business-type activities:										
Charges for Services - Solid Waste	1,474,242	1,565,441	1,187,527	858,132	704,647	674,272	691,618	682,265	741,644	676,295
Operating grants and contributions - Solid Waste	-	-	44,655	21,368	-	-	-	-	-	-
Capital grants and contributions - Solid Waste	-	-	-	23,740	-	-	-	-	-	-
Total business-type activities program revenues	1,474,242	1,565,441	1,232,182	903,240	704,647	674,272	691,618	682,265	741,644	676,295
Total primary government program revenues	<u>\$ 45,242,292</u>	<u>\$ 40,027,659</u>	<u>\$ 45,999,808</u>	<u>\$ 38,014,477</u>	<u>\$ 40,186,018</u>	<u>\$ 46,802,693</u>	<u>\$ 43,530,914</u>	<u>\$ 44,061,343</u>	<u>\$ 50,728,732</u>	<u>\$ 48,702,557</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (151,490,146)	\$ (175,031,091)	\$ (198,170,998)	\$ (165,462,748)	\$ (157,634,267)	\$ (144,442,801)	\$ (160,279,432)	\$ (150,520,438)	\$ (176,332,242)	\$ (234,502,278)
Business-type activities	(272,026)	(167,744)	(1,101,201)	(409,269)	(392,321)	(283,618)	(131,451)	(151,396)	(931,526)	(189,781)
Total primary government net (expense)/revenue	<u>\$ (151,762,172)</u>	<u>\$ (175,198,835)</u>	<u>\$ (199,272,199)</u>	<u>\$ (165,872,017)</u>	<u>\$ (158,026,588)</u>	<u>\$ (144,726,419)</u>	<u>\$ (160,410,883)</u>	<u>\$ (150,671,834)</u>	<u>\$ (177,263,768)</u>	<u>\$ (234,692,059)</u>

**Cabarrus County, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

Table 2  
Page 2 of 2

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 105,322,403	\$ 134,629,314	\$ 137,488,091	\$ 136,733,389	\$ 135,600,306	\$ 133,982,194	\$ 142,079,572	\$ 139,956,060	\$ 145,851,203	\$ 154,541,579
Local option sales tax	37,721,273	31,568,865	28,461,637	25,808,696	33,612,837	36,890,472	36,209,579	42,572,756	44,145,980	47,584,589
ABC revenues	69,902	241,932	66,789	188,594	86,842	90,926	155,755	90,185	99,766	128,382
Other taxes and licenses	109,062	770,064	669,221	642,337	752,711	760,314	754,194	796,167	844,478	897,888
Occupancy tax	2,110,664	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	6,672,098	2,657,376	813,582	1,019,648	1,352,010	1,627,590	2,224,727	4,930,583	2,494,713	1,043,249
Donations	135,546	150,663	131,590	221,538	-	-	-	-	-	-
Insurance Proceeds	118,826	-	-	-	-	-	-	-	-	-
Miscellaneous	33,755	691,317	32,893	21,588	-	-	-	-	-	-
Transfers In/Out	-	-	-	-	25,615	122,200	-	-	-	-
Total governmental activities:	<u>152,293,529</u>	<u>170,709,531</u>	<u>167,663,803</u>	<u>164,635,790</u>	<u>171,430,321</u>	<u>173,473,696</u>	<u>181,423,827</u>	<u>188,345,751</u>	<u>193,436,140</u>	<u>204,195,687</u>
Business-type activities:										
Other taxes and licenses	31,096	34,405	55,074	343,908	350,141	313,218	300,666	315,597	338,457	360,626
Unrestricted investment earnings	212,399	74,925	10,630	8,205	8,495	9,381	11,298	4,909	14,706	32,258
Miscellaneous	4,000	23,054	19,143	1,075	-	-	-	-	-	-
Transfers In/Out	-	-	-	-	(25,615)	(122,200)	-	-	-	-
Total business-type activities	<u>247,495</u>	<u>132,384</u>	<u>84,847</u>	<u>353,188</u>	<u>333,021</u>	<u>200,399</u>	<u>311,964</u>	<u>320,506</u>	<u>353,163</u>	<u>392,884</u>
Total primary government	<u>\$ 152,541,024</u>	<u>\$ 170,841,915</u>	<u>\$ 167,748,650</u>	<u>\$ 164,988,978</u>	<u>\$ 171,763,342</u>	<u>\$ 173,674,095</u>	<u>\$ 181,735,791</u>	<u>\$ 188,666,257</u>	<u>\$ 193,789,303</u>	<u>\$ 204,588,571</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 803,383	\$ (4,321,560)	\$ (30,507,195)	\$ (826,958)	\$ 13,796,054	\$ 29,030,895	\$ 21,144,395	\$ 37,825,313	\$ 17,103,898	\$ (30,306,591)
Business-type activities	(24,531)	(35,360)	(1,016,354)	(56,081)	(59,300)	(83,219)	180,513	169,110	(578,363)	203,103
Total primary government	<u>\$ 778,852</u>	<u>\$ (4,356,920)</u>	<u>\$ (31,523,549)</u>	<u>\$ (883,039)</u>	<u>\$ 13,736,754</u>	<u>\$ 28,947,676</u>	<u>\$ 21,324,908</u>	<u>\$ 37,994,423</u>	<u>\$ 16,525,535</u>	<u>\$ (30,103,488)</u>
<b>Expenses</b>										
Component Unit:										
Cabarrus Health Alliance	\$ 17,952,926	\$ 19,549,624	\$ 17,292,485	\$ 19,678,636	\$ 23,482,772	\$ 18,091,226	\$ 17,848,876	\$ 18,276,621	\$ 19,906,309	\$ 23,208,662
<b>Program Revenues</b>										
Component Unit:										
Charges for Services	\$ 9,562,940	\$ 10,182,604	\$ 8,552,866	\$ 6,887,656	\$ 6,998,473	\$ 6,638,544	\$ 6,745,631	\$ 8,450,064	\$ 9,860,172	\$ 11,397,891
Operating grants and contributions	7,886,241	9,285,721	8,217,449	8,530,342	7,575,516	9,940,137	10,491,677	10,219,352	10,690,727	12,294,538
Capital grants and contributions	-	-	-	4,147,720	8,220,193	87,418	-	-	-	-
Total component unit	<u>\$ 17,449,181</u>	<u>\$ 19,468,325</u>	<u>\$ 16,770,315</u>	<u>\$ 19,565,718</u>	<u>\$ 22,794,182</u>	<u>\$ 16,666,099</u>	<u>\$ 17,237,308</u>	<u>\$ 18,669,416</u>	<u>\$ 20,550,899</u>	<u>\$ 23,692,429</u>
<b>Net (Expense)   Revenue</b>										
Component Unit:										
Total component unit	<u>\$ (503,745)</u>	<u>\$ (81,299)</u>	<u>\$ (522,170)</u>	<u>\$ (112,918)</u>	<u>\$ (688,590)</u>	<u>\$ (1,425,127)</u>	<u>\$ (611,568)</u>	<u>\$ 392,795</u>	<u>\$ 644,590</u>	<u>\$ 483,767</u>
<b>General Revenues and Other Changes in Net Position</b>										
Component Unit:										
General Revenues										
Unrestricted investment earnings	\$ 127,386	\$ 42,147	\$ 7,630	\$ 4,479	\$ 2,176	\$ 12,948	\$ 2,033	\$ 6,283	\$ 18,393	\$ 34,710
Miscellaneous	51,232	79,643	42,616	167,482	414,004	842,073	816,247	21,333	47,652	60,005
Total General Revenues	<u>178,618</u>	<u>121,790</u>	<u>50,246</u>	<u>171,961</u>	<u>416,180</u>	<u>855,021</u>	<u>818,280</u>	<u>27,616</u>	<u>66,045</u>	<u>94,715</u>
Special Item										
Total component unit	<u>\$ 178,618</u>	<u>\$ 121,790</u>	<u>\$ 2,909,354</u>	<u>\$ 171,961</u>	<u>\$ 416,180</u>	<u>\$ 855,021</u>	<u>\$ 818,280</u>	<u>\$ 27,616</u>	<u>\$ 66,045</u>	<u>\$ 94,715</u>
<b>Change in Net Position</b>										
Component Unit:										
Total component unit	<u>\$ (325,127)</u>	<u>\$ 40,491</u>	<u>\$ 2,387,184</u>	<u>\$ 59,043</u>	<u>\$ (272,410)</u>	<u>\$ (570,106)</u>	<u>\$ 206,712</u>	<u>\$ 420,411</u>	<u>\$ 710,635</u>	<u>\$ 578,482</u>

