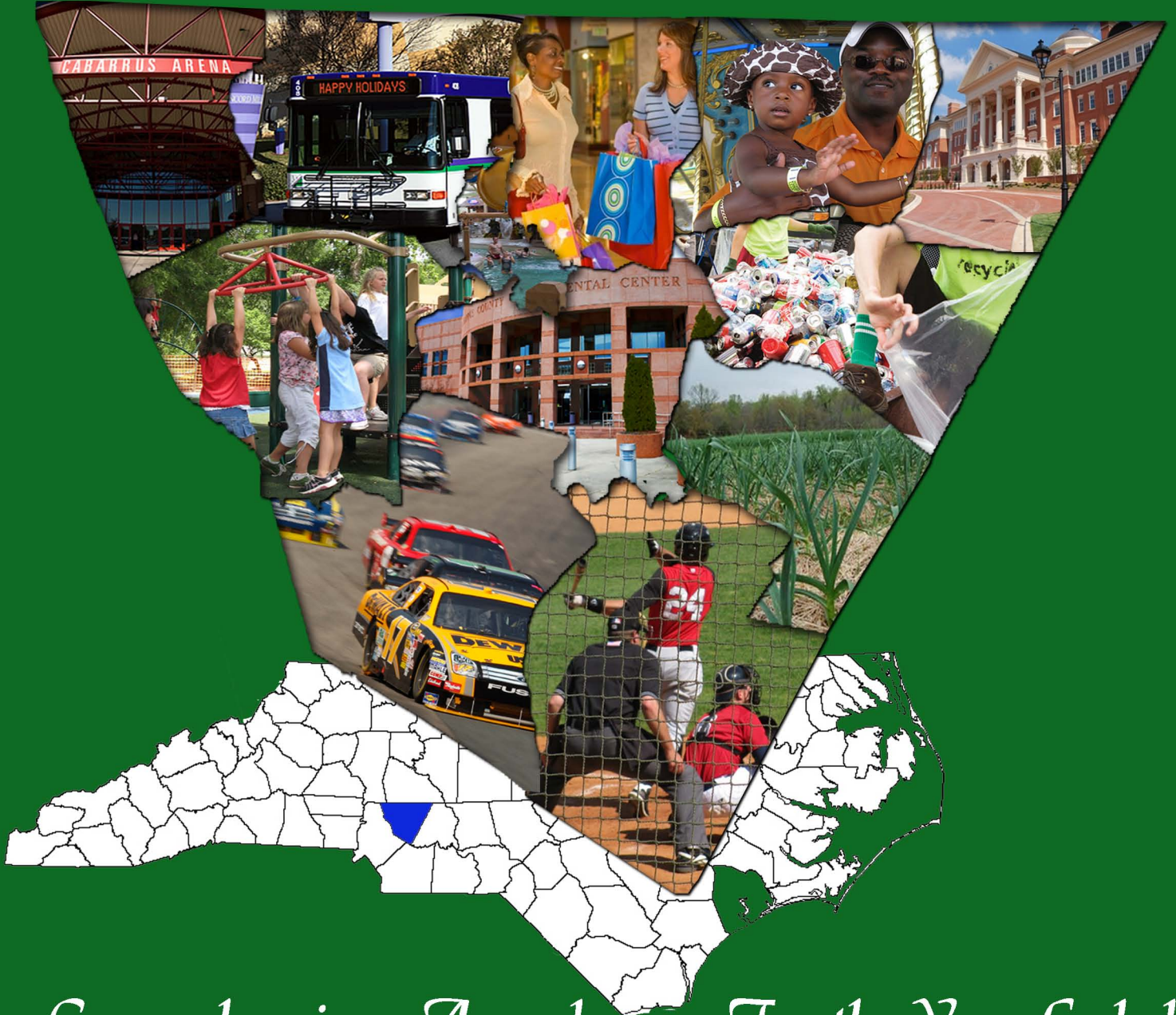


Cabarrus County

North Carolina



*Comprehensive Annual
Financial Report*



*For the Year Ended
June 30, 2010*

Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the year ended June 30, 2010

Prepared by
Cabarrus County Finance

Pamela S. Dubois
Deputy County Manager



**Cabarrus County, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010**

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Introductory Section



Finance Department

October 31, 2010

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, 2010.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the 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 Martin Starnes & Associates, CPA, PA, 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 ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2010, 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" 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. These reports are available in the Comprehensive Annual Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement 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.

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

Profile of the County

The County, incorporated in 1792, is located 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 seven municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles 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, Locust and Stanfield are smaller municipalities in the County. The County serves a population of 174,294. The County is empowered to levy a property tax on both real and personal properties 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, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the county's manager and attorney. The county's 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's manager on or before the end of February each year. The county's 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 by 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., law enforcement). The county's manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund. He 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, approved change orders, and the Capital Improvement Plan. The 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 Management Policy and 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 manager or Finance Director may adjust budgets to match. The County manager may reduce revenue projections consistent with prevailing economic conditions, and also 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 six counties located in the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (the "Charlotte MSA"), which consists of Anson, Cabarrus, Gaston, Mecklenburg and Union Counties in North Carolina and York in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the largest metropolitan area in the Carolinas and its population growth is one of the fastest in the Southeast.

Historically, the County's economy was primarily dependent on 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 manufacturing, retail, warehousing and distribution, research and entertainment. These investments have helped to offset the downturns in the textile industry

A summary of significant recent developments in these industries follows.

Manufacturing. The principal products manufactured in the County now include optical fiber, textiles, food, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, mobile and modular home components, custom trailers and corrugated packaging.

Other manufacturing facilities produce a wide variety of goods for national and international distribution. The following are just a few examples of these industries. Corning, Inc.'s fiber optics facility in Midland, which had been "mothballed," has reopened and officials expect the facility to increase capacity as the fiber optic market improves globally. S&D Coffee is a major roaster and distributor of coffee products for institutional and restaurant use and is headquartered in Concord. GGT, a fabricator of custom trailers, is located off of I-85 near exit 55.

Philip Morris USA, which was the largest manufacturer in the County, closed its Concord facility at the end of July 2009. The facility encompasses over 2,100 acres and 1.2 million square feet. Philip Morris has hired Jones Lang LaSalle to market the property. The County, the City of Concord and the Cabarrus Economic Development Corporation are partnering with Philip Morris USA and Jones Lang LaSalle to promote the site as a job creation center.

Warehousing 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. One of the newest interchanges on I-485, known as the Charlotte "Outer belt," I-485, opened in 2004 and provided almost direct access to the County in a number of areas. Construction is scheduled to begin on the remaining northeast section of I-485 in 2011, further increasing accessibility to the County. In addition, I-77 intersects with I-85 and three other major highways within 15 miles of the County. Examples of companies building or expanding distribution centers in the County include: Saddle Creek, a large Florida logistics company, which opened a 350,000 square foot rail-served distribution center in Harrisburg (from which it serves Wal-Mart, America's largest retailer) and has recently completed an expansion that more than doubled the size of its Harrisburg facility; and Caffey Distributing, 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.

Childress Klein, a leading developer of warehouse and distribution properties, is developing 275 acres of vacant land in Kannapolis. This property is located at the interchange of I-85 and the Kannapolis Parkway and includes a new complex with 2.5 million square feet of flex office, warehouse and distribution space. The development plans also include 400,000 square feet of retail use, called Afton Ridge, much of which is already open. The overall investment is expected to reach \$140 million and create 2,800 jobs over the next decade.

Research. Castle & Cooke has redeveloped the former Pillowtex properties in Kannapolis as a major mixed use development with the centerpiece of the development constituting the North Carolina Research Campus (the "*Research Campus*"). This is a multi-purpose campus that houses state-of-the-art research equipment, research space and laboratory space. The Research Campus was intended to be, and is a collaboration between public and private sectors. Public sector partners already located on campus include Appalachian State University, North Carolina A&T University, North Carolina Central University, North Carolina State University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and Rowan-Cabarrus Community College. Duke University plans to construct a new facility on campus and is managing the M.U.R.D.O.C.K. Study, a large-scale project to study the long-term health of County citizens. Private sector partners include Angiogen, Anatomics, Bio-Marker group, Dole Nutrition Institute, General Mills, Monsanto, Red Hat, Sensory and Spectrum.

To facilitate the development and finance public improvements needed, 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 authorized in 2005. 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 City of Kannapolis planned to issue up to \$108 million in bonds in the fall of 2008 to finance public infrastructure in the Development District, but market conditions precluded their issuance at that time. The City of Kannapolis is currently exploring the issuance of a lesser amount of bonds. The boundaries of the Development District were created to capture the area in which such infrastructure is 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.

Entertainment. 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. 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. Recent expansions include additions to grandstand seating, a new infield media center and several RV spaces located between the grandstands in turns one and two. Z-Max Drag way at Concord, a \$60 million drag strip facility that is located on CMS property, has hosted several events, including four NHRA-sanctioned events, since opening in 2008.

The City of Concord and Embassy Suites Hotels constructed a new Convention Center and full-service hotel on Speedway Boulevard. This complex is located equidistant between CMS and the Concord Mills Mall. Other hotels also have located in this area, adding over 3,000 new rooms to the County's hotel inventory.

Motorsports. The County is home to CMS, NASCAR Research & Development, World Racing Group, the DIRT Track at CMS, Concord Motorsports Park, Motorsports Radio Network, Z-Max Drag way, four driving schools, Hendrick Motorsports, Roush Fenway Racing, Earnhardt Ganassi Racing with Felix Sabates, Stewart-Haas Racing, ST/Wood Motorsports/JTG Racing and over 200 other motorsports-related businesses.

Recent developments involving motorsports businesses include Windshear, a California-based company, which has built a \$40 million wind tunnel which 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. ST/Wood Motorsports recently relocated its operations to a 123,000 square-foot building in Harrisburg. 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 relocated to the Harrisburg area near the Saddle Creek facility and is operating out of a new 46,000 square foot building.

Retail. Concord Mills Mall, which is located on approximately 165 acres located at the exit 49 interchange of I-85, opened its doors in September 1999. The 1.4 million square foot facility has over 200 stores, cost approximately \$240 million to complete and is generating an estimated \$300 million annually in retail sales. Concord Mills Mall is the State's largest tourism draw and continues to create additional spin-off retail development on adjacent properties. Additional projects have been built, including a Wal-Mart and Lowe's, which makes the area a primary retail center for the entire MSA.

There are a number of new retail centers that have been constructed or are under construction throughout the County as a result 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 and Kohl's. Harrisburg Town Center is a 100-acre mixed-use development on Highway 49, which includes 400 residential units, all of which have been completed, and up to 500,000 square feet of office and retail space; several of the office/retail buildings are complete. Additionally, there are several restaurants and a grocery store located in the Town Center. Multiple grocery-anchored centers have also been developed near key intersections.

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 or Mecklenburg County. Public utility service is widely available to these parks. Following are brief descriptions of several of these parks.

Z-Max Industrial Park. Z-Max Industrial Park offers a rail served site with excellent highway access. The site is served by major utilities and is already home to motorsports related businesses including 600 Racing.

International Business Park. The owners of the International Business Park actively pursue private investment from around the world. Among those companies with facilities in the Park are Oiles America Corporation, a Japanese company, which opened a manufacturing plant for self-lubricating bearings in 1991; Pass & Seymour Legrand, a French company, which opened a manufacturing plant for electrical wiring devices in 1991; Dai Nippon Printing Company Ltd. ("DNP"), which began operations in 1995 and produces media (such as ribbons and tapes); Federal Express, which opened its facility in 1997; SYSCO Corporation, a Houston-based food service provider, which built a new warehouse/distribution complex in 1997 to serve nearly all of North and South Carolina, as well as parts of Georgia and Virginia; and the Minka Group, a lighting products company, which built a facility to serve as its east coast distribution center.

Recently, the owners of International Business Park completed a 76,000 square foot high-end speculative building in 2004. This building now is the workplace for over 1,200 persons, including employees of Connexions, a business solutions provider. PreGel America opened its \$20 million North American headquarters in the Park in 2008 with over 100 employees. Celgard is expected to break ground on a \$60 million manufacturing and R&D center in September 2010.

Concord Regional Airport/Airport Business Park. The City of Concord continues to develop a general aviation reliever airport on approximately 850 acres adjacent to I-85. This facility, known as Concord Regional Airport, has a 7,400 foot paved, fully instrumented runway with control tower, which can accommodate all corporate and commuter aircraft. Flight operations began at the airport in September 1994, and since the summer of 1995, the City has completed the construction of 67 T-hangars and 4 large conventional storage hangars at the airport. The airport currently has 170 aircraft based at the airport with an estimated total value of \$160 million.

The City contracted for a full-time air traffic control tower in September of 1998 to enhance aviation traffic safety. The airport has a full aircraft maintenance facility, three flight schools, four aircraft charter services, a full-time medical examiner, aircraft detailing, four airfreight providers, and a helicopter radio platform service. The City has proposed constructing additional conventional hangar space to accommodate the demand for aircraft basing at Concord Regional Airport. Additional basing will increase revenues from storage and fuel sales.

The City has completed the construction of the Airport Business Park and access roads to service other revenue generating acreage adjacent to the airport on the west side. The Park is home to Roush Fenway Racing's headquarters and museum.

West Winds Industrial Park. The first phase of the West Winds Industrial Park, located directly across from the airport entrance, is complete, and an 18,000 square foot mixed office/industrial space also has been completed. The West Winds Industrial Park includes a 45,000 square foot NASCAR R&D center to research new safety methods. Fly Right, a flight simulation training facility for King Air Pilots, is also located in the Park. A 56,000 square foot speculative building is available and there is additional land in the Park for development.

Kannapolis Gateway Park. 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 in the Kannapolis Gateway Business Park. That building is now occupied by Novant Health, which is taking advantage of the Park's location between I-85 and I-77. The 85-acre park is located one mile from a new interchange on I-85 and will feature approximately 753,000 square feet of industrial space and a 12-acre retail center, which has recently completed construction. Retail uses have also located in the Park to support the surrounding businesses.

Brookdale. Located in the Town of Harrisburg near the I-485 interchange, Brookdale, a mixed-use development, includes a shopping center anchored by a Harris Teeter grocery store and several retail stores. Residential construction is currently underway for the project.

The County's rapid growth, largely attributable to the County's position in the Charlotte metropolitan region, slowed as a result of the global recession, but is expected to resume, albeit at a slower pace, 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"), which operates with a full-time staff, serves as the primary recruiting and marketing entity. Local jurisdictions approved a newly-structured CEDC two years ago that is administered by the Cabarrus Regional Chamber of Commerce. The structure greatly enhances efforts in business retention and expansion, entrepreneurship and new business recruitment. Given these changes, combined with the availability of sites within commercial and industrial parks with all municipal services available 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 verification of the status of the organization. The CEDC is one of only 24 economic development organizations worldwide which have been accredited by the International Economic Development Council.

The following table lists the 10 largest manufacturing and non-manufacturing employers in the County as of 2010:

<u>Employer</u>	<u>Service</u>	<u>Approximate Number of Employees</u>
Carolinas Medical Center - Northeast	Medical Center	4,500
Concord Mills Mall	Retail	4,000
Cabarrus County Schools	Education	3,800
Cabarrus County	Government	975
City of Concord	Government	925
Connexions	Business Solutions	900
State of North Carolina	Government	771
Kannapolis City Schools	Education	750
Shoe Show	Shoe Distributor	700
Hendricks Motorsports	Automotive Racing	500

Source: Cabarrus County Economic Development Corporation (2010)

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 Fund, Health Insurance Fund and Fire District Fund) for the fiscal year ending June 30, 2011 totals \$210,016,714 with a tax rate of \$0.63 per \$100 of assessed value, based on a total valuation of \$20,958,572,000.

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 statute, 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 a County our size, a recommended target goal of fifteen percent (15%) should be maintained. These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate the need for short-term borrowing, assist in maintaining an investment-grade bond rating, and 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; tor 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.

Major initiatives

On September 22, 2010, the County refinanced all of the callable 2001 Certificates of Participation debt. The savings over the remaining 11 years totals \$2,366,350 or 10.47%. The overall yield is now 2.390%. Rates have not been this low since May of 1967. The County will experience this savings over the next 10 years at an amount of approximately \$235,000 per year.

On October 5, 2010, the County had two applications with the Local Government Commission for approval of a refinancing in an amount not to exceed \$45,000,000 and Qualified School Construction Bonds (QSCB) in an amount of \$14,637,160. The County intends to refund \$34,395,000 of the callable 2002/2003 Certificates of Participation when market conditions are favorable. The QSCB's will be placed with BB&T with a 5 year deferral of principal and an estimated term of 14 years and zero interest. These bonds will be sold when the fed rate is equal to or less than the BB&T loan rate.

The Board of Commissioners' initiative to build a sustainable community consists of many efforts. Among them are programs in the county organization and retrofits of county facilities to conserve energy and water. Other organization efforts include maximizing the prevalence or reusable products, minimizing the use of those that are disposable and purchasing products that contain recycled content when possible

and feasible. The county's fleet of vehicles is much more fuel efficient and emits fewer emissions. These measures conserve natural resources and tax dollars.

The Board's sustainable community initiative also includes many outwardly-directed elements: One is a multifaceted approach to developing a more robust local food economy, including the appointment of 22 people to serve on the newly established Cabarrus County Food Policy Council, the hiring of a Local Food System Project Coordinator, the establishment of an incubator farm. Also, a community food assessment is being performed by North Carolina State University's Center for Environmental Farming Systems

The local food initiative is funded through grants and from money reserved from the payment of deferred taxes on property removed from the present-use value system, providing a rational nexus between the program and its funding source.

This period of economic contraction and hardship we are in offers additional opportunities to build upon what was already begun. In the absence of the immediate pressures resulting from growth and development, our local governments and businesses can collaborate to better position our community for a greener and more prosperous future, one that focuses on the triple bottom line (a healthy environment; a sound, financial position; and social equity), is more independent and enjoys some insulation from the volatility and whims of globalization.

One such opportunity is a joint planning effort with the Town of Harrisburg (which follows a very similar and successful effort with Concord). This plan will be completed in FY2011 and is envisioned to be very broad in nature, planning for and implementing measures aimed at sustainable development patterns and economic development.

Another opportunity is found in a newly formed sustainability council, initiated by Cabarrus County and housed at the Cabarrus Regional Chamber of Commerce. This effort provides a forum for business and government to share and collaborate along the path to realizing a positive triple bottom-line for the community we call home.

The latest element of this initiative is the Board of Commissioner's recent creation of the Council for a Sustainable Local Economy. The Council is charged with performing research and analysis, educating the community, developing strategies and making policy recommendations that encourage the development of a resilient, robust and sustainable local economy in which entrepreneurs and creativity thrive and the community prospers.

The CSLE is given discretion in fulfilling its charge; however, it is specifically directed to address the following:

1. To the extent possible, identify "leakage" in the local economy. That is, determine how much money is spent by local businesses, institutions, governments and residents purchasing goods and services from outside Cabarrus County that are available from businesses within Cabarrus County. Additionally, determine the impact, in terms of the number of jobs, of diverting some or all of that spending from outside the county to businesses inside the county. Visit the website of the Business Alliance for Local Living Economies (<http://www.livingeconomies.org/>) for examples.

2. Identify barriers to success encountered by small businesses as a result of government policies and regulations. Conversely, identify government policies and regulations, existing or new those are helpful to small businesses. For examples, review efforts of the New Rules Project (www.newrules.org) and the many recommendations found in *The Small-Mart Revolution: How Local Businesses are Beating the Global Competition* by Michael H. Shuman.

The county government will provide the Council with staff assistance, meeting space and other resources needed to perform its charge,

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, 2009. This was the twenty-fifth consecutive year that Cabarrus County has received this prestigious award. In order 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.

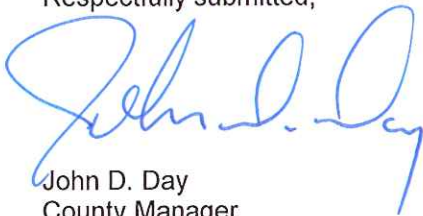
A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

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, 2009. In order to qualify for the Distinguished Budget Presentation Award, the county's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the twelfth 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, and 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 Martin Starnes & Associates, CPA, PA, 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,



John D. Day
County Manager



Pamela S. Dubois
Deputy County Manager/Finance Director

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



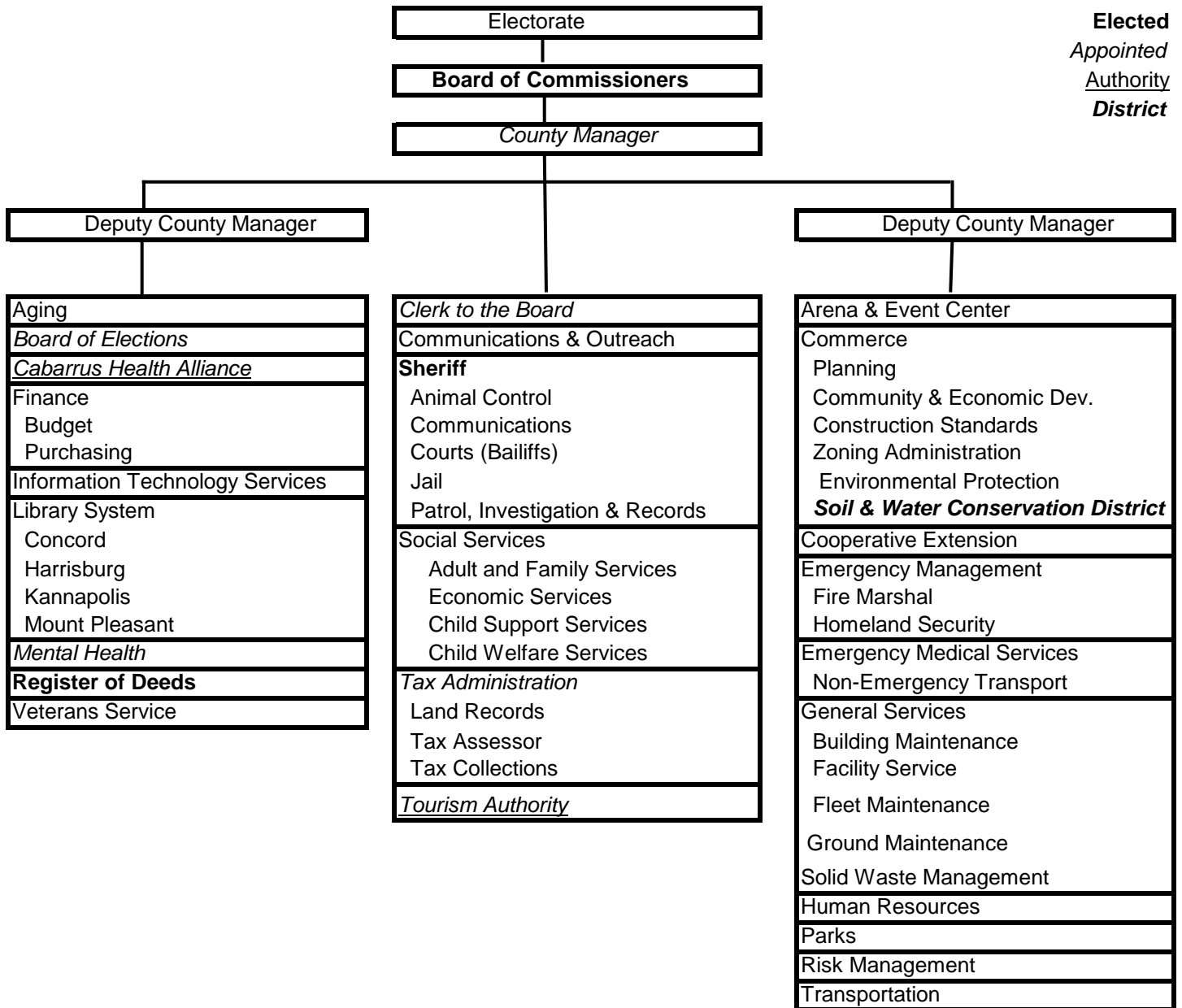
A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Organization Chart



Board of County Commissioners

Chair H. Jay White, Sr.
Vice-Chair Elizabeth F Poole
Commissioner Robert W. Carruth
Commissioner Grace M Mynatt
Commissioner Coy C. Privette

Other Elected Officials

Sheriff D. Brad Riley
Register of Deeds Linda F. McAbee

County Manager John D. Day
Deputy County Manager Michael K. Downs
Deputy County Manager Pamela S. Dubois

Clerk to the Board G. Kay Honeycutt

County Department Heads

Aging Michael L. Murphy
Commerce Jonathan B. Marshall
Cooperative Extension Deborah G. Bost
Elections Director Linda C. Grist
Emergency Management Robert S. Smith
Emergency Medical Services J. David Hampton, Jr.
Finance Director Pamela S. Dubois
General Services Kyle D. Bilafer
Human Resources Donald C. Cummings
Information Technology Services Deborah A. Brannan
Libraries Dana M. Eure
Parks and Recreation Londa A. Strong
Social Services William B. Rose
Solid Waste Management Richard A. Payne
SWCD-Watershed Dennis E. Testerman
Tax Administration Jeffery B. Weisner
Transportation Charles R. Bass
Veterans' Service Travis R. Waldron

Tourism Authority, President/CEO Donna Carpenter

Financial Section

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Cabarrus County
Concord, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Cabarrus County, North Carolina's management. Our responsibility is to express opinion on these basic financial statements based on our audit. We did not audit the financial statements of the component unit, Cabarrus Health Alliance. Those financial statements were audited by other auditors whose reports thereon have been furnished to us; and our opinion, insofar as it relates to the amounts included for the Cabarrus Health Alliance is based solely on the reports of other auditors. The financial statements of Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*.

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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2010 on our consideration of Cabarrus County, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, Law Enforcement Officers' Special Separation Allowance, Schedule of Funding Progress, Schedule of Employer Contributions and related notes, and the Other Post-Employment Benefit schedules are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Cabarrus County, North Carolina. The introductory section, combining and individual fund financial statements and schedules, individual nonmajor fund financial statements and schedules, and statistical tables, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and the accompanying schedule of federal and State awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken 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 express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 15, 2010

Management 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, 2010. 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.

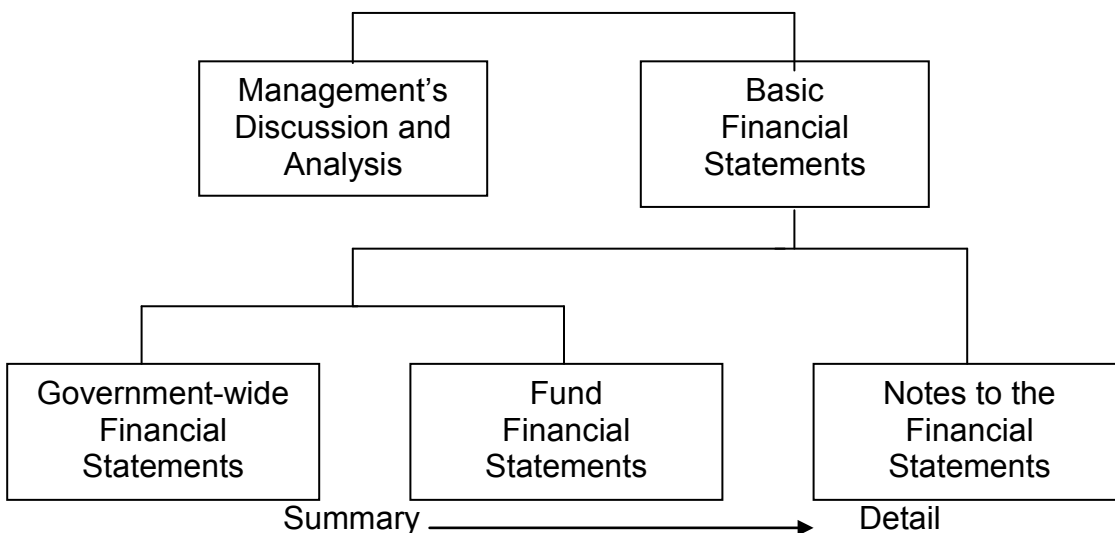
Financial Highlights

- The liabilities of Cabarrus County exceeded its assets at the close of the fiscal year by (\$75,166,484) (*net assets*).
- The total net assets of *governmental* activities was a deficit \$78,928,543 an increase of \$30,507,195 from the prior year's deficit amount of \$48,421,348, primarily due to school capital spending and the issuance of debt without a corresponding capital asset. In accordance with North Carolina law, the County is financially responsible for funding school facilities and issuing any debt in connection with school facilities; however, since assets are not reflected in the County's financial statements, school capital improvements are expensed.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$54,436,158 or 28.61 percent of total general fund expenditures for the fiscal year.
- Cabarrus County's total debt increased by \$66,198,129 (18.0%) during the current fiscal year. The key factor in this increase was the issuance of \$85,170,000 in Certificates of Participation issued for school capital needs.
- Cabarrus County has a AA bond rating and currently has general obligation bond ratings of AA+ / Aa₁ / AA+.

Overview of the Financial Statements

This discussion and analysis are 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.

Required Components of Annual Financial Report (Figure 1)



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.

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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. These include landfill services offered by Cabarrus County. The final category is the component units. Cabarrus Health Alliance was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. The Alliance has leased office space from the County for a six month term ending December 31, 2010 with the option of renting month to month until June 30, 2011. They are currently looking for a larger space for their offices. The Chairperson of the Board of Commissioners for Cabarrus County appoints the members of the board of the 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 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 in and out, 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 Assets 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 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 solid waste and recycling operations. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. *Internal Service Funds* are used to account for operations that provide services to other departments on a cost-reimbursement basis. Cabarrus County uses internal service funds to account for workers compensation and self-insured hospitalization activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Cabarrus County has nine fiduciary funds, one of which is a pension trust fund, two private purpose trust funds and six of which are agency funds.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 37 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Cabarrus County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

Government-Wide Financial Analysis

Cabarrus County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 168,703,222	\$153,931,615	\$ 3,952,249	\$ 5,554,390	\$ 172,655,471	\$ 159,486,005
Capital assets	219,001,854	191,822,673	4,048,802	4,174,313	223,050,656	195,996,986
Total assets	<u>387,705,076</u>	<u>345,754,288</u>	<u>8,001,051</u>	<u>9,728,703</u>	<u>395,706,127</u>	<u>355,482,991</u>
Long-term liabilities outstanding	415,686,826	342,061,599	1,578,667	2,694,908	417,265,493	344,756,507
Other liabilities	50,946,793	52,114,037	2,660,325	2,255,382	53,607,118	54,369,419
Total liabilities	<u>466,633,619</u>	<u>394,175,636</u>	<u>4,238,992</u>	<u>4,950,290</u>	<u>470,872,611</u>	<u>399,125,926</u>
Net assets						
Invested in capital assets, net						
of related debt	108,911,093	108,046,560	4,048,802	4,174,313	112,959,895	112,220,873
Restricted	57,497,847	59,101,722	-	-	57,497,847	59,101,722
Unrestricted	(245,337,483)	(215,569,630)	(286,743)	604,100	(245,624,226)	(214,965,530)
Total net assets	<u>\$ (78,928,543)</u>	<u>\$ (48,421,348)</u>	<u>\$ 3,762,059</u>	<u>\$ 4,778,413</u>	<u>\$ (75,166,484)</u>	<u>\$ (43,642,935)</u>

While total net assets are often considered a useful indicator of a government's financial position, it does not adequately reflect the County's position. 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 \$309,119,032 at June 30, 2010 and totaled \$239,638,170 at June 30, 2009, 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 net assets of the County, creating a large deficit in unrestricted net assets. Net Assets of \$114,387,033 at June 30, 2010 and \$112,220,873 at June 30, 2009 are invested in capital assets, net of any related outstanding debt of those assets. Capital assets include land, buildings, vehicles, equipment and other machinery used in providing services to residents. Also, net assets of \$57,497,847 at June 30, 2010 and \$59,101,722 at June 30, 2009 are reserved by law for specific purposes. The net increase in the deficit unrestricted net assets, resulted from the issuance of debt and the decrease in County capital assets net of accumulated depreciation. Net assets do not present the County's position regarding spending, this amount is presented in the governmental funds statements.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.45%, higher than the statewide average of 97.42%.
- Continued low cost of debt due to the County's high bond rating and the prevailing interest rate environment.
- The State of North Carolina assumed 100% of the County's Medicaid Assistance payments and effective July 1, 2009.
- General Fund County revenues at June 30, 2010 were \$5,139,663 over budget. This is primarily due to a higher than expected property tax collection rate and sales tax revenue continuing to grow for Cabarrus County even in harsh economic times.