**Cabarrus County, North Carolina  
Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)**

Table 3

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 10,988,446	\$ 9,862,420	\$ 10,877,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	36,636,176	41,476,373	54,778,125	-	-	-	-	-	-	-
Nonspendable	-	-	-	67,302	198,809	383,680	231,522	244,553	359,001	383,345
Restricted	-	-	-	10,190,775	12,690,692	11,399,498	14,863,874	14,059,301	17,002,983	20,017,459
Committed	-	-	-	-	6,606	-	-	172,493	4,912,643	7,975,354
Assigned	-	-	-	16,955,100	17,436,575	22,450,700	16,089,311	11,210,329	7,295,961	7,525,893
Unassigned	-	-	-	46,800,234	45,700,553	61,505,652	37,717,055	53,746,977	50,718,395	49,627,559
Total General Fund	<u>\$ 47,624,622</u>	<u>\$ 51,338,793</u>	<u>\$ 65,655,938</u>	<u>\$ 74,013,411</u>	<u>\$ 76,033,235</u>	<u>\$ 95,739,530</u>	<u>\$ 68,901,762</u>	<u>\$ 79,433,653</u>	<u>\$ 80,288,983</u>	<u>\$ 85,529,610</u>
All Other Governmental Funds										
Reserved	\$ -	\$ 59,101,722	\$ 57,497,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	73,845,715	13,983,470	11,127,623	-	-	-	-	-	-	-
Nonspendable	-	-	-	720,000	648,200	-	-	510,000	-	-
Restricted	-	-	-	36,701,449	19,811,665	10,126,550	3,355,247	2,564,488	84,402,426	33,179,505
Committed	-	-	-	14,383,632	10,458,498	9,798,323	39,301,702	38,332,485	31,648,792	21,643,756
Assigned	-	-	-	459,881	549,755	594,899	758,630	797,361	3,202,731	6,411,469
Unassigned	-	-	-	(5,440)	(292,024)	-	(34,772)	(55,116)	(287,944)	(57,671)
Total all other governmental funds	<u>\$ 73,845,715</u>	<u>\$ 73,085,192</u>	<u>\$ 68,625,470</u>	<u>\$ 52,259,522</u>	<u>\$ 31,176,094</u>	<u>\$ 20,519,772</u>	<u>\$ 43,380,807</u>	<u>\$ 42,149,218</u>	<u>\$ 118,966,005</u>	<u>\$ 61,177,059</u>

Note:

The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011

Three years are presented in the format prior to the implementation of GASB 54 (fiscal years 2008 through 2010)

Seven years are presented in the format after the implementation of GASB 54 (fiscal years 2011 through 2017)

**Cabarrus County, North Carolina**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

Table 4

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Ad valorem taxes	\$ 105,594,464	\$ 134,848,876	\$ 136,532,544	\$ 136,169,662	\$ 134,789,473	\$ 134,153,049	\$ 140,937,468	\$ 139,912,235	\$ 146,665,438	\$ 157,805,766
Other taxes and licenses	40,552,308	32,338,928	29,130,858	26,451,032	34,360,229	37,634,537	36,939,920	43,368,922	44,990,458	48,482,477
Intergovernmental	21,592,591	23,107,472	28,022,905	20,763,435	23,255,568	28,092,244	24,403,824	24,935,222	26,718,675	28,531,275
Permits and fees	10,643,086	5,975,694	5,267,543	4,753,093	5,789,927	5,487,566	5,949,742	6,610,335	6,187,633	5,966,475
Sales and services	10,165,675	9,680,365	10,600,602	10,310,115	10,073,950	11,830,022	11,364,724	10,882,609	11,813,400	12,695,122
Investment earnings	6,330,248	2,356,043	429,465	261,016	235,440	266,534	277,771	211,522	476,243	976,381
Donations	643,402	286,433	108,709	186,638	390,239	628,598	649,853	506,259	696,118	559,896
Miscellaneous	537,043	1,949,592	462,114	514,504	589,467	1,039,992	487,090	444,037	1,078,357	386,890
<b>Total Revenues</b>	<b>196,058,817</b>	<b>210,543,403</b>	<b>210,554,740</b>	<b>199,409,495</b>	<b>209,484,293</b>	<b>219,132,542</b>	<b>221,010,392</b>	<b>226,871,141</b>	<b>238,626,322</b>	<b>255,404,282</b>
<b>Expenditures</b>										
General Government	16,845,197	18,450,904	19,084,912	19,342,247	20,296,887	19,601,354	28,338,931	19,636,478	21,462,463	21,664,835
Public Safety	25,580,475	28,583,439	29,201,271	31,114,290	33,696,397	32,914,713	36,406,706	36,187,257	39,466,706	41,058,868
Economic & Phy Dev	5,024,745	3,427,600	3,166,913	3,071,760	3,794,160	3,997,296	4,084,616	4,407,764	4,660,358	4,500,973
Environmental Prot.	200,561	217,384	472,943	519,010	524,881	537,717	222,128	399,128	377,117	610,380
Human Services	40,873,762	41,077,166	39,418,305	35,904,789	37,348,400	35,912,373	37,018,148	36,126,712	36,356,523	37,003,442
Education	81,520,236	96,353,775	119,462,406	77,464,219	66,289,905	63,229,560	65,435,585	71,063,433	96,042,477	144,665,606
Culture and recreation	6,568,340	5,819,871	5,567,673	4,811,274	4,848,579	5,972,870	6,144,326	5,415,569	6,276,076	6,569,071
Capital Outlay	32,614,235	40,813,607	31,660,649	6,521,906	4,467,028	4,343,539	5,012,301	3,056,097	3,454,088	7,782,211
Debt Service:										
Principal	17,539,175	20,067,615	20,133,541	22,937,295	37,142,398	25,968,035	26,886,635	26,590,644	28,546,548	31,553,890
Interest	13,282,514	15,371,972	17,991,288	19,709,229	19,041,682	17,911,692	15,437,749	15,277,809	10,832,777	13,384,878
<b>Total Expenditures</b>	<b>240,049,240</b>	<b>270,183,333</b>	<b>286,159,901</b>	<b>221,396,019</b>	<b>227,450,317</b>	<b>210,389,149</b>	<b>224,987,125</b>	<b>218,160,891</b>	<b>247,475,133</b>	<b>308,794,154</b>
Excess of revenues over (under) expenditures	(43,990,423)	(59,639,930)	(75,605,161)	(21,986,524)	(17,966,024)	8,743,393	(3,976,733)	8,710,250	(8,848,811)	(53,389,872)
<b>Other Financing Sources (Uses)</b>										
Transfers in	25,556,744	29,233,852	23,142,651	7,542,255	16,283,727	12,663,434	63,488,791	18,047,562	42,964,933	45,408,477
Transfers out	(25,556,744)	(29,233,852)	(25,142,651)	(8,462,255)	(18,283,727)	(12,898,234)	(63,488,791)	(18,197,562)	(42,964,933)	(45,408,477)
Limited Obligation Bonds Issued	-	-	-	-	37,730,250	-	-	134,235,000	73,785,000	-
Premium from Limited Obligation Bonds	-	-	-	-	-	-	-	-	11,159,452	-
Issuance of Bonds	-	-	-	-	-	73,020,999	-	-	-	-
Disbursements for Debt Instruments	(7,305,000)	-	-	(20,902,811)	(37,431,142)	(72,479,619)	-	(133,494,948)	-	-
Disbursements to Escrow Agent	(18,958,846)	-	-	-	-	-	-	-	-	-
Issuance of Certificates of Participation	68,261,482	59,172,184	87,462,584	35,800,860	-	-	-	-	-	-
Issuance of Installment Financings	7,305,000	-	-	-	-	-	-	-	-	-
Issuance of lease	-	3,421,394	-	-	603,312	-	-	-	-	841,553
<b>Total other financing sources (uses)</b>	<b>49,302,636</b>	<b>62,593,578</b>	<b>85,462,584</b>	<b>13,978,049</b>	<b>(1,097,580)</b>	<b>306,580</b>	<b>-</b>	<b>590,052</b>	<b>84,944,452</b>	<b>841,553</b>
<b>Net change in fund balances</b>	<b>\$ 5,312,213</b>	<b>\$ 2,953,648</b>	<b>\$ 9,857,423</b>	<b>\$ (8,008,475)</b>	<b>\$ (19,063,604)</b>	<b>\$ 9,049,973</b>	<b>\$ (3,976,733)</b>	<b>\$ 9,300,302</b>	<b>\$ 76,095,641</b>	<b>\$ (52,548,319)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>14.86%</b>	<b>15.45%</b>	<b>14.98%</b>	<b>19.85%</b>	<b>25.20%</b>	<b>21.30%</b>	<b>19.24%</b>	<b>19.46%</b>	<b>16.14%</b>	<b>14.93%</b>

**Cabarrus County, North Carolina**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

Table 5

<b>Fiscal Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Public Service Companies <sup>(2)</sup></b>	<b>Total Assessed Valuation</b>	<b>County Total Direct Tax Rate <sup>(3)</sup></b>
2008	12,931,725,951	3,074,778,582	261,754,744	16,268,259,277	0.6300
2009 <sup>(1)</sup>	17,454,001,994	3,137,459,615	280,507,618	20,871,969,227	0.6300
2010	18,048,592,567	3,003,442,173	277,653,397	21,329,688,137	0.6300
2011	18,223,093,062	2,751,158,382	271,487,306	21,245,738,750	0.6300
2012	18,049,710,020	2,668,575,911	285,837,655	21,004,123,586	0.6300
2013 <sup>(1)</sup>	15,623,512,935	2,774,393,931	297,917,351	18,695,824,217	0.7000
2014	15,779,588,588	3,581,199,304	304,841,483	19,665,629,375	0.7000
2015	16,133,208,737	3,251,500,679	311,870,162	19,696,579,578	0.7000
2016	16,451,336,581	3,452,698,898	377,571,137	20,281,606,616	0.7000
2017 <sup>(1)</sup>	17,490,495,184	3,673,234,986	381,343,745	21,545,073,915	0.7000

Notes:

- <sup>(1)</sup> Cabarrus County typically reassesses property every four years. Increases or decreases in value are due to revaluation
- <sup>(2)</sup> Public service companies' valuations are provided to the County by the North Carolina Department of Revenue and include both real and personal property
- <sup>(3)</sup> The County total direct tax rate is per \$100 of assessed valuation

**Cabarrus County, North Carolina  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

Table 6

	Year Taxes are Payable									
	2008	2009 <sup>(1)</sup>	2010	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017 <sup>(1)</sup>
<b>County Total Direct Rate</b> <sup>(2)</sup>	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
<b>Fire Protection Districts</b> <sup>(3)</sup>	0.0531	0.0525	0.0525	0.0509	0.0528	0.0616	0.0651	0.0651	0.0722	0.0751
<b>Municipal Rates:</b> <sup>(4)</sup>										
Concord	0.4475	0.4200	0.4200	0.4200	0.4200	0.4800	0.4800	0.4800	0.4800	0.4800
Kannapolis	0.4970	0.4900	0.4900	0.4900	0.4900	0.5600	0.5600	0.6000	0.6300	0.6300
Harrisburg	0.1350	0.1250	0.1250	0.1250	0.1350	0.1585	0.1585	0.1585	0.1585	0.1585
Mt. Pleasant	0.4400	0.4400	0.4400	0.4400	0.4400	0.5050	0.5050	0.5050	0.5050	0.5050
Midland	0.1500	0.1400	0.1400	0.1400	0.1400	0.1600	0.2000	0.2000	0.2000	0.2000
Locust	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600

Notes:

<sup>(1)</sup> Real property was revalued on January 1

<sup>(2)</sup> All taxable property is subject to the County total direct rate. Cabarrus County has a unified tax rate; it has no components to display

<sup>(3)</sup> Most property in the unincorporated areas is subject to one of sixteen fire protection district taxes. The fire protection districts direct rate is a combined rate as the impact of each individual fire district is considered insignificant. The average tax rate for the districts is recorded above. The Cabarrus County Board of Commissioners set each fire district rate. This rate, combined with the County rate, is the totally overlapping tax rate

<sup>(4)</sup> Municipalities set their own direct rate. This rate, combined with the County rate, is the total overlapping tax rate

**Cabarrus County, North Carolina  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

Table 7

Taxpayer	Type of Business	Fiscal Year 2017			Fiscal Year 2008		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Corning, Incorporated	Fiber optics manufacturer	\$ 320,404,041	1	1.49%	\$ 84,489,695	6	0.52%
Castle & Cooke North Carolina, LLC / David H Murdock	Land developer	294,161,046	2	1.37%	47,376,829	10	0.29%
Concord Mills LTD Partnership	Shopping center	227,830,932	3	1.06%	205,428,518	2	1.26%
Charlotte Motor Speedway, Incorporated	Auto racing	219,603,191	4	1.02%	174,267,442	3	1.07%
Celgard LLC	Battery manufacturer	197,740,761	5	0.92%			
Duke Energy Corporation	Public service company	121,236,689	6	0.56%	86,347,430	5	0.53%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	106,706,002	7	0.50%			
Weinstein Properties	Property management	101,646,310	8	0.47%			
Hendricks Motorsports, Incorporated	Auto racing	92,311,192	9	0.43%	86,543,120	4	0.53%
Hendricks Automotive	Automotive sales	89,513,480	10	0.42%			
Phillip Morris, Incorporated	Cigarette manufacturer	-	-	-	1,087,680,959	1	6.69%
Concord Telephone Company	Public service company	-	-	-	72,240,705	7	0.44%
JQH-Concord Development LLC	Hospitality	-	-	-	47,928,930	8	0.29%
Pass & Seymour/Legrand	Electronics manufacturer	-	-	-	46,534,419	9	0.29%
Totals		<u>\$ 1,771,153,644</u>		<u>8.24%</u>	<u>\$ 1,938,838,047</u>		<u>11.91%</u>

Source:  
Cabarrus County Tax Administration Department

**Cabarrus County, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Discoveries	Releases	Amount		Percentage of Original Levy	Amount		Percentage of Adjusted Levy	
2008	929,435	(605,617)	103,260,196	101,560,468	98.35%	1,617,918	103,178,386	99.92%	
2009	1,954,310	(1,315,618)	132,819,077	130,244,108	98.06%	2,459,834	132,703,942	99.91%	
2010	1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	3,297,204	135,081,350	99.89%	
2011	770,711	(535,353)	134,498,536	130,734,404	97.20%	3,511,578	134,245,982	99.81%	
2012	1,150,153	(1,615,063)	133,179,605	128,622,399	96.58%	4,359,572	132,981,971	99.85%	
2013	2,110,895	(1,331,736)	131,339,270	126,968,672	96.67%	4,098,778	131,067,450	99.79%	
2014	1,624,863	(673,856)	139,447,859	134,327,532	96.33%	4,840,495	139,168,027	99.80%	
2015	1,364,427	(240,129)	138,945,703	135,223,699	97.32%	3,438,675	138,662,374	99.80%	
2016	1,711,206	(261,433)	143,507,187	140,909,405	98.19%	2,162,395	143,071,800	99.70%	
2017	2,984,909	(1,731,216)	153,019,960	151,567,896	99.05%	-	151,567,896	99.05%	