- The General Fund received \$1,961,156 in unbudgeted revenues from two capital project funds for projects that were completed during the year and had remaining unspent funds.
- The General Fund had budgeted fund balance appropriated of \$3,539,065 that was not used during the fiscal year.
- County departments were conservative in their spending and General Fund expenditures at June 30, 2010 were \$7,720,411 under budget.
- A management decision was made to not make a \$2,864,651 budgeted transfer to the Capital Reserve Fund based on uncertain economic times.

Cabarrus County's Changes in Net Assets

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 16,443,075	\$ 15,467,145	\$ 1,187,527	\$ 1,565,441	\$ 17,630,602	\$ 17,032,586
Operating grants and contributions	21,906,696	21,374,570	44,655	-	21,951,351	21,374,570
Capital grants and contributions	6,417,855	1,620,503	-	-	6,417,855	1,620,503
General revenues:						
Property taxes	137,488,091	134,629,314	-	-	137,488,091	134,629,314
Other taxes	29,130,858	32,338,929	55,074	34,405	29,185,932	32,373,334
Grants and contributions not restricted to specific programs	131,590	150,663	-	-	131,590	150,663
Investment earnings	813,582	2,657,376	10,630	74,925	824,212	2,732,301
Other	99,682	933,249	19,143	23,054	118,825	956,303
Total revenues	212,431,429	209,171,749	1,317,029	1,697,825	213,748,458	210,869,574
Expenses:						
General government	20,931,001	19,804,610	-	-	20,931,001	19,804,610
Public safety	31,944,942	29,872,453	-	-	31,944,942	29,872,453
Economic and physical development	3,207,792	3,546,315	-	-	3,207,792	3,546,315
Environmental protection	541,463	251,712	-	-	541,463	251,712
Human services	40,925,099	41,849,320	-	-	40,925,099	41,849,320
Education	118,863,929	96,464,947	-	-	118,863,929	96,464,947
Cultural and recreation	6,771,004	6,401,250	-	-	6,771,004	6,401,250
Interest on long-term debt	19,753,394	15,302,702	-	-	19,753,394	15,302,702
Landfill	-	-	2,333,383	1,733,185	2,333,383	1,733,185
Total expenses	242,938,624	213,493,309	2,333,383	1,733,185	245,272,007	215,226,494
Increase (decrease) in net assets	(30,507,195)	(4,321,560)	(1,016,354)	(35,360)	(31,523,549)	(4,356,920)
Net assets, July 1	(48,421,348)	(44,099,788)	4,778,413	4,813,773	(43,642,935)	(39,286,015)
Net assets, June 30	<u><u>\$ (78,928,543)</u></u>	<u><u>\$ (48,421,348)</u></u>	<u><u>\$ 3,762,059</u></u>	<u><u>\$ 4,778,413</u></u>	<u><u>\$ (75,166,484)</u></u>	<u><u>\$ (43,642,935)</u></u>

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 four major funds, as defined by GAAP for the fiscal year ended June 30, 2010, were the *General Fund*, the *Justice Center Construction Fund*, the *Certificates*

of *Participation 2009 Fund*, and the *Landfill Fund*, with the last fund being accounted for as an Enterprise Fund.

At June 30, 2010, the governmental funds of Cabarrus County reported a combined fund balance of \$134,281,408, a 7.9% increase or \$9,857,423 increase from last year.

The *General Fund* balance increased \$14,317,145. Due to conservative budgeting, property taxes, our largest source of revenue was collected at a collection rate of 97.45% resulting in an amount of \$2,195,601 over budget. Sales tax continued to be collected in excess of anticipated amounts resulting in a \$825,368 collection over budget. Cabarrus County is home to the number one tourist attraction in North Carolina which is Concord Mills a Shopping Center. Sales continue to do well at this establishment therefore increasing the amount of Sales Tax distributed to the County. Due to harsh economic times, Register of Deeds and Building Inspection fees were not expected to rebound until several years into the future. However, Cabarrus County's permits and fees collections were \$1,062,794 more than anticipated when the budget was adopted. The *General Fund* also received \$1,961,156 of transfers that were not budgeted. During the fiscal year, two financed construction projects were completed and the remaining funds for the projects were transferred to the General Fund to be available for future debt service payment. The *General Fund* Expenditures also reflected some unanticipated results. All departments were asked to cut back on their spending. With these cut backs, *General Fund* expenditures were \$7,720,411 under budget. A management decision was made not to make a \$2,864,651 budgeted transfer to the Capital Reserve Fund based on the uncertain economic times.

The *Justice Center Construction Fund* balance decreased \$29,975,941. The Certificates of Participation for this project were issued in previous fiscal years and capitalized construction expenditures of \$27,253,045 were expended during the fiscal year ended June 30, 2010. This fund is being used to record the construction of a Jail Annex, Sheriff's Administration Building, and a Jail Housing Unit.

The *Certificates of Participation 2009 Fund* balance increased \$41,087,104. Certificates of Participation were issued during the fiscal year ended June 30, 2010 in the amount of \$85,170,000 for the construction of four schools and the renovation and wing addition at a fifth school. This project will span over several years. For this first fiscal year, \$55,862,337 has been expensed towards these school projects.

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, unreserved fund balance 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. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$54,436,158, while total fund balance reached \$65,655,938. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28.61 percent of total General Fund expenditures, while total fund balance represents 34.51 percent of that same amount.

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 \$6,617,538.

Major budget increases (decreases) during the year include:

- Contribution from COPS - a transfer from the 2009 COPS Capital Projects Funds was made to fund debt service payments for school construction in the General Fund -- \$1,818,515
- Contribution to Internal Service Funds - a transfer from the General Fund to the Workers Compensation and Self-Insurance Funds was completed to maintain the financial integrity of those funds. - \$2,000,000.

- Department of Social Services – due to economic conditions, there was an increase in revenue and expenses for funds received to support citizen's emergency and economic needs. -- \$577,404
- Economic Development Incentives – in order to expand development options and spur economic and growth opportunities, the County offers incentive grants to new and existing companies. As a result of unearned economic incentives grants disbursed to corporations decreased --(\$724,957)
- Fund Balance Appropriated – funding for capital projects and grants that were incomplete in the prior fiscal year (FY 2009) are brought into the new budget once the budget is closed by appropriating fund balance for the balance to be expended in the current fiscal year for capital projects. -- \$1,895,031
- American Reinvestment and Recovery Act (ARRA) – grant funds were awarded to the departments of Aging, Community Development, Social Services, and Transportation in response to ARRA's mission to increase economic efficiency while preserving and creating jobs, investment in infrastructures, and assisting those impacted by the recession --\$836,119

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by 1.04%. Actual general fund expenditures and transfers out were less than *final budgetary* figures by 5.35%, thus eliminating the need to draw upon existing fund balance.

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. Net assets for the *Landfill Fund* decreased \$1,016,354 during the fiscal year ended June 30, 2010. Due to economic times, Landfill tipping fees decreased \$323,423 or 27.3% from the previous fiscal year. Annual Landfill Closure and Postclosure expenses increased \$629,322 or 191.5%. This increase is due to the expenses incurred in the closure/postclosure liability account for the close of the Construction and Demolition over Municipal Solid Waste Area. The increase in the annual transfer was required to move funds to adequately cover all future closure/postclosure expenses determined by the County's hired engineers.

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, 2010, totals \$223,050,656 (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 17 new vehicles for the Sheriff's department, 3 vehicles for General Services, 3 ambulances, 3 vehicles for Emergency Medical Services and 9 other vehicles in various departments.
- Projects that have started but are not complete include a Public Safety Training Center and an Emergency Management Radio System.
- Completed work for the construction on the Justice Administration Building and the Jail Annex.
- Completed work for a comprehensive Law Enforcement package (OSSI E911), consisting of software and hardware.
- Renovations were completed for the Courthouse, Historic Courthouse Roof, Camp Spencer Poolhouse/Improvements, Frank Liske Park Ballfield and Soccer Complex.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 24,013,499	\$ 24,013,499	\$ 490,447	\$ 490,447	\$ 24,503,946	\$ 24,503,946
Land Improvements	4,701,248	3,640,753	919,231	947,313	5,620,479	4,588,066
Buildings	88,805,728	36,150,309	1,157,319	1,189,923	89,963,047	37,340,232
Building Improvements	12,820,428	12,141,844	4,250	4,388	12,824,678	12,146,232
Equipment	5,616,904	3,239,784	66,210	90,756	5,683,114	3,330,540
Furniture and Fixtures	156,596	218,098	-	-	156,596	218,098
Vehicles	3,905,741	3,991,096	1,195,384	1,405,975	5,101,125	5,397,071
Reservoir	21,439,013	21,460,779	-	-	21,439,013	21,460,779
Construction in progress	57,542,697	86,966,511	215,961	45,511	57,758,658	87,012,022
Total	<u>\$ 219,001,854</u>	<u>\$ 191,822,673</u>	<u>\$ 4,048,802</u>	<u>\$ 4,174,313</u>	<u>\$ 223,050,656</u>	<u>\$ 195,996,986</u>

Additional information on the County's capital assets can be found in note 3 section E of the Basic Financial Statements.

Long-term Debt. As of June 30, 2010, Cabarrus County had total debt outstanding of \$423,582,488 of which includes General Obligation Bonds that are backed by the full faith and credit of the County and all other debt is covered by pledged collateral and is subject to appropriation.

Cabarrus County's Outstanding Debt

All Debt Funding Sources

Figure 5

	Governmental Activities	
	2010	2009
General obligation bonds	\$ 112,565,000	\$ 119,835,000
Capital lease obligations	3,282,345	3,458,315
Certificates of participation	294,990,000	220,885,000
Installment financing	12,745,143	14,367,714
Total	<u>\$ 423,582,488</u>	<u>\$ 358,546,029</u>

Cabarrus County, like many other municipal governments, went through a recalibration with Moody's and Fitch in April of 2010. Both ratings were recalibrated up one level from Aa2 to Aa from Moody's and from a AA to AA+ from Fitch. According to Fitch, "The intent of the recalibration is to ensure a greater degree of comparability across Fitch's global portfolio of credit ratings." According to Moody's, the recalibration of its municipal bond ratings was done to "enhance the comparability of ratings across the Moody's rated universe." Standard and Poor's maintained a AA+ for the second consecutive year without participating in the recalibration process stating that S&P "already uses a global scale across the structural finance, corporate, and government sectors."

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,282,792,563. Additional information regarding Cabarrus County's long-term obligations can be found beginning in note 3 section J of this report.

Economic Factors and Next Year's Budgets and Rates

Cabarrus County is a part of the Charlotte Metropolitan Statistical Area (MSA), which in the past before the current economic downturn, has proved beneficial in that the County has continued to experience economic growth during national and state economic downturns. As a direct result from current economic conditions, FY 2010 and FY 2011 have created fiscal challenges. Overall, the County has a fiscally strong bottom line, with a balanced diverse economy, and commitment to conservatism and strategic focus in its approach to evaluating both revenue and expenditures for fiscal solutions. The following key economic indicators reflect the current dynamics facing the County.

Indicator	Cabarrus County
Population, 2009	174,294
Population, 2000 Census	131,063
Population Change 2000 - 2009	32.9%
Unemployment, June 2010	10.4%
Per Capita Personal Income, 2008	\$26,426
Poverty, 2008	8.2%

Source: U.S. Census Bureau, N.C. Office of State Budget and Management

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2011

Governmental Activities: Ad Valorem tax is the largest single revenue item. It is based on a tax rate of \$0.63 per \$100 of assessed valuation, the same rate in effect for fiscal year 2010. The total budgeted amount of \$120,697,232 represents an decrease of 1.42% from the amended fiscal year 2010 budget attributable to the closure and departure of Phillip Morris, the County's largest taxpayer. Motor vehicle taxes have been budgeted at \$7,228,334 or 4.21% decrease from fiscal year 2010. In light of the current economic conditions, values annually continue to decrease as aged vehicles are retained longer. Budgeted sales tax revenues are \$26.8 million, a 2.76% decrease below fiscal year 2010 attributable to State Medicaid reform efforts, a change in the state's method of distribution, and the overall economy.

As a result of the continued economic slowdown, difficult decisions were made to continue meeting the essential needs of our community. The decline in revenues is offset by savings from the reduction in staff made in FY 2010, reduction in operations including 50% cuts to non-governmental agencies, delay of capital improvement projects, retirement of debt service, and one-time contributions to other funds.

In accordance with the existing Cabarrus County Personnel Management Policy, wages increased by 2.5% based on a rounding of the Consumer Price Index (CPI) as published for December 2009. The Personnel Management Policy also provides merit pay raises based on performance. Due to the current economic conditions, the adopted budget departed from the policy and recommended the suspension of merit adjustments for fiscal year 2011. Consistent with the personnel management policy, the adopted budget continues to make 401(k) contributions (equal to 5% of salary) for employees vested in the Local Government Employees' Retirement System.

The Local Government Employees' Retirement System approved an increase to the annual local government employer rate, the first in twenty-seven year, effective July 1, 2010. The County's contribution rate increased by 1.55% from 4.80% of payroll for general employees to 6.35%. For law enforcement officers the contribution rate increased from 5.27% to 6.82%. Undistributed losses from the affects of the economy contributed to the increase. Additionally, to maintain fiscal soundness, future rate increases are likely to occur over the next five years to offset losses.

Public Safety spending funds services responsible for the safety and security of the public. Included in the Public Safety service area are the County Sheriff, Jail, Animal Control, Courts, Construction Standards, Emergency Management, Emergency Medical Services, and 911 Emergency Telephone System Fund. Seventy-seven (77) new Detention Officers are funded for the expansion of the Jail Housing Unit slated to open the summer of 2011.

Education / School Debt is the largest service area within the budget. This service area funds two public school systems and one community college. It also funds debt associated with the acquisition and construction of capital assets for the school systems and the community college. Total spending within this function is budgeted at \$85.2 million, which represents 43.79% of all budgeted fiscal year 2011 spending. The funding level represents an increase of .29% above the past year's funding.

Other Debt Service funds principal and interest payments on debt for the acquisition and construction of capital assets. Total spending within this function is budgeted at \$12.5 million, which represents 6.46% of the fiscal year 2011 budget, and is an 25.16% increase from the amended fiscal year 2010 budget due to the onset of principal payments for the Jail Housing Unit 2008 COPS issue.

Business-type Activities: The fiscal year 2011 Solid Waste Management (Landfill) Fund budget totals \$3,255,657 which represents an increase of 105.32% above fiscal year 2010. In FY 2011, appropriated fund balance is budgeted for the construction and demolition site expansion and purchase of a new mini-dozer.

In fiscal year 2011, intergovernmental revenues consisting of white goods and tire disposal tax in addition to fees collected for recycling sales are projected to decline overall due to the current economic conditions. Tonnage is estimated at 35,000 with future increase thereafter at 2.5%. Beginning in FY 2011, a \$1 fee increase per ton will be assessed every other year.

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 Assistant Director of Finance, Cabarrus County, 65 Church Street SE, Concord, NC 28027, (704) 920-2894.

Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Assets
June 30, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 89,648,832	\$ 3,732,256	\$ 93,381,088	\$ 4,342,751
Receivables (net of allowance for uncollectibles):				
Accounts receivable	3,744,765	41,354	3,786,119	2,175,513
Customers	804,123	97,291	901,414	1,452,463
Interest	59,811	2,141	61,952	-
Property taxes	3,362,532	-	3,362,532	-
Due from other governments	7,137,336	79,207	7,216,543	117,488
Inventories	9,046	-	9,046	-
Prepaid expenses	61,829	-	61,829	-
Restricted cash and cash equivalents	56,877,169	-	56,877,169	-
Deferred charges	6,208,779	-	6,208,779	-
Notes Receivable	789,000	-	789,000	-
Capital Assets not being depreciated:				
Land	24,013,499	490,447	24,503,946	239,228
Construction in Progress	57,542,697	215,961	57,758,658	818,066
Capital Assets net of accumulated depreciation:				
Land Improvements	4,701,248	919,231	5,620,479	378,200
Buildings and Building Improvements	101,626,156	1,161,569	102,787,725	-
Reservoir	21,439,013	-	21,439,013	-
Furniture and Fixtures	156,596	-	156,596	7,521
Equipment	5,616,904	66,210	5,683,114	63,669
Vehicles and Motorized Equip	3,905,741	1,195,384	5,101,125	54,891
Total assets	387,705,076	8,001,051	395,706,127	9,649,790
Liabilities				
Accounts payable and other current liabilities	14,913,414	87,340	15,000,754	698,285
Unearned revenues	507,625	-	507,625	-
Accrued interest payable	5,854,282	-	5,854,282	-
Retainage payable	4,404,868	71,411	4,476,279	-
Long-term liabilities:				
Due within one year	25,266,604	2,501,574	27,768,178	566,772
Due in more than one year	415,686,826	1,578,667	417,265,493	353,866
Total long-term liabilities	440,953,430	4,080,241	445,033,671	920,638
Total liabilities	466,633,619	4,238,992	470,872,611	1,618,923
Net Assets				
Invested in Capital Assets, (net of related debt)	108,911,093	4,048,802	112,959,895	1,561,575
Restricted for :				
Special Revenue:		-	-	-
Public Safety	913,422	-	913,422	-
Human Services	161,992	-	161,992	-
Education	534,438	-	534,438	-
Culture and recreation	716,860	-	716,860	-
Other purposes	349,396	-	349,396	-
Capital Projects	54,821,739	-	54,821,739	-
Unrestricted	(245,337,483)	(286,743)	(245,624,226)	6,469,292
Total net assets	\$ (78,928,543)	\$ 3,762,059	\$ (75,166,484)	\$ 8,030,867

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, 2010

	Net (Expense) Revenue and Changes in Net Assets				
	Expenses	Charges for Services	Program Revenues	Primary Government	
			Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Function/Program Activities					Business-Type Activities
Primary Government:					Total
Governmental Activities:					
General government	\$ 20,931,001	\$ 2,450,708	\$ 274,343	\$ -	\$ (18,205,950)
Public safety	31,944,942	8,759,169	1,201,549	-	(21,984,224)
Econ. & physical development	3,207,792	72,730	729,427	-	(2,405,635)
Environmental protection	541,463	593	31,090	-	(509,780)
Human services	40,925,099	3,400,337	19,244,360	268,010	(18,012,392)
Education	118,863,929	754,640	-	6,149,845	(111,959,444)
Culture and recreation	6,771,004	1,004,898	425,927	-	(5,340,179)
Interest on long-term debt	19,753,394	-	-	-	(19,753,394)
Total governmental activities	242,938,624	16,443,075	21,906,696	6,417,855	(198,170,998)
Business-Type Activities:					
Solid Waste	2,333,383	1,187,527	44,655	-	(1,101,201)
Total business-type activities	2,333,383	1,187,527	44,655	-	(1,101,201)
Total primary government	\$ 245,272,007	\$ 17,630,602	\$ 21,951,351	\$ 6,417,855	(199,272,199)
Component Unit:					
Cabarrus Health Alliance	\$ 17,292,485	\$ 8,552,866	\$ 8,217,449	\$ -	(522,170)
General Revenues:					
Property taxes					137,488,091
Sales taxes					28,461,637
Franchise taxes					559,845
ABC revenues					66,789
Gross receipts tax					109,376
White goods tax					55,074
Investment earnings					824,212
Donations					131,590
Miscellaneous					-
Total general revenues excluding special item					52,036
Special item-gain on sale of Home Health agency (see Note 3.8)					167,748,650
Total general revenues and special item					42,616
Changes in net assets					50,246
Net assets - July 1					2,859,108
Net assets - June 30					2,909,354

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

Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2010

	Major			Non-Major	Total
	General	Justice Center Construction	Certificates of Participation 2009	Other Governmental Funds	Governmental Funds
Assets					
Cash and cash equivalents	\$ 60,326,864	\$ 3,205,473	\$ -	\$ 19,850,587	\$ 83,382,924
Receivables (net of allowance for uncollectibles)					
Accounts receivable	3,624,125	-	-	144,353	3,768,478
Customers	804,123	-	-	-	804,123
Property taxes	3,362,532	-	-	-	3,362,532
Interest	48,106	-	-	7,876	55,982
Due from other governments	7,137,336	-	-	-	7,137,336
Prepaid items	59,200	-	-	-	59,200
Notes receivable	-	-	-	789,000	789,000
Inventories	9,046	-	-	-	9,046
Restricted cash	202	7,092,584	48,973,610	810,773	56,877,169
Total assets	<u>\$ 75,371,534</u>	<u>\$10,298,057</u>	<u>\$ 48,973,610</u>	<u>\$ 21,602,589</u>	<u>\$ 156,245,790</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,041,214	\$ 1,173,985	\$ 6,216,837	\$ 453,198	\$ 12,885,234
Contract retainages	102	2,676,398	1,669,669	58,699	4,404,868
Deferred revenue	4,166,655	-	-	-	4,166,655
Unearned revenue	507,625	-	-	-	507,625
Total liabilities	<u>9,715,596</u>	<u>3,850,383</u>	<u>7,886,506</u>	<u>511,897</u>	<u>21,964,382</u>
Fund Balances:					
Reserved for:					
Inventories	9,046	-	-	-	9,046
Prepaid items	59,200	-	-	-	59,200
State statute	10,809,567	-	-	-	10,809,567
Special Revenue:					
Public Safety	-	-	-	913,422	913,422
Human Services	-	-	-	161,992	161,992
Education	-	-	-	534,438	534,438
Culture and recreation	-	-	-	716,860	716,860
Other purposes	-	-	-	349,396	349,396
Capital Projects	-	6,447,674	41,087,104	7,286,961	54,821,739
Unreserved, designated for sustainability efforts	341,967	-	-	-	341,967
Unreserved, designated for subsequent year's expenditures:					
Special Revenue	-	-	-	11,127,623	11,127,623
Unreserved, undesignated for General fund	54,436,158	-	-	-	54,436,158
Total fund balances	<u>65,655,938</u>	<u>6,447,674</u>	<u>41,087,104</u>	<u>21,090,692</u>	<u>134,281,408</u>
Total liabilities and fund balances	<u>\$ 75,371,534</u>	<u>\$10,298,057</u>	<u>\$ 48,973,610</u>	<u>\$ 21,602,589</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

Government capital assets	254,034,664	
Less accumulated depreciation	<u>(35,032,810)</u>	219,001,854

Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds

Deferred Revenue		4,166,655
Debt Issuance Costs	6,834,229	
Current Year Amortization	<u>(625,450)</u>	6,208,779
Premium on Debt Issuance	(10,162,288)	
Current Year Amortization	<u>747,991</u>	(9,414,297)

Internal service funds are used by management to charge the costs of workers' compensation and self-insured hospitalization to individual departments.

4,220,471

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	(423,582,488)	
Accrued Interest	(5,854,280)	
Compensated Absences	(3,030,385)	
LEO Pension Obligation	(212,897)	
OPEB Obligation	<u>(4,713,363)</u>	(437,393,413)

Net assets of governmental activities \$ (78,928,543)

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, 2010

	Major			Non-Major	
	General	Justice Center Construction	Certificates of Participation 2009	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 133,990,035	\$ -	\$ -	\$ 2,542,509	\$136,532,544
Other taxes and licenses	29,130,858	-	-	-	29,130,858
Intergovernmental revenues	21,513,380	-	-	6,509,525	28,022,905
Permits and fees	3,166,656	-	-	2,100,887	5,267,543
Sales and services	10,600,602	-	-	-	10,600,602
Investment earnings	211,318	46,423	125,654	46,070	429,465
Donations	-	-	-	108,709	108,709
Miscellaneous	451,766	-	-	10,348	462,114
Total revenues	199,064,615	46,423	125,654	11,318,048	210,554,740
Expenditures:					
Current:					
General government	18,906,981	-	-	177,931	19,084,912
Public safety	26,021,246	131,722	-	3,048,303	29,201,271
Economic & physical development	2,774,767	-	-	392,146	3,166,913
Environmental protection	230,374	-	-	242,569	472,943
Human services	39,297,833	-	-	120,472	39,418,305
Education	54,787,057	-	55,862,337	8,813,012	119,462,406
Culture and recreation	4,149,189	-	-	1,418,484	5,567,673
Capital outlay:					
Land and land improvements	32,564	-	-	55,894	88,458
Building and building improvements	487,979	-	-	33,858	521,837
Equipment and furniture	608,866	-	-	50,328	659,194
Vehicles and motorized equipment	995,180	-	-	68,293	1,063,473
Construction in progress	1,147,401	27,253,045	-	927,241	29,327,687
Debt service:					
Principal retirement	20,133,541	-	-	-	20,133,541
Interest and fees	17,991,288	-	-	-	17,991,288
Total expenditures	187,564,266	27,384,767	55,862,337	15,348,531	286,159,901
Excess (deficiency) of revenues over (under) expenditures	11,500,349	(27,338,344)	(55,736,683)	(4,030,483)	(75,605,161)
Other financing sources (uses):					
Transfers in	5,495,388	-	11,179,718	6,467,545	23,142,651
Transfers out	(2,678,592)	(2,637,597)	(1,818,515)	(18,007,947)	(25,142,651)
Certificates of Participation issued	-	-	85,170,000	-	85,170,000
Premium on Certificates of Participation issued	-	-	2,292,584	-	2,292,584
Total other financing sources (uses)	2,816,796	(2,637,597)	96,823,787	(11,540,402)	85,462,584
Net change in fund balances	14,317,145	(29,975,941)	41,087,104	(15,570,885)	9,857,423
Fund balance, July 1	51,338,793	36,423,615	-	36,661,577	124,423,985
Fund balance, June 30	\$ 65,655,938	\$ 6,447,674	\$ 41,087,104	\$ 21,090,692	\$134,281,408

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, 2010

Net change in fund balances-total governmental funds \$ 9,857,423

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	31,660,649	
Less current year depreciation	<u>(4,358,314)</u>	27,302,335

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Ambulance	560,195	
Property Tax	955,547	
Building Inspections	<u>(549)</u>	1,515,193

The effect of various miscellaneous transactions involving capital assets.

Donation of capital assets	31,590	
Disposal of capital assets, net book value	<u>(154,744)</u>	(123,154)

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

Debt proceeds	(87,462,584)	
Debt costs	746,999	
Amortization of current year debt premium	747,991	
Principal payments	<u>20,133,541</u>	(65,834,053)

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	(18,119)	
LEO Pension Obligation	(51,292)	
OPEB Obligation	(1,833,142)	
Accrued Interest	(1,762,106)	
Amortization of current year debt costs	<u>(625,450)</u>	(4,290,109)

The purpose of this adjustment is to recognize the net change in "unavailable" revenues. Under the modified accrual basis of accounting, revenues are not recognized unless they are deemed "available" to finance the expenditures of the current period. Accrual-basis recognition is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the beginning of the year and increased by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the end of the year exceed beginning unavailable revenues by this amount.

Internal service funds are used by management to charge the cost of workers' compensation and self-insured hospitalization systems to individual departments.

	<u>1,065,170</u>	<u>1,065,170</u>
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Changes in net assets of governmental activities		<u><u>\$ (30,507,195)</u></u>
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The notes to the financial statements are an integral part of this statement.

Cabarrus County, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 131,439,034	\$ 131,439,034	\$ 133,384,627	\$ 1,945,593
Interest	355,400	355,400	605,408	250,008
Other Taxes and Licenses	28,465,243	28,216,269	29,130,858	914,589
Intergovernmental Revenues	18,988,120	20,665,191	21,513,380	848,189
Permits and Fees	2,157,195	2,103,862	3,166,656	1,062,794
Sales and Services	10,555,564	10,725,564	10,600,602	(124,962)
Investment Earnings	1,003,918	175,000	211,318	36,318
Miscellaneous	143,421	244,632	451,766	207,134
Total revenues	<u>193,107,895</u>	<u>193,924,952</u>	<u>199,064,615</u>	<u>5,139,663</u>
Expenditures:				
Current:				
General Government	22,846,097	23,580,218	20,848,818	2,731,400
Public Safety	27,042,507	27,770,523	26,748,366	1,022,157
Economic & Physical Development	3,904,401	3,525,627	2,809,811	715,816
Environmental Protection	261,465	276,302	230,374	45,928
Human Services	40,406,854	42,571,810	39,804,357	2,767,453
Education	54,661,335	54,826,405	54,787,057	39,348
Culture and Recreation	4,195,958	4,528,530	4,210,654	317,876
Debt service:				
Principal retirement	20,133,544	20,133,544	20,133,541	3
Interest and fees	16,253,203	18,071,718	17,991,288	80,430
Total expenditures	<u>189,705,364</u>	<u>195,284,677</u>	<u>187,564,266</u>	<u>7,720,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,402,531</u>	<u>(1,359,725)</u>	<u>11,500,349</u>	<u>12,860,074</u>
Other financing sources (uses):				
Transfers in	1,272,816	3,534,232	5,495,388	1,961,156
Transfers out	(4,675,347)	(5,713,572)	(2,678,592)	3,034,980
Fund balance appropriated	<u>-</u>	<u>3,539,065</u>	<u>-</u>	<u>(3,539,065)</u>
Total other financing sources (uses)	<u>(3,402,531)</u>	<u>1,359,725</u>	<u>2,816,796</u>	<u>1,457,071</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>14,317,145</u>	<u>\$ 14,317,145</u>
Fund balance, July 1			<u>51,338,793</u>	
Fund balance, June 30			<u>\$ 65,655,938</u>	

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

Cabarrus County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,732,256	\$ 6,265,908
Receivables (net):		
Accounts	41,354	6,703
Customers	97,291	-
Due from other governments	79,207	-
Interest	2,141	3,829
Total current assets	<u>3,952,249</u>	<u>6,276,440</u>
Capital assets:		
Land & land improvements	1,831,050	-
Construction in progress	215,961	-
Buildings & improvements	1,309,664	-
Vehicles and equipment	2,505,955	-
Less: Accumulated depreciation	<u>(1,813,828)</u>	<u>-</u>
Total capital assets (net)	<u>4,048,802</u>	<u>-</u>
Total assets	<u>8,001,051</u>	<u>6,276,440</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	87,340	1,005,580
Retainage payable	71,411	-
Closure/postclosure costs payable	2,472,691	-
Compensated absences payable	28,883	-
Total current liabilities	<u>2,660,325</u>	<u>1,005,580</u>
Noncurrent liabilities:		
Amounts payable for future claims	-	1,050,389
Closure/postclosure costs payable	1,519,575	-
Compensated absences payable	7,221	-
Other postemployment benefits	51,871	-
Total noncurrent liabilities	<u>1,578,667</u>	<u>1,050,389</u>
Total liabilities	<u>4,238,992</u>	<u>2,055,969</u>
<u>Net Assets</u>		
Invested in capital assets	4,048,802	-
Unrestricted	<u>(286,743)</u>	<u>4,220,471</u>
Total net assets	<u>\$ 3,762,059</u>	<u>\$ 4,220,471</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 Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Operating revenues:		
Charges for sales and services:		
Tipping fees	\$ 861,187	\$ -
Recycling revenue	33,407	-
Insurance premiums/refunds	-	7,762,705
Overages	4	-
Total charges for sales and services	<u>894,598</u>	<u>7,762,705</u>
Other operating revenues:		
Landfill disposal tax	55,494	-
Landfill state tax distribution	37,655	-
Recycling grant	7,000	-
Solid waste franchise fee	49,036	-
Tire disposal fees	188,399	-
White goods disposal tax	55,074	-
Total other operating revenues	<u>392,658</u>	<u>-</u>
Total operating revenues	<u>1,287,256</u>	<u>7,762,705</u>
Operating expenses:		
Administration:		
Salary and benefits:		
Salaries and wages	371,771	-
FICA	22,082	-
Medicare	5,165	-
Group hospital insurance	82,967	-
Retirement	18,279	-
Deferred compensation- 401K	18,525	-
Insurance and bonds	6,502	-
Total salaries and benefits	<u>525,291</u>	<u>-</u>
Operations:		
General and administrative:		
Administrative fees	-	1,400,134
Advertising	2,641	-
Bank Service charges	2,188	-
Dues and subscriptions	927	-
Lights and power	7,147	-
Office supplies	2,568	-
Postage	129	-
Printing and binding	1,341	-
Telephone	6,062	-
Travel	4,351	-
Uniforms	5,693	-
Total general and administrative	<u>33,047</u>	<u>1,400,134</u>

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Other operational expenses:		
Auto and truck maintenance	14,170	-
Building and ground maintenance	41,006	-
Claims	-	7,309,859
Closure/postclosure costs	957,917	-
Consultants	858	-
Depreciation	360,615	-
Engineers	10,127	-
Fuel	66,905	-
Heavy equipment maintenance	38,437	-
Landfill disposal tax remittance	55,494	-
Minor equipment maintenance	1,264	-
Minor office equipment	16,262	-
Permitting fees	19,669	-
Purchased service	63,076	-
Recycling program	6,870	-
Service contracts	3,121	-
Tire disposal	111,702	-
Tools and minor equipment	5,565	-
Waste disposal charges	1,987	-
White goods expense	-	-
Total other operational expenses	<u>1,775,045</u>	<u>7,309,859</u>
 Total operating expenses	 <u>2,333,383</u>	 <u>8,709,993</u>
 Operating income (loss)	 <u>(1,046,127)</u>	 <u>(947,288)</u>
 Nonoperating revenues:		
Investment earnings	10,630	12,458
Total nonoperating revenues	<u>10,630</u>	<u>12,458</u>
 Income or (loss) before capital contributions and transfers	 (1,035,497)	 (934,830)
 Capital contributions	 <u>19,143</u>	 <u>-</u>
 Transfers:		
Transfer in - General Fund	<u>-</u>	<u>2,000,000</u>
 Change in net assets	 (1,016,354)	 1,065,170
 Total net assets, July 1	 <u>4,778,413</u>	 <u>3,155,301</u>
 Total net assets, June 30	 <u><u>\$ 3,762,059</u></u>	 <u><u>\$ 4,220,471</u></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, 2010

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 1,222,558	\$ -
Cash received from departments	-	7,758,708
Cash paid to employees	(501,722)	-
Cash paid to suppliers for goods and services	(2,182,347)	(8,016,264)
Net cash used for operating activities	<u>(1,461,511)</u>	<u>(257,556)</u>
Cash flows from non-capital financing activities:		
Transfers from other funds	-	2,000,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,000,000</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(215,961)	-
Net cash used for capital and related financing activities	<u>(215,961)</u>	<u>-</u>
Cash flows from investing activities:		
Interest received on investments	8,489	8,629
Net cash provided by investing activities	<u>8,489</u>	<u>8,629</u>
Net increase (decrease) in cash and cash equivalents	(1,668,983)	1,751,073
Cash and cash equivalents, July 1	<u>5,401,239</u>	<u>4,514,835</u>
Cash and cash equivalents, June 30	<u>\$ 3,732,256</u>	<u>\$ 6,265,908</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (1,046,127)</u>	<u>\$ (947,288)</u>
Adjustments not affecting cash:		
Depreciation expense	360,615	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(36,901)	(2,767)
(Increase) decrease in contractors sales tax	(5,434)	-
(Increase) decrease in customers receivable	(21,502)	-
(Increase) decrease in prepaid rent	-	(1,230)
(Increase) decrease in due from other governments	(861)	-
Increase (decrease) in accounts payable and accrued liabilities	(41,829)	693,729
Increase (decrease) in landfill closure and post closure care cost	(761,346)	-
Increase (decrease) in OPEB payable	19,355	-
Increase (decrease) in retainage payable	71,411	-
Increase (decrease) in compensated absences payable	1,108	-
Total adjustments	<u>(415,384)</u>	<u>689,732</u>
Net cash provided by (used for) operating activities	<u>\$ (1,461,511)</u>	<u>\$ (257,556)</u>

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

Non-cash capital and related financing activities:

Capital assets in the Business-type activities were increased by \$19,143 for contributed assets

Cabarrus County, North Carolina
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust Funds	Pension Trust Fund	Agency Funds
	<hr/>	<hr/>	<hr/>
<u>Assets</u>			
Cash and cash equivalents	\$ 19,925	\$ 321,299	\$ 950,752
Accounts receivable	-	-	11,038
Interest receivable	1	193	-
	<hr/>	<hr/>	<hr/>
Total assets	19,926	321,492	961,790
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	-	9,924	-
Due to jail inmates	-	-	53,201
Due to municipalities	-	-	592,926
Due to other organizations	-	-	-
Due to program participants	-	-	178,189
Due to schools	-	-	128,683
Due to State of North Carolina	-	-	8,791
	<hr/>	<hr/>	<hr/>
Total liabilities	-	9,924	961,790
	<hr/>	<hr/>	<hr/>
<u>Net Assets</u>			
Assets held in trust for pension benefits	-	311,568	-
Assets held in trust for other purposes	19,926	-	-
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 19,926	\$ 311,568	\$ -
	<hr/>	<hr/>	<hr/>

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

Cabarrus County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Private Purpose Trust Funds	Pension Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions	\$ -	\$ 353,811
Investment earnings	38	627
	<hr/>	<hr/>
Total additions	38	354,438
	<hr/>	<hr/>
Deductions:		
Awards	-	-
Pension plan benefits	-	280,171
	<hr/>	<hr/>
Total deductions	-	280,171
	<hr/>	<hr/>
Change in net assets	38	74,267
Net assets, July 1	19,888	237,301
	<hr/>	<hr/>
Net assets, June 30	\$ 19,926	\$ 311,568
	<hr/> <hr/>	<hr/> <hr/>

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, 2010**

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.	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 th , 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 Alliance has leased office space from the County for a 10-year term. 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 on an established per capita rate of \$25.66 for FY 2010. The County funded the Alliance with \$4,048,806 or 20% of its total revenues for the fiscal year ended June 30, 2010. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 1307 South Cannon Blvd. Kannapolis, NC 28083

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the County) and its component units. 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 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. This fund accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The **Justice Center Construction Fund**. This fund accounts for the planning, design and construction of a Jail Annex Building, Sheriff's Administration Building, and a Jail Housing Unit.

The **Certificates of Participation 2009 Capital Projects Fund**. This fund accounts for planning, design, construction and/or renovation of schools with Certificates of Participation, Lottery proceeds and contributions from the Special Revenue and Capital Reserve funds.

The County reports the following major proprietary fund:

The **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.

Additionally, the County reports the following fund types:

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

The **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, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Fiduciary funds include the following fund types:

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by a not-for-profit organization. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Kevin Pugh Fund and the Foster Care Scholarship Fund accounts for assets where the interest and principal can be spent. The Kevin Pugh Private Purpose Trust Fund is used to account for a donation given in memory of Sheriff Deputy Kevin Pugh. Disbursements are made to a rookie officer and a veteran officer each year. The Foster Care Scholarship Private Purpose Trust Fund is used for the purpose of collecting and disbursing contributions and private donations received for special programs for Foster Children.

The *Pension Trust Fund* is accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Special Separation Allowance Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

The *Agency Fund* is custodial in nature and does not involve the measurement of operating results. Agency funds are accounted for using the accrual basis of accounting. This fund is 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 Work Over Welfare Agency Fund, the Charitable Campaign Agency Fund, the Undistributed Taxes Agency Fund, the Fines and Forfeitures 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 Work Over Welfare Agency Fund accounts for monies held by the Department of Social Services as an agent for various individuals who are participating in a work program in lieu of receiving AFDC/Food Stamps. The 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. The Undistributed Taxes Agency Fund is used to accumulate collected property taxes before they are distributed to local municipalities. The Fines and Forfeitures Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards. It is also used to accumulate the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles. The Jail Commissary Agency Fund is used to account for an inmates 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.

The **Special Revenue 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 thirteen special revenue funds. Following are the Special Revenue Funds and their uses:

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.

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

Utility – maintains funds for future County utility projects.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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.

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

Adequate Facilities – collects and appropriates adequate facility fees for school facilities, land, architect, improvements or furniture and fixtures at the direction of the Cabarrus County Board of Commissioners.

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.

Parks and Recreation Commission – collects and appropriates contributions and private donations received specifically for the Cabarrus County Parks and Recreation's programs and projects.

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.

The **Capital Projects Funds** account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds and trust funds). In addition to the two major governmental funds, Justice Center Construction Fund and Certificates of Participation 2009 Fund, reported above, the County maintains five additional non-major capital project funds. Following are the non-major capital project funds and their uses:

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

Capital Projects – constructs, renovates and equips smaller non-debt Capital projects for the County.

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

\$98 Million School Bond – accounts for the constructions and renovations of schools for the Cabarrus County, Kannapolis City, and the Rowan Cabarrus Community College school systems through the use of General Obligations Bonds.

School Construction – This fund accounts for planning, design, construction and/or renovation of schools with Certificates of Participation, Lottery proceeds and contributions from the General and Capital Reserve funds.

2009 School Construction – accounts for the construction and renovation of schools for the Cabarrus County School system through the use of non-debt Capital Reserve funds.

C. 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 and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 nonoperating 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. Cabarrus County management evaluated converting revenue recognition to a 90 day period after year end due to the change in sales tax distribution in North Carolina. After careful evaluation, the conversion was immaterial in dollars and also would cause an interruption in the operations and business of meeting reporting deadlines within the County. Based on these two issues, Cabarrus County has elected to remain at the 60 day rule for all revenue recognition. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cabarrus County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements.

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. 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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989 Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncement conflict with GASB pronouncements.

D. 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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Revenue Fund, the Fire District Special Revenue Fund, the Emergency Telephone Special Revenue Fund, the Workers Compensation Internal Service Fund, and the Self-Insured Hospitalization Internal Service 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 two internal service funds, the Workers Compensation Fund and the Self-Insured Hospitalization Fund. The respective financial plans were 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 is hereby authorized to transfer appropriations within or between funds as contained herein under the following conditions:

1. The Finance Director or designee may transfer amounts between objects of expenditure within a department
2. The County Manager may transfer amounts between objects of expenditures or revenues within a function without limitation.
3. The County Manager may transfer amounts up to \$100,000 between functions of the same fund.
4. 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, change orders, the Capital Improvement Plan, and Salary and Benefit adjustments.
5. 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.
6. 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.
7. Additional authority is granted to the Finance Director 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.
8. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Manager or Finance Officer may adjust budgets to match.
9. The Manager or Finance Director may adjust debt financing from estimated projections to actual funds received.
10. 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.
11. The County Manager may award and 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.
12. 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.
13. 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).

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, 2010.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Expenditures may not legally exceed budgeted appropriations at the functional level. 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 for goods or services. Encumbrances are recognized during the year; however, all encumbrances are canceled at year-end and, therefore, do not constitute expenditures or liabilities of the current year. Encumbrances canceled at year-end may be re-appropriated in the subsequent year.

E. Assets, Liabilities 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).

Investments for the County and its component units 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 securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT'S share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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 draw down of funds made.

The County and the Alliance pool 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, Installment Financings, Cabarrus Arena Marketing funds, and Medicaid Hold Harmless funds are classified as restricted cash and cash equivalents on the Statement of Net Assets 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.

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, interest does not

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010**

accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2009. 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 2009/10 fiscal year was \$0.63 per \$100 valuation.

5. Allowances for Doubtful Accounts

All 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

Inventory is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The General Fund inventory reported on the Balance Sheet is offset by a fund balance reserve, which indicates that it does not constitute a resource available for appropriation even though it is a component of net current assets. The 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.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. 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 are recorded at estimated fair value at the date of donation. 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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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. Long-Term Obligations

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

In fund financial statements for governmental fund types, the face of debt issued is reported as another financing source.

9. Compensated Absences

All permanent and probationary County and 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 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 nonvested benefits.

10. Net Assets/Fund Balances

Nets Assets

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

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

The governmental fund types classify fund balances as follows:

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010**

Reserved

Reserved for inventories and prepaid items- portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories and prepaid items, which are not expendable, available resources.

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

Reserved for Special Revenue and Capital Projects – portion of fund balance which is reserved due to external restrictions either by grant or debt instrument covenants.

Unreserved

Designated for sustainability efforts – portion of fund balance which is designated to be spent towards the Board of Commissioners goal of becoming a sustainable community where the needs of the present are met without compromising the ability of future generations to meet their own needs.

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation, which has been designated for the next fiscal year's adopted budget ordinance.

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

F. 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.

G. 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.

H. Comparative Data/Reclassifications

Comparative data for the prior years have been presented for individual funds in the fund financial statements, the Management Discussion and Analysis report, the Notes to the Financial Statements and Capital Assets Used in the Operation of Government Funds, 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. Detailed Notes on All Funds

A. 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 unit's 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 name. 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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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 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, 2010, the carrying amount of the County's bank deposits (including fiduciary funds) was \$36,877,867 and the bank balance was \$29,175,883. There was \$56,771,676 in an escrow account with a financial institution. Sufficient collateral was maintained at June 30, 2010 to secure the County's deposits. Of the bank balance, \$820,875 was covered by federal depository insurance; the balance was covered by collateral held by authorized escrow agents in the name of the County. At June 30, 2010, the County had \$6,940 of cash on hand.

At June 30, 2010, the carrying amount of the Alliance's bank deposits was \$658,355 and the bank balance was \$748,894. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Alliance's agent in the Alliance's name. At June 30, 2010, the Alliance had \$2,100 of cash on hand.

B. Investments

As of June 30, 2010 the County had the following investments and maturities

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
Commercial Paper	\$ 28,928,040	\$ 23,951,783	\$ 4,976,257	\$ -
NC Capital Management Trust -				
Cash Portfolio	28,965,710	-	-	-
	<u>\$ 57,893,750</u>	<u>\$ 23,951,783</u>	<u>\$ 4,976,257</u>	<u>\$ -</u>

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 three 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. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2010.

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 and 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.

At June 30, 2010, the Cabarrus Health Alliance investments consisted of \$3,682,296 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Alliance has no policy on credit risk or custodial credit risk.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>2-3 Years</u>	<u>4-7 Years</u>
NC Capital Management Trust				
- Cash Portfolio	\$ 3,682,296	\$ -	\$ -	\$ -
	<u>\$ 3,682,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. 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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,616,684	\$1,184,464	\$ 4,801,148
2007	3,623,763	860,644	4,484,407
2008	6,863,236	1,012,331	7,875,594
2009	<u>7,126,992</u>	<u>409,802</u>	<u>7,536,794</u>
Total	<u>\$21,230,702</u>	<u>\$3,467,241</u>	<u>\$24,697,943</u>

D. Receivables

1. Notes Receivable

On September 27, 1999 Northeast Fire Department agreed to pay \$250,000 over a 10 year period at zero interest for the construction of a new fire station. The first payment was due on January 1, 2000 and payable each quarter of each calendar year through October 1, 2009 on the first day of the months of January, April, July and October, a final balloon payment of \$82,000 due on January 1, 2010 for total payments of \$250,000. The unpaid balance of the note at June 30, 2010 was \$0.

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 will be due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 will be 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, 2010 was \$789,000. The note receivable is being reported in the Capital Reserve Special Revenue Fund.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

2. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level for the Primary Government at June 30, 2010, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Related Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,628,080	\$ 1,570,950	\$ 7,137,336	\$ 5,408,439	\$ 17,744,805
Other Governmental	116,685	-	-	7,876	124,561
Total Receivables	3,744,765	1,570,950	7,137,336	5,416,315	17,869,366
Allowance for doubtful accounts	-	(766,827)	-	(1,993,972)	(2,760,799)
Total-governmental activities	<u>\$ 3,744,765</u>	<u>\$ 804,123</u>	<u>\$ 7,137,336</u>	<u>\$ 3,422,343</u>	<u>\$ 15,108,567</u>
Business-type activities:					
Landfill	\$ 41,354	\$ 97,291	\$ 79,207	\$ 2,141	\$ 219,993
Total-business-type activities	<u>\$ 41,354</u>	<u>\$ 97,291</u>	<u>\$ 79,207</u>	<u>\$ 2,141</u>	<u>\$ 219,993</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	\$ 7,137,336	\$ 5,433
White goods disposal tax	-	16,434
Solid waste disposal tax	-	8,322
Scrap tire tax	-	49,018
	<u>\$ 7,137,336</u>	<u>\$ 79,207</u>

3. Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2010, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,175,515	\$ 1,816,133	\$ 117,488	\$ 4,109,136
Allowance for doubtful accounts	-	(363,669)	-	(363,669)
Total-governmental activities	<u>\$ 2,175,515</u>	<u>\$ 1,452,464</u>	<u>\$ 117,488</u>	<u>\$ 3,745,467</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

E. Capital Assets

Capital asset activity for the year ended June 30, 2010:

1. Primary Government

	<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	\$ 24,013,499	\$ -	\$ -	\$ -	\$ 24,013,499
Construction in Progress	<u>86,966,511</u>	<u>29,327,687</u>	<u>(120,048)</u>	<u>(58,631,453)</u>	<u>57,542,697</u>
Total capital assets not being depreciated	<u>110,980,010</u>	<u>29,327,687</u>	<u>(120,048)</u>	<u>(58,631,453)</u>	<u>81,556,196</u>
Capital Assets being depreciated:					
Buildings	50,842,860	-	-	54,039,072	104,881,932
Building Improvements	14,672,297	521,837	-	549,793	15,743,927
Equipment	10,953,440	668,694	(854,460)	2,709,798	13,477,472
Furniture and Fixtures	821,892	-	-	-	821,892
Land Improvements	5,986,463	88,458	-	1,332,790	7,407,711
Vehicles	8,049,931	1,085,563	(733,690)	-	8,401,804
Reservoir	<u>21,743,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,743,730</u>
Total capital assets being depreciated	<u>113,070,613</u>	<u>2,364,552</u>	<u>(1,588,150)</u>	<u>58,631,453</u>	<u>172,478,468</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Buildings	14,692,551	1,383,653	-	-	16,076,204
Building Improvements	2,530,453	393,046	-	-	2,923,499
Equipment	7,713,656	1,001,372	(854,460)	-	7,860,568
Furniture and Fixtures	603,794	61,502	-	-	665,296
Land Improvements	2,345,710	360,753	-	-	2,706,463
Vehicles	4,058,835	1,136,222	(698,994)	-	4,496,063
Reservoir	<u>282,951</u>	<u>21,766</u>	<u>-</u>	<u>-</u>	<u>304,717</u>
Total accumulated depreciation	<u>32,227,950</u>	<u>4,358,314</u>	<u>(1,553,454)</u>	<u>-</u>	<u>35,032,810</u>
Total Capital Assets, being depreciated, net	<u>80,842,663</u>	<u>(1,993,762)</u>	<u>(34,696)</u>	<u>58,631,453</u>	<u>137,445,658</u>
Governmental Capital Assets, net	<u>\$ 191,822,673</u>	<u>\$ 27,333,925</u>	<u>\$ (154,744)</u>	<u>\$ -</u>	<u>\$ 219,001,854</u>

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

Governmental activities:	
General Government	\$ 1,149,524
Public Safety	1,460,188
Environmental Protection	27,044
Economic & Physical Dev	16,644
Human Services	591,114
Culture & Recreation	<u>1,113,800</u>
Total depreciation expense - governmental activities	<u>\$ 4,358,314</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

Capital asset activity for the year ended June 30, 2010

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 490,447	\$ -	\$ -	\$ -	\$ 490,447
Construction in Progress	45,511	215,961	-	(45,511)	215,961
Total Capital assets, not being depreciated:	535,958	215,961	-	(45,511)	706,408
Capital assets, being depreciated:					
Land Improvements	1,295,092	-	-	45,511	1,340,603
Vehicles	2,302,629	19,143	(30,833)	-	2,290,939
Equipment	215,016	-	-	-	215,016
Buildings	1,304,164	-	-	-	1,304,164
Building Improvements	5,500	-	-	-	5,500
Total Capital assets, being depreciated:	5,122,401	19,143	(30,833)	45,511	5,156,222
Less accumulated depreciation for:					
Land Improvements	347,779	73,593	-	-	421,372
Vehicles	896,654	229,734	(30,833)	-	1,095,555
Equipment	124,260	24,546	-	-	148,806
Buildings	114,241	32,604	-	-	146,845
Building Improvements	1,112	138	-	-	1,250
Total Accumulated Depreciation	1,484,046	360,615	(30,833)	-	1,813,828
Total Capital assets, being depreciated, net	3,638,355	(341,472)	-	45,511	3,342,394
Proprietary Capital assets, net	\$ 4,174,313	\$ (125,511)	\$ -	\$ -	\$ 4,048,802

Business-type activities:	
Solid Waste	\$ 360,615
Accumulated Depreciation of asset transferred from Governmental Activities	-
Total depreciation expense - business-type activities	<u>\$ 360,615</u>

2. Construction commitments

The government has active construction projects as of June 30, 2010. The projects include the construction of the Jail Housing Unit, construction of four schools, renovation/addition at a school and expansion at the Landfill. At year-end, the government's commitments with contractors are as follows:

Project	Spent-To-Date	Remaining Commitment
Jail Housing Unit	\$55,193,829	\$ 2,849,707
Schools	87,594,620	14,738,985
Landfill	1,428,215	324,926
Total	<u>\$144,216,664</u>	<u>\$17,913,618</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

3. Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 239,228	\$ -	\$ -	\$ 239,228
Construction in Progress	395,783	422,283	-	818,066
Total capital assets not being depreciated	<u>635,011</u>	<u>422,283</u>	<u>-</u>	<u>1,057,294</u>
Capital assets, being depreciated:				
Furniture and fixtures	168,486	-	-	168,486
Vehicles	487,544	-	(9,467)	478,077
Equipment	601,318	10,173	(78,521)	532,970
Land Improvements	828,982	-	(228,477)	600,505
Total capital assets being depreciated	<u>2,086,330</u>	<u>10,173</u>	<u>(316,465)</u>	<u>1,780,038</u>
Less accumulated depreciation:				
Furniture and fixtures	158,053	2,912	-	160,965
Vehicles	407,474	25,179	(9,467)	423,186
Equipment	516,985	30,837	(78,521)	469,301
Land Improvements	262,240	47,650	(87,585)	222,305
Total accumulated depreciation	<u>1,344,752</u>	<u>106,578</u>	<u>(175,573)</u>	<u>1,275,757</u>
Total governmental activities, being depreciated (net)	<u>\$ 741,578</u>	<u>\$ (96,405)</u>	<u>\$(140,892)</u>	<u>\$ 504,281</u>
Governmental Capital Assets, net	<u><u>\$1,376,589</u></u>	<u><u>\$ 325,878</u></u>	<u><u>\$(140,892)</u></u>	<u><u>\$1,561,575</u></u>

F. Payables

Payables at the government-wide level for the Primary Government at June 30, 2010, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 4,838,504	\$ 1,882,423	\$ 376,135	\$ 7,097,062
Justice Center Construction	1,173,985	-	-	1,173,985
Certificates of Participation 2009	6,216,837	-	-	6,216,837
Other Governmental	325,411	-	100,119	425,530
Total-governmental activities	<u>\$ 12,554,737</u>	<u>\$ 1,882,423</u>	<u>\$ 476,254</u>	<u>\$ 14,913,414</u>
Business-type activities				
Landfill	<u>\$ 71,360</u>	<u>\$ 15,980</u>	<u>\$ -</u>	<u>\$ 87,340</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2010, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 277,799</u>	<u>\$ 420,486</u>	<u>\$ 698,285</u>
Total-governmental activities	<u><u>\$ 277,799</u></u>	<u><u>\$ 420,486</u></u>	<u><u>\$ 698,285</u></u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010**

G. Closure and Postclosure Care Cost - 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 monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports an annual capital reserve operating expense as an estimate of these closure and postclosure care costs. Actual Costs may be higher due to inflation, changes in technology, or changes in regulations. The \$3,992,266 reported as the landfill's closure and postclosure liability at June 30, 2010 represents a cumulative amount reported to-date. This amount is based on what it would cost to perform all closure and postclosure care in Fiscal Year 2010. The change in the closure/postclosure liability from FY 2009 to FY 2010 resulted in a net decrease of \$761,346. The decrease is due to the use of funds for the closure of the C&D over MSW portion of the Landfill. This area reached its full capacity and is now in the closure phase. In addition, a transfer in the amount of \$957,917 was made to the closure/postclosure liability for 2010. This transfer was made to offset the closure expenses in order to rebuild the liability back to what is required by the NC DENR.

The County's liability is set aside for the closure and postclosure 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 this fiscal year.
- A new C&D expansion area was approved by the Board of Commissioners in September 2008 to continue to provide services to the community. This is set to begin construction in Fiscal Year 2011.

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 and secure and financially able to meet the necessary closure and postclosure 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.

H. Deferred / Unearned Revenues

The balance in deferred revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 507,625
Taxes receivable, net (General)	3,362,532	-
Ambulance receivable, net (General)	804,123	-
Total	<u>\$ 4,166,655</u>	<u>\$ 507,625</u>

I. Leases

1. Capital Leases

The County has entered into agreements which qualify as capital leases under the provisions of Financial Accounting Standards Board Statement No. 13 "Accounting for Leases" and subsequent amendments.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

On May 15, 2007 the County entered into a lease agreement as lessee for financing the acquisition of Accela Permitting, Licensing and Inspection Software with a down payment of \$250,000 inclusive of \$4,022 interest which has an effective rate of 2.99%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception. Final payment on the lease will be due December 15, 2010.

On December 18, 2008, the County entered into a lease agreement as lessee for financing the acquisition of land for a park with a down payment of \$190,000 with an effective interest rate of 4.00%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception. Final payment on the lease will be due December 15, 2037.

The assets acquired through a capital lease are as follows:

	Governmental Activities
County owned Asset:	
Software (equipment)	\$ 689,546
Land	3,421,394
Less: Accumulated depreciation	<u>(413,728)</u>
Total	<u>\$ 3,697,212</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2011	\$ 312,472
2012	190,000
2013	190,000
2014	190,000
2015	190,000
2016	190,000
2017	190,000
2018	190,000
2019	190,000
Next 5 Years	950,000
To Maturity	<u>2,660,000</u>
Total minimum lease payments	5,442,472
Less: amount representing interest	<u>(2,160,127)</u>
Present value of minimum lease payments	<u>\$3,282,345</u>

2. Operating Leases

The County leases building and office facilities under non-cancelable operating leases. Total costs for the leases were \$773,971 for the year ended June 30, 2010. The future minimum lease payments for this lease are as follows:

<u>Year Ending, June 30</u>	<u>Amount</u>
2011	\$ 755,673
2012	643,301
2013	21,625
2014	<u>21,625</u>
Total	<u>\$ 1,442,224</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010**

J. Long-term Obligations

1. 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 the County. Principal and interest requirements are provided by appropriation in the year in which they become due.

The County's general obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$17,490,000 (August 1, 2003) Refunded Bonds due on March 1 and September 1 in installments through March 1, 2012; interest of 2.0 to 4.0 percent (part of this refunding financed the construction of the County owned reservoir).	\$ 810,000
\$32,855,000 (March 15, 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 .	25,655,000
\$50,000,000 (March 1, 2005) School Series Bonds due on September 1 and March 1 in installments through March 1, 2025; interest at 3.0 to 5.0 percent.	42,000,000
\$48,000,000 (September 1, 2006) Public Improvement Series Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 4.0 to 5.0 percent.	<u>44,100,000</u>
	<u>\$ 112,565,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2010, for the County's general obligation bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	6,905,000	4,976,761
2012	6,965,000	4,715,390
2013	6,965,000	4,434,050
2014	7,655,000	4,118,550
2015	7,640,000	3,773,800
2016	7,630,000	3,391,800
2017	7,610,000	3,010,300
2018	7,495,000	2,629,800
2019	6,800,000	2,289,050
2020	6,800,000	2,017,050
Next 5 years	33,700,000	5,753,650
To maturity	<u>6,400,000</u>	<u>408,000</u>
Total	<u>\$112,565,000</u>	<u>\$41,518,201</u>

At June 30, 2010 Cabarrus County had a legal debt margin of \$1,282,792,563.

2. Certificates of Participation

On March 1, 2001 the Cabarrus County Development Corporation issued \$40,000,000 in Certificates of Participation (COPS) Installment Contracts to finance the construction and equipping of two middle schools and one elementary school. These 20-year COPS have interest rates ranging from 4.0% to 5.0%. Debt service is

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$4,069,167 to \$2,100,000. Total principal and interest over a 20-year period will be \$61,199,167. Total principal balance due at June 30, 2010 was \$22,000,000.

On August 15, 2002, the Cabarrus County Development Corporation issued \$26,390,000 in Certificates of Participation (COPS) to finance the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. The 20-year COPS have interest rates ranging from 3.0% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,409,155 to \$1,396,500. Total principal and interest over the 20-year period will be \$38,718,153. Total principal balance due at June 30, 2010 was \$15,960,000

On July 15, 2003, the Cabarrus County Development Corporation issued \$40,770,000 in Certificates of Participation (COPS) Installment Contracts to finance the cost of acquiring real property, construction and equipping of two elementary schools, one middle school, expansion of two existing elementary school facilities and various real and personal property improvements. These 20-year COPS have interest rates ranging from 2.0% to 5.25%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,813,000 to \$2,129,000. Total principal and interest over a 20-year period will be \$61,223,879. Total principal balance due at June 30, 2010 was \$28,540,000.

On February 22, 2007, the Cabarrus County Development Corporation issued \$33,595,000 in Certificates of Participation (COPS) Installment contracts to finance the construction of a County owned sheriff administration facility. These 20-year COPS have interest rates ranging from 4.0% to 5.625%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,092,576 to \$1,744,093. Total principal and interest over a 20-year period will be \$49,537,033. Total principal balance due at June 30, 2010 was \$28,555,000.

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 a new high school. These 20 year COPS have interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$4,400,704 to \$2,447,594. Total principal and interest over a 20-year period will be \$68,856,864. Total principal balance due at June 30, 2010 was \$42,225,000

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 3.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,263,225 to \$1,485,750. Total principal and interest over an 11-year period will be \$20,655,550. Total principal balance due at June 30, 2010 was \$13,730,000.

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. These 20 year COPS have interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$5,941,494 to \$1,404,961. Total principal and interest over a 20 year period will be \$90,944,756. Total principal balance due at June 30, 2010 was \$58,810,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide funds (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing new public school facilities and expanding and renovating existing public school facilities, 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. Annual payments of principal and interest range from approximately \$8,702,669 to \$1,818,515. Total principal and interest over a 20 year period will be \$129,871,859. Total principal balance due at June 30, 2010 was \$85,170,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2010 for the County's Certificates of Participation are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	14,135,000	13,707,872
2012	18,845,000	13,123,063
2013	18,820,000	12,360,388
2014	18,790,000	11,554,538
2015	18,750,000	10,730,000
2016	18,715,000	9,911,198
2017	18,695,000	9,051,210
2018	18,660,000	8,179,973
2019	18,635,000	7,282,935
2020	17,220,000	6,350,823
Next 5 Years	72,050,000	19,981,981
To maturity	<u>41,675,000</u>	<u>4,718,519</u>
Total	<u>\$294,990,000</u>	<u>\$126,952,500</u>

3. Installment Financing

On April 12, 2005, Cabarrus County executed an installment financing contract with RBC Centura. The contract is for \$4.4 million for the construction of the County owned Rowan-Cabarrus Community College (RCCC) business center and the construction of a parking lot and design cost of Building 3000 which is owned by RCCC. The terms of the contract stipulate semi-annual payments of principal and interest from approximately \$388,000 to \$317,000 for seven years with the first payment due on October 12, 2005 and the final payment due on April 12, 2012. The annual interest rate is fixed at 3.54%. The principal balance due at June 30, 2010 was \$1,245,143.