Source:  
Cabarrus County Finance Department

**Cabarrus County, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

Table 9

<b>Fiscal Year</b>	<b>General Obligation Bonds <sup>(1)</sup></b>	<b>Percentage of Actual Taxable Value of Property <sup>(2)</sup></b>	<b>Per Capita <sup>(3)</sup></b>
2008	126,895,000	0.83%	743
2009	122,708,844	0.75%	701
2010	115,122,677	0.55%	645
2011	107,901,510	0.51%	597
2012	100,620,346	0.47%	547
2013	100,138,753	0.54%	537
2014	91,115,506	0.46%	487
2015	82,447,259	0.42%	429
2016	73,900,237	0.36%	376
2017	57,860,000	0.27%	287

**Notes:**

- <sup>(1)</sup> Details regarding the County's outstanding debt can be found in the notes to the financial statements
- <sup>(2)</sup> See Table 5 for total assessed value of property
- <sup>(3)</sup> See Table 13 for population data

**Cabarrus County, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Table 10

Fiscal Year	Governmental Activities					Total Primary Government	Per Capita <sup>(2)</sup>	Percentage of Personal Income <sup>(2)</sup>
	General Obligation Bonds <sup>(1)</sup>	Certificates Of Participation/ Limited Obligation Bonds	Installment Financing	Notes Payable	Capital Leases			
2008	126,895,000	173,165,000	15,990,284	-	331,964	316,382,248	1,851	5.70%
2009	122,708,844	225,880,860	14,367,714	-	3,458,315	366,415,733	2,094	6.16%
2010	115,122,677	301,846,620	12,745,143	-	3,282,345	432,996,785	2,425	7.38%
2011	107,901,510	302,779,526	11,122,572	-	3,102,621	424,906,229	2,350	7.01%
2012	100,620,346	285,329,194	-	-	3,531,107	389,480,647	2,119	6.04%
2013	100,138,753	265,437,062	-	-	3,348,072	368,923,887	1,979	5.25%
2014	91,115,506	245,865,197	-	-	3,156,437	340,137,140	1,817	4.66%
2015	82,447,259	238,439,690	-	457,323	2,955,793	324,300,065	1,688	4.38%
2016	73,900,237	301,695,995	-	365,858	2,745,710	378,707,800	1,925	*
2017	57,860,000	262,375,000	256,389	274,393	3,245,354	324,011,136	1,607	*

**Notes:**

<sup>(1)</sup> Details regarding the County's outstanding debt can be found in the notes to the financial statements

<sup>(2)</sup> See Table 13 for personal income and population data. These ratios are calculated using data from the prior calendar year

\* Calendar year 2015 personal income is not yet available to calculate the percentage of personal income for fiscal year 2016

**Cabarrus County, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**

Table 11

<u>Governmental Unit</u> <sup>(1)</sup>	<u>Outstanding Debt</u> <sup>(2)</sup>	<u>Estimated Percentage Applicable</u> <sup>(3)</sup>	<u>Amount Applicable to Primary Government</u>
City of Concord	\$ 30,701,643	50.11%	\$ 15,386,095
City of Kannapolis	57,941,830	18.24%	10,567,946
Town of Harrisburg	5,254,160	9.33%	490,030
Town of Mt. Pleasant	413,146	0.64%	2,637
City of Locust	1,978,095	0.25%	4,981
Town of Midland	711,405	1.84%	13,076
			<hr/>
Subtotal, overlapping debt			26,464,765
Cabarrus County direct debt			<hr/> 324,011,136
			<hr/>
Total direct and overlapping debt			<u><u>\$ 350,475,901</u></u>

**Notes:**

- <sup>(1)</sup> Overlapping governments are those that coincide, at least in part, with geographic boundaries within the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Cabarrus County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
- <sup>(2)</sup> Total outstanding Governmental activities debt is provided by each governmental unit.
- <sup>(3)</sup> The percentage of the overlapping debt is calculated by dividing the governmental unit's assessed valuation by the County's assessed valuation (overlapping portion of the government's revenue base / total revenue base of the overlapping government).

**Cabarrus County, North Carolina  
Legal Debt Margin Information  
Last Ten Fiscal Years**

Table 12

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assessed Value of Property	\$ 16,268,259,277	\$ 20,871,969,227	\$ 21,329,688,137	\$ 21,245,738,750	\$ 21,004,123,586	\$ 18,695,824,217	\$ 19,665,629,375	\$ 19,696,579,578	\$ 20,281,606,616	\$ 21,545,073,915
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,301,460,742	1,669,757,538	1,706,375,051	1,699,659,100	1,680,329,887	1,495,665,937	1,573,250,350	1,575,726,366	1,622,528,529	1,723,605,913
Debt applicable to debt limitations:										
Total Bonded Debt	126,895,000	119,835,000	112,565,000	105,660,000	98,695,000	88,390,000	80,395,000	72,755,000	65,220,000	57,860,000
Total Installment Payment Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Notes Payable	-	-	-	-	-	-	-	457,323	365,858	274,393
Total Capital Leases	331,964	3,458,315	3,282,345	3,102,621	3,531,107	3,348,072	3,156,437	2,955,793	2,745,710	3,245,354
Total Installment Financing	15,990,286	14,367,714	12,745,143	11,122,572	-	-	-	-	-	256,389
Total Certificates of Participation/ Limited Obligation Bonds	173,165,000	220,885,000	294,990,000	294,315,000	274,555,000	255,735,000	237,035,000	233,295,000	286,370,000	262,375,000
Total debt applicable to limitations	316,382,250	358,546,029	423,582,488	414,200,193	376,781,107	347,473,072	320,586,437	309,463,116	354,701,568	324,011,136
Legal debt limit	<u>\$ 985,078,492</u>	<u>\$ 1,311,211,509</u>	<u>\$ 1,282,792,563</u>	<u>\$ 1,285,458,907</u>	<u>\$ 1,303,548,780</u>	<u>\$ 1,148,192,865</u>	<u>\$ 1,252,663,913</u>	<u>\$ 1,266,263,250</u>	<u>\$ 1,267,826,961</u>	<u>\$ 1,399,594,777</u>
Total net debt applicable to the limit as a percentage of debt limit	24.31%	21.47%	24.82%	24.37%	22.42%	23.23%	20.38%	19.64%	21.86%	18.80%

**Note:**

NC Statute GS159-55 limits the County's outstanding debt to 8% of the appraised value of property subject to taxation. The following deductions are made from gross debt to arrive at net debt applicable to the limit: money held for payment of principal; debt incurred for water, sewer, gas, or electric power purposes; uncollected special assessments, funding and refunding bonds not yet issued; and revenue bonds. The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority

**Cabarrus County, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Table 13

<u>Year</u>	<u>Population<sup>(1)</sup></u>	<u>Personal Income<sup>(2)</sup></u>	<u>Per Capita Personal Income<sup>(2)</sup></u>	<u>Public School Enrollment<sup>(3)</sup></u>	<u>Unemployment Rate<sup>(4)</sup></u>	<u>Number of Building Inspections Performed<sup>(5)</sup></u>
2008	170,901	5,551,258	34,099	32,219	5.80%	57,339
2009	174,961	5,946,765	35,280	32,781	11.20%	16,529
2010	178,519	5,869,800	34,083	33,014	11.40%	18,890
2011	180,794	6,057,692	33,926	34,096	10.10%	23,241
2012	183,806	6,453,148	35,561	34,588	9.20%	26,565
2013	186,446	7,025,450	38,079	35,125	8.80%	30,780
2014	187,226	7,301,723	39,000	34,763	6.00%	42,541
2015	192,103	7,399,908	38,521	34,609	5.50%	46,267
2016	196,762	*	*	35,376	4.60%	55,741
2017	201,590	*	*	36,669	3.90% **	57,485

\* Information not yet available. Information for calendar year 2016 will be available November 16, 2017.