On October 4, 2006 Cabarrus County executed an installment financing contract with Fifth Third Bank (formerly First Charter). The contract is for \$15,000,000 for the construction of a County owned Jail Annex and site development work in the Justice Complex. The terms of the agreement stipulate semi-annual payments of \$500,000 for the first year starting in April 2007 and commencing October 2021. The fixed interest was 4.31% the first year and 4.44% the next 14 years. The rate was renegotiated in March 2007 to 4.19% over the term of the entire loan. Total principal balance due at June 30, 2010 was \$11,500,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2010 for the County's Installment Financing are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	1,622,572	509,973
2012	1,622,571	446,887
2013	1,000,000	386,807
2014	1,000,000	345,704
2015	1,000,000	303,804
2016	1,000,000	262,416
2017	1,000,000	219,548
2018	1,000,000	178,104
2019	1,000,000	136,204
2020	1,000,000	94,474
To maturity	<u>1,500,000</u>	<u>62,793</u>
Total	<u>\$12,745,143</u>	<u>\$2,946,714</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

4. 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, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 119,835,000	\$ -	\$ 7,270,000	\$ 112,565,000	\$ 6,905,000
Plus: Premiums on issuance	2,873,844	-	316,167	2,557,677	-
Total General Obligation Bonds	122,708,844	-	7,586,167	115,122,677	6,905,000
 Certificates of Participation	220,885,000	85,170,000	11,065,000	294,990,000	14,135,000
Plus: Premiums on issuance	4,995,860	2,292,584	431,824	6,856,620	-
Total Certificates of Participation	225,880,860	87,462,584	11,496,824	301,846,620	14,135,000
 Capital Leases	3,458,315	-	175,970	3,282,345	179,724
Installment Financing	14,367,714	-	1,622,571	12,745,143	1,622,572
Compensated absences	3,012,266	1,955,529	1,937,410	3,030,385	2,424,308
Other postemployment benefits	2,880,221	2,509,854	676,712	4,713,363	-
Unfunded Pension Cost	161,605	405,103	353,811	212,897	-
Total governmental activities	<u>\$ 372,469,825</u>	<u>\$ 92,333,070</u>	<u>\$ 23,849,465</u>	<u>\$ 440,953,430</u>	<u>\$ 25,266,604</u>

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Due Within One Year
Business-type activities					
Compensated absences	\$ 34,996	\$ 42,347	\$ 41,239	\$ 36,104	\$ 28,883
Other postemployment benefits	32,516	19,355	-	51,871	-
Landfill Closure/Post-Closure	4,753,611	957,917	1,719,262	3,992,266	2,472,691
Total business-type activities	<u>\$ 4,821,123</u>	<u>\$ 1,019,619</u>	<u>\$ 1,760,501</u>	<u>\$ 4,080,241</u>	<u>\$ 2,501,574</u>

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Due Within One Year
Discretely presented component unit:					
Compensated absences	\$ 586,985	\$ 574,906	\$ (583,552)	\$ 578,339	\$ 566,772
OPEB obligation	238,921	138,784	(35,706)	341,999	-
Total discretely presented component unit	<u>\$ 825,906</u>	<u>\$ 713,690</u>	<u>\$ (619,258)</u>	<u>\$ 920,338</u>	<u>\$ 566,772</u>

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

5. Capital Assets, Net of Related Debt

Governmental Activity capital assets, net of related debt at June 30, 2010, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 219,001,854
Less: capital debt	
Gross debt	432,996,785
Less:	
School debt related to assets to which the County does not capitalize	(316,147,431)
Net capital debt	<u>110,090,761</u>
Capital assets, net of related debt	\$ <u>108,911,093</u>

6. Advance Refundings

On March 15, 2004, the County issued \$32,855,000 of general obligation advance refunding revenue bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 1997 School Bonds dated February 1, 1997 and stated to mature on February 1 in the years 2008 to 2018 inclusive. The refunding debt was issued at a net interest cost of 3.276524%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2010, is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 14 years by \$1,588,396 and resulted in an economic loss of \$436,981. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$3,756,746 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2010 was \$2,047,088.

On January 31, 2008, the Cabarrus County Development Corporation issued Refunding Certificates of Participation, Series 2008B in the aggregate principal amount of \$18,745,000. A portion of the proceeds of the 2008B Certificates are to be applied to advance refund the Refunded Obligations. The refunded debt consists of the County's series 1999 Installment Payment Revenue Bonds dated June 16, 1999 and stated to mature on June 30, 2019. The refunding debt was issued at a net interest cost of 3.241996%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2010 is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 11 years by \$1,143,169 and resulted in an economic gain of \$428,256. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$958,846 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2010 was \$748,192.

K. 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, 2010, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount of \$14,200,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

L. 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, 2010 is as follows:

	Transfers In			Total Transfers Out	
	General	Certificates of Participation 2009	Non Major	Internal Service	
General	\$ -	\$ -	\$ 678,592	\$ 2,000,000	\$ 2,678,592
Justice Center	988,139	-	1,649,458	-	2,637,597
Certificates of Part 2009	1,818,515	-	-	-	1,818,515
Non-Major	2,688,734	11,179,718	4,139,495	-	18,007,947
Total	<u>\$ 5,495,388</u>	<u>\$ 11,179,718</u>	<u>\$ 6,467,545</u>	<u>\$ 2,000,000</u>	<u>\$ 25,142,651</u>

Transfers to/from other funds at June 30, 2010 consists of the following:

To the General Fund from the Sheriff's Department Special Revenue Fund for expenditures related to the Highway Safety program.	\$16,551
To the General Fund from the Capital Reserve Special Revenue Fund for the Courthouse renovations.	353,355
To the General Fund from the Capital Reserve Special Fund for replacement of the Historic Courthouse roof.	700,000
To the General Fund from the Capital Reserve Special Revenue Fund for purchase of Department of Social Service Software.	500,000
To the General Fund from the Certificates of Participation 2009 Construction Fund for debt service payments.	1,818,515
To the General Fund from the 911 Emergency Special Revenue Fund for the salary and benefits of a GIS mapping employee.	72,816
To the General Fund from the Justice Center Capital Projects Fund for debt service payments.	988,139
To the General Fund from the School Construction Capital Projects Fund for debt service payments.	973,217

Cabarrus County, North Carolina
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To the Certificates of Participation 2009 Capital Projects Fund from the Public School Building (Lottery Proceeds) for the construction and renovation of schools.	5,639,943
To the Certificates of Participation 2009 Capital Projects Fund from the Adequate Facilities Special Revenue Fund for the construction and renovation of schools.	5,115,855
To the General Fund from the \$98 Million School Bond Construction Fund for debt service payments.	22,795
To the Certificates of Participation 2009 Capital Projects Fund from the Capital Reserve Special Revenue Fund for the construction and renovation of schools.	423,920
To the Capital Reserve Special Revenue Fund from the Justice Center Capital Projects Fund for the close out of the Sheriff's Administration Building project.	1,649,458
To the General Fund from the Cannon Memorial Library Special Revenue Fund for renovations at the Concord Library.	50,000
To the Capital Reserve Special Revenue Fund from the Capital Projects Fund from the completion of the Pharr Mill Park project.	438
To the Adequate Facilities Special Revenue Fund from the School Construction Capital Projects Fund for a cancelled school project.	700,764
To the 2009 School Construction Capital Projects Fund from the Capital Reserve Special Revenue Fund for the construction and renovations of schools.	2,535,159
To the Community Development Special Revenue Fund from the General Fund for Community Development projects.	40,000
To the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund for the operations of the facility.	638,592
To the Capital Reserve Special Revenue Fund from the \$98 Million School Bond Capital Projects Fund for the completion of several school projects.	280,043
To the Capital Reserve Special Revenue Fund from the School Construction Capital Projects Fund for the completion of the Bus Garage project.	223,189
To the School Construction Capital Projects Fund from the Public School Building Capital Projects Fund (Lottery Proceeds) for the construction of a middle school.	399,902
To the Worker's Compensation Internal Service Fund from the General Fund for the payment of claims.	1,000,000
To the Self-Insured Hospitalization Internal Service Fund from the General Fund for the payment of claims.	<u>1,000,000</u>
Total	<u>\$ 25,142,651</u>

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M. 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, 2010 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.

N. Public School Building Capital Fund

The Public School Building Capital Fund is funded using a portion of the corporate income taxes which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction provided by the following table of the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund.

<u>Period</u>	<u>Fraction</u>
Prior to 10/1/97	Two thirty-first (2/31)
10/1/97 to 9/30/98	One-fifteenth (1/15)
10/1/98 to 9/30/99	Two twenty-ninths (2/29)
10/1/99 to 9/30/00	One fourteenth (1/14)
After 9/30/00	Five sixty-ninths (5/69)

The corporate income taxes deposited into the Fund are allocated to the County on the basis of its average daily membership (ADM) as determined by the North Carolina State Board of Education. The Office of State Budget and Management established and maintains an ADM allocation account for the County. At June 30, 2010 the balance of the County's ADM allocation account was \$67,657. The County must match this balance on the basis of one dollar for every three dollars of state funds for financing the school unit's facilities capital needs. The local school technology plan does not require a County match. After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At that time, the ADM allocation transferred is considered to be "available" and is recognized in the Public School Building Capital Fund as intergovernmental revenue. At June 30, 2010 the County's disbursing account had a \$0 balance.

O. 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 and are not included in the County's or the Alliance's financial statements since the County and the Alliance have no primary responsibilities beyond making eligibility determinations.

	<u>Federal</u>	<u>State</u>
Medical assistance	\$97,043,646	\$33,742,085
Temporary assistance to needy families	648,220	-
Special assistance to adults	-	1,247,400
Low income energy assistance payments	696,257	-
Refugee Assistance	60,933	-
Adoption assistance	694,381	144,561
Total	<u>\$131,925,020</u>	<u>\$35,134,046</u>

P. Internal Service Fund

The County maintains two internal service funds for workers' compensation and self-insured hospitalization insurance. These funds accumulate premiums and pays all claims and related expenses for workers compensation and health insurance activities. At June 30, 2010, the workers compensation internal service fund had an unrestricted net asset balance of \$1,200,307 and the self-insured hospitalization internal service fund had an unrestricted net asset balance of \$3,020,164. In the basic financial statements, the net assets and activities have

Cabarrus County, North Carolina
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been allocated to all governmental fund types, and business types as applicable. This surplus is being retained for anticipated future catastrophic losses.

Note 3. Other Information

1. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a liability program which is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation. The County retains the first \$350,000 in liability claims and claims expenses which are payable by the Carolina Governmental Alliance, Inc. Excess 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 participation in the Carolina Governmental Alliance, Inc., a governmental corporation. Excess property insurance above a \$25,000 deductible is purchased based on the replacement values, submitted to the Excess Property Company each year.

At July 1, 1994, the County chose to establish a Workers Compensation Fund (an internal service fund) for risk associated with the workers compensation plan. The Workers Compensation Fund is where assets are set aside for claim settlements. At this time the fund is no longer being funded annually. The uninsured risk retention per accident is \$350,000 for workers compensation. The County has purchased commercial insurance for claims in excess of that amount.

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 claims liability for fiscal year ended June 30, 2010 is shown at right.

<u>Workers Compensation</u>		
	<u>6/30/2010</u>	<u>6/30/2009</u>
Unpaid claims, beginning of fiscal year	\$ 307,632	\$ 346,493
Incurred claim	1,172,058	506,342
Claim payments	<u>(678,224)</u>	<u>(545,203)</u>
Unpaid claims, end of fiscal year	<u>\$ 801,466</u>	<u>\$ 307,632</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 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 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 \$100,000 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.

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, 2010 is shown at right.

<u>Self-Insured Health Insurance</u>		
	<u>6/30/2010</u>	<u>6/30/2009</u>
Unpaid claims, beginning of fiscal year	\$ 122,643	\$ 145,397
Incurred claims	7,483,627	5,096,129
Claim payments	<u>(6,370,788)</u>	<u>(5,118,883)</u>
Unpaid claims, end of fiscal year	<u>\$1,235,482</u>	<u>\$ 122,643</u>

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

Cabarrus County, North Carolina
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Collector are each individually bonded for \$100,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

The County carries commercial coverage for all other risks of loss including flood loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

2. 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 moneys 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.

At June 30, 2010, the County was a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

To facilitate the development and finance needed 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 is 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 City of Kannapolis planned to issue up to \$108 million in bonds in the fall of 2008 to finance public infrastructure in the Development District, but market conditions precluded their issuance at that time and makes their issuance unlikely in the immediate future. Although the City of Kannapolis still plans to issue the full amount of these bonds, the City is exploring the issuance of a lesser amount of bonds. The County's participation in this project has not been finalized.

3. Joint Ventures

The County participates in a joint venture to operate Piedmont Behavioral Health (PBH) 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 PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,021 to PBH to supplement its activities. Complete financial statements for PBH can be obtained from PBH'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 nonvoting 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

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to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2003 Refunded general obligation bonds issued, \$39,212 in debt is still outstanding. Of the 2006 General Obligation bonds issued, \$2,848,125 in debt is still outstanding. In March 2005, the County issued installment financing for the up fit of the old school administration building which will house the new RCCC Business Center. The total financed cost of the up fit totaled \$4,358,000. The County has leased this facility to RCCC for \$1 per year. At fiscal year end \$1,245,143 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 \$1,798,496 to the community college for operating purposes during the fiscal year ended June 30, 2010. In addition, the County made debt service payments of \$985,999 during the fiscal year on general obligation bonds and installment financing 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, 2010. 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.

4. Jointly Governed Organization

The County, in conjunction with eight other counties and fifty-four municipalities, established the Centralina Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$41,096 to the Council during the fiscal year ended June 30, 2010. Effective July 1, 2010, the County is no longer a member of this Council.

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.

5. Other Employment Benefits

The County and the 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. Annually, the State sets the County's and the Alliance's monthly contribution rates for death benefits. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not the County, the County and the Alliance do not determine the number of eligible participants. For the fiscal year ended June 30, 2010, the County made contributions to the State for death benefits of \$34,792 and the Alliance made no contribution. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08%, and .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

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 an employee has purchased additional insurance through the County, this will also be included in the employees total life insurance fringe benefits. 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 your age at December 31st provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis.

Cabarrus County, North Carolina
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6. Other Postemployment Benefits (OPEB) – Healthcare Benefits

Plan Description. Based on a 1997 County approved policy, the County will pay for basic medical insurance for all retirees that qualify based on years of service. The plan is a single employer defined plan.

The following schedule became effective on July 1, 1997:

<u>Years of Service with Cabarrus County and Membership to LGERS</u>	<u>% of Retiree Health Insurance the County Pays</u>
Qualified retirement with 10 or more years of service with Cabarrus County	100%
Qualified retirement with less than 10 years of service with Cabarrus County	50%

Effective November 1, 2003, the ordinance was amended and reads as follows:

<u>Years of Service with Cabarrus County and Membership to LGERS</u>	<u>% of Retiree Health Insurance the County Pays</u>
Qualified retirement with 25 or more years of service with Cabarrus County	100%
Qualified retirement with less than 10 years of service with Cabarrus County	50%

This amendment applies to those employees coming to work on or after November 1, 2003. Current employees were grandfathered under the ten year requirement. The County's contribution will cease when the retiree becomes eligible for Medicare (or reaches the age where they would have had such benefits had they been qualified for Social Security). A separate audit report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

Retirees receiving benefits	80
Active Plan Members:	
General Employees	588
Law Enforcement	180
Total	<u>848</u>

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

The current ARC rate is 8.04 % of annual covered payroll (5.26% normal cost and 2.78% accrued liability). The County contributed \$676,712 or 2.2% of annual covered payroll for the current fiscal year. The County is self insured for healthcare coverage. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 1.2% and .06% of covered payroll. Contributions of \$50 per month were made by employees and retirees who currently use tobacco products and have not signed a non use tobacco certification. These contributions were \$43,900 for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$777,659.

Summary of Significant Accounting Policies. Postemployment expenditures for former employees not engaged in law enforcement are made from the General 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.

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Annual OPEB Cost and Net Pension 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:

	2010
Annual Required Contribution	\$ 2,513,177
Interest on Net OPEB Obligation	116,804
Adjustment to annual required contribution	<u>(100,772)</u>
Annual OPEB cost (expense)	2,529,209
Contributions made	<u>(676,712)</u>
Increase (decrease) in net OPEB obligation	1,852,497
Net OPEB obligation, beginning of year	<u>2,912,737</u>
Net OPEB obligation, end of year	<u><u>\$ 4,765,234</u></u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$1,850,169	28%	\$1,341,176
2009	\$2,156,844	27%	\$2,912,737
2010	\$2,529,209	27%	\$4,765,234

Funded Status and Funding Progress. As of December 31, 2008 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 \$25,198,592. The covered payroll (annual payroll of active employees covered by the plan) was \$31,224,203 and the ratio of the UAAL to the covered payroll was 80.7%. 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 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, 2008 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 10.50 to 5.00 percent annually. Both rates included a 3.75 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.

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The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

7. Pension Plan and Benefit Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Cabarrus County and the Alliance contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries.

Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the Alliance are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.88% and 4.86% respectively, of annual covered payroll. For the Alliance, the current rate for employees is 4.86% of annual covered payroll. The contribution requirements of members and of Cabarrus County and the Alliance are established and may be amended by the North Carolina General Assembly. The rates have been amended effective July 1, 2010 and thereafter for several years due to the loss in the market value which occurred in the fall of 2008. The County's contribution to LGERS for the years ended June 30, 2010, 2009 and 2008 were \$1,822,022, \$1,796,672 and \$1,623,545, respectively. The Alliance's contributions to LGERS for the years ended June 30, 2010, 2009 and 2008, were \$466,969, \$453,071 and \$430,211 respectively. The contributions made by the County and the Alliance equaled the required contributions for each year.

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. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. No stand-alone financial report exists.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2009, the Separation Allowance's membership consisted of:

Retirees receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	195
Total	<u>217</u>

Summary of Significant Accounting Policies:

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

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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 by making contributions based on actuarial valuations. The County transfers the contribution in a subsequent year following notification by the actuary of the amount. For the current year, the County contributed \$353,811 or 4.31% of annual covered payroll. 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 annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2008 was 10 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for fiscal year ending June 30, 2010 are shown at right:

Annual required contribution	\$ 412,065
Interest on net pension obligation	11,716
Adjustment to annual required contribution	<u>(18,678)</u>
Annual pension cost	405,103
Contributions made	<u>(353,811)</u>
Increase in net pension obligation	51,292
Net pension obligation beginning of year	<u>161,605</u>
Net pension obligation end of year	<u><u>\$ 212,897</u></u>

3 Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$342,978	99.29%	\$166,281
6/30/2009	345,999	101.35%	161,605
6/30/2010	405,103	87.34%	212,897

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the plan was 3.04 percent funded. The actuarial accrued liability for benefits was \$3,494,890, and the actuarial value of assets was \$106,199, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,388,691. The covered payroll (annual payroll of active employees covered by the plan) was \$8,217,096 and the ratio of the UAAL to the covered payroll was 41.24 percent.

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

c. Supplemental Retirement Income Plan (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 also provides retirement benefits to law enforcement officers employed by 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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2010

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 in 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, 2010 were \$2,546,419 which consisted of \$1,865,012 from the County and \$681,407 from the employees. In February 2009, the Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Alliance employees made contributions of \$300,870 for the year ended June 30, 2010.

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Cabarrus County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund 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. 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, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$15,419.

8. Special Item

On December 31, 2009, the Cabarrus Health Alliance sold its home health services to an unrelated third party for \$3 million. The Alliance has received \$2.5 million and the balance of the proceeds was placed in an escrow account in the name of the agency's law firm until all business and financial proceedings are finalized. The sale proceeds of \$3 million included \$228,477 allocated to the capital assets of the home health services. These capital assets had a net book value of \$140,892 upon disposition. The gain recognized under full accrual related to this special item is \$2,859,108.

9. Effects of Subsequent Events

On September 22, 2010, the County refinanced all of the callable 2001 Certificates of Participation debt. The savings over the remaining 11 years totals \$2,366,350 or 10.47%. The overall yield is now 2.390%. Rates have not been this low since May of 1967. The County will experience this savings over the next 10 years at an amount of approximately \$235,000 per year.

On October 5, 2010, the County had two applications with the Local Government Commission for approval of a refinancing in an amount not to exceed \$45,000,000 and Qualified School Construction Bonds (QSCB) in an amount of \$14,637,160. The County intends to refund \$34,395,000 of the callable 2002/2003 Certificates of Participation when market conditions are favorable. The QSCB's will be placed with BB&T with a 5 year deferral of principal and an estimated term of 14 years and zero interest. These bonds will be sold when the fed rate is equal to or less than the BB&T loan rate.

**Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2010**

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)
12/31/2000	\$ 282,331	\$ 2,027,442	\$ 1,745,111	13.93%	\$ 4,540,272	38.44%
12/31/2001	232,210	2,210,604	1,978,394	10.50%	4,705,260	42.05%
12/31/2002	142,612	2,362,390	2,219,778	6.04%	5,076,155	43.73%
12/31/2003	56,515	2,403,560	2,347,045	2.35%	5,122,396	45.82%
12/31/2004	149,833	2,527,863	2,378,030	5.93%	5,690,981	41.79%
12/31/2005	265,718	2,275,330	2,009,612	11.68%	6,569,172	30.59%
12/31/2006	341,866	2,398,871	2,057,005	14.25%	6,715,791	30.63%
12/31/2007	377,233	2,436,234	2,059,001	15.48%	7,277,196	28.29%
12/31/2008	33,566	2,504,422	2,470,856	1.34%	8,025,050	30.79%
12/31/2009	106,199	3,494,890	3,388,691	3.04%	8,217,096	41.24%

Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2001	\$ 178,284	\$ 168,968	95%
2002	179,465	178,285	99%
2003	195,574	179,465	92%
2004	358,891	322,574	90%
2005	377,815	358,891	95%
2006	392,503	377,815	96%
2007	340,536	392,503	115%
2008	350,675	340,536	97%
2009	353,811	350,675	99%
2010	412,065	353,811	86%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	7.25%
Projects salary increases*	4.5% to 12.3%
Cost-of-living adjustments	N/A

*Includes inflation at 3.75%

Cabarrus County, North Carolina
Other Post Employment Benefits (OPEB)
Required Supplementary Information
Schedule of Funding Progress
June 30, 2010

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%	31,224,203	80.7%

Cabarrus County, North Carolina
Other Postemployment Benefits (OPEB)
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 1,850,169	\$ 508,993	0%
2009	2,156,844	585,283	0%
2010	2,513,177	676,712	0%

The information presented in the required supplementary schedule was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2016

*Includes inflation at 3.75%

Other Supplemental Information

Cabarrus County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue										Capital Projects										
	Emergency/Telephone System Fund	Community Development Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts Fund	Capital Reserve Capital Fund	Utility Fund	Small Projects Fund	Sheriff Department Fund	Adequate Facilities Fund	Department of Aging Fund	Parks and Recreation Commission Fund	Cannon Memorial Library Fund	Subtotal	Public School Building Fund	Capital Projects Fund	Construction & Renovation Fund	\$98 Million School Bond Fund	School Construction Fund	2009 School Construction Fund	Subtotal	Total Nonmajor Governmental Funds
Assets																					
Cash and cash equivalents	\$ 580,382	\$ -	\$ 326,758	\$ 42,100	\$ 9,265,885	\$ 331,721	\$ 840,460	\$ 307,200	\$ 546,901	\$ 93,792	\$ 13,122	\$ 703,326	\$ 13,051,647	\$ -	\$ 1,974,208	\$ 4,255,123	\$ -	\$ -	\$ 569,609	\$ 6,798,940	\$ 19,850,587
Accounts receivable	54,102	34,556	-	-	-	-	-	359	-	-	-	-	89,017	27,668	-	-	-	27,668	-	55,336	144,353
Interest receivable	302	-	236	-	5,386	189	478	179	641	53	7	405	7,876	-	-	-	-	-	-	-	7,876
Notes receivable	-	-	-	-	789,000	-	-	-	-	-	-	-	789,000	-	-	-	-	-	-	-	789,000
Restricted cash	-	-	100,000	-	-	-	-	-	-	-	-	-	100,000	5,498	-	-	-	705,275	-	710,773	810,773
Total assets	\$ 634,786	\$ 34,556	\$ 426,994	\$ 42,100	\$ 10,060,271	\$ 331,910	\$ 840,938	\$ 307,738	\$ 547,542	\$ 93,845	\$ 13,129	\$ 703,731	\$ 14,037,540	\$ 33,166	\$ 1,974,208	\$ 4,255,123	\$ -	\$ 732,943	\$ 569,609	\$ 7,565,049	\$ 21,602,589
Liabilities																					
Accounts payable and accrued liabilities	\$ 27,673	\$ 3,930	\$ 132,132	\$ 42,100	\$ -	\$ 1,804	\$ 11,637	\$ 1,429	\$ 13,104	\$ -	\$ -	\$ -	\$ 233,809	\$ 27,668	\$ 39,717	\$ -	\$ -	\$ 51,106	\$ 100,898	\$ 219,389	\$ 453,198
Contract retainages	-	-	-	-	-	-	-	-	-	-	-	-	-	-	82	-	-	-	58,617	58,699	58,699
Total liabilities	27,673	3,930	132,132	42,100	-	1,804	11,637	1,429	13,104	-	-	-	233,809	27,668	39,799	-	-	51,106	159,515	278,088	511,897
Fund balances																					
Reserved for Special Revenue:																					
Public Safety	607,113	-	-	-	-	-	-	306,309	-	-	-	-	913,422	-	-	-	-	-	-	-	913,422
Human Services	-	-	-	-	-	-	68,147	-	-	93,845	-	-	161,992	-	-	-	-	-	-	-	161,992
Education	-	-	-	-	-	-	-	-	534,438	-	-	-	534,438	-	-	-	-	-	-	-	534,438
Culture and recreation	-	-	-	-	-	-	-	-	-	-	13,129	703,731	716,860	-	-	-	-	-	-	-	716,860
Other purposes	-	30,626	-	-	-	-	318,770	-	-	-	-	-	349,396	-	-	-	-	-	-	-	349,396
Capital Projects	-	-	-	-	-	-	-	-	-	-	-	-	-	5,498	1,934,409	4,255,123	-	681,837	410,094	7,286,961	7,286,961
Unreserved, designated for subsequent year's expenditures	-	-	294,862	-	10,060,271	330,106	442,384	-	-	-	-	-	11,127,623	-	-	-	-	-	-	-	11,127,623
Total fund balances	607,113	30,626	294,862	-	10,060,271	330,106	829,301	306,309	534,438	93,845	13,129	703,731	13,803,731	5,498	1,934,409	4,255,123	-	681,837	410,094	7,286,961	21,090,692
Total liabilities and fund balances	\$ 634,786	\$ 34,556	\$ 426,994	\$ 42,100	\$ 10,060,271	\$ 331,910	\$ 840,938	\$ 307,738	\$ 547,542	\$ 93,845	\$ 13,129	\$ 703,731	\$ 14,037,540	\$ 33,166	\$ 1,974,208	\$ 4,255,123	\$ -	\$ 732,943	\$ 569,609	\$ 7,565,049	\$ 21,602,589

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue										Capital Projects											
	Emergency Telephone System Fund	Community Development Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts Fund	Capital Reserve Fund	Utility Fund	Small Projects Fund	Sheriff Department Fund	Adequate Facilities Fund	Department of Aging Fund	Parks and Recreation Commission Fund	Canon Memorial Library Fund	Subtotal	Public School Building Fund	Capital Projects Fund	Construction & Renovation Fund	\$98 Million School Bond Fund	School Construction Fund	2009 School Construction Fund	Subtotal	Total Nonmajor Governmental Funds	
Revenues:																						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 2,542,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,542,509	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,542,509	
Home consortium	-	124,710	-	-	-	-	-	-	-	-	-	-	124,710	-	-	-	-	-	-	-	124,710	
State grant-Scattered site rehabilitation	-	210,003	-	-	-	-	-	-	-	-	-	-	210,003	-	-	-	-	-	-	-	210,003	
Intergovernmental	-	-	-	-	-	-	-	24,967	-	-	-	-	24,967	2,897,042	-	-	-	-	-	2,897,042		
Intergovernmental - Lottery	-	-	-	-	-	-	-	-	-	-	-	-	-	3,252,803	-	-	-	-	-	3,252,803		
Program fees	-	-	607,521	-	-	-	88,374	1,132	754,640	-	-	-	1,451,667	-	-	-	-	-	-	-	1,451,667	
Telephone subscriber fees	649,220	-	-	-	-	-	-	-	-	-	-	-	649,220	-	-	-	-	-	-	-	649,220	
Investment earnings	1,254	-	1,268	-	24,237	1,064	2,087	824	4,302	234	31	1,773	37,074	-	-	-	-	8,996	-	8,996		
Donations	-	-	100,000	-	-	-	71	-	-	7,504	-	1,134	108,709	-	-	-	-	-	-	-	108,709	
Miscellaneous	-	-	10,348	-	-	-	-	-	-	-	-	-	10,348	-	-	-	-	-	-	-	10,348	
Total revenues	650,474	334,713	719,137	2,542,509	24,237	1,064	90,532	26,923	758,942	7,738	31	2,907	5,159,207	6,149,845	-	-	-	8,996	-	6,158,841	11,318,048	
Expenditures:																						
General Government	-	-	-	-	-	-	53,102	-	-	-	-	-	53,102	-	-	124,829	-	-	-	124,829	177,931	
Public Safety	461,334	-	-	2,542,509	-	-	-	22,525	-	-	-	-	3,026,368	-	21,935	-	-	-	-	21,935	3,048,303	
Economic and Physical Development	-	392,146	-	-	-	-	-	-	-	-	-	-	392,146	-	-	-	-	-	-	-	392,146	
Environmental Protection	-	-	-	-	-	242,569	-	-	-	-	-	-	242,569	-	-	-	-	-	-	-	242,569	
Human Services	-	-	-	-	-	-	90,482	-	-	29,990	-	-	120,472	-	-	-	-	-	-	-	120,472	
Education	-	-	-	-	-	-	-	-	20,160	-	-	-	20,160	127,936	-	-	555,961	5,982,002	2,126,953	8,792,852	8,813,012	
Culture and Recreation	-	-	1,396,244	-	-	-	-	-	-	-	-	-	1,396,244	-	22,240	-	-	-	-	22,240	1,418,484	
Capital outlay:																						
Land and Land Improvements	-	-	55,894	-	-	-	-	-	-	-	-	-	55,894	-	-	-	-	-	-	-	55,894	
Building and Building Improvements	-	-	9,495	-	-	-	-	-	-	-	-	-	9,495	-	24,363	-	-	-	-	24,363	33,858	
Equipment and Furniture	-	31,691	-	-	-	-	18,637	-	-	-	-	-	50,328	-	-	-	-	-	-	-	50,328	
Vehicles and Motorized Equipment	-	-	7,600	-	-	-	-	60,693	-	-	-	-	68,293	-	-	-	-	-	-	-	68,293	
Construction in Progress	-	-	137,469	-	-	-	-	-	-	-	-	-	137,469	-	789,772	-	-	-	-	789,772	927,241	
Total expenditures	461,334	392,146	1,638,393	2,542,509	-	242,569	162,221	83,218	20,160	29,990	-	-	5,572,540	127,936	858,310	124,829	555,961	5,982,002	2,126,953	9,775,991	15,348,531	
Excess (deficiency) of revenues over (under) expenditures	189,140	(57,433)	(919,256)	-	24,237	(241,505)	(71,689)	(56,295)	738,782	(22,252)	31	2,907	(413,333)	6,021,909	(858,310)	(124,829)	(555,961)	(5,973,006)	(2,126,953)	(3,617,150)	(4,030,483)	
Other financing sources (uses):																						
Transfer in	-	40,000	638,592	-	2,153,128	-	-	-	700,764	-	-	-	3,532,484	-	-	-	-	399,902	2,535,159	2,935,061	6,467,545	
Transfer (out)	(72,816)	-	-	-	(4,512,434)	-	-	(16,551)	(5,115,855)	-	-	(50,000)	(9,767,656)	(6,039,845)	(438)	-	(302,838)	(1,897,170)	-	(8,240,291)	(18,007,947)	
Lease Financing issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total other financing sources (uses):	(72,816)	40,000	638,592	-	(2,359,306)	-	-	(16,551)	(4,415,091)	-	-	(50,000)	(6,235,172)	(6,039,845)	(438)	-	(302,838)	(1,497,268)	2,535,159	(5,305,230)	(11,540,402)	
Net change in fund balances	116,324	(17,433)	(280,664)	-	(2,335,069)	(241,505)	(71,689)	(72,846)	(3,676,309)	(22,252)	31	(47,093)	(6,648,505)	(17,936)	(858,748)	(124,829)	(858,799)	(7,470,274)	408,206	(8,922,380)	(15,570,885)	
Fund balance, July 1	490,789	48,059	575,526	-	12,395,340	571,611	900,990	379,155	4,210,747	116,097	13,098	750,824	20,452,236	23,434	2,793,157	4,379,952	858,799	8,152,111	1,888	16,209,341	36,661,577	
Fund balance, June 30	\$ 607,113	\$ 30,626	\$ 294,862	\$ -	\$ 10,060,271	\$ 330,106	\$ 829,301	\$ 306,309	\$ 534,438	\$ 93,845	\$ 13,129	\$ 703,731	\$ 13,803,731	\$ 5,498	\$ 1,934,409	\$ 4,255,123	\$ -	\$ 681,837	\$ 410,094	\$ 7,286,961	\$ 21,090,692	