\*\*Fiscal Year 2017 is as of June 30, 2017

Notes:

(1) Cabarrus County Planning and Development Department

(2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year

(3) Public Schools of North Carolina/State Board of Education reported the County Official Statements

(4) N. C. Employment Security Commission, Annual Average for prior calendar year.

(5) Total number of inspections performed by Cabarrus County Inspections Department. Does not include inspections by municipalities.

Table 14

**Cabarrus County, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carolinas HealthCare System North East	4,200	1	4.29%	4,324	1	5.52%
Cabarrus County Schools	4,109	2	4.19%	3,951	2	5.04%
Amazon	1,300	3	1.33%	-	-	-
Wal-Mart	1,179	4	1.20%	-	-	-
Tele Tech (formerly Connexions or Optum)	1,100	5	1.12%	750	7	0.96%
Cabarrus County Government	1,097	6	1.12%	763	6	0.97%
City of Concord	965	7	0.99%	855	5	1.09%
Kannapolis City Schools	815	8	0.83%	925	4	1.18%
S&D Coffee and Tea	798	9	0.81%	-	-	-
Shoe Show	750	10	0.77%	650	8	0.83%
State of North Carolina	-	-	-	550	10	0.70%
Philip Morris	-	-	-	2,600	3	3.32%
Windstream (formerly Concord Telephone)	-	-	-	650	9	0.83%
Total	<u>16,313</u>		<u>16.65%</u>	<u>16,018</u>		<u>20.45%</u>

Source:

NC Employment Security Commission, Cabarrus County Economic Development Corporation and FY 2008 CAFR

**Cabarrus County, North Carolina**  
**Full-time Equivalent County Government Employees by Function**  
**Last Ten Fiscal Years**

Table 15

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government	173	178	161	165	166	159	161	168	171	176
Cultural and Recreation	64	65	48	51	51	60	62	68	69	71
Public Safety	314	347	344	421	419	421	445	453	472	496
Economic and physical development	17	17	12	12	15	16	16	15	18	19
Human Services	303	310	307	313	297	289	299	302	308	317
Environmental Protection	12	12	11	11	8	7	5	7	7	7
<b>Total</b>	<b>883</b>	<b>929</b>	<b>883</b>	<b>973</b>	<b>956</b>	<b>952</b>	<b>988</b>	<b>1,013</b>	<b>1,045</b>	<b>1,086</b>

Note:

This schedule represents the number of persons employed as of March 31 of each year. Vacant positions are included in the above numbers. Full-time personnel work 2,080 hours per year (less vacation and sick leave)

Source:

Cabarrus County Finance Department

**Cabarrus County, North Carolina**  
**Operating Indicators by Functional Area**  
**Last Ten Fiscal Years**

Table 16

Functional Area	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Tax Collection Rate	98.35%	98.06%	97.45%	97.20%	96.58%	96.67%	96.33%	97.32%	98.19%	99.05%
Land Records Recorded <sup>(1)</sup>	37,329	32,256	28,410	28,238	34,086	34,533	28,397	32,188	33,207 *	35,324
Culture & Recreation										
Circulation of Library Materials-All Branches	781,606	882,322	841,916	697,539	681,192	701,278	699,884	668,249	675,234	771,850
Acres of Park Land-Developed/Undeveloped	411/67	329/252	347/343	381/310	381/310	381/310	381/310	381/310	356/257	356/257
Public Safety										
Sheriff Response Time (Emergency Calls)	8.00	9.25	7.57	7.50	7.13	7.50	7.35	6.41	6.48	6.52
Detention Center Average Daily Population	220	253	275	350	358	367	369	326	285	336
Animals Picked Up	4,500	3,982	3,982	3,800	3,505	3,408	2,817	2,865	2,955	2,596
Building Inspections Completed	57,339	42,610	46,871	22,410	26,568	30,780	42,541	46,267	55,966	57,167
EMS Average Response Time Countywide	7	7	7	7	6	7	7	7	7	7
Economic & Physical Development										
Construction Permits Issued <sup>(4)</sup>	-	-	-	9,558	10,350	10,119	13,695	15,217	16,971	16,183
Zoning Permits Issued <sup>(4)</sup>	-	-	-	307	295	313	367	450	444	536
Human Services										
Veteran /Dependent Contacts	9,950	10,750	12,138	12,119	9,901	9,950	9,312	9,477	9,610	9,852
Human Service Transportation Trips <sup>(2)</sup>	96,696	82,404	85,692	81,844	86,316	74,839	82,123	87,544	92,402	81,353
Family Medicaid Cases	11,794	13,727	14,460	15,884	16,039	17,659	17,553	9,805	18,662	17,197
Adult Medicaid Cases <sup>(3)</sup>	5,216	5,380	5,565	6,019	6,101	6,273	6,483	7,090	10,817	8,326
WFFA (formerly AFDC)	289	290	266	254	263	275	304	193	273	235
Child Protective Service Reports Investigated	1,602	1,476	1,488	1,537	2,955	2,389	1,224	1,217	1,748	1,185
Adoptions Completed	43	18	10	7	1	3	3	12	16	10
Food Stamp Cases	5,890	6,880	8,391	10,497	11,652	11,700	11,900	11,288	11,450	12,150
Adult Protective Services Reports	232	210	225	189	226	199	181	388	380	388
Environmental Protection										
Tons of MSW and C&D Waste Managed	54,488	44,354	28,818	24,969	21,454	17,876	17,756	16,511	16,126	15,327
Tons of Recyclable Materials Collected	1,800	2,500	3,284	3,498	4,250	4,196	3,507	3,114	3,461	3,774
Education										
Per Pupil Current Expense Funding	\$ 1,443.91	\$ 1,541.14	\$ 1,541.14	\$ 1,597.64	\$ 1,688.25	\$ 1,548.92	\$ 1,528.00	\$ 1,608.00	\$ 1,699.00	\$ 1,748.20
Per Pupil Capital Outlay Funding	\$ 127.23	\$ 124.36	\$ 59.60	\$ 32.59	\$ 32.20	\$ 110.89	\$ 90.93	\$ 58.27	\$ 137.18	\$ 182.14
Per Pupil Debt Service Funding	\$ 705.68	\$ 845.19	\$ 835.51	\$ 877.37	\$ 1,011.39	\$ 967.27	\$ 878.93	\$ 857.03	\$ 848.80	\$ 1,010.11
Per Pupil - Server Space	-	-	-	-	-	\$ 0.81	\$ 2.78	\$ 2.30	\$ 2.28	\$ 2.28
Per Pupil - Fines & Forfeitures	-	-	-	-	-	\$ 43.19	\$ 41.13	\$ 41.07	\$ 41.35	\$ 40.75
Per Pupil - School Nurses	-	-	-	-	-	-	\$ 48.66	\$ 55.33	\$ 64.59	\$ 68.87

**Source:** County Departments

- Notes:**
- <sup>(1)</sup> Data is Calendar Year
  - <sup>(2)</sup> County Department Starting in 2004, previously under DSS and private contractor
  - <sup>(3)</sup> Social Security began managing SSI medicaid cases in 1998; Medicaid income limits changed to 100% of poverty 2001
  - <sup>(4)</sup> New measure beginning 2011
- Data Not Available, \* Estimate

**Cabarrus County, North Carolina**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

Table 17

<b>Function/Program</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Parks <sup>(1)</sup></b>										
Park facility	4	5	5	5	5	5	5	5	5	6
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	21	21	23	24	24	24	24	28	28	29
Softball fields	8	8	8	8	8	8	8	8	8	8
Playgrounds	8	8	8	10	10	10	10	10	10	11
Soccer Fields	12	11	11	11	11	11	11	11	11	11
Camping cabins	6	6	6	6	6	6	6	6	6	6
Tent sites	6	6	7	7	7	7	7	7	7	7
Bathhouse for campgrounds	1	1	1	1	1	1	1	1	1	1
Swimming Pool	-	1	1	1	1	1	1	1	1	1
Pool Bathhouse	-	1	1	1	1	1	1	1	1	1
<b>Fire protection <sup>(1)</sup></b>										
Stations <sup>(2)</sup>	11	11	11	10	10	10	11	11	11	11
<b>Sheriff <sup>(1)</sup></b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	5	5	5	5	5	5	5
Patrol units	94	113	117	118	118	135	145	181	170	173

**Notes:**

<sup>(1)</sup> Data obtained from the County Departments of Parks, Emergency Management, and Sheriff

<sup>(2)</sup> Three stations have become municipal departments and are not under the control of the County

# Compliance Section



**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 Board of County Commissioners  
Cabarrus County  
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 Cabarrus County, North Carolina (the “County”) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated November 14, 2017. Our report includes a reference to other auditors who audited the financial statements of the Cabarrus Health Alliance, as described in our report on the County’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.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County’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 County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’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 County'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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Elliott Davis, PLLC".