Cabarrus County, North Carolina
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2010

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
Revenues:			
Telephone subscriber fees	\$ 791,230	\$ 649,220	\$ (142,010)
Investment earnings	1,200	1,254	54
Total revenues	<u>792,430</u>	<u>650,474</u>	<u>(141,956)</u>
Expenditures:			
Public Safety:			
Operations	<u>719,614</u>	<u>461,334</u>	<u>258,280</u>
Total expenditures	<u>719,614</u>	<u>461,334</u>	<u>258,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72,816</u>	<u>189,140</u>	<u>116,324</u>
Other financing sources (uses):			
Transfer (out)-General Fund	<u>(72,816)</u>	<u>(72,816)</u>	<u>-</u>
Total other financing sources (uses)	<u>(72,816)</u>	<u>(72,816)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>116,324</u>	<u>\$ 116,324</u>
Fund balance, July 1		<u>490,789</u>	
Fund balance, June 30		<u>\$ 607,113</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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Home consortium	\$ 393,472	\$ 171,430	\$ 124,710	\$ 296,140
Scattered site rehabilitation	<u>400,000</u>	<u>164,275</u>	<u>210,003</u>	<u>374,278</u>
Total revenues	<u>793,472</u>	<u>335,705</u>	<u>334,713</u>	<u>670,418</u>
Expenditures:				
Economic and physical development:				
Home Consortium:				
Consultants	23,053	10,690	11,387	22,077
Sub-contractor construction	<u>500,419</u>	<u>202,940</u>	<u>170,747</u>	<u>373,687</u>
Total home consortium	<u>523,472</u>	<u>213,630</u>	<u>182,134</u>	<u>395,764</u>
Scattered site rehabilitation:				
Consultants	40,000	21,499	18,481	39,980
Sub-contractor construction	320,000	142,767	168,882	311,649
Urgent repair	<u>40,000</u>	<u>-</u>	<u>22,649</u>	<u>22,649</u>
Total scattered site rehabilitation	<u>400,000</u>	<u>164,266</u>	<u>210,012</u>	<u>374,278</u>
Total expenditures	<u>923,472</u>	<u>377,896</u>	<u>392,146</u>	<u>770,042</u>
Revenues over (under) expenditures	<u>(130,000)</u>	<u>(42,191)</u>	<u>(57,433)</u>	<u>(99,624)</u>
Other financing sources:				
Transfer in - General Fund	<u>130,000</u>	<u>90,250</u>	<u>40,000</u>	<u>130,250</u>
Total other financing sources	<u>130,000</u>	<u>90,250</u>	<u>40,000</u>	<u>130,250</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 48,059</u>	(17,433)	<u>\$ 30,626</u>
Fund balance, July 1			<u>48,059</u>	
Fund balance, June 30			<u>\$ 30,626</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, 2010

	<u>Actual</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
County Fair:			
Program fees	\$ 627,700	\$ 607,521	\$ (20,179)
Investment earnings	1,200	1,268	68
Donations - Tourism Authority	100,000	100,000	-
Miscellaneous	6,000	10,348	4,348
	<u>734,900</u>	<u>719,137</u>	<u>(15,763)</u>
Total revenues			
Expenditures:			
Cultural and recreational:			
Arena and Events Center:			
Management Company	856,647	638,592	218,055
Other operating expenses	268,837	215,683	53,154
Capital outlay:			
Land and Land Improvements	55,894	55,894	-
Building and Building Improvements	9,495	9,495	-
Equipment and Furniture	31,691	31,691	-
Vehicles	7,600	7,600	-
Construction in Progress	137,469	137,469	-
Total arena and events center	<u>1,367,633</u>	<u>1,096,424</u>	<u>271,209</u>
County Fair:			
Salaries and employee benefits	119,406	105,906	13,500
Other operating expenses	470,968	436,063	34,905
Total county fair	<u>590,374</u>	<u>541,969</u>	<u>48,405</u>
Total expenditures	<u>1,958,007</u>	<u>1,638,393</u>	<u>319,614</u>
Revenues over (under) expenditures	<u>(1,223,107)</u>	<u>(919,256)</u>	<u>303,851</u>
Other financing sources:			
Transfer in - General Fund	808,921	638,592	170,329
Fund Balance Appropriated	414,186	-	414,186
Total other financing sources	<u>1,223,107</u>	<u>638,592</u>	<u>584,515</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(280,664)</u>	<u>\$ (280,664)</u>
Fund balance, July 1		<u>575,526</u>	
Fund balance, June 30		<u>\$ 294,862</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, 2010

	<u>Actual</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Property tax collections	\$ 2,567,971	\$ 2,542,509	\$ (25,462)
Total revenues	<u>2,567,971</u>	<u>2,542,509</u>	<u>(25,462)</u>
Expenditures:			
Public Safety	<u>2,567,971</u>	<u>2,542,509</u>	<u>25,462</u>
Total expenditures	<u>2,567,971</u>	<u>2,542,509</u>	<u>25,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
 Fund balance, July 1		<u>-</u>	
Fund balance, June 30		<u>\$ -</u>	

Cabarrus County, North Carolina
Capital Reserve Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Adequate facilities fees	\$ 445,915	\$ 445,915	\$ -	\$ 445,915
Contributions and private donations	120,383	120,383	-	120,383
Investment earnings	2,237,080	2,225,588	24,237	2,249,825
Total revenues	<u>2,803,378</u>	<u>2,791,886</u>	<u>24,237</u>	<u>2,816,123</u>
Expenditures:				
Education:				
Rowan Cabarrus Community College	280,043	-	-	-
Building improvements	9,744,051	-	-	-
Total expenditures	<u>10,024,094</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,220,716)</u>	<u>2,791,886</u>	<u>24,237</u>	<u>2,816,123</u>
Other financing sources (uses):				
Transfer in - General Fund	44,708,301	44,708,301	-	44,708,301
Transfer in - Capital Projects Fund	2,152,690	-	2,153,128	2,153,128
Transfer (out) - General Fund	(2,693,346)	(1,116,996)	(1,553,355)	(2,670,351)
Transfer (out) - Capital Project Fund	(29,492,242)	(26,533,164)	(2,959,079)	(29,492,243)
Transfer (out) - Justice Center Construction Fund	(6,458,772)	(6,458,772)	-	(6,458,772)
Transfer (out) - Special Revenue Fund	(995,915)	(995,915)	-	(995,915)
Total other financing sources (uses)	<u>7,220,716</u>	<u>9,603,454</u>	<u>(2,359,306)</u>	<u>7,244,148</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 12,395,340</u>	<u>(2,335,069)</u>	<u>\$ 10,060,271</u>
Fund balance, July 1			<u>12,395,340</u>	
Fund balance, June 30			<u>\$ 10,060,271</u>	

Cabarrus County, North Carolina
Utility Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Assessment fees	\$ 598,904	\$ 598,904	\$ -	\$ 598,904
Investment earnings	94,109	93,370	1,064	94,434
Total revenues	<u>693,013</u>	<u>692,274</u>	<u>1,064</u>	<u>693,338</u>
Expenditures:				
Environmental Protection:				
Urgent Repair	73,983	-	47,938	47,938
Water line improvements	<u>619,030</u>	<u>120,663</u>	<u>194,631</u>	<u>315,294</u>
Total expenditures	<u>693,013</u>	<u>120,663</u>	<u>242,569</u>	<u>363,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 571,611</u>	(241,505)	<u>\$ 330,106</u>
Fund balance, July 1			<u>571,611</u>	
Fund balance, June 30			<u>\$ 330,106</u>	

Cabarrus County, North Carolina
Small Projects Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Board of Elections:				
HAVA Title I grants	\$ 199,664	\$ 159,088	\$ -	\$ 159,088
Investment earnings	30,206	29,584	513	30,097
Total Board of Elections	229,870	188,672	513	189,185
Cooperative Extension:				
State Agricultural Grant	675,000	25,000	-	25,000
Contributions and donations	172,529	152,529	71	152,600
Investment earnings	-	4,106	832	4,938
Total Cooperative Extension	847,529	181,635	903	182,538
Register of Deeds:				
Automation & enhancement fees	707,389	603,064	87,081	690,145
Investment earnings	36,655	34,590	643	35,233
Total Register of Deeds	744,044	637,654	87,724	725,378
Soil & Water:				
Clear Creek Grant	35,000	35,000	-	35,000
Program fees	3,500	2,453	593	3,046
Contributions and donations	1,000	1,000	-	1,000
EEP contract	16,900	1,700	700	2,400
Investment earnings	1,500.00	1,270	99	1,369
Total Board of Elections	57,900	41,423	1,392	42,815
Total revenues	1,879,343	1,049,384	90,532	1,139,916
Expenditures:				
Operations:				
General Govt -Board of Elections	405,492	156,076	-	156,076
General Govt-Register of Deeds	821,548	489,741	53,102	542,843
Environmental Protection-Soil & Water	57,900	430	-	430
Human Services -Cooperative Extension	1,148,687	91,094	90,482	181,576
Total Operations	2,433,627	737,341	143,584	880,925
Capital Outlay:				
Land and Land Improvements	11,130	11,131	-	11,131
Equipment and Furniture	62,737	28,073	18,637	46,710
Vehicles and Motorized Equipment	24,974	24,974	-	24,974
Total Capital Outlay	98,841	64,178	18,637	82,815
Total expenditures	2,532,468	801,519	162,221	963,740
Excess (deficiency) of revenues over (under) expenditures	(653,125)	247,865	(71,689)	176,176
Other Financing Sources (Uses):				
Transfer in-General Fund	103,125	103,125	-	103,125
Transfer in-Capital Reserve Fund	550,000	550,000	-	550,000
Total other financing sources (uses)	653,125	653,125	-	653,125
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 900,990	(71,689)	\$ 829,301
Fund balance, July 1			900,990	
Fund balance, June 30			\$ 829,301	

Cabarrus County, North Carolina
Sheriff's Department Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Federal Forfeiture Sharing	\$ 99,923	\$ 96,241	\$ 3,681	\$ 99,922
Federal Forfeiture Sharing -Treasury	194,599	194,597	-	194,597
NC Substance Control Tax	280,840	265,933	21,286	287,219
Firing Range fees	3,781	2,930	1,132	4,062
Investment earnings:				
Federal Forfeiture sharing	16,412	15,956	237	16,193
NC Substance Control Tax	53,015	51,078	584	51,662
Firing Range	165	165	3	168
Total revenues	<u>648,735</u>	<u>626,900</u>	<u>26,923</u>	<u>653,823</u>
Expenditures:				
Public Safety	529,385	205,640	22,525	228,165
Capital Outlay:				
Vehicles	<u>296,801</u>	<u>236,108</u>	<u>60,693</u>	<u>296,801</u>
Total expenditures	<u>826,186</u>	<u>441,748</u>	<u>83,218</u>	<u>524,966</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,451)</u>	<u>185,152</u>	<u>(56,295)</u>	<u>128,857</u>
Other Financing Sources (Uses):				
Transfer in-General Fund	285,138	285,139	-	285,139
Transfer (out)-General Fund	<u>(107,687)</u>	<u>(91,136)</u>	<u>(16,551)</u>	<u>(107,687)</u>
Total other financing sources (uses)	<u>177,451</u>	<u>194,003</u>	<u>(16,551)</u>	<u>177,452</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 379,155</u>	<u>(72,846)</u>	<u>\$ 306,309</u>
Fund balance, July 1			<u>379,155</u>	
Fund balance, June 30			<u>\$ 306,309</u>	

Cabarrus County, North Carolina
Adequate Facilities Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Adequate facilities fees	\$ 6,803,322	\$ 5,862,349	\$ 754,640	\$ 6,616,989
Investment earnings	239,066	235,610	4,302	239,912
Total revenues	7,042,388	6,097,959	758,942	6,856,901
Expenditures:				
Education	946,725	206,640	20,160	226,800
Excess (deficiency) of revenues over (under) expenditures	6,095,663	5,891,319	738,782	6,630,101
Other Financing Sources (Uses):				
Transfer in-General Fund	97,750	97,750	-	97,750
Transfer in-Capital Projects Fund	700,764	-	700,764	700,764
Transfer in-Capital Reserve Fund	445,915	445,915	-	445,915
Transfer (out)-Capital Projects Fund	(7,340,092)	(2,224,237)	(5,115,855)	(7,340,092)
Total other financing sources (uses)	(6,095,663)	(1,680,572)	(4,415,091)	(6,095,663)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,210,747	(3,676,309)	\$ 534,438
Fund balance, July 1			4,210,747	
Fund balance, June 30			\$ 534,438	

Cabarrus County, North Carolina
Department of Aging Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

		<u>Actual</u>		
	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Contributions and private donations	\$ 135,546	\$ 127,565	\$ 7,504	\$ 135,069
Investment earnings	13,375	12,517	234	12,751
Total revenues	148,921	140,082	7,738	147,820
Expenditures:				
Human Services:				
Special Projects	148,921	23,985	29,990	53,975
Total expenditures	148,921	23,985	29,990	53,975
Revenues over (under) expenditures	\$ -	\$ 116,097	(22,252)	\$ 93,845
Fund balance, July 1			116,097	
Fund balance, June 30			\$ 93,845	

Cabarrus County, North Carolina
Parks and Recreation Commission Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and private donations	\$ 9,573	\$ 9,573	\$ -	\$ 9,573
Investment earnings	<u>3,636</u>	<u>3,525</u>	<u>31</u>	<u>3,556</u>
Total revenues	<u>13,209</u>	<u>13,098</u>	<u>31</u>	<u>13,129</u>
Expenditures:				
Culture and Recreation:				
Special Projects	<u>13,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>13,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 13,098</u>	31	<u>\$ 13,129</u>
Fund balance, July 1			<u>13,098</u>	
Fund balance, June 30			<u>\$ 13,129</u>	

Cabarrus County, North Carolina
Cannon Memorial Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2010

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and donations	\$ 711,050	\$ 709,913	\$ 1,134	\$ 711,047
Investment earnings	<u>196,545</u>	<u>194,593</u>	<u>1,773</u>	<u>196,366</u>
Total revenues	<u>907,595</u>	<u>904,506</u>	<u>2,907</u>	<u>907,413</u>
Expenditures:				
Cultural and Recreation:				
Special Projects	<u>732,598</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Total expenditures	<u>732,598</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Excess (deficiency) of revenues over (under) expenditures	174,997	900,921	2,907	903,828
Other Financing Sources (Uses):				
Transfer (out)-General Fund	<u>(174,997)</u>	<u>(150,097)</u>	<u>(50,000)</u>	<u>(200,097)</u>
Total other financing sources (uses)	<u>(174,997)</u>	<u>(150,097)</u>	<u>(50,000)</u>	<u>(200,097)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 750,824</u>	(47,093)	<u>\$ 703,731</u>
Fund balance, July 1			<u>750,824</u>	
Fund balance, June 30			<u>\$ 703,731</u>	

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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental - State:				
Public School Funds	\$ 2,897,042	\$ -	\$ 2,897,042	\$ 2,897,042
Lottery Proceeds	4,459,751	1,186,510	3,142,803	4,329,313
Lottery Proceeds - Rowan County	110,000	-	110,000	110,000
Total revenues	<u>7,466,793</u>	<u>1,186,510</u>	<u>6,149,845</u>	<u>7,336,355</u>
Expenditures:				
Capital outlay - education:				
Cabarrus County Schools	620,619	620,619	-	620,619
Kannapolis City Schools	104,149	80,715	17,936	98,651
Rowan County	110,000	-	110,000	110,000
Total expenditures	<u>834,768</u>	<u>701,334</u>	<u>127,936</u>	<u>829,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,632,025</u>	<u>485,176</u>	<u>6,021,909</u>	<u>6,507,085</u>
Other financing sources (uses):				
Transfer in - General Fund	724,768	724,768	-	724,768
Transfer (out) - Capital Projects Fund	(7,356,793)	(1,186,510)	(6,039,845)	(7,226,355)
Total other financing sources (uses)	<u>(6,632,025)</u>	<u>(461,742)</u>	<u>(6,039,845)</u>	<u>(6,501,587)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 23,434</u>	<u>(17,936)</u>	<u>\$ 5,498</u>
Fund balance, July 1			<u>23,434</u>	
Fund balance, June 30			<u>\$ 5,498</u>	

Cabarrus County, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Donations				
Local government	\$ 450,000	\$ 450,000	\$ -	\$ 450,000
Intergovernmental	600,000	600,000	-	600,000
Private	301,500	302,722	-	302,722
Total revenues	1,351,500	1,352,722	-	1,352,722
Expenditures:				
Improvements:				
Parks	3,738,378	3,716,020	22,240	3,738,260
Emergency Management	250,386	175,366	21,935	197,301
Capital outlay:				
Land and land improvements				
Parks	6,924,267	5,229,026	-	5,229,026
Building and building improvements				
Parks	353,269	328,906	24,363	353,269
Equipment and furniture:				
Parks	82,015	82,015	-	82,015
Emergency Management	529,004	344,260	-	344,260
Construction in progress				
Parks	2,238,943	1,972,057	266,886	2,238,943
Emergency Management	2,118,982	1,596,096	522,886	2,118,982
Total expenditures	16,235,244	13,443,746	858,310	14,302,056
Excess (deficiency) of revenues over (under) expenditures	(14,883,744)	(12,091,024)	(858,310)	(12,949,334)
Other financing sources (uses):				
Lease Financing issued	3,421,394	3,421,394	-	3,421,394
Transfer in - General Fund	6,280,252	6,280,252	-	6,280,252
Transfer in - Capital Reserve Fund	5,182,536	5,182,535		5,182,535
Transfer (out) - Capital Reserve Fund	(438)	-	(438)	(438)
Total other financing sources	14,883,744	14,884,181	(438)	14,883,743
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 2,793,157	(858,748)	\$ 1,934,409
Fund balance, July 1			2,793,157	
Fund balance, June 30			\$ 1,934,409	

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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures:				
General Government				
Governmental Office Complex	4,500,000	120,048	124,829	244,877
Total expenditures	4,500,000	120,048	124,829	244,877
Excess (deficiency) of revenues over (under) expenditures	(4,500,000)	(120,048)	(124,829)	(244,877)
Other financing sources (uses):				
Transfer in - Capital Reserve Fund	4,500,000	4,500,000	-	4,500,000
Total other financing sources (uses)	4,500,000	4,500,000	-	4,500,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 4,379,952	(124,829)	\$ 4,255,123
Fund balance, July 1			4,379,952	
Fund balance, June 30			\$ 4,255,123	

Cabarrus County, North Carolina
\$98 Million School Bond Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Sales tax refund	\$ 719	\$ 719	\$ -	\$ 719
Investment earnings	3,675,861	3,675,861	-	3,675,861
Total revenues	3,676,580	3,676,580	-	3,676,580
Expenditures:				
Capital outlay - education				
Systemwide Legal & Technology	294,463	145,501	148,962	294,463
Concord High Addition	2,433,788	2,351,460	82,328	2,433,788
Northwest High Addition	3,625,022	3,595,652	29,370	3,625,022
AT Allen Elementary Renovations	952,984	902,984	50,000	952,984
Hickory Ridge High	40,413,626	40,296,799	116,827	40,413,626
W.R. Odell Elementary	13,855,160	13,807,126	48,034	13,855,160
Charles E. Boger Elementary	14,538,537	14,499,293	39,244	14,538,537
Carl A. Furr Elementary	15,386,570	15,345,374	41,196	15,386,570
Forest Park Elementary Addition	700,785	700,785	-	700,785
Kannapolis Intermediate Renovations	281,909	281,909	-	281,909
Shady Brook Elementary Addition	6,958,343	6,958,343	-	6,958,343
A L Brown High Renovations	3,205,381	3,205,381	-	3,205,381
A L Brown Auditorium Renovations	893,134	893,134	-	893,134
Kannapolis Central Office Addition	1,274,153	1,274,153	-	1,274,153
RCCC Building 3000	3,385,099	3,385,099	-	3,385,099
Total expenditures	108,198,954	107,642,993	555,961	108,198,954
Excess (deficiency) of revenues over (under) expenditures	(104,522,374)	(103,966,413)	(555,961)	(104,522,374)
Other financing sources (uses) :				
Issuance of debt-General Obligation Bonds	98,366,000	98,366,000	-	98,366,000
Premium on issuance of General Obligation Bonds	562,851	562,851	-	562,851
Transfer in-Capital Projects Fund	3,599,952	3,599,952	-	3,599,952
Transfer in-Special Revenue Fund	1,224,237	1,224,237	-	1,224,237
Transfer in-Capital Reserve Fund	125,802	125,802	-	125,802
Transfer in-General Fund	2,881,083	2,881,083	-	2,881,083
Transfer (out)-General Fund	(867,795)	(845,000)	(22,795)	(867,795)
Transfer (out)-Capital Reserve Fund	(280,043)	-	(280,043)	(280,043)
Transfer (out)-Capital Projects Fund	(1,089,713)	(1,089,713)	-	(1,089,713)
Total other financing sources (uses)	104,522,374	104,825,212	(302,838)	104,522,374
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 858,799	(858,799)	\$ -
Fund balance, July 1			858,799	
Fund balance, June 30			\$ -	

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, 2010

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 920,143	\$ 914,524	\$ 8,996	\$ 923,520
Total revenues	920,143	914,524	8,996	923,520
Expenditures:				
Cost of Debt Issuance	1,159,875	1,159,875	-	1,159,875
Capital outlay - education				
AT Allen Elementary Renovations	484,299	329,774	154,525	484,299
Cox Mill High	44,504,952	40,329,992	4,111,969	44,441,961
Bus Garage	8,566,521	7,509,708	1,056,813	8,566,521
Hickory Ridge Middle	4,016,850	3,486,510	399,902	3,886,412
Patriots Elementary	468,965	322,319	146,429	468,748
Northwest Elementary	3,500	-	3,500	3,500
Mt Pleasant Middle	-	-	-	-
A L Brown High Addition	973,143	747,025	108,864	855,889
New Kannapols School	2,883,828	2,883,828	-	2,883,828
Total Capital outlay	61,902,058	55,609,156	5,982,002	61,591,158
Total expenditures	63,061,933	56,769,031	5,982,002	62,751,033
Excess (deficiency) of revenues over (under) expenditures	(62,141,790)	(55,854,507)	(5,973,006)	(61,827,513)
Other financing sources (uses):				
Issuance of debt - Installment Financing	7,305,000	7,305,000	-	7,305,000
Issuance of debt - Certificates of Participation	65,665,000	65,665,000	-	65,665,000
Premium on issuance of Certificates of Participation	2,596,482	2,596,482	-	2,596,482
Transfer in - General Fund	3,518,638	3,518,638	-	3,518,638
Transfer in - Capital Projects Fund	3,471,563	2,941,223	399,902	3,341,125
Transfer in - Special Revenue Fund	1,000,000	1,000,000	-	1,000,000
Transfer in - Capital Reserve Fund	7,246,362	7,246,362	-	7,246,362
Transfer (out) - General Fund	(1,473,456)	(2,241)	(973,217)	(975,458)
Transfer (out) - Capital Reserve Fund	(223,189)	-	(223,189)	(223,189)
Transfer (out) - Special Revenue Fund	(700,764)	-	(700,764)	(700,764)
Disbursement for Refunding Installment Financing	(7,305,000)	(7,305,000)	-	(7,305,000)
Disbursement to escrow agent	(18,958,846)	(18,958,846)	-	(18,958,846)
Total other financing sources (uses)	62,141,790	64,006,618	(1,497,268)	62,509,350
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,152,111	(7,470,274)	\$ 681,837
Fund balance, July 1			8,152,111	
Fund balance, June 30			\$ 681,837	

Cabarrus County, North Carolina
 2009 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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 1,888	\$ -	\$ 1,888
Total revenues	-	1,888	-	1,888
Expenditures:				
Education - Legal	177,553	177,422	131	177,553
Capital outlay - education				
AT Allen Elementary	977,685	974,932	2,753	977,685
Charles E. Boger Elementary Addition	1,748,683	2,731	1,337,746	1,340,477
Carl A. Furr Elementary Addition	1,750,776	1,022,089	728,687	1,750,776
Hickory Ridge Middle	478,427	475,821	2,606	478,427
Patriots Elementary	1,845,888	1,842,474	3,414	1,845,888
Mt. Pleasant Middle	53,685	53,685	-	53,685
Harold E. Winkler Middle	2,857,680	2,806,064	51,616	2,857,680
Total Capital outlay	9,712,824	7,177,796	2,126,822	9,304,618
Total expenditures	9,890,377	7,355,218	2,126,953	9,482,171
Excess (deficiency) of revenues over (under) expenditures	(9,890,377)	(7,353,330)	(2,126,953)	(9,480,283)
Other financing sources (uses):				
Transfer in - Capital Reserve Fund	10,090,377	7,555,218	2,535,159	10,090,377
Transfer (out) - Capital Project Fund	(200,000)	(200,000)	-	(200,000)
Total other financing sources (uses)	9,890,377	7,355,218	2,535,159	9,890,377
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,888	408,206	\$ 410,094
Fund balance, July 1			1,888	
Fund balance, June 30			\$ 410,094	

Cabarrus County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2010

Schedule 21

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Department of Social Services</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 152,000	\$ 693,026	\$ 700,584	\$ 144,442
<u>Liabilities:</u>				
Accounts payable	12,127	689,810	701,937	-
Due to program participants	139,873	690,430	685,861	144,442
Total	<u>\$ 152,000</u>	<u>\$ 1,380,240</u>	<u>\$ 1,387,798</u>	<u>\$ 144,442</u>
<u>Work Over Welfare</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 1,080	\$ 1,481	\$ 722	\$ 1,839
<u>Liabilities:</u>				
Accounts payable	438	-	438	-
Due to program participants	642	1,481	284	1,839
Total	<u>\$ 1,080</u>	<u>\$ 1,481</u>	<u>\$ 722</u>	<u>\$ 1,839</u>
<u>Charitable Campaign</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 26,105	\$ 69,880	\$ 66,236	\$ 29,749
Accounts receivable	-	2,158	-	2,159
Total	<u>\$ 26,105</u>	<u>\$ 72,038</u>	<u>\$ 66,236</u>	<u>\$ 31,908</u>
<u>Liabilities:</u>				
Accounts payable	25,624	38,663	64,287	-
Due to program participants	481	68,068	36,641	31,908
Total	<u>\$ 26,105</u>	<u>\$ 106,731</u>	<u>\$ 100,928</u>	<u>\$ 31,908</u>
<u>Undistributed Taxes</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 582,560	\$ 160,049,166	\$ 160,038,800	\$ 592,926
<u>Liabilities:</u>				
Accounts payable	-	20,862,718	20,862,718	-
Intergovernmental payable - Municipalities	582,560	189,303,500	189,293,134	592,926
Total	<u>\$ 582,560</u>	<u>\$ 210,166,218</u>	<u>\$ 210,155,852</u>	<u>\$ 592,926</u>
<u>Fines & Forfeitures</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 170,419	\$ 1,877,692	\$ 1,919,516	\$ 128,595
Accounts receivable	4,831	8,879	4,831	8,879
Total	<u>\$ 175,250</u>	<u>\$ 1,886,571</u>	<u>\$ 1,924,347</u>	<u>\$ 137,474</u>
<u>Liabilities:</u>				
Accounts payable	2,839	1,937,492	1,940,331	-
Due to other organizations - Sheriff's Office	-	324,402	324,402	-
Due to Schools - Fines & Forfeitures	163,997	1,772,035	1,807,349	128,683
Intergovernmental payable - State of North Carolina	8,414	110,650	110,273	8,791
Total	<u>\$ 175,250</u>	<u>\$ 4,144,579</u>	<u>\$ 4,182,355</u>	<u>\$ 137,474</u>
<u>Jail Commissary</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 18,838	\$ 299,864	\$ 265,501	\$ 53,201
<u>Liabilities:</u>				
Accounts payable	16,648	355	17,003	-
Due to jail inmates	2,190	299,864	248,853	53,201
Total	<u>\$ 18,838</u>	<u>\$ 300,219</u>	<u>\$ 265,856</u>	<u>\$ 53,201</u>
<u>Total All Agency Funds</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 951,002	\$ 162,991,109	\$ 162,991,359	\$ 950,752
Accounts receivable	4,831	11,037	4,831	11,038
Total	<u>955,833</u>	<u>163,002,146</u>	<u>162,996,190</u>	<u>961,790</u>
<u>Liabilities:</u>				
Accounts payable	41,028	23,528,683	23,569,711	-
Due to jail inmates	18,838	300,219	265,856	53,201
Due to municipalities	582,560	189,303,500	189,293,134	592,926
Due to other organizations	-	324,402	324,402	-
Due to program participants	140,996	759,979	722,786	178,189
Due to schools	163,997	1,772,035	1,807,349	128,683
Due to State of North Carolina	8,414	110,650	110,273	8,791
Total	<u>\$ 955,833</u>	<u>\$ 216,099,468</u>	<u>\$ 216,093,511</u>	<u>\$ 961,790</u>

Cabarrus County, North Carolina
Combining Statement of Net Assets
Private Purpose Trust Funds
June 30, 2010

	Kevin Pugh Fund	Foster Care Scholarship Fund	Total
	<hr/>	<hr/>	<hr/>
<u>Assets</u>			
Cash and cash equivalents	\$ 17,496	\$ 2,429	\$ 19,925
Interest receivable	-	1	1
	<hr/>	<hr/>	<hr/>
Total assets	17,496	2,430	19,926
	<hr/>	<hr/>	<hr/>
<u>Net Assets</u>			
Assets held in trust for other purposes	17,496	2,430	19,926
	<hr/>	<hr/>	<hr/>
Total net assets	\$ 17,496	\$ 2,430	\$ 19,926
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cabarrus County, North Carolina
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2010