Raleigh, North Carolina  
November 14, 2017



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

The Board of County Commissioners  
Cabarrus County  
Concord, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Cabarrus County, North Carolina’s (the “County”) 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 County’s major federal programs for the year ended June 30, 2017. The County’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 County’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 County’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 County’s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of the County 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 County'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 County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 federal 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 preceding 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2017-01 and 2017-02 to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs* and *Corrective Action Plan*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Elliott Davis, PLLC*

Raleigh, North Carolina  
November 14, 2017



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

The Board of County Commissioners  
Cabarrus County  
Concord, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Cabarrus County, North Carolina’s (the “County”) 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 County’s major state programs for the year ended June 30, 2017. The County’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 County’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County’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 County’s compliance.

### ***Opinion on Each Major State Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

### **Report on Internal Control over Compliance**

Management of the County 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 County'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 County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2017-01 and 2017-02 to be material weaknesses.

*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.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs* and *Corrective Action Plan*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Elliott Davis, PLLC*

Raleigh, North Carolina  
November 14, 2017

**Cabarrus County, North Carolina**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2017**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to the financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.775, 93.777, 93.778	Medicaid Cluster
93.767	Children's Health Insurance Program – N. C. Health Choice

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? No

**State Awards**

Internal control over major programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(ies) identified?  Yes  None reported

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

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

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**Cabarrus County, North Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2017*

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**I. SUMMARY OF AUDITOR'S RESULTS, Continued**

Identification of major state programs:

Medicaid Cluster  
Children's Health Insurance Program – N.C. Health Choice

**II. FINANCIAL STATEMENT FINDINGS**

**None Reported**

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2017-001 – Documentation of Case Eligibility (repeated and updated finding from prior year 2016-002)**

**US Department of Health and Human Services**

**Passed through the NC Department of Health and Human Services**

**Program Name: Medical Assistance Program (Medicaid; Title XIX)**

**CFDA 93.778**

**Grant Number DMA 2017**

**Criteria:** Management should have an adequate system of internal control procedures in place to ensure casefiles are complete for determining eligibility including residency forms, properly calculated budgets, citizenship verification, and signed applications. Management should ensure that timely ex parte reviews are completed for recertification.

**Condition:** Two applicants only had evidence of one form of residency in the file. Three of the applicants did not have department of motor vehicle online verification reports in the casefile. Two applicants had budgets that had not been calculated properly. One applicant's accurate income did not agree to the amount in NC Fast. One applicant's bank account was not verified until after the application was processed. Upon further review, all 9 applicants identified were ultimately eligible.

**Context:** Of the 8,246 Medicaid participants, we examined 95 and determined that nine applicants lacked information available for eligibility determination or timely redetermination in the casefile.

**Effect:** Casefiles were missing the required eligibility determination documentation which would allow benefits to be provided to individuals who may not be eligible.

**Questioned Costs:** None. The County was able to provide documentation to substantiate that the applicants tested were eligible to receive benefits.

**Recommendation:** Caseworkers should review all casefiles to ensure that all documentation required for eligibility determination is included in all casefiles.

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**Cabarrus County, North Carolina**  
*Schedule of Findings and Questioned Costs*  
*For the year ended June 30, 2017*

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**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, Continued**

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with this finding. Please refer to the Corrective Action Plan.

**Finding 2017-002 – Management Review of Case Eligibility (repeated and updated finding from prior year 2016-001)**

**US Department of Health and Human Services**

**Passed through the NC Department of Health and Human Services**

**Program Name: Medical Assistance Program (Medicaid; Title XIX)**

**CFDA 93.778**

**Grant Number DMA 2017**

**Criteria:** Management should have and maintain an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided throughout the year is within program requirements as disclosed in the Federal and State Compliance supplements over Medicaid. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

**Condition:** The County Department of Social Services did not document adequate monitoring controls in place for the entirety of the period under audit to ensure the proper eligibility determinations were being made and documented. The County did not adequately document reviews over the program throughout the entire year.

**Context:** The County did not document all reviews over the program tested resulting in the nine cases with insufficient documentation noted in finding 2017-001. The County amended its policies and procedures during the fiscal year ending June 30, 2017 to require signoffs when files are reviewed; only a part of the year was covered under the updated policies and procedures.

**Effect:** Casefiles were missing the required eligibility determination documentation which would allow benefits to be provided to individuals who may not be eligible.

**Questioned Costs:** The finding represents an internal control issue; therefore, no questioned costs are applicable.

**Recommendation:** Management should adhere to the County's policy in implementing second party reviews. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the reviews should be corrected within a timely manner and documented as such.

**Views of Responsible Officials and Planned Corrective Actions:** Management concurs with this finding. Please refer to the Corrective Action Plan.

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**Cabarrus County, North Carolina*****Schedule of Findings and Questioned Costs******For the year ended June 30, 2017***

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**IV. STATE AWARD FINDINGS AND QUESTIONED COSTS****NC Department of Health and Human Services****Program Name: Medical Assistance Program (Medicaid; Title XIX)****Finding 2017-001**

Management should have an adequate system of internal control procedures in place to ensure casefiles are complete for determining eligibility including residency forms, properly calculated budgets, citizenship verification, and signed applications. Management should ensure that timely ex parte reviews are completed for recertification. See more details at Finding 2017-001 in Section III Federal Award Findings and Questioned Costs.

**NC Department of Health and Human Services****Program Name: Medical Assistance Program (Medicaid; Title XIX)****Finding 2017-002**

Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures. See more details at Finding 2017-002 in Section III Federal Award Findings and Questioned Costs.



## Finance Department

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### Section III – Federal Award Findings and Questioned Costs

**Finding: 2017-001 – Documentation of Case Eligibility**

**Name of Contact Person: Diane Gridley, DSS Program Administrator**

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. Caseworker level audits utilizing an eligibility checklist are required upon case completion. This is tested in the second party review process. Refresher training will be conducted on the requirements of the checklist of items.

**Finding: 2017-002 – Management Review of Case Eligibility**

**Name of Contact Person: Diane Gridley, DSS Program Administrator**

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. Second party reviews were performed each month of FY17. Management will ensure second party reviews are completed according to the County's Second Party Standard Operating Procedures which addresses documentation of reviews, retention, necessary signatures and timeframes for correction of deficiencies. Findings will be reported to the Director and Administrator monthly. Second party reviews were incorporated as a County Performance measure for FY18 to ensure compliance and monitoring of compliance standards.



## Finance Department

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### **Summary Schedule of Prior Year Audit Findings For the year ended June 30, 2017**

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#### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Finding:	2016-001
Status:	Finding was modified and repeated as 2017-002
Corrective Action:	Management concurs with the condition, context and recommendations. See Corrective Action Plan for the year ended June 30, 2017.
Finding:	2016-002
Status:	Finding was modified and repeated as 2017-001
Corrective Action:	Management concurs with the condition, context and recommendations. See Corrective Action Plan for the year ended June 30, 2017.
Finding:	2016-003
Status:	Corrected.
Finding:	2016-004
Status:	Corrected.
Finding:	2016-006
Status:	Corrected.
Finding:	2016-007
Status:	Corrected.
Finding:	2016-008
Status:	Corrected.
Finding:	2016-009
Status:	Corrected.
Finding:	2016-010
Status:	Corrected.
Finding:	2016-011
Status:	Corrected.
Finding:	2016-012
Status:	Corrected.
Finding:	2016-013
Status:	Corrected.