	<u>Kevin Pugh Fund</u>	<u>Foster Care Scholarship Fund</u>	<u>Total</u>
Additions:			
Investment earnings	<u>\$ 33</u>	<u>\$ 5</u>	<u>\$ 38</u>
Total additions	<u>33</u>	<u>5</u>	<u>38</u>
Deductions:			
Awards	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	33	5	38
Net assets, July 1	<u>17,463</u>	<u>2,425</u>	<u>19,888</u>
Net assets, June 30	<u><u>\$ 17,496</u></u>	<u><u>\$ 2,430</u></u>	<u><u>\$ 19,926</u></u>



Internal Service Funds

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Net Assets
June 30, 2010

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 2,000,638	\$ 4,265,270	\$ 6,265,908
Accounts receivable	-	4,074	4,074
Interest receivable	1,135	2,694	3,829
Prepaid rent	-	2,629	2,629
	<hr/>	<hr/>	<hr/>
Total assets	2,001,773	4,274,667	6,276,440
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Liabilities:			
Current liabilities:			
Accounts payable	801,466	204,114	1,005,580
Long-Term liabilities:			
Amounts payable for future claims	-	1,050,389	1,050,389
	<hr/>	<hr/>	<hr/>
Total liabilities	801,466	1,254,503	2,055,969
	<hr/>	<hr/>	<hr/>
<u>Net assets</u>			
Unrestricted	1,200,307	3,020,164	4,220,471
	<hr/>	<hr/>	<hr/>
Total Net Assets	<u><u>\$ 1,200,307</u></u>	<u><u>\$ 3,020,164</u></u>	<u><u>\$ 4,220,471</u></u>

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets
For the Year Ended June 30, 2010

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Operating revenues:			
Insurance premiums	\$ -	\$ 7,621,823	\$ 7,621,823
Insurance refunds	-	140,882	140,882
	<hr/>	<hr/>	<hr/>
Total operating revenues	-	7,762,705	7,762,705
	<hr/>	<hr/>	<hr/>
Operating expenses:			
General and administrative	116,253	1,283,881	1,400,134
Claims	773,864	6,535,995	7,309,859
	<hr/>	<hr/>	<hr/>
Total operating expenses	890,117	7,819,876	8,709,993
	<hr/>	<hr/>	<hr/>
Operating (loss)	(890,117)	(57,171)	(947,288)
	<hr/>	<hr/>	<hr/>
Nonoperating revenues:			
Investment earnings	3,726	8,732	12,458
	<hr/>	<hr/>	<hr/>
Loss before transfers	(886,391)	(48,439)	(934,830)
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers in - General Fund	1,000,000	1,000,000	2,000,000
	<hr/>	<hr/>	<hr/>
Change in net assets	113,609	951,561	1,065,170
	<hr/>	<hr/>	<hr/>
Net assets, July 1	1,086,698	2,068,603	3,155,301
	<hr/>	<hr/>	<hr/>
Net assets, June 30	<u>\$ 1,200,307</u>	<u>\$ 3,020,164</u>	<u>\$ 4,220,471</u>

Cabarrus County, North Carolina
Workers Compensation Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2010

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Insurance premiums	\$ 572,000	\$ -	\$ (572,000)
Total operating revenues	<u>572,000</u>	<u>-</u>	<u>(572,000)</u>
Operating expenses:			
General and administrative	1,086,000	116,253	969,747
Claims	<u>488,500</u>	<u>773,864</u>	<u>(285,364)</u>
Total operating expenses	<u>1,574,500</u>	<u>890,117</u>	<u>684,383</u>
Operating (loss)	<u>(1,002,500)</u>	<u>(890,117)</u>	<u>112,383</u>
Nonoperating revenues:			
Investment earnings	<u>2,500</u>	<u>3,726</u>	<u>1,226</u>
Loss before other financing sources	(1,000,000)	(886,391)	113,609
Other financing sources:			
Transfers in - General Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>113,609</u>	<u>\$ 113,609</u>
Change in net assets		<u>\$ 113,609</u>	

Cabarrus County, North Carolina
Self Insured Hospitalization Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2010

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating revenues:			
Insurance premiums	\$ 7,157,333	\$ 7,621,823	\$ 464,490
Insurance refunds	140,882	140,882	-
	<u>7,298,215</u>	<u>7,762,705</u>	<u>464,490</u>
Total operating revenues			
Operating expenses:			
General and administrative	6,964,199	1,283,881	5,680,318
Claims	1,340,016	6,535,995	(5,195,979)
	<u>8,304,215</u>	<u>7,819,876</u>	<u>484,339</u>
Total operating expenses			
Operating (loss)	<u>(1,006,000)</u>	<u>(57,171)</u>	<u>948,829</u>
Nonoperating revenues:			
Investment earnings	6,000	8,732	2,732
	<u>6,000</u>	<u>8,732</u>	<u>2,732</u>
Loss before other financing sources	(1,000,000)	(48,439)	951,561
Other financing sources:			
Transfers in - General Fund	1,000,000	1,000,000	-
	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>951,561</u>	<u>\$ 951,561</u>
Change in net assets		<u>\$ 951,561</u>	

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2010

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Cash flows from operating activities:			
Cash received from departments	\$ -	\$ 7,758,708	\$ 7,758,708
Cash paid to suppliers for goods and services	(396,283)	(7,619,981)	(8,016,264)
Net cash provided by operating activities	(396,283)	138,727	(257,556)
Cash flows from non-capital financing activities:			
Transfers from other funds			
Net cash provided by non-capital financing activities	1,000,000	1,000,000	2,000,000
Cash flows from investing activities:			
Interest received on investments	2,591	6,038	8,629
Net cash provided by investing activities	2,591	6,038	8,629
Net increase (decrease) in cash and cash equivalents	606,308	1,144,765	1,751,073
Cash and cash equivalents - July 1	1,394,330	3,120,505	4,514,835
Cash and cash equivalents - June 30	<u>\$ 2,000,638</u>	<u>\$ 4,265,270</u>	<u>\$ 6,265,908</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating (loss)	\$ (890,117)	\$ (57,171)	\$ (947,288)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable and prepaid rent	-	(3,997)	(3,997)
Increase in accounts payable and accrued liabilities	493,834	199,895	693,729
Total adjustments	493,834	195,898	689,732
Net cash provided (used) by operating activities	<u>\$ (396,283)</u>	<u>\$ 138,727</u>	<u>\$ (257,556)</u>



Other Schedules

Cabarrus County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2010

Fiscal Year Ended June 30	Uncollected Balance June 30, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2010	\$ -	\$ 135,231,408	\$ 131,784,146	\$ 3,447,262
2009	2,574,969	-	1,786,592	788,377
2008	390,153	-	101,335	288,818
2007	283,351	-	34,670	248,681
2006	256,779	-	133,395	123,384
2005	95,185	-	12,854	82,331
2004	97,261	-	5,276	91,985
2003	169,588	-	2,722	166,866
2002	70,187	-	3,138	67,049
2001	53,533	-	1,782	51,751
2000	58,989	-	58,989	-
	<u>\$ 4,049,995</u>	<u>\$ 135,231,408</u>	<u>\$ 133,924,899</u>	<u>\$ 5,356,504</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(1,993,972)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 3,362,532</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 133,384,627
Penalties collected on ad valorem taxes - Agency Fund				221,200
Reconciling items:				
Taxes written off				172,151
Abatements				156,673
Collections of taxes over 10 years old				(9,752)
Total reconciling items				<u>319,072</u>
Total collections and credits				<u>\$ 133,924,899</u>

Cabarrus County, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2010

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 20,917,808,884	0.63	\$131,779,953	\$126,574,988	\$5,204,965
Motor vehicles taxed at prior year's rate	518,373,513	0.63	3,265,450	-	3,265,450
Penalties	-		429,017	429,017	-
Total	21,436,182,397		135,474,420	127,004,005	8,470,415
Discoveries					
Current year taxes					
Current year's rate	57,313,098	0.63	361,037	320,121	40,916
Prior year's rate	4,917,933		30,816	-	30,816
Prior year taxes	-		616,756	616,756	-
Penalties	-		97,338	97,338	-
Total	62,231,031		1,105,947	1,034,215	71,732
Abatements					
Current year's rate	(158,446,669)		(995,463)	(922,060)	(73,403)
Prior year's rate	(10,278,622)		(64,755)	-	(64,755)
Penalties	-		(288,741)	(288,741)	-
Total	(168,725,291)		(1,348,959)	(1,210,801)	(138,158)
Total property valuation	\$ 21,329,688,137				
Net levy			135,231,408	126,827,419	8,403,989
Uncollected taxes at June 30, 2010 (Schedule 29)			3,447,262	2,555,102	892,160
Current year's taxes collected (Schedule 29)			\$ 131,784,146	\$ 124,272,317	\$ 7,511,829
Current year collection percentage			97.45%	97.99%	89.38%

Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2010

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 18,048,592,567
Personal Property	3,003,442,173
Public Service Companies ²	<u>277,653,397</u>

Total Assessed Valuation	<u><u>\$ 21,329,688,137</u></u>
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Tax Rate per \$100	0.63
Levy ³	\$ 135,231,408

In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30, 2010:

Fire Protection Districts ⁴	\$ 2,407,305
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¹ Percentage of appraised value has been established by statute

² Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission

³ The levy includes penalties

⁴ Excludes motor vehicle taxes

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Taxes - Current	\$ 129,942,434	\$ 131,568,336	\$ 1,625,902
Taxes - Delinquent	1,496,600	1,816,291	319,691
Interest	355,400	605,408	250,008
Total	<u>131,794,434</u>	<u>133,990,035</u>	<u>2,195,601</u>
Local Option Sales Taxes:			
Sales tax - one cent	12,945,035	13,365,322	420,287
Sales tax - half cent (40)	6,070,257	6,315,400	245,143
Sales tax - half cent (42)	6,881,769	7,283,216	401,447
Sales tax - half cent (44)	1,071,034	945,415	(125,619)
Sales tax fire districts	668,174	552,284	(115,890)
Total	<u>27,636,269</u>	<u>28,461,637</u>	<u>825,368</u>
Other Taxes:			
Franchise fees	450,000	559,845	109,845
Gross receipts tax	110,000	99,485	(10,515)
Heavy equipment tax	20,000	9,891	(10,109)
Total	<u>580,000</u>	<u>669,221</u>	<u>89,221</u>
Intergovernmental Revenues:			
Federal and state grants	20,121,191	21,025,263	904,072
Court facilities fees	450,000	392,827	(57,173)
ABC profit distribution	65,000	66,789	1,789
Other intergovernmental	29,000	28,501	(499)
Total	<u>20,665,191</u>	<u>21,513,380</u>	<u>848,189</u>
Permits and Fees:			
Inspection fees	860,000	1,645,522	785,522
Register of deeds	1,114,920	1,363,578	248,658
Other permits	128,942	157,556	28,614
Total	<u>2,103,862</u>	<u>3,166,656</u>	<u>1,062,794</u>
Sales and Services:			
Rental fees	74,743	39,722	(35,021)
Ambulance fees	3,475,000	4,057,460	582,460
Jail fees	289,000	368,794	79,794
Library fees	109,000	113,495	4,495
Recreation fees	252,650	283,882	31,232
Social services	3,207,465	2,480,218	(727,247)
Tax collection fees	459,000	471,424	12,424
Other sales and services	2,858,706	2,785,607	(73,099)
Total	<u>10,725,564</u>	<u>10,600,602</u>	<u>(124,962)</u>
Investment Earnings:			
Interest on investments	175,000	211,318	36,318
Total	<u>175,000</u>	<u>211,318</u>	<u>36,318</u>

Cabarrus County, North Carolina
General Fund
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Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous:			
Private contributions and donations	182,809	353,427	170,618
Sale of materials and capital assets	30,000	66,516	36,516
Other	31,823	31,823	-
Total	<u>244,632</u>	<u>451,766</u>	<u>207,134</u>
Total revenues	<u>193,924,952</u>	<u>199,064,615</u>	<u>5,139,663</u>
Expenditures:			
General Government			
Board of Commissioners			
Personal services	216,172	213,662	2,510
Operations	139,710	114,662	25,048
Total	<u>355,882</u>	<u>328,324</u>	<u>27,558</u>
Legal Department			
Personal services	269,989	262,006	7,983
Operations	565,396	559,815	5,581
Total	<u>835,385</u>	<u>821,821</u>	<u>13,564</u>
County Manager			
Personal services	547,994	544,962	3,032
Operations	34,266	27,569	6,697
Total	<u>582,260</u>	<u>572,531</u>	<u>9,729</u>
Communications & Outreach			
Personal services	313,403	307,170	6,233
Operations	102,841	82,785	20,056
Capital outlay	29,331	28,839	492
Total	<u>445,575</u>	<u>418,794</u>	<u>26,781</u>
Risk Management			
Personal services	154,132	152,746	1,386
Operations	68,249	55,395	12,854
Total	<u>222,381</u>	<u>208,141</u>	<u>14,240</u>
Human Resources			
Personal services	386,273	384,030	2,243
Operations	143,765	100,747	43,018
Total	<u>530,038</u>	<u>484,777</u>	<u>45,261</u>
Tax Collector			
Personal services	512,660	511,221	1,439
Operations	432,720	335,036	97,684
Total	<u>945,380</u>	<u>846,257</u>	<u>99,123</u>
Tax Administration			
Personal services	1,885,283	1,851,023	34,260
Operations	345,827	211,158	134,669
Total	<u>2,231,110</u>	<u>2,062,181</u>	<u>168,929</u>

Cabarrus County, North Carolina
General Fund
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For the year ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Board of Elections			
Personal services	548,100	449,550	98,550
Operations	359,237	196,991	162,246
Total	<u>907,337</u>	<u>646,541</u>	<u>260,796</u>
Register of Deeds			
Personal services	514,192	509,801	4,391
Operations	128,848	116,716	12,132
Total	<u>643,040</u>	<u>626,517</u>	<u>16,523</u>
Finance			
Personal services	802,956	786,051	16,905
Operations	136,227	129,049	7,178
Total	<u>939,183</u>	<u>915,100</u>	<u>24,083</u>
Information Technology Services			
Personal services	2,089,511	2,046,888	42,623
Operations	1,356,482	1,225,836	130,646
Capital outlay	14,365	18,565	(4,200)
Total	<u>3,460,358</u>	<u>3,291,289</u>	<u>169,069</u>
Capital Improvement Projects			
Operations	231,624	98,146	133,478
Capital outlay	1,946,887	1,654,162	292,725
Total	<u>2,178,511</u>	<u>1,752,308</u>	<u>426,203</u>
Grounds Maintenance			
Personal services	392,945	392,918	27
Operations	814,965	584,134	230,831
Capital outlay	43,753	37,970	5,783
Total	<u>1,251,663</u>	<u>1,015,022</u>	<u>236,641</u>
General Services Administration			
Personal services	361,014	356,831	4,183
Operations	955,899	983,321	(27,422)
Total	<u>1,316,913</u>	<u>1,340,152</u>	<u>(23,239)</u>
Street Sign Maintenance			
Personal services	108,864	107,755	1,109
Operations	61,928	59,831	2,097
Total	<u>170,792</u>	<u>167,586</u>	<u>3,206</u>
Building Maintenance			
Personal services	754,441	726,167	28,274
Operations	2,027,962	1,647,036	380,926
Capital outlay	11,000	10,791	209
Total	<u>2,793,403</u>	<u>2,383,994</u>	<u>409,409</u>
Facility Services			
Personal services	1,074,041	1,046,566	27,475
Operations	203,912	155,890	48,022
Total	<u>1,277,953</u>	<u>1,202,456</u>	<u>75,497</u>

Cabarrus County, North Carolina
General Fund
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Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Fleet Maintenance			
Personal services	313,360	312,915	445
Operations	42,101	22,964	19,137
Capital outlay	350,350	350,319	31
Total	<u>705,811</u>	<u>686,198</u>	<u>19,613</u>
Other General Government			
Salary Adjustments	8,869	-	8,869
Other benefits	676,712	676,712	-
Insurance settlements	50,000	-	50,000
Unemployment compensation	56,500	44,274	12,226
Contingency	589,649	-	589,649
Contribution to Pension Trust Fund	353,811	353,811	-
APFO reimbursement	51,702	4,032	47,670
Total	<u>1,787,243</u>	<u>1,078,829</u>	<u>708,414</u>
Total General Government	<u>23,580,218</u>	<u>20,848,818</u>	<u>2,731,400</u>
Public Safety			
County Sheriff			
Personal services	8,404,202	8,268,197	136,005
Operations	1,671,041	1,599,089	71,952
Capital outlay	415,729	344,168	71,561
Total	<u>10,490,972</u>	<u>10,211,454</u>	<u>279,518</u>
Jail			
Personal services	4,292,942	4,232,060	60,882
Operations	1,959,775	1,913,046	46,729
Total	<u>6,252,717</u>	<u>6,145,106</u>	<u>107,611</u>
Animal Control			
Personal services	607,819	587,715	20,104
Operations	136,113	107,924	28,189
Total	<u>743,932</u>	<u>695,639</u>	<u>48,293</u>
Courts			
Personal services	28,801	24,667	4,134
Operations	514,276	370,548	143,728
Total	<u>543,077</u>	<u>395,215</u>	<u>147,862</u>
Construction Standards			
Personal services	1,322,913	1,309,870	13,043
Operations	240,415	183,780	56,635
Total	<u>1,563,328</u>	<u>1,493,650</u>	<u>69,678</u>
Emergency Management			
Personal services	430,824	428,920	1,904
Operations	610,322	512,373	97,949
Total	<u>1,041,146</u>	<u>941,293</u>	<u>99,853</u>

Cabarrus County, North Carolina
General Fund
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For the year ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Emergency Medical Services			
Personal services	4,748,199	4,737,765	10,434
Operations	903,138	867,234	35,904
Capital outlay	298,718	298,718	-
First Responder	8,000	8,000	-
Cabarrus Rescue	40,000	40,000	-
Total	<u>5,998,055</u>	<u>5,951,717</u>	<u>46,338</u>
Other Public Safety			
Teen Court Resolve Program	57,515	57,515	-
Criminal Justice Partnership	129,689	49,862	79,827
Medical Examiner	82,000	66,900	15,100
Forester	67,272	67,272	-
DJJDP Gang Assessment	31,590	13,541	18,049
DDJDP Gang Prevention	-	15,612	(15,612)
Genesis	39,000	29,250	9,750
Project Challenge	62,056	62,056	-
Fire District	668,174	552,284	115,890
Total	<u>1,137,296</u>	<u>914,292</u>	<u>223,004</u>
Total Public Safety	<u>27,770,523</u>	<u>26,748,366</u>	<u>1,022,157</u>
Economic and Physical Develop			
Commerce			
Personal services	512,513	492,913	19,600
Operations	278,645	169,201	109,444
Total	<u>791,158</u>	<u>662,114</u>	<u>129,044</u>
Community Development			
Personal services	271,383	269,427	1,956
Operations	436,904	250,134	186,770
Capital outlay	42,695	35,044	7,651
Total	<u>750,982</u>	<u>554,605</u>	<u>196,377</u>
Environmental Protection			
Personal services	192,334	192,334	-
Operations	15,566	15,566	-
Total	<u>207,900</u>	<u>207,900</u>	<u>-</u>
Zoning Administration			
Personal services	190,708	189,503	1,205
Operations	22,705	15,085	7,620
Total	<u>213,413</u>	<u>204,588</u>	<u>8,825</u>
Economic Development Incentive			
Cabarrus Plastics	67,428	44,842	22,586
Connexions	19,000	12,492	6,508
ST Motorsports	71,060	-	71,060
Double O	13,000	12,492	508
Golden Gait	14,000	13,272	728
TIF District	-	-	-
Motor Racing Network	13,000	10,667	2,333
ACN	32,000	-	32,000
Flyright	22,000	16,484	5,516

Cabarrus County, North Carolina
General Fund
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	Final Budget	Actual	Variance Positive (Negative)
PreGel	140,000	134,188	5,812
Shoe Show	62,714	-	62,714
Wind Shear	297,000	207,367	89,633
Oiles America	58,276	30,557	27,719
Hendrick Motorsports	51,000	50,653	347
JHE production group	18,000	16,368	1,632
Bonitz Contracting	20,178	-	20,178
HAAS incentive grant	66,000	60,039	5,961
Sabco Racing incentive grant	135,000	122,992	12,008
Perdue Farms incentive grant	8,000	7,893	107
Stanley Logistics incentive grant	9,220	-	9,220
Total	<u>1,116,876</u>	<u>740,306</u>	<u>376,570</u>
Other Economic and Physical Development			
JHE Production Group (Nextel Cup Race)	20,000	15,000	5,000
Economic Development Corp	425,298	425,298	-
Total	<u>445,298</u>	<u>440,298</u>	<u>5,000</u>
Total Economic and Physical	<u>3,525,627</u>	<u>2,809,811</u>	<u>715,816</u>
Environmental Protection			
Soil & Water Conservation			
Personal services	192,736	191,065	1,671
Operations	58,566	39,309	19,257
Capital outlay	25,000	-	25,000
Total	<u>276,302</u>	<u>230,374</u>	<u>45,928</u>
Total Environmental Protection	<u>276,302</u>	<u>230,374</u>	<u>45,928</u>
Human Services			
Veterans Services			
Personal services	225,419	219,512	5,907
Operations	17,329	13,782	3,547
Total	<u>242,748</u>	<u>233,294</u>	<u>9,454</u>
Transportation			
Personal services	1,297,942	1,199,412	98,530
Operations	1,413,172	954,066	459,106
Capital outlay	172,386	-	172,386
Total	<u>2,883,500</u>	<u>2,153,478</u>	<u>730,022</u>
Cooperative Extension			
Personal services	320,699	306,986	13,713
Operations	74,476	49,142	25,334
Total	<u>395,175</u>	<u>356,128</u>	<u>39,047</u>
4 H Summer Fling			
Personal services	7,921	-	7,921
Operations	8,679	3,249	5,430
Total	<u>16,600</u>	<u>3,249</u>	<u>13,351</u>
DSS - Administration Operations			
Personal services	1,445,806	1,409,959	35,847
Operations	1,345,247	1,187,494	157,753
Capital outlay	517,421	506,524	10,897
Total	<u>3,308,474</u>	<u>3,103,977</u>	<u>204,497</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, 2010

	Final Budget	Actual	Variance Positive (Negative)
DSS - Public Assistance			
Special assistance to adults	1,381,541	1,251,256	130,285
Medicaid assistance	9,431	10,044	(613)
Aid to the blind	14,978	10,030	4,948
Veterinarian services	23,000	23,200	(200)
Total	<u>1,428,950</u>	<u>1,294,530</u>	<u>134,420</u>
DSS - Child Welfare			
Personal services	4,801,776	4,718,024	83,752
Operations	605,260	460,370	144,890
Total	<u>5,407,036</u>	<u>5,178,394</u>	<u>228,642</u>
DSS - Child Support Services			
Personal services	1,238,260	1,221,825	16,435
Operations	68,487	54,221	14,266
Total	<u>1,306,747</u>	<u>1,276,046</u>	<u>30,701</u>
DSS - Economic Services			
Personal services	4,434,074	4,305,454	128,620
Operations	114,651	97,491	17,160
Total	<u>4,548,725</u>	<u>4,402,945</u>	<u>145,780</u>
DSS - CAP Program			
Personal services	2,880,702	2,522,110	358,592
Operations	219,150	244,470	(25,320)
Total	<u>3,099,852</u>	<u>2,766,580</u>	<u>333,272</u>
DSS - Adult and Family Services			
Personal services	2,233,023	2,213,512	19,511
Operations	91,576	84,716	6,860
Total	<u>2,324,599</u>	<u>2,298,228</u>	<u>26,371</u>
DSS - Emergency Assistance			
General assistance	179,450	96,318	83,132
AFDC emergency assistance	410,000	390,170	19,830
TANF domestic violence	26,753	21,089	5,664
Crisis Intervention Program	596,862	532,375	64,487
Total	<u>1,213,065</u>	<u>1,039,952</u>	<u>173,113</u>
DSS - Foster care			
Special needs kids	102,109	9,597	92,512
AFDC child state foster care	1,525,000	880,027	644,973
Adoption assistance	774,400	668,324	106,076
IV-E waiver	65,569	43,815	21,754
Total	<u>2,467,078</u>	<u>1,601,763</u>	<u>865,315</u>
DSS - Child Day care			
Operations (Daycare - children)	6,636,752	7,086,290	(449,538)
Total	<u>6,636,752</u>	<u>7,086,290</u>	<u>(449,538)</u>
DSS - Adult Day care			
Operations (Daycare - adults)	82,158	73,166	8,992
Total	<u>82,158</u>	<u>73,166</u>	<u>8,992</u>

Cabarrus County, North Carolina
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	Final Budget	Actual	Variance Positive (Negative)
Aging - Nutrition Title III			
Personal services	160,252	157,728	2,524
Operations	395,230	304,006	91,224
Total	555,482	461,734	93,748
Aging - Senior Services			
Personal services	1,173,285	1,166,046	7,239
Operations	460,966	303,037	157,929
Total	1,634,251	1,469,083	165,168
Aging - In Home Aide Services			
Personal services	48,800	40,886	7,914
Operations	135,469	141,058	(5,589)
Total	184,269	181,944	2,325
Other Human Services			
Operations	47,982	47,981	1
Public Health Authority	4,048,806	4,048,806	-
Mental Health Center	614,021	614,021	-
DJJDP psychological serv PBHC	25,540	12,768	12,772
Cabarrus Community Care Clinic	100,000	100,000	-
Total	4,836,349	4,823,576	12,773
Total Human Services	42,571,810	39,804,357	2,767,453
Education			
Schools - Current Expense			
Cabarrus County Schools	44,510,431	44,510,431	-
Kannapolis City Schools	6,435,558	6,435,558	-
Rowan Cabarrus Community College	1,798,496	1,798,496	-
Total	52,744,485	52,744,485	-
Schools - Capital Outlay			
Cabarrus County Schools	1,866,850	1,866,807	43
Kannapolis City Schools	50,000	50,000	-
Rowan Cabarrus Community College	165,070	125,765	39,305
Total	2,081,920	2,042,572	39,348
Total Education	54,826,405	54,787,057	39,348
Culture & Recreation			
Park Operations			
Personal services	857,938	816,434	41,504
Operations	448,727	345,881	102,846
Capital outlay	220,652	173,293	47,359
Total	1,527,317	1,335,608	191,709
Kannapolis Library			
Personal services	530,986	527,552	3,434
Operations	173,833	158,000	15,833
Total	704,819	685,552	19,267
Mt Pleasant Library			
Personal services	170,732	169,546	1,186
Operations	64,576	42,134	22,442
Total	235,308	211,680	23,628

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
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For the year ended June 30, 2010

	Final Budget	Actual	Variance Positive (Negative)
Harrisburg Library			
Personal services	297,938	286,347	11,591
Operations	84,236	74,230	10,006
Total	<u>382,174</u>	<u>360,577</u>	<u>21,597</u>
Concord Library			
Personal services	1,232,169	1,197,748	34,421
Operations	366,497	339,243	27,254
Total	<u>1,598,666</u>	<u>1,536,991</u>	<u>61,675</u>
Other Culture and Recreation			
Special Olympics	55,000	55,000	-
Cabarrus Arts Council	25,246	25,246	-
Total	<u>80,246</u>	<u>80,246</u>	<u>-</u>
Total Culture & Recreation	<u>4,528,530</u>	<u>4,210,654</u>	<u>317,876</u>
Debt Service			
Principle:			
Bonds			
Public schools	6,520,284	6,520,284	-
Community college	169,208	169,208	-
County- water and sewer	580,509	580,508	1
Certificates of Participation			
Public schools	8,377,075	8,377,075	-
County buildings	2,687,925	2,687,925	-
Installment Financing			
Community college	622,572	622,571	1
County buildings	1,000,000	1,000,000	-
Lease Financing			
Equipment	110,559	110,558	1
Land	65,412	65,412	-
Total	<u>20,133,544</u>	<u>20,133,541</u>	<u>3</u>
Interest and Fees:			
Bonds	5,232,760	5,232,759	1
Certificates of Participation	12,028,543	12,028,541	2
Installment Financing	573,912	573,911	1
Lease Financing	136,503	136,501	2
Bank service charges	100,000	19,576	80,424
Total	<u>18,071,718</u>	<u>17,991,288</u>	<u>80,430</u>
Total Debt Service	<u>38,205,262</u>	<u>38,124,829</u>	<u>80,433</u>
Total expenditures	<u>195,284,677</u>	<u>187,564,266</u>	<u>7,720,411</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,359,725)</u>	<u>11,500,349</u>	<u>12,860,074</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, 2010

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)			
Transfers in:			
From Emergency Telephone Fund	72,816	72,816	-
From Capital Reserve Fund	1,576,350	1,553,355	(22,995)
From Sheriff's Department Fund	16,551	16,551	-
From Cannon Memorial Library Fund	50,000	50,000	-
From Justice Center Const Fund	-	988,139	988,139
From Cert of Participation 2009 Fund	1,818,515	1,818,515	-
From 98M School Bond Fund	-	22,795	22,795
From School Construction Fund	-	973,217	973,217
Total	<u>3,534,232</u>	<u>5,495,388</u>	<u>1,961,156</u>
Transfers (out):			
To Community Dev Grant Fund	(40,000)	(40,000)	-
To Cabarrus Arena & Events Fund	(808,921)	(638,592)	170,329
To Capital Reserve Fund	(2,864,651)	-	2,864,651
To Internal Service Fund	(2,000,000)	(2,000,000)	-
Total	<u>(5,713,572)</u>	<u>(2,678,592)</u>	<u>3,034,980</u>
Fund balance appropriated	<u>3,539,065</u>	<u>-</u>	<u>(3,539,065)</u>
Total other financing sources (uses)	<u>1,359,725</u>	<u>2,816,796</u>	<u>1,457,071</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>14,317,145</u>	<u>\$ 14,317,145</u>
Fund balance, July 1		<u>51,338,793</u>	
Fund balance, June 30		<u>\$ 65,655,938</u>	

Cabarrus County, North Carolina
Justice Center 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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 2,215,833	\$ 2,168,441	\$ 46,423	\$ 2,214,864
Total revenues	<u>2,215,833</u>	<u>2,168,441</u>	<u>46,423</u>	<u>2,214,864</u>
Expenditures:				
Public Safety	127,820	69,674	-	69,674
Arbitrage	131,722	-	131,722	131,722
Capital outlay				
Land	4,252,965	4,252,965	-	4,252,965
Jail Annex	16,341,871	16,341,871	-	16,341,871
Sheriff's Administration Building	37,102,007	37,051,969	50,038	37,102,007
Jail Housing Unit	<u>62,435,451</u>	<u>28,841,947</u>	<u>27,203,007</u>	<u>56,044,954</u>
Total Capital outlay	<u>120,132,294</u>	<u>86,488,752</u>	<u>27,253,045</u>	<u>113,741,797</u>
Total expenditures	<u>120,391,836</u>	<u>86,558,426</u>	<u>27,384,767</u>	<u>113,943,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,176,003)</u>	<u>(84,389,985)</u>	<u>(27,338,344)</u>	<u>(111,728,329)</u>
Other financing sources (uses):				
Issuance of debt-Installment Financing	15,000,000	15,000,000	-	15,000,000
Issuance of debt-Certificates of Participation	92,405,000	92,405,000	-	92,405,000
Premium on issuance of Certificates of Participation	1,280,966	1,280,966	-	1,280,966
Transfer in - Capital Reserve Fund	6,458,772	6,458,772	-	6,458,772
Transfer in - General Fund	6,076,843	6,076,843	-	6,076,843
Transfer (out) - Capital Reserve Fund	(1,649,458)	-	(1,649,458)	(1,649,458)
Transfer (out) - General Fund	<u>(1,396,120)</u>	<u>(407,981)</u>	<u>(988,139)</u>	<u>(1,396,120)</u>
Total other financing sources (uses)	<u>118,176,003</u>	<u>120,813,600</u>	<u>(2,637,597)</u>	<u>118,176,003</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 36,423,615</u>	<u>(29,975,941)</u>	<u>\$ 6,447,674</u>
Fund balance, July 1			<u>36,423,615</u>	
Fund balance, June 30			<u>\$ 6,447,674</u>	

Cabarrus County, North Carolina
Certificates of Participation 2009 Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 111,323	\$ -	\$ 125,654	\$ 125,654
Total revenues	111,323	-	125,654	125,654
Expenditures:				
Cost of Debt Issuance	706,325	-	576,148	576,148
Capital outlay - education				
AT Allen Elementary	14,874,375	-	11,200,128	11,200,128
Hickory Ridge Middle	23,229,103	-	16,279,420	16,279,420
Patriots Elementary	14,150,583	-	10,200,052	10,200,052
Harold E. Winkler Middle	25,589,855	-	14,815,244	14,815,244
A L Brown High Addition/Renovation	10,449,532	-	2,791,345	2,791,345
Total Capital outlay	88,293,448	-	55,286,189	55,286,189
Total expenditures	88,999,773	-	55,862,337	55,862,337
Excess (deficiency) of revenues over (under) expenditures	(88,888,450)	-	(55,736,683)	(55,736,683)
Other financing sources (uses):				
Issuance of debt - Certificates of Participation	85,170,000	-	85,170,000	85,170,000
Premium on issuance of Certificates of Participation	2,292,584	-	2,292,584	2,292,584
Transfer in - Capital Projects Fund	5,639,943	-	5,639,943	5,639,943
Transfer in - Special Revenue Fund	5,115,855	-	5,115,855	5,115,855
Transfer in - Capital Reserve Fund	423,920	-	423,920	423,920
Transfer (out) - General Fund	(9,753,852)	-	(1,818,515)	(1,818,515)
Total other financing sources (uses)	88,888,450	-	96,823,787	96,823,787
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ -	41,087,104	\$ 41,087,104
Fund balance, July 1			-	
Fund balance, June 30			\$ 41,087,104	

Cabarrus County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2010

	2010		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 1,140,000	\$ 861,187	\$ (278,813)
Recycling revenues	65,000	33,407	(31,593)
Overages	-	4	4
Total charges for sales and services	<u>1,205,000</u>	<u>894,598</u>	<u>(310,402)</u>
Other operating revenues:			
Landfill disposal tax	76,000	55,494	(20,506)
Landfill state tax distribution	38,000	37,655	(345)
Recycling grant	-	7,000	7,000
Solid waste franchise fee	25,000	49,036	24,036
Tire disposal fees	158,000	188,399	30,399
White goods disposal tax	55,000	55,074	74
Total other operating revenues	<u>352,000</u>	<u>392,658</u>	<u>40,658</u>
Total operating revenues	<u>1,557,000</u>	<u>1,287,256</u>	<u>(269,744)</u>
Nonoperating revenues:			
Investment earnings	9,500	10,630	1,130
Total nonoperating revenues	<u>9,500</u>	<u>10,630</u>	<u>1,130</u>
Total revenues	<u>1,566,500</u>	<u>1,297,886</u>	<u>(268,614)</u>
Expenditures:			
Landfill Administration:			
Salaries and wages	371,848	370,663	1,185
FICA	22,973	22,082	891
Medicare	5,375	5,165	210
Group hospital insurance	63,612	63,612	-
Retirement	18,188	18,279	(91)
Deferred compensation- 401K	18,595	18,525	70
Insurance and bonds	6,572	6,502	70
Total salaries and benefits	<u>507,163</u>	<u>504,828</u>	<u>2,335</u>
Landfill Operations:			
General and administrative:			
Advertising	4,000	2,641	1,359
Bank service charges	1,500	2,188	(688)
Dues and subscriptions	900	927	(27)
Lights and power	7,200	7,147	53
Office supplies	4,500	2,568	1,932
Postage	800	129	671
Printing and binding	5,000	1,341	3,659
Telephone	7,475	6,062	1,413
Travel	8,000	4,351	3,649
Uniforms	7,100	5,693	1,407
Total general and administrative	<u>46,475</u>	<u>33,047</u>	<u>13,428</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, 2010

	2010		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Other operating expenditures:			
Auto and truck maintenance	22,000	14,170	7,830
Building and ground maintenance	58,000	41,006	16,994
Capital reserve	68,331	-	68,331
Consultants	15,000	858	14,142
Engineers	144,500	10,127	134,373
Equipment rentals	1,500	-	1,500
Fuel	88,000	66,905	21,095
Heavy equipment maintenance	50,000	38,437	11,563
Landfill disposal tax remittance	76,000	55,494	20,506
Minor equipment maintenance	12,500	1,264	11,236
Minor office equipment	22,750	16,262	6,488
Permitting fees	20,000	19,669	331
Purchased service	66,000	63,076	2,924
Recycling program	4,000	6,870	(2,870)
Service contracts	7,281	3,121	4,160
Tire disposal	145,000	111,702	33,298
Tools and minor equipment	7,000	5,565	1,435
Waste disposal charges	3,500	1,987	1,513
White goods expense	5,500	-	5,500
Total other operating expenditures	<u>816,862</u>	<u>456,513</u>	<u>360,349</u>
Capital outlay:			
Building improvements	<u>196,000</u>	<u>215,961</u>	<u>(19,961)</u>
Total capital outlay	<u>196,000</u>	<u>215,961</u>	<u>(19,961)</u>
Total expenditures	<u>1,566,500</u>	<u>1,210,349</u>	<u>356,151</u>
Revenues over (under) expenditures	<u>-</u>	<u>87,537</u>	<u>87,537</u>

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

Reconciling items:

Capital outlay	215,961
Capital contribution	19,143
Depreciation	(360,615)
Closure/postclosure costs	(957,917)
Increase in accrued vacation pay	(1,108)
Increase in other postemployment benefits	(19,355)
Total reconciling items	<u>(1,103,891)</u>

Net income \$ (1,016,354)



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 Assets by Component	Table 1
Changes in Net Assets	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
Legal Debt Margin Information	Table 11

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 12
Principal Employers	Table 13

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 14
Operating Indicators by Functional Area	Table 15
Capital Asset Statistics by Function/Program	Table 16

Table 1

Cabarrus County, North Carolina
Net Assets by Component
First Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities									
Invested in capital assets, net of related debt	\$ 75,399,193	\$ 64,806,360	\$ 68,856,046	\$ 74,031,102	\$ 82,805,711	\$ 59,636,476	\$ 91,564,956	\$ 108,046,560	\$ 108,911,093
Restricted	1,464,722	4,028,057	18,378,252	52,946,050	16,737,437	52,443,535	73,845,715	59,101,722	57,497,847
Unrestricted	(75,338,680)	(70,410,717)	(105,277,167)	(146,958,567)	(123,873,155)	(154,540,784)	(209,510,459)	(215,569,630)	(245,337,483)
Total governmental activities net assets	\$ 1,525,235	\$ (1,576,300)	\$ (18,042,869)	\$ (19,981,415)	\$ (24,330,007)	\$ (42,460,773)	\$ (44,099,789)	\$ (48,421,348)	\$ (78,928,543)
Business-type activities									
Invested in capital assets, net of related debt	\$ 995,835	\$ 1,270,593	\$ 1,190,916	\$ 1,209,699	\$ 1,655,812	\$ 3,502,753	\$ 3,856,424	\$ 4,174,313	\$ 4,048,802
Unrestricted	699,081	545,115	603,687	849,946	2,272,566	1,335,551	957,349	604,100	(286,743)
Total business-type activities net assets	\$ 1,694,916	\$ 1,815,708	\$ 1,794,603	\$ 2,059,645	\$ 3,928,378	\$ 4,838,304	\$ 4,813,773	\$ 4,778,413	\$ 3,762,059
Primary government									
Invested in capital assets, net of related debt	\$ 76,395,028	\$ 66,076,953	\$ 70,046,962	\$ 75,240,801	\$ 84,461,523	\$ 63,139,229	\$ 95,421,380	\$ 112,220,873	\$ 112,959,895
Restricted	1,464,722	4,028,057	18,378,252	52,946,050	16,737,437	65,446,629	73,845,715	59,101,722	57,497,847
Unrestricted	(74,639,599)	(69,865,602)	(104,673,480)	(146,108,621)	(121,600,589)	(166,208,327)	(208,553,110)	(214,965,530)	(245,624,226)
Total primary government net assets	\$ 3,220,151	\$ 239,408	\$ (16,248,266)	\$ (17,921,770)	\$ (20,401,629)	\$ (37,622,469)	\$ (39,286,015)	\$ (43,642,935)	\$ (75,166,484)
Component Unit									
Invested in capital assets, net of related debt	\$ 199,658	\$ 161,734	\$ 949,138	\$ 872,124	\$ 947,632	\$ 844,904	\$ 991,163	\$ 980,806	\$ 1,561,575
Unrestricted	2,637,530	4,655,140	3,786,122	4,300,572	4,624,630	5,083,418	4,726,508	4,267,097	6,469,292
Total component unit net assets	\$ 2,837,188	\$ 4,816,874	\$ 4,735,260	\$ 5,172,696	\$ 5,572,262	\$ 5,928,322	\$ 5,717,671	\$ 5,247,903	\$ 8,030,867

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002.

Cabarrus County, North Carolina
Changes in Net Assets,
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental activities:									
General government	\$ 11,977,990	\$ 12,762,198	\$ 12,564,092	\$ 12,976,891	\$ 13,908,538	\$ 15,788,662	\$ 18,415,916	\$ 19,804,610	\$ 20,931,001
Public safety	15,514,267	16,030,860	19,807,590	20,681,029	23,207,497	24,259,457	27,859,820	29,872,453	31,944,942
Economic and physical development	7,784,034	10,659,585	7,258,534	7,745,150	6,735,574	3,470,790	5,120,325	3,546,315	3,207,792
Environmental protection	205,811	204,931	219,513	192,211	222,730	239,353	273,920	251,712	541,463
Human Services	31,571,895	30,033,872	34,862,597	35,904,657	39,736,884	39,793,446	42,113,299	41,849,320	40,925,089
Education	61,257,808	40,328,224	61,013,168	57,069,508	78,415,888	102,678,574	80,456,701	96,464,947	118,863,929
Cultural and recreation	3,821,715	5,844,119	9,395,261	5,772,746	5,650,717	7,357,984	7,750,422	6,401,250	6,771,004
Interest on long term debt	9,177,011	6,973,760	8,104,861	7,611,271	9,511,646	13,076,279	13,267,793	15,302,702	19,753,394
Total governmental activities	141,310,531	122,837,549	153,245,616	147,953,463	177,389,494	206,666,542	195,258,196	213,493,309	242,338,624
Business-type activities:									
Solid Waste	1,086,844	1,181,335	981,479	783,288	1,279,280	1,223,462	1,746,268	1,733,185	2,333,383
Total primary government expenses	\$ 142,397,375	\$ 124,018,884	\$ 154,227,095	\$ 148,736,751	\$ 178,668,774	\$ 207,890,004	\$ 197,004,464	\$ 215,226,494	\$ 245,272,007
Program Revenues									
Governmental activities									
Charges for services:									
General government	\$ 3,191,525	\$ 3,122,674	\$ 3,281,449	\$ 3,660,427	\$ 4,597,003	\$ 4,442,084	\$ 4,253,175	\$ 2,764,580	\$ 2,450,708
Public safety	4,615,721	5,053,837	6,386,306	6,890,180	9,175,195	9,079,190	9,009,527	7,227,219	8,759,169
Economic and physical development	236,693	430,931	259,266	314,608	310,922	371,374	361,302	142,332	72,730
Environmental protection	-	-	84,002	146,500	221,000	139	1,668	647	593
Human Services	5,303,365	3,317,505	3,994,034	4,746,262	4,039,973	3,719,235	3,627,327	3,501,902	3,400,337
Education	63,500	290,026	159,425	189,341	502,358	1,522,931	2,854,128	793,590	754,640
Cultural and recreation	144,743	-	2,003,983	1,891,717	826,679	929,163	1,013,966	1,036,875	1,004,888
Operating grants and contributions:									
General government	215,032	518,096	271,344	322,081	315,347	773,179	559,742	337,714	274,343
Public safety	809,292	1,298,131	911,270	1,262,641	1,614,568	1,527,390	1,227,341	974,186	1,201,549
Economic and physical development	5,731,955	1,077,441	212,556	85,095	547,291	277,739	186,901	452,379	729,427
Environmental protection	25,551	162,688	26,766	554,584	27,395	45,969	64,835	38,813	31,090
Human Services	61,08,194	11,825,031	14,221,389	15,121,257	15,792,984	15,317,430	17,305,815	18,827,015	19,244,360
Education	321,056	881,391	-	240,000	336,000	185,289	259,232	128,465	-
Cultural and recreation	256,735	1,619,139	367,508	333,393	416,018	464,587	1,356,447	615,998	425,927
Capital grants and contributions:									
General government	-	-	134,073	121,038	133,458	-	-	-	-
Public safety	-	-	-	95,413	136,457	-	298,051	663,564	268,010
Human Services	-	-	-	-	-	-	1,388,593	956,939	6,149,845
Education	-	-	-	-	-	2,648,767	1,388,593	956,939	-
Total governmental activities program revenues	27,023,362	29,596,890	32,313,371	35,974,537	38,392,658	41,303,486	43,768,050	38,462,218	44,767,626
Business-type activities:									
Charges for Services:									
Solid Waste	910,241	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,187,527
Operating grants and contributions:									
Solid Waste	-	-	-	-	-	-	-	-	44,655
Total business-type activities program revenues	910,241	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,232,182
Total primary government program revenues	\$ 27,933,603	\$ 30,747,638	\$ 33,124,414	\$ 36,864,661	\$ 41,860,790	\$ 42,819,499	\$ 45,242,292	\$ 40,027,659	\$ 45,999,808
Net (Expense)/Revenue									
Governmental activities	\$ (114,287,169)	\$ (93,240,659)	\$ (120,932,245)	\$ (111,978,926)	\$ (138,396,836)	\$ (165,363,056)	\$ (151,490,146)	\$ (175,031,091)	\$ (198,70,998)
Business-type activities	(176,603)	(30,587)	(142,891)	107,236	1,588,852	292,551	(272,026)	(167,744)	(1,101,201)
Total primary government net (expense)/revenue	\$ (114,463,772)	\$ (93,271,246)	\$ (121,075,136)	\$ (111,871,690)	\$ (136,807,984)	\$ (165,070,505)	\$ (151,762,172)	\$ (175,198,835)	\$ (199,272,199)

Cabarrus County, North Carolina
**Changes in Net Assets,
Last Nine Fiscal Years**
(accrual basis of accounting)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes	\$ 62,727,240	\$ 65,292,668	\$ 68,549,403	\$ 77,219,366	\$ 95,534,274	\$ 99,451,423	\$ 105,322,403	\$ 134,629,314	\$ 137,488,091
Local option sales tax	19,351,950	19,372,554	26,003,425	27,334,895	30,744,974	36,438,842	37,721,273	31,568,865	28,461,637
Motor Fuel tax	47,686	43,133							
ABC revenues	22,430	74,235	45,333	51,417	58,183	64,956	69,902	241,932	66,789
Gross receipt tax	63,647	61,401	65,827	82,895	93,482	102,456	109,062	99,004	109,376
Occupancy tax	-	845,727	881,194	1,000,379	1,118,527	1,504,586	2,110,664	-	-
Cable franchise fees	449,337	356,284	392,977	-	-	-	-	671,060	559,845
Unrestricted investment earnings	2,367,695	1,444,301	1,229,112	1,952,130	4,381,530	6,481,368	6,672,098	2,657,376	813,582
Restricted investment earnings	864,061	-	-	-	-	-	-	-	-
Donations	1,740,320	1,020,215	7,241,902	2,226,102	1,971,309	3,011,479	135,546	150,663	131,590
Insurance Proceeds	47,836	4,807	2,207	2,651	21,671	-	118,826	-	-
State and local reimbursements	2,431,583	-	2,207	-	-	-	-	-	-
Miscellaneous	677,472	82,995	54,296	170,545	124,294	133,226	33,755	691,317	32,893
Transfers	(250,101)	-	-	-	-	-	-	-	-
Total governmental activities:	<u>\$ 90,541,156</u>	<u>\$ 88,596,320</u>	<u>\$ 104,465,676</u>	<u>\$ 110,040,380</u>	<u>\$ 134,048,244</u>	<u>\$ 147,232,290</u>	<u>\$ 152,283,529</u>	<u>\$ 170,709,531</u>	<u>\$ 167,663,803</u>
Business-type activities:									
White Goods tax	51,231	50,561	51,720	55,792	45,086	62,122	31,096	34,405	55,074
Unrestricted investment earnings	159,794	93,218	69,476	102,014	234,795	271,539	212,399	74,925	10,630
Donations	-	-	590	-	-	-	-	-	-
Miscellaneous	(3,438)	7,600	-	-	-	283,714	4,000	23,054	19,143
Total business-type activities	<u>\$ 207,587</u>	<u>\$ 151,379</u>	<u>\$ 121,786</u>	<u>\$ 157,806</u>	<u>\$ 279,881</u>	<u>\$ 617,375</u>	<u>\$ 247,495</u>	<u>\$ 132,384</u>	<u>\$ 84,847</u>
Total primary government	<u>\$ 90,748,743</u>	<u>\$ 88,749,699</u>	<u>\$ 104,587,462</u>	<u>\$ 110,198,186</u>	<u>\$ 134,328,125</u>	<u>\$ 147,849,665</u>	<u>\$ 152,541,024</u>	<u>\$ 170,841,915</u>	<u>\$ 167,748,650</u>
Change in Net Assets									
Governmental activities	\$ (23,746,013)	\$ (4,642,339)	\$ (16,466,569)	\$ (1,938,546)	\$ (4,348,592)	\$ (18,130,766)	\$ 803,383	\$ (4,321,560)	\$ (30,507,195)
Business-type activities	30,984	120,792	(21,105)	285,042	1,868,733	909,926	(24,531)	(35,360)	(1,016,354)
Total primary government	<u>\$ (23,715,029)</u>	<u>\$ (4,521,547)</u>	<u>\$ (16,487,674)</u>	<u>\$ (1,653,504)</u>	<u>\$ (2,479,859)</u>	<u>\$ (17,220,840)</u>	<u>\$ 778,852</u>	<u>\$ (4,356,920)</u>	<u>\$ (31,523,549)</u>
Component Unit									
Expenses									
Component Unit:									
Cabarrus Health Alliance	\$ 11,945,595	\$ 11,906,631	\$ 12,748,740	\$ 14,046,391	\$ 15,597,483	\$ 16,594,547	\$ 17,838,450	\$ 19,945,407	\$ 17,292,485
Program Revenues									
Component Unit:									
Charges for Services	\$ 5,933,581	\$ 6,965,875	\$ 5,968,698	\$ 7,989,146	\$ 8,922,023	\$ 9,704,379	\$ 9,562,940	\$ 10,182,604	\$ 8,552,866
Operating grants and contributions	5,857,345	6,773,673	6,536,489	6,383,107	6,913,912	7,056,193	7,886,241	9,285,721	8,217,449
Total component unit	<u>\$ 11,790,926</u>	<u>\$ 13,739,548</u>	<u>\$ 12,505,187</u>	<u>\$ 14,372,253</u>	<u>\$ 15,835,935</u>	<u>\$ 16,760,572</u>	<u>\$ 17,449,181</u>	<u>\$ 19,468,325</u>	<u>\$ 16,770,315</u>
Net (Expense)/Revenue									
Component Unit:									
Net (Expense)/Revenue	\$ (154,669)	\$ 1,832,917	\$ (243,553)	\$ 325,862	\$ 238,452	\$ 166,025	\$ (389,269)	\$ (477,082)	\$ (522,170)
Total component unit	<u>\$ (154,669)</u>	<u>\$ 1,832,917</u>	<u>\$ (243,553)</u>	<u>\$ 325,862</u>	<u>\$ 238,452</u>	<u>\$ 166,025</u>	<u>\$ (389,269)</u>	<u>\$ (477,082)</u>	<u>\$ (522,170)</u>
General Revenues and Other Changes in Net Assets									
Component Unit:									
General Revenues									
Local option sales tax	\$ 547	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	50,814	33,497	28,771	59,796	119,917	154,179	127,386	42,147	7,630
Miscellaneous	49,475	40,925	133,160	51,779	41,197	35,656	51,232	79,643	42,616
Total General Revenues	<u>100,836</u>	<u>74,422</u>	<u>161,939</u>	<u>111,575</u>	<u>161,114</u>	<u>190,035</u>	<u>178,618</u>	<u>121,790</u>	<u>50,246</u>
Special Item	-	-	-	-	-	-	-	-	2,859,108
Total component unit activities	<u>\$ 100,836</u>	<u>\$ 74,422</u>	<u>\$ 161,939</u>	<u>\$ 111,575</u>	<u>\$ 161,114</u>	<u>\$ 190,035</u>	<u>\$ 178,618</u>	<u>\$ 121,790</u>	<u>\$ 2,909,354</u>
Change in Net Assets									
Component Unit:									
Changes in Net Assets	\$ (53,833)	\$ 1,907,339	\$ (81,614)	\$ 437,437	\$ 399,566	\$ 355,060	\$ (210,651)	\$ (355,292)	\$ 2,387,184
Total component unit	<u>\$ (53,833)</u>	<u>\$ 1,907,339</u>	<u>\$ (81,614)</u>	<u>\$ 437,437</u>	<u>\$ 399,566</u>	<u>\$ 355,060</u>	<u>\$ (210,651)</u>	<u>\$ (355,292)</u>	<u>\$ 2,387,184</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2002 only, the year GASB Statement 34 was implemented.

Table 3

Cabarrus County, North Carolina
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved for:										
Inventories	\$ 6,143	\$ 2,672	\$ 4,540	\$ 8,306	\$ 10,522	\$ 4,865	\$ 2,847	\$ 4,875	\$ 4,935	\$ 9,046
Prepaid expenditures	-	-	-	-	-	-	-	-	53,735	59,200
State statute	8,280,235	9,465,973	13,224,818	8,023,700	8,164,663	8,878,980	10,378,871	10,983,571	9,803,750	10,809,567
Cooperative Ext 4H Program	-	-	-	-	159,742	133,910	124,019	-	-	-
Wireless 911	-	-	-	-	-	-	-	-	-	-
Insurance Coverage	300,000	300,000	300,000	300,000	300,000	-	-	-	-	-
Total reserved	8,586,378	9,768,645	13,529,358	8,332,006	8,634,927	9,017,755	10,505,737	10,988,446	9,862,420	10,877,813
Unreserved										
Designated for										
sustainability efforts	-	-	-	-	-	-	-	-	288,692	341,967
subsequent year's expenditures	21,967,197	12,575,315	6,630,438	2,687,040	-	483,508	-	-	-	-
Undesignated	24,813,683	29,657,266	22,085,546	25,701,890	30,458,561	38,404,371	40,205,758	36,636,176	41,187,681	54,436,158
Total General Fund	\$ 55,367,258	\$52,001,226	\$42,245,342	\$ 36,720,936	\$ 39,093,488	\$47,905,634	\$ 50,711,495	\$ 47,624,622	\$ 51,338,793	\$ 65,655,938
All Other Governmental Funds										
Reserved for:										
Special Revenue:										
Public Safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 869,944	\$ 913,422
Human Services	-	-	-	-	-	-	-	-	292,460	161,992
Education	-	-	-	-	-	-	-	-	4,210,747	534,438
Culture and recreation	-	-	-	-	-	-	-	-	763,922	716,860
Other purposes	-	-	-	-	-	-	-	-	331,693	349,396
Capital Projects	-	-	-	-	-	-	-	-	52,632,956	54,821,739
Unreserved										
Designated for										
subsequent year's expenditures:										
Special revenues	7,200,446	1,377,499	9,711,950	10,257,675	8,846,005	8,568,351	13,003,094	21,275,260	13,983,470	11,127,623
Capital Projects	36,395,151	310,671	4,028,057	18,378,252	52,946,050	16,737,437	52,443,535	52,570,455	-	-
Total all other governmental funds	\$ 43,595,597	\$ 1,688,170	\$13,740,007	\$ 28,635,927	\$ 61,792,055	\$25,305,788	\$ 65,446,629	\$ 73,845,715	\$ 73,085,192	\$ 68,625,470

Table 4

Cabarrus County, North Carolina
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Ad valorem taxes	\$ 57,543,890	\$ 64,270,131	\$ 65,166,610	\$ 67,659,707	\$ 77,285,740	\$ 95,211,029	\$ 99,627,797	\$ 105,594,464	\$ 134,848,876	\$ 136,532,544
Other taxes and licenses	19,851,870	19,818,880	20,396,110	26,116,355	30,084,437	32,433,678	38,452,888	40,552,308	32,338,928	29,130,858
Intergovernmental	18,565,564	15,748,077	15,144,163	15,401,818	17,679,696	19,054,779	20,695,684	21,592,591	23,107,472	28,022,905
Permits and fees	3,791,382	3,819,815	5,767,348	6,757,143	7,377,224	8,688,379	9,851,011	10,643,086	5,975,694	5,267,543
Sales and services	9,535,983	9,797,563	8,231,613	8,993,922	10,014,895	10,353,563	9,595,669	10,165,675	9,680,365	10,600,602
Investment earnings	5,513,802	3,153,789	2,026,545	1,080,669	1,750,899	4,062,175	6,131,009	6,330,248	2,356,043	429,465
Donations	-	41,500	1,020,215	3,625,914	2,192,353	1,224,022	744,972	643,402	286,433	108,709
Miscellaneous	3,858,957	944,963	660,822	865,910	951,030	503,786	932,086	537,043	1,949,592	462,114
Total Revenues	118,661,448	117,594,718	118,413,426	130,501,438	147,336,274	171,531,411	186,031,116	196,058,817	210,543,403	210,554,740
Expenditures										
General Government	12,675,232	11,215,166	11,999,137	11,719,519	12,362,680	13,258,206	15,075,679	16,845,197	18,450,904	19,084,912
Public Safety	13,793,493	14,526,709	14,891,070	18,647,725	20,233,673	22,481,393	23,503,592	25,580,475	28,583,439	29,201,271
Economic & Phy Dev	1,990,381	7,756,434	10,647,501	7,255,578	7,758,270	6,746,563	3,451,435	5,024,745	3,427,600	3,166,913
Environmental Prot.	142,743	181,077	186,441	191,748	194,450	200,993	203,049	200,561	217,384	472,943
Human Services	30,929,031	31,425,751	30,009,274	34,655,431	36,045,006	39,700,879	39,343,438	40,873,762	41,077,166	39,418,305
Culture and recreation	3,390,763	3,406,141	5,636,000	7,347,154	5,589,207	5,423,095	6,496,945	6,568,340	96,353,775	5,567,673
Education	32,889,377	61,473,544	40,370,249	61,333,173	57,161,753	78,415,898	103,022,790	81,520,236	5,819,871	119,462,406
Capital Outlay	24,142,928	16,475,852	9,852,799	2,711,692	5,490,401	8,068,026	26,150,524	32,614,235	40,813,607	31,660,649
Debt Service:										
Principal	8,758,873	10,601,306	11,590,073	11,715,965	13,897,112	15,259,056	14,113,550	17,539,175	20,067,615	20,133,541
Interest	5,579,825	7,244,266	7,129,965	8,113,282	7,799,042	9,651,423	10,489,591	13,282,514	15,371,972	17,991,288
Total Expenditures	134,292,646	164,306,246	142,312,509	163,691,267	166,531,594	199,205,532	241,850,593	240,049,240	270,183,335	286,159,901
Excess of revenues over (under) expenditures	(15,631,198)	(46,711,528)	(23,899,083)	(33,189,829)	(19,195,320)	(27,674,121)	(55,819,477)	(43,990,423)	(59,639,930)	(75,605,161)
Other Financing Sources (Uses)										
Transfers in	3,388,284	15,431,458	11,887,550	3,022,700	5,919,013	13,450,819	32,604,840	25,556,744	29,233,852	23,142,651
Transfers out	(3,221,339)	(15,431,458)	(11,887,550)	(3,022,700)	(5,919,013)	(13,450,819)	(32,604,840)	(25,556,744)	(29,233,852)	(25,142,651)
Component Unit - transfer out	-	-	-	-	-	-	-	-	-	-
Net transfer to Trust Funds	-	(250,101)	-	-	-	-	-	-	-	-
Issuance of Bonds	-	-	-	53,912,762	50,366,000	-	48,562,851	-	-	-
Disbursements for Bonds/Installment	-	-	-	(17,701,986)	-	-	-	(7,305,000)	-	-
Disbursements to Escrow Agent	-	-	-	(35,866,931)	-	-	-	(18,958,846)	-	-
Issuance of Certificates of Participation	40,000,000	-	26,390,000	42,217,498	-	-	34,513,782	68,261,482	59,172,184	87,462,584
Issuance of Installment Financings	-	-	-	-	4,358,000	-	15,000,000	7,305,000	-	-
Issuance of lease	-	-	-	-	-	-	689,546	-	3,421,394	-
Total other financing sources (uses)	40,166,945	(250,101)	26,390,000	42,561,343	54,724,000	-	98,766,179	49,302,636	62,593,578	85,462,584
Net change in fund balances	\$ 24,535,747	\$ (46,961,629)	\$ 2,490,917	\$ 9,371,514	\$ 35,528,680	\$ (27,674,121)	\$ 42,946,702	\$ 5,312,213	\$ 2,953,648	\$ 9,857,423
Debt service as a percentage of noncapital expenditures	11.00%	11.45%	14.13%	12.32%	13.47%	13.03%	11.41%	14.86%	15.45%	14.98%

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

Fiscal Year	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies (2)</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate (3)</u>
2001	7,408,393,734	2,717,488,677	221,065,230	10,346,947,641	0.56
2002	7,913,235,212	2,898,237,139	243,404,104	11,054,876,455	0.56
2003	8,290,673,831	2,960,367,957	237,380,457	11,488,422,245	0.56
2004	8,660,862,061	2,813,292,526	215,793,981	11,689,948,568	0.56
2005 (1)	10,969,232,437	2,788,181,358	237,231,648	13,994,645,443	0.53
2006	11,554,183,728	2,946,103,615	237,558,497	14,737,845,840	0.63
2007	12,162,097,563	2,912,297,937	260,410,470	15,334,805,970	0.6289
2008	12,931,725,951	3,074,778,582	261,754,744	16,268,259,277	0.63
2009 (1)	17,454,001,994	3,137,459,615	280,507,618	20,871,969,227	0.63
2010	18,048,592,567	3,003,442,173	277,653,397	21,329,688,137	0.63

(1) Increase due to revaluation. Cabarrus County typically reassessed property every four years.

(2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue.
These amounts included both real and personal property.

(3) Per \$100 of value.

Table 6

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

	Year Taxes Are Payable									
	2001	2002	2003	2004	2005 (1)	2006	2007	2008	2009 (1)	2010
County Direct Rates										
County-wide Rate (3)	\$ 0.560	\$ 0.560	\$ 0.560	\$ 0.560	\$0.530	\$0.630	\$ 0.6289	\$ 0.630	\$ 0.630	\$ 0.630
Fire Protection Districts (4)	0.048	0.050	0.050	0.050	0.049	0.051	0.054	0.054	0.054	0.054
Total Direct Rate	0.608	0.610	0.610	0.610	0.579	0.681	0.6833	0.684	0.684	0.684
Municipality Rates:										
Concord	0.45	0.45	0.45	0.45	0.43	0.43	0.4475	0.4475	0.42	0.42
Kannapolis	0.49	0.49	0.53	0.53	0.50	0.497	0.497	0.497	0.49	0.49
Harrisburg	0.10	0.135	0.135	0.135	0.135	0.135	0.135	0.135	0.125	0.125
Mt. Pleasant	0.42	0.42	0.42	0.42	0.42	0.44	0.44	0.44	0.44	0.44
Midland	0.05	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.14	0.14
Locust	-	-	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Stanfield (2)	-	-	0.38	0.38	0.38	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Real property was revalued on January 1.
- (2) The State reversed annexation of this municipality beginning with fiscal year 2006
- (3) All taxable property is subject to the county-wide tax.
- (4) Most property in the unincorporated areas is subject to one of seventeen special fire 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.

Table 7

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2010</u>			<u>Fiscal Year 2001</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Philip Morris, Inc	Cigarette Mfg.	\$ 940,533,809	1	4.41%	\$ 1,128,996,499	1	10.91%
Charlotte Motor Speedway, Inc	Auto Racing	342,697,845	2	1.61%	111,477,410	5	1.08%
Castle & Cooke NC, LLC	Land Developer	329,531,717	3	1.54%	-	-	-
Concord Mills LTD Partnership	Shopping Center	240,953,415	4	1.13%	154,418,220	4	1.49%
Hendricks Motorsports, Inc.	Auto Racing	123,165,628	5	0.58%	-	-	-
Corning, Inc	Fiber Optics Mfg.	106,407,007	6	0.50%	253,114,537	2	2.45%
Duke Energy Corp	Public Service Co.	97,201,489	7	0.46%	58,461,718	7	0.57%
JQH-Concord Development, LLC	Hotel	68,675,083	8	0.32%	-	-	-
Great Wolf Lodge of the Carolinas	Recreational Facility	62,258,448	9	0.29%	-	-	-
Wal-Mart/Sams	Retail Sales	58,016,212	10	0.27%	-	-	-
Fieldcrest/Cannon, Inc	Textiles	-	-	-	156,935,321	3	1.52%
CTC/CT Communications	Public Service Co.	-	-	-	68,224,224	6	0.66%
Pass & Seymour/Legrand	Electronics	-	-	-	42,999,367	8	0.42%
Stanley Works, The	Tool Warehouse	-	-	-	28,558,172	9	0.28%
Atlantic American Properties	Real Estate	-	-	-	21,222,408	10	0.21%
Totals		<u>\$ 2,369,440,653</u>		11.11%	<u>\$ 2,024,407,876</u>		19.57%

Source: Cabarrus County Tax Department

Table 8

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Discoveries	Abatements	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001	\$ 57,220,552	\$ 2,298,721	\$ (1,058,244)	\$ 58,461,029	\$55,770,386	95.40%	\$ 2,638,892	\$58,409,278	99.91%
2002	62,084,785	1,069,164	(386,548)	62,767,401	61,184,935	97.48%	1,515,417	62,700,352	99.89%
2003	64,433,348	2,331,839	(1,546,291)	65,218,896	63,501,156	97.37%	1,550,874	65,052,030	99.74%
2004	66,077,761	1,185,407	(803,896)	66,459,272	64,155,827	96.53%	2,211,460	66,367,287	99.86%
2005	74,893,721	724,786	(898,376)	74,720,131	73,001,727	97.70%	1,636,073	74,637,800	99.89%
2006	92,892,138	762,582	(849,390)	92,805,330	90,824,656	97.87%	1,857,290	92,681,946	99.87%
2007	97,095,301	1,250,243	(855,526)	97,490,018	95,699,309	98.16%	1,394,826	97,094,135	99.59%
2008	102,936,378	929,435	(605,617)	103,260,196	101,560,468	98.35%	1,410,910	102,971,378	99.72%
2009	132,180,385	1,954,310	(1,315,618)	132,819,077	130,244,108	98.06%	1,786,592	132,030,700	99.41%
2010	135,474,421	1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	-	131,784,146	97.45%

Source: Cabarrus County Finance Department

Table 9

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2001	\$ 64,700,000	0.63%	489
2002	60,400,000	0.55%	443
2003	56,145,000	0.49%	402
2004	52,495,000	0.45%	367
2005	97,805,000	0.70%	670
2006	91,845,000	0.62%	612
2007	133,980,000	0.87%	854
2008	126,895,000	0.78%	772
2009	119,835,000	0.57%	703
2010	112,565,000	0.53%	646

Notes: Details regarding the County's outstanding debt can be found in the notes to the Financial Statements.

(1) See Table 12 for population data.

(2) See Table 5 for total assessed value of property.

Table 10

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Certificates Of Participation	Installment Payment Revenue Bonds	Installment Financing	Capital Leases	Total Primary Government	Percentage of Personal Income (1)
2001	\$ 64,700,000	\$ 40,000,000	\$ 27,000,000	\$ -	\$ 11,938,050	\$ 143,638,050	3.71%
2002	60,400,000	38,000,000	25,500,000	-	9,136,605	133,036,605	3.30%
2003	56,145,000	61,340,000	24,000,000	-	6,344,560	147,829,560	3.59%
2004	52,495,000	98,765,000	22,500,000	-	4,123,595	177,883,595	4.24%
2005	97,805,000	93,380,000	21,000,000	4,358,000	1,801,483	218,344,483	4.90%
2006	91,845,000	88,005,000	19,500,000	3,735,427	-	203,085,427	4.23%
2007	133,980,000	116,220,000	18,000,000	17,612,855	443,568	286,256,423	5.55%
2008	126,895,000	173,165,000	-	15,990,286	331,964	316,382,250	5.70%
2009	119,835,000	220,885,000	-	14,367,714	3,458,315	358,546,029	6.03%
2010	112,565,000	294,990,000	-	12,745,143	3,282,345	423,582,488	*

* Information not yet available

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

(1) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2009 personal income not available to calculate fiscal year 2010.

Table 11

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value of Property	\$ 10,346,947,641	\$ 11,054,876,455	\$ 11,488,422,245	\$ 11,689,948,568	\$ 13,994,645,443	\$ 14,737,845,840	\$ 15,334,805,970	\$ 16,268,259,277	\$ 20,871,969,227	\$ 21,329,688,137
Debt Limit, 8% of Assessed Value (Statutory Limitation)	827,755,811	884,390,116	919,073,780	935,195,885	1,119,571,635	1,179,027,667	1,226,784,478	1,301,460,742	1,669,757,538	1,706,375,051
Debt applicable to debt limitations:										
Total bonded Debt	64,700,000	60,400,000	56,145,000	52,495,000	97,805,000	91,845,000	133,980,000	126,895,000	119,835,000	112,565,000
Total installment payment revenue bonds	27,000,000	25,500,000	24,000,000	22,500,000	21000000	19,500,000	18,000,000	-	-	-
Total capital leases	11,938,050	9,136,605	6,344,560	4,123,595	1,801,483	-	443,568	331,964	3,458,315	3,282,345
Total installment financing	-	-	-	-	4,358,000	3,735,427	17,612,855	15,990,286	14,367,714	12,745,143
Total Certificates of Participation	40,000,000	38,000,000	61,340,000	98,765,000	93,380,000	88,005,000	116,220,000	173,165,000	220,885,000	294,990,000
Total debt applicable to limitations	143,638,050	133,036,605	147,829,560	177,883,595	218,344,483	203,085,427	286,256,423	316,382,250	368,546,029	423,582,488
Legal debt limit	\$ 684,117,761	\$ 751,353,511	\$ 771,244,220	\$ 757,312,290	\$ 901,227,152	\$ 975,942,240	\$ 940,528,055	\$ 985,078,492	\$ 1,311,211,509	\$ 1,282,792,563
Total net debt applicable to the limit as a percentage of debt limit	17.35%	15.04%	16.08%	19.02%	19.50%	17.22%	23.33%	24.31%	21.47%	24.82%

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 12

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2001	132,178	\$ 3,871,172	\$ 29,279	22,428	3.00%	41,027
2002	136,338	4,029,671	29,579	23,140	4.90%	40,989
2003	139,794	4,116,291	29,499	24,328	5.50%	46,325
2004	143,210	4,199,579	29,431	26,229	7.40%	48,795
2005	146,061	4,441,339	30,752	27,138	6.20%	51,464
2006	150,032	4,752,216	31,871	28,582	4.60%	65,340
2007	156,863	5,157,773	33,161	30,507	4.10%	68,755
2008	164,384	5,551,258	34,099	32,219	4.40%	57,339
2009	170,448	5,946,765	35,280	32,781	5.90%	16,529
2010	174,294	*	*	33,014	11.20%	18,890

* Information not yet available.

Notes:

- (1) Office of State Budget and Management. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Cabarrus County Schools and Kannapolis City Schools 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 13

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

<u>Employer</u>	<u>2010</u>			<u>2001</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Carolinas Medical Ctr - Northeast	4,500	1	5.33%	3,242	3	4.86%
Concord Mills Mall	4,000	2	4.73%	4,000	2	6.00%
Cabarrus County Schools	3,800	3	4.50%	2,420	4	3.63%
Cabarrus County	975	4	1.15%	960	6	1.44%
City of Concord	925	5	1.09%	730	8	1.09%
Connexions	900	6	1.07%	-	-	-
State of North Carolina	771	7	0.91%	-	-	-
Kannapolis City Schools	750	8	0.89%	-	-	-
Shoe Show	700	9	0.83%	-	-	-
Hendricks Motorsports	500	10	0.59%	-	-	-
Pillowtex/Fieldcrest Cannon, Inc.	-	-	-	4,009	1	6.01%
Philip Morris	-	-	-	2,900	5	4.35%
Carolina Mall	-	-	-	850	7	1.27%
CT Communications	-	-	-	700	9	1.05%
Pass & Seymour Legrand	-	-	-	550	10	0.82%
	<hr/>		<hr/>	<hr/>		<hr/>
Total	<u>17,821</u>		<u>21.09%</u>	<u>20,361</u>		<u>30.53%</u>

Source: Cabarus County Economic Development Corporation and the COPS 2002 Cabarrus County
COPS Official Statement

Table 14

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	152	157	160	160	153	156	162	173	178	161
Cultural and Recreation	55	62	76	77	79	57	59	64	65	48
Public Safety	229	237	237	241	272	274	297	314	347	344
Economic & Phy. Development	12	14	18	15	15	16	16	17	17	12
Human Services	401	355	205	227	246	267	289	303	310	307
Environmental Protection	11	11	11	11	11	11	12	12	12	11
Total	860	836	707	731	776	781	835	883	929	883

Source: County Finance Department

Note: This schedule represents 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).

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

Table 15

<u>Functional Area</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Tax Collection Rate	95.40%	97.48%	97.37%	96.53%	97.70%	97.87%	98.16%	98.35%	98.06%	97.45%
Land Records Recorded ¹	39,744	42,914	53,611	43,283	45,742	48,762	46,376	37,329	32,256	35,000 *
Culture & Recreation										
Circulation of Library Materials-All Branches	487,642	538,624	559,599	615,167	692,244	748,537	789,453	781,606	1,037,425	1,088,000 *
Acres of Park Land-Developed/Undeveloped	372/67.4	411/67	411/67	411/67	411/67	411/67	411/67	411/67	329/252	347/343
Public Safety										
Sheriff Response Time (Emergency Calls)	6.49	6.54	7.07	6.58	7.53	7.00	8.20	8.00	9.25	8.00
Detention Center Average Daily Population	154	171	195	202.3	212	216	220	220	253	275
Animals Picked Up	5,132	4,926	5,020	5,259	4,946	4,980	4,513	4,500	3,982	3,900 *
Building Inspections Completed	41,027	40,989	48,325	48,795	51,464	65,340	68,755	57,339	42,610	46,871
EMS Average Response Time Countywide	7.18	7.31	7.37	7.49	7.69	7.20	7.03	7.03	7.29	7.05 *
Economic & Physical Development										
Final Subdivision Plats Processed	NA	NA	NA	NA	39	23	25	16	7	1
Sedimentation & Erosion Control Plans Reviewed ⁴	NA	93	80	95	172	145	220	230	200	15
Human Services										
Veteran /Dependent Contacts	8,910	8,262	7,094	8,978	7,205	7,802	9,132	9,950	10,750	12,138
Human Service Transportation Trips ²	NA	NA	90,120	112,286	116,818	85,713	85,721	96,696	82,404	85,692
Family Medicaid Cases	5,809	6,868	6,836	8,355	8,969	10,049	10,779	11,794	13,727	14,460
Adult Medicaid Cases ³	4,012	4,112	4,219	4,379	4,746	4,858	5,045	5,216	5,380	5,565
WFFA (formerly AFDC)	344	370	385	534	487	316	315	289	290	266
Child Protective Service Reports Investigated	1,077	1,238	1,202	1,212	1,426	1,897	1,697	1,602	1,476	1,488
Adoptions Completed	33	9	20	0	59	0	15	43	18	10
Food Stamp Cases	2,152	2,619	3,346	4,350	4,950	5,358	5,456	5,890	6,880	8,391
Adult Protective Services Reports	155	131	160	135	114	131	170	232	210	225
Environmental Protection										
Tons of MSW and C&D Waste Managed	32,294	29,666	31,622	25,570	32,049	159,106	68,950	54,488	44,354	28,818
Tons of Recyclable Materials Collected	2,016	1,631	1,526	2,275	2,007	1,710	1,687	1,800	2,500	2,800 *
Education										
Per Pupil Current Expense Funding	\$1,133.31	\$1,186.78	\$1,186.78	\$1,186.78	\$1,204.58	\$1,292.01	\$1,328.78	\$1,443.91	\$1,541.14	\$1,597.64
Per Pupil Capital Outlay Funding	\$66.88	\$64.33	\$0.00	\$52.95	\$56.78	\$89.74	\$140.36	\$127.23	\$124.36	\$32.59
Per Pupil Debt Service Funding	\$734.49	\$682.56	\$691.78	\$620.53	\$717.20	\$796.37	\$683.18	\$705.68	\$845.19	\$877.37

Source: County Departments

Notes:

¹ Data is Calendar Year

² County Department Starting in 2004, previously under DSS and private contractor

³ Social Security began managing SSI medicaid cases in 1998; Medicaid income limits changed to 100% of poverty 2001

⁴ County Department dissolved in 2010

NA - Data Not Available

* - Estimate

Table 16

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Parks (1)										
Park facility	3	3	4	4	4	4	4	4	5	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	16	18	18	20	20	20	20	21	21	23
Softball fields	10	8	8	8	8	8	8	8	8	8
Playgrounds	7	7	7	7	7	7	7	8	8	8
Soccer Fields	-	12	12	12	12	12	12	12	11	11
Camping cabins	-	-	-	4	4	4	4	6	6	6
Tent sites	-	-	-	7	7	7	7	6	6	7
Bathhouse for campgrounds	-	-	-	1	1	1	1	1	1	1
Swimming Pool	-	-	-	-	-	-	-	-	1	1
Pool Bathhouse	-	-	-	-	-	-	-	-	1	1
Fire protection (1)										
Stations	14	14	14	14	14	14	14	11	11	11 (2)
Sheriff (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	3	4	4	4	5	5	5	5
Patrol units	74	93	104	65	65	65	65	94	113	117 (3)

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

(2) Three stations have become municipal departments and are not under the control of the County.

(3) Prior to 2004 the number of patrol units reported above was the total number of vehicles owned by the Sheriff's Department. It was then decided in 2008 to begin counting all vehicles that could be used for patrol.



Compliance Section

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Commissioners
Cabarrus County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 15, 2010. Our report includes a reference to 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. Other auditors audited the financial statements of the Cabarrus Health Alliance, as described in our report on Cabarrus County's financial statements. The financial statements of the Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cabarrus County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cabarrus County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cabarrus County's internal control over financial reporting.

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cabarrus County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses, as item 2010-01.

We also noted certain matters that we reported to management of Cabarrus County in a separate letter dated October 15, 2010.

Cabarrus County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Cabarrus County's response and, accordingly, we express no opinion on it.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 15, 2010

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and The State Single Audit Implementation Act

To the Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Cabarrus County's major federal programs for the year ended June 30, 2010. Cabarrus County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

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

In our opinion, Cabarrus County complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cabarrus County's internal control over compliance with the requirements that could have a

direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabarrus 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 15, 2010

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance With Requirements That Could Have A Direct and Material Effect On Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections Of OMB Circular A-133 And The State Single Audit Implementation Act

To the Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County compliance with the types of compliance requirements described in applicable sections of the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina* issued by the Local Government Commission that could have a direct and material effect on each of Cabarrus County's major state programs for the year ended June 30, 2010. Cabarrus County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major state programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Cabarrus 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. Our audit does not provide a legal determination of Cabarrus County's compliance with those requirements.

In our opinion, Cabarrus County complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to State programs. In planning and performing our audit, we considered

Cabarrus County's internal control over compliance with the requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabarrus 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 15, 2010

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major federal programs:	
• Material weakness identified?	No
• Significant deficiency identified?	No
Type of auditors' report issued on compliance for major federal programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No

Identification of major federal programs:

<u>Federal Program/Cluster Name</u>	<u>CFDA Number</u>
Subsidized Child Care Program (cluster)	93.575, 93.596, 93.667, 93.558
Medicaid	93.778
Supplemental Nutrition Assistance Program	10.561
TANF	93.558
State Children's Insurance Program (CHIP)	93.767
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
Auditee qualified as low-risk auditee?	No

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

State Awards

Internal control over major State programs:

- | | |
|--------------------------------------|----|
| • Material weakness identified? | No |
| • Significant deficiency identified? | No |

Type of auditors' report issued on compliance for major State programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act?	No
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Identification of major State programs:

Program Name

Subsidized Child Care Cluster
Medicaid Cluster
TANF
State Children's Insurance Program (CHIP)
State/County Special Assistance for Adults
Smart Start
N.C. Department of Transportation
Community Transportation Program

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2010

Section II - Financial Statements Findings

Finding 2010-01: Social Services Trust Fund Findings and Violations

Criteria: Management should have a system in place to reduce the likelihood of errors in financial reporting and to ensure compliance with the General Statutes and other Administrative Codes (DSS and SSA).

Condition: A few trustee accounts had negative balances during the year. Monies belonging to beneficiaries who are no longer trustees of the county were not returned to social security in a timely manner. Beneficiary funds are not set up in a bank account separate from other organizational funds as required by the Social Security Administration.

Context: While documenting the system of internal controls related to the DSS trust funds, via inquiry and examination of client detail, we noted the conditions detailed above.

Effect: Trust funds held by the County may be expended improperly, in violation of NC General Statutes and the DSS trust agreement. Potential violations may not be detected in a timely manner.

Cause: Inadequate internal controls over DSS trust funds.

Recommendation: The Finance Officer of the County should review the Trust Fund detail on a regular basis to ensure that proper accounting for trust funds is occurring. Care should be taken to remit funds of deceased individuals to the Social Security Administration timely. A separate bank account should be opened to ensure compliance with Social Security Administration requirements.

Name of Contact Person: Pam Graham, Administrative Officer I; Pamela S. Dubois, Deputy County Manager

Management's Response: In order to maintain adequate internal control over the trust accounts maintained by the staff at DSS and prevent further errors from going undetected, the following new procedures have been put in place. All Payee account balances will be reviewed at least quarterly by a staff member at DSS and the County Finance department.

In response to the separate bank account, the past Finance Director had a conversation with Social Security about not setting up a separate checking account for the payee accounts. Our understanding of the outcome of that conversation, the payee accounts have been set up in a trust fund with each payee having its own individual ledger account to keep each payee's monies segregated but that the monies would be deposited in the central depository of the County. With a central depository, each fund has its share of monies segregated from the other funds.

Management has been notified that Social Security wishes for a separate checking account be established for the payee accounts. Through a conversation with Loretta Nobles, Assistant District Manager, Charlotte, NC of Social Security, the County can maintain the payee accounts in the separate trust fund as well as the combined Central Depository as before but the County has also agreed to allocate interest on a quarterly basis to each payee based on their cash balance at the end of the quarter. This was approved on August 9, 2010.

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2010**

Section III - Federal and State Award Findings and Questioned Costs

None reported

CABARRUS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010

There were no prior year findings.

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
<u>Federal Awards:</u>					
<u>U.S. Department of Agriculture</u>					
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Food Stamp Cluster:					
State Administrative Matching Grants for Food Stamp Program	10.561		1,350,209	-	1,244,243
Total Food Stamp Cluster			1,350,209	-	1,244,243
Passed through Centralina Council of Governments:					
Food Distribution Elderly Nutrition Program - USDA Supplement	10.570		13,269	-	-
Total U.S. Department of Agriculture			1,363,478	-	1,244,243
<u>U. S. Department of Health and Human Services</u>					
Administration on Aging:					
Passed through Centralina Council of Governments:					
Title III-E Caregiver Grant	93.052		37,648	-	-
Aging Cluster:					
Nutrition Project for the Elderly Title III-C1	93.045		84,013	37,745	-
Elderly Nutrition Program (ARRA)	93.707		20,879	-	-
Title III-B (Access):					
Transportation Grant	93.044		38,708	63,156	-
Information case Assistant	93.044		23,133	37,743	-
Title III-B (In-Home):					
Adult Day Services	93.044		23,873	101,774	-
In-Home Aide I & II	93.044		35,522	86,966	-
In- Home Services	93.044		5,192	23,873	-
Housing/Home Improvement	93.044		8,228	35,076	-
Senior Center Operations Grant	93.044		6,956	29,655	-
Consumer Directed Services Grant	93.044		7,781	33,174	-
Total Aging Cluster			254,285	449,162	-
Total Administration on Aging			291,933	449,162	-
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Temporary Assistance Needy Families (WorkFirst)	93.558		357,596	-	365,164
Services:					
Temporary Assistance Needy Families (WorkFirst)	93.558		1,407,717	-	1,779,133
Direct Benefit Payments:					

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Temporary Assistance Needy Families					
Energy Assistance	93.558		648,220	-	-
Refugee Assistance	93.558		696,257	-	-
AFDC Payments and Penalties	93.566		60,933	-	-
Family Preservation	93.560		(789)	(216)	(216)
TANF - Domestic Violence	93.556		2,570	-	-
Work First Functional Access	93.558		21,089	-	-
Child Support Enforcement	93.558		500	-	-
Child Support Incentive Recovery	93.563		1,577,073	-	813,569
Crisis Intervention Program	93.563		73,675	-	37,954
Low Income Energy Assistance	93.568		529,330	-	-
Permanency Planning - Child Welfare Services	93.568		122,366	-	-
Independent Living Initiative/LINKS	93.645		49,287	14,891	4,260
Adult Day Care	93.674		66,460	8,777	-
In-Home Services	93.667		50,127	19,856	9,997
Social Services Block Grant Administration	93.667		87,452	-	12,493
			362,327	25,082	129,136
Total Division of Social Services - Other Programs			6,112,190	68,390	3,151,490
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV - E Administration	93.658		20,916	-	20,916
Title IV - E Child Protective Services	93.658		503,338	128,418	374,919
Title IV - E Foster Care	93.658		218,132	-	218,132
Title IV - E Optional Training 50%	93.659		12,374	-	12,374
Public Assistance:					
Title IV - E Foster Care	93.658		93,718	20,812	22,252
Adoption/Foster Care	93.658		185,722	-	16,662
Adoption Assistance - Direct Benefit	93.659		694,381	144,561	139,510
Total Foster Care and Adoption Cluster (Note 2)			1,728,581	293,791	804,765
Passed Through N.C. Department of Health and Human Services:					
Subsidized Child Care (Note 4):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund Administration	93.596		246,546	-	-
Division of Child Development:					
Child Care Development Fund Discretionary	93.575		2,750,800	-	-
Child Care Development Fund Mandatory	93.596		904,695	-	-
Child Care Development Fund Match	93.596		846,821	455,522	-
Total Child Care Development Fund Cluster			4,748,862	455,522	-

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Social Services Block Grant	93.667		49,490	-	-
Temporary Assistance for Needy Families	93.558		791,872	-	-
Smart Start	N/A		201,700	-	-
State Funding Appropriations	N/A		359,071	-	-
Smart Start TANF Maintenance of Effort	N/A		705,716	-	-
Total Subsidized Child Care (Note 2)			6,856,711	455,522	-
Division of Social Services:					
Title XIX - Medicaid	93.778		1,972,436	18,764	1,953,672
Adult Care Home Case Management	93.778		94,196	37,795	59,400
N.C. Health Choice (Child Health Insurance Program)	93.767		174,251	7,300	49,136
Division of Medical Assistance:					
Direct Benefit Payments:					
Title XIX - Medicaid	93.778		97,043,646	33,742,085	12,962
Total U.S. Department of Health and Human Services			115,637,422	35,072,809	7,275,668
U.S. Department of Labor					
Passed through Division of Adult Services:					
Title V-Senior Community Service Employment Program (ARRA)	17.235		73,582	-	9,269
Total U. S. Department of Labor			73,582	-	9,269
U. S. Department of Energy					
Passed Through N.C. Department of Health and Human Services:					
Office of Economic Opportunities:					
Weatherization Assistance Program (ARRA)	81.042	ARRA04WA	196,981	-	-
Weatherization Assistance Program	81.042	90-1441-50	98,191	-	-
Heating and Air Conditioning Repair Program (HARP)	81.042		56,238	-	-
Total U.S. Department of Energy			351,410	-	-
U.S. Department of Housing and Urban Development					
Passed through N.C. Department of Commerce:					
Community Development Block Grant - State Programs	14.228	07-C-1653	210,003	-	-
Total U.S. Department of Housing and Urban Development			210,003	-	-
Federal Emergency Management Agency					
Passed through N.C. Department of Crime Control and Public Safety:					
Division of Emergency Management:					

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Emergency Management Performance Grant		EMPG-2008-37025	-	39,699	39,699
Total Federal Emergency Management Agency			-	39,699	39,699
<u>US Department of Justice</u>					
Passed through Office of Justice Programs:					
State Criminal Alien Assistance Program Grant	16.ukn	2009-G2507-NC-AP	-	59,925	-
Passed through NC Department of Correction:					
Criminal Justice Partnership Program	16.ukn		-	49,862	-
Total US Department of Justice			-	109,787	-
<u>National Endowment for the Humanities</u>					
Passed through NC Humanities Council:					
NC Humanities Council Library Grant	45.129	S10-07	-	1,000	-
Total Federal Awards			116,272,417	35,223,295	7,324,636
<u>State Awards:</u>					
<u>N.C. Department of Health and Human Services</u>					
Division of Social Services:					
Adult Protective Services	N/A		-	32,026	-
Child Protective Services Expansion	N/A		-	289,503	-
DCD-Smart Start	N/A		-	130,859	-
State Foster Home	N/A		-	111,137	111,137
Foster Care Special Provision	N/A		-	34,586	-
SFHF Maximization	N/A		-	99,810	92,511
AFDC Incentives	N/A		-	110	-
TANF Incentives	N/A		-	2,496	-
Direct Benefit Payments:					
Child Welfare Adoption Subsidy	N/A		-	980,723	290,963
Total Division of Social Services			-	1,681,250	494,611
Division of Aging:					
Senior Center General Purpose	N/A		-	16,870	-
Title V Grant Revenues	N/A			151,009	-
Direct Benefit Payments:					
State/County Special Assistance for Adults	N/A		-	1,247,400	1,247,400
Total Division of Aging			-	1,415,279	1,247,400

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Office of Emergency Medical Services: Carolinas Medical Center - Metrolina Trauma Advisory Committee: EMS SMAT III	N/A		-	6,000	-
Total Office of Emergency Medical Services			-	6,000	-
NC Council on Developmental Disabilities: Healthy Lives Healthy Futures Grant	N/A		-	6,265	-
Total NC Council on Developmental Disabilities			-		
Total N. C. Department of Health and Human Services			-	3,108,794	1,742,011
<u>N. C. Department of Environmental and Natural Resources</u> Division of Soil and Water Conservation: Soil and Water Conservation	N/A		-	4,000	143,204
Soil and Water Conservation - Water Quality Cost Share Grant	N/A		-	26,390	26,390
Total Division of Soil and Water Conservation			-	30,390	169,594
Total N. C. Department of Environmental and Natural Resources			-	30,390	169,594
<u>N.C. Department of Crime Control and Public Safety:</u> Division of Governor's Crime Commission: Cabarrus County Shield Program Grant	N/A	013-1-07-001-BN-414	-	45,049	29,944
Department of Juvenile Justice & Delinquency Prevention: Juvenile Crime Prevention Programs (JCPP): JCPC Certification	N/A	313000	-	15,500	-
Home Based Services	N/A	313005	-	120,000	-
Total N.C. Department of Crime Control and Public Safety			-	180,549	29,944
<u>N. C. Department of Administration</u> N.C. Substance Control Tax Division of Veteran's Affairs: Veteran's Service Grant	N/A		-	21,285	-
Total N.C. Department of Administration			-	2,000	184,008
			-	23,285	184,008
<u>N.C. Department of Agriculture and Consumer Services</u> NC Agricultural Development & Farmland Preservation Trust Fund: 2008 Agricultural development & Farmland Preservation Grant	N/A	ADM-ADFP-08-013	-	-	95,525
Total N.C. Rural Department of Insurance			-	-	95,525

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
<u>N.C. Rural Department of Insurance</u> Division of Seniors Health Insurance Information Program SHIP Grant	N/A		-	2,646	-
Total N.C. Rural Department of Insurance				2,646	-
<u>N.C. Department of Cultural Resources</u> Passed through State Library of N.C.: State Aid to Libraries	N/A	DCR-4	-	193,052	2,336,278
Total N.C. Department of Cultural Resources			-	193,052	2,336,278
<u>N.C. Arts Council</u> Passed through Cabarrus Arts Council: Grassroots Community Read Project	N/A		-	950	-
Total N.C. Arts Council			-	950	-
<u>N.C. Department of Transportation</u> Public Transportation Division: 2009 5316 Job Access Reverse Commute Program (ARRA) NC Governors Highway Safety Program Grant (ARRA) Rural Operating Assistance Program: Elderly and Disabled Assistance Transportation Program Work First/ Employment Transportation Program Rural General Public Transportation Program Community Transportation Program: Administrative Grant - Section 5311	20.516 N/A N/A N/A N/A 20.509	09-JA-005 K4-10-04-31 DOT-16CL DOT-16CL DOT-16CL 10-CT-082	- - - - - -	68,039 101,938 126,523 20,604 96,820 268,010	68,039 15,290 - - - 795,421
Total N.C. Department of Transportation			-	681,934	878,750
<u>N.C. Department of Public Instruction</u> N. C. Lottery Fund Public School Building Capital Fund	N/A N/A		- -	3,252,803 2,897,042	- -
Total N.C. Department of Public Instruction			-	6,149,845	-
Total State Awards			\$ -	\$ 10,368,799	\$ 5,340,585
Total Federal and State Awards			\$ 116,272,417	\$ 45,592,094	\$ 12,665,221

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2010**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
<p>Notes to the Schedule of Expenditures of Federal and State Awards:</p> <p>1. <u>Basis of Presentation</u> The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Cabarrus County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, <u>Audits of States, Local Governments, and Non-Profit Organizations</u>. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.</p> <p>2. The following are clustered by NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.</p> <p>3. Of the federal and state expenditures presented in this schedule, Cabarrus County provided awards to sub recipients as follows:</p>					
Community Based Youth Gang Assessment (ARRA)	N/A		\$ -	\$ 16,173	\$ -
Community Based Gang Prevention Pilot Program (ARRA)	N/A		-	45,945	-
Genesis/Juvenile Sex Offender Counseling	N/A	313026	-	22,500	6,750
Project Challenge	N/A	313024	-	62,056	-
Psychological Services	N/A	313012	-	12,768	-
Teen Court	N/A	313015	-	57,515	-
			\$ -	\$ 216,957	\$ 6,750

**For Information:
Office of the Finance Director
Cabarrus County
Post Office Box 707
Concord, NC 28026-0707
704-920-2104
www.cabarruscounty.us**