## Finance Department

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### STATE AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2016-001  
Status: Finding was modified and repeated as 2017-002  
Corrective Action: Management concurs with the condition, context and recommendations.  
See Corrective Action Plan for the year ended June 30, 2017.

Finding: 2016-002  
Status: Finding was modified and repeated as 2017-001  
Corrective Action: Management concurs with the condition, context and recommendations.  
See Corrective Action Plan for the year ended June 30, 2017.

Finding: 2016-003  
Status: Corrected.

Finding: 2016-004  
Status: Corrected.

Finding: 2016-005  
Status: Corrected.

Finding: 2016-006  
Status: Corrected.

Finding: 2016-010  
Status: Corrected.

Finding: 2016-011  
Status: Corrected.

Finding: 2016-012  
Status: Corrected.

Finding: 2016-013  
Status: Corrected.

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2017

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>FEDERAL AWARDS</b>						
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
State Administrative Matching Grants						
for Supplemental Nutrition Assistance Program	10.561	WC302	\$ 1,493,663	\$ -	\$ -	\$ 1,493,663
Total Supplemental Nutrition Assistance Program			<u>1,493,663</u>	<u>-</u>	<u>-</u>	<u>1,493,663</u>
Total U.S. Department of Agriculture			<u>1,493,663</u>	<u>-</u>	<u>-</u>	<u>1,493,663</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		<u>4,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Justice			<u>4,767</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed-through the N.C. Department of Transportation:						
Formula Grants for Rural Areas- Administrative	20.509	17-CT-042	85,212	75,744	-	28,404
Formula Grants for Rural Areas- Capital	20.509	17-CT-042	<u>128,162</u>	<u>16,020</u>	<u>-</u>	<u>16,020</u>
Total U.S. Department of Transportation			<u>213,374</u>	<u>91,764</u>	<u>-</u>	<u>44,424</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed-through N.C. Dept. of Public Safety:						
Division of Emergency Management						
Emergency Management Performance Grant	97.042	EMW-2015-EP-00011-S01	52,959	-	-	-
NC State Homeland Security Grant	97.067	EMW-2016-SS-0011-1640	<u>43,273</u>	<u>-</u>	<u>43,273</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>96,232</u>	<u>-</u>	<u>43,273</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Division of Aging and Adult Services						
Passed through Centralina Council of Governments:						
National Family Caregiver Support, Title III, Part E	93.052	FY17 Region F County 013	<u>36,678</u>	<u>2,445</u>	<u>-</u>	<u>-</u>
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	FY17 Region F County 013	<u>4,973</u>	<u>878</u>	<u>-</u>	<u>-</u>

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	FY17 Region F County 013	104,219	18,392	-	13,623
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers:						
Transportation Grant	93.044	FY17 Region F County 013	122,409	21,602	-	16,002
Adult Day Services	93.044	FY17 Region F County 013	52,884	9,333	-	6,913
In-Home Aide I&II	93.044	FY17 Region F County 013	159,406	28,130	-	20,837
Housing   Housing Improvement	93.044	FY17 Region F County 013	39,752	7,015	-	5,194
Senior Center Operations Grant	93.044	FY17 Region F County 013	74,205	13,095	-	8,959
Nutrition Services Incentive Program	93.053	FY17 Region F County 013	26,130	-	-	-
Senior Center Operations Grant   General Purpose			-	14,502	-	-
Total Aging Cluster (Note 3)			<u>579,005</u>	<u>112,069</u>	-	<u>71,528</u>
Total Division of Aging and Adult Services			<u>620,656</u>	<u>115,392</u>	-	<u>71,528</u>
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Temporary Assistance for Needy Families (TANF) Cluster						
Temporary Assistance for Needy Families (TANF) State Programs						
Administration:						
Temporary Assistance Needy Families (TANF)	93.558	G1702NCTANF	217,002	-	-	218,034
Services:						
Temporary Assistance Needy Families (TANF)	93.558	G1702NCTANF	1,486,574	-	-	1,196,779
Temporary Assistance for Needy Families Cluster	93.558	G1702NCTANF	549,047	-	-	-
Direct Benefit Payments:						
Temporary Assistance Needy Families (TANF)	93.558	G1702NCTANF	521,408	-	-	362
Total TANF Cluster			<u>2,774,031</u>	-	-	<u>1,415,175</u>
Child Support Enforcement - Section IV-D Administration	93.563	WC302	<u>1,363,499</u>	(7)	-	<u>702,415</u>
Refugee and Entrant Assistance State Administered Program						
Direct Benefit Payments	93.566	WC302	12,543	(42)	-	(42)
Refugee and Entrant Assistance State Administered Program	93.566	WC302	3,171	-	-	-
Total Refugee and Entrant Assistance			<u>15,714</u>	<u>(42)</u>	-	<u>(42)</u>

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
Low-Income Home Energy Assistance						
Administration	93.568	G17B1NCLIEA	89,581	-	-	-
Energy Assistance	93.568	G17B1NCLIEA	456,900	-	-	-
Energy Assistance - Housing	93.568	G17B1NCLIEA	146,441	-	-	-
Crisis Intervention Program	93.568	G17B1NCLIEA	<u>523,968</u>	-	-	-
Total Low-Income Energy Assistance			<u>1,216,890</u>	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645	G1601NCCWSS	<u>59,312</u>	-	-	<u>19,770</u>
Chafee Foster Care Independence Program						
Administration	93.674	G1601NC1420	17,431	4,358	-	-
Direct Benefit Payment	93.674	G1601NC1420	<u>4,288</u>	-	-	-
Total Chafee Foster Care Independence Program			<u>21,719</u>	<u>4,358</u>	-	-
Promoting Safe and Stable Families	93.556	G1601NCFPSS	<u>29,801</u>	-	-	-
Social Service Block Grant (SSGB) - In Home Services						
Adult Day Care (Division of Adult and Aging Services)	93.667	G1701NCSOSR	31,074	19,253	-	7,190
In-Home Services	93.667	G1701NCSOSR	122,072	6,672	-	16,627
Adult Protective Services	93.667	G1701NCSOSR	11,362	-	-	3,787
Child Protective Services - TANF to SSBG	93.667	G1701NCSOSR	257,907	-	-	-
Social Services Block Grant Administration	93.667	G1701NCSOSR	<u>342,678</u>	<u>37,435</u>	-	<u>126,704</u>
Total Social Services Block Grant (SSBG) In Home Services			<u>765,093</u>	<u>63,360</u>	-	<u>154,308</u>
Total Division of Social Services - Other Programs			<u>6,246,059</u>	<u>67,669</u>	-	<u>2,291,626</u>
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care Title IV - E Administration	93.658	1701NCFOST	27,295	-	-	27,295
Foster Care Title IV - E Child Protective Services	93.658	1701NCFOST	203,484	76,045	-	132,872
Foster Care Title IV - E Foster Care and Training	93.658	1701NCFOST	30,100	-	-	10,033
Foster Care Title IV - E Foster Care and Off Training	93.658	1701NCFOST	426,372	-	-	426,372
Direct Benefit Payment:						
Foster Care Title IV - E Foster Care	93.658	1701NCFOST	<u>317,712</u>	<u>97,381</u>	-	<u>99,434</u>
Total Foster Care			<u>1,004,963</u>	<u>173,426</u>	-	<u>696,006</u>
Adoption Assistance- Training	93.659	WC302	17,844	-	-	17,844
Adoption Assistance	93.659	WC302	117,741	-	-	299,578
Direct Benefit Payment:						
Adoption Assistance	93.659	WC302	<u>477,154</u>	<u>120,667</u>	-	<u>120,667</u>
Total Foster Care and Adoption Cluster (Note 3)			<u>1,617,702</u>	<u>294,093</u>	-	<u>1,134,095</u>

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
Passed Through N.C. Department of Health and Human Services:						
Subsidized Child Care:						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	WC302	238,888	-	-	-
Passed Through N.C. Department of Health and Human Services:						
Division of Child Development:						
Child Care Development Block Grant	93.575	G1701NCCCDF	1,792,622	-	-	-
Child Care Mandatory and Matching Funds of the Childcare and Development Fund - Mandatory	93.596	WC302	672,252	-	-	-
Child Care Mandatory and Matching Funds of the Childcare and Development Fund - Match	93.596	WC302	<u>224,906</u>	-	-	-
Total Child Care Development Fund Cluster			<u>2,928,668</u>	-	-	-
Foster Care Title IV-E	93.658	1701NCFOST	59,015	29,452	-	-
State Funding Appropriations	N/A	XXXX	-	343,741	-	-
TANF Maintenance of Effort	N/A	XXXX	<u>-</u>	<u>319,872</u>	-	-
Total Subsidized Child Care Cluster (Note 3)			<u>2,987,683</u>	<u>693,065</u>	-	-
Medicaid Cluster:						
Division of Social Services:						
Medical Assistance Program	93.778	WC302	4,289,109	-	-	1,533,101
Medical Assistance Program	93.778	WC302	30,351	7,353	-	22,998
Division of Medical Assistance:						
Direct Benefit Payments:						
Medical Assistance Program	93.778	WC302	<u>129,750,023</u>	<u>66,850,683</u>	-	-
Total Medicaid Cluster			<u>134,069,483</u>	<u>66,858,036</u>	-	<u>1,556,099</u>
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice	93.767	WC302	<u>261,487</u>	<u>232</u>	-	<u>403</u>
Division of Medical Assistance:						
Direct Benefit Payments:						
Children's Health Insurance Program - N.C. Health Choice	93.767	WC302	<u>4,762,348</u>	<u>32,624</u>	-	-
Total U.S. Department of Health and Human Services			<u>150,565,418</u>	<u>68,061,111</u>	-	<u>5,053,750</u>

**CABARRUS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Fiscal Year Ended June 30, 2017**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>U.S. DEPARTMENT OF ENERGY</b>						
Passed Through N.C. Department of Health and Human Services:						
Office of Economic Opportunities:						
Weatherization Assistance for Low-Income Persons	81.042	DEEE0007939	53,043	-	-	-
Weatherization Assistance for Low Income Persons - Heating and Air Conditioning Repair	81.042	DEEE0007939	<u>80,180</u>	-	-	-
Total U.S. Department of Energy			<u>133,223</u>	-	-	-
TOTAL FEDERAL AWARDS			<u>152,506,677</u>	<u>68,152,875</u>	<u>43,273</u>	<u>6,591,837</u>
<b>STATE AWARDS</b>						
<b>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Division of Social Services:						
AFDC Incentives		XXXX	-	758	-	-
Child Welfare/CPS/CS		XXXX	-	88,723	-	-
County Funded Programs		XXXX	-	-	-	2,364,839
Non-Allocating County Cost		XXXX	-	-	-	681,390
Work First Non Reimbursement		XXXX	-	-	-	801,467
Direct Benefit Payments:						
Foster Care at Risk Maximization		XXXX	-	6,340	-	1,469
State Foster Home		XXXX	-	82,497	-	82,497
SFHF Maximization		XXXX	-	125,523	-	125,523
Child Welfare Adoption Subsidy		XXXX	-	<u>612,590</u>	-	<u>175,231</u>
Total Division of Social Services			-	<u>916,431</u>	-	<u>4,232,416</u>
Division of Aging:						
Direct Benefit Payments:						
State/County Special Assistance for Adults		XXXX	-	<u>939,335</u>	-	<u>937,712</u>
Total Division of Aging			-	<u>939,335</u>	-	<u>937,712</u>
Office of Emergency Medical Services:						
Carolinas Medical Center - Metrolina Trauma Advisory Committee:						
Project Medical Surge		XXXX	-	<u>11,265</u>	-	-
Total Office of Emergency Medical Services			-	<u>11,265</u>	-	-
Total N. C. Department of Health and Human Services			-	<u>1,867,031</u>	-	<u>5,170,128</u>

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2017

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>N.C DEPARTMENT OF ENVIRONMENTAL QUALITY</b>						
Division of Waste Management:						
Electronics Recycling Management Funds		XXXX	-	5,267	-	-
White Goods Management Program		XXXX	-	1,522	-	-
Scrap Tire Program		XXXX	-	262,035	-	-
Solid Waste Disposal		XXXX	-	42,889	-	-
Total Division of Waste Management			-	311,713	-	-
Soil and Water Conservation		XXXX	-	3,600	-	161,142
Soil and Water Conservation - Water Quality Cost Share Grant		XXXX	-	26,730	-	26,629
Total NC Department of Environmental Quality and Natural Resources			-	342,043	-	187,771
<b>N.C. DEPARTMENT OF PUBLIC SAFETY</b>						
Division of Juvenile Justice and Delinquency Prevention:						
Juvenile Crime Prevention Programs:						
Positive Parenting		XXXX	-	50,234	50,234	-
Fostering Solutions		XXXX	-	40,800	40,800	-
Rowan County Youth Services Bureau:						
Rowan County Youth Services		XXXX	-	12,181	12,181	-
Shift Mentoring		XXXX	-	66,627	66,627	-
Teen Court		XXXX	-	55,914	55,914	-
Teen Court Resolve Program		XXXX	-	69,301	69,301	-
Cabarrus County:						
JCPC Certification		XXXX	-	16,000	16,000	-
Emergency Management		T2-2016-37025	-	958	-	-
Governor's Crime Commission						
2016 - HERO and Internet Crimes against Children (ICAC)		PROJ012266	-	38,619	-	-
Total N.C. Department of Public Safety			-	350,634	311,057	-
<b>N.C. DEPARTMENT OF INSURANCE</b>						
Division of Seniors Health Insurance Information Program						
SHIIP Grant		XXXX	-	5,989	-	-
Total N.C. Department of Insurance			-	5,989	-	-

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2017**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<b>N.C. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES</b>						
NC Agricultural Development and Farmland Preservation Trust Fund		XXXX	-	228,113	-	-
Total N.C. Department of Agriculture and Consumer Services			-	228,113	-	-
<b>N.C. DEPARTMENT OF CULTURAL AND NATURAL RESOURCES</b>						
Division of State Library State Aid to Libraries		DCR-4	-	196,686	-	2,746,623
Total N.C. Department of Cultural and Natural Resources			-	196,686	-	2,746,623
<b>N.C. DEPARTMENT OF ADMINISTRATION</b>						
N.C. Unauthorized Substance Control Tax			-	29,800	-	-
Veterans Service Grant			-	2,130	-	253,463
Total N.C. Department of Administration			-	31,930	-	253,463
<b>N.C. DEPARTMENT OF TRANSPORTATION</b>						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Elderly and Disabled Assistance Transportation Program		DOT-17CL	-	98,650	-	-
ROAP Work First/ Employment Transportation Program		DOT-17CL	-	19,853	-	-
ROAP Rural General Public Transportation Program		DOT-17CL	-	68,524	-	-
Total ROAP Cluster			-	187,027	-	-
<b>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Public School Building Capital Fund Lottery proceeds			-	3,600,000	-	-
Total N.C. Department of Public Instruction			-	3,600,000	-	-
<b>TOTAL STATE AWARDS</b>			-	6,809,453	311,057	8,357,985
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 152,506,677	\$ 74,962,328	\$ 354,330	\$ 14,949,822

**CABARRUS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Fiscal Year Ended June 30, 2017**

**Notes to the Schedule of Expenditures of Federal and State Financial Awards:**

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**Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Cabarrus County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. The information in this SEFSA is presented in accordance with the requirements of 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. Because the Schedule presents only a selected portion of the operations of Cabarrus County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cabarrus County.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cabarrus County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3: Cluster of Programs**

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption