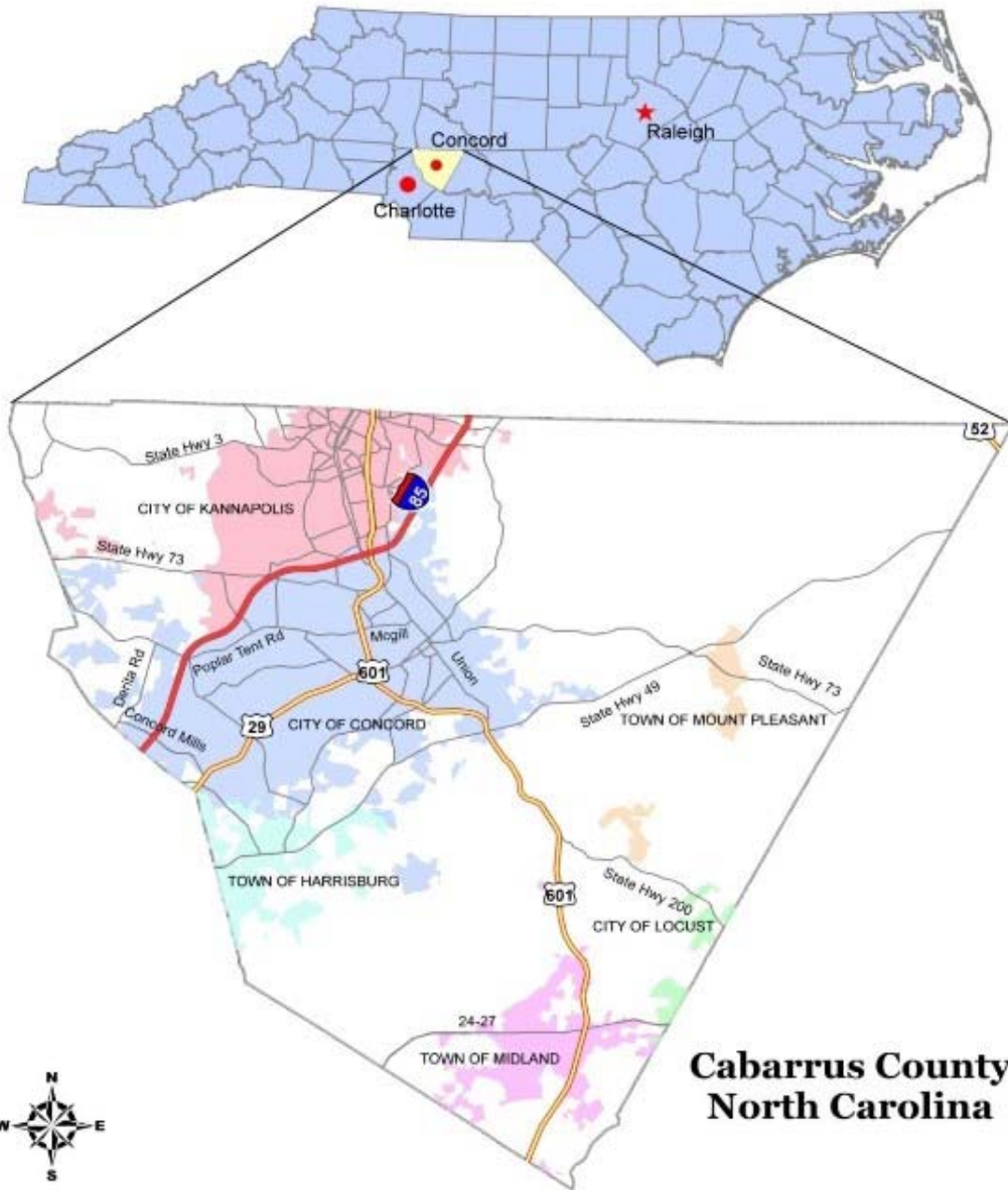


COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2018



CABARRUS COUNTY
America Thrives Here



Prepared by Cabarrus County GIS

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Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the year ended June 30, 201**8**

Prepared by
Cabarrus County Finance

Susan B. Fearrington
Finance Director



Cabarrus County, North Carolina Comprehensive Annual Financial Report For the Year Ended June 30, 2018

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Introductory Section



Finance Department

December 5, 2018

To the Board of Commissioners and the Citizens of Cabarrus County, North Carolina:

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, 2018.

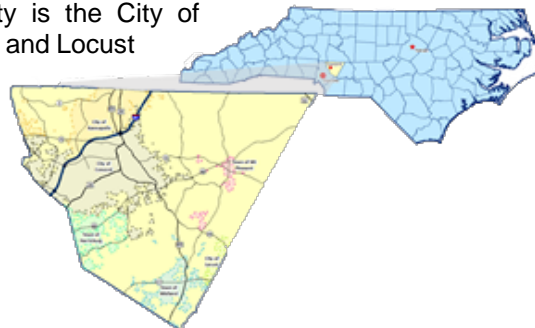
This report consists of management's representations of the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of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

The County's financial statements have been audited by Elliott Davis, PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year that ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2018, are presented fairly in all material respects with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" process designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The Single Audit report is issued separately from the Comprehensive Annual Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of Cabarrus County

The County, incorporated in 1792, is in the Piedmont section of the State of North Carolina and is bordered on the north by Rowan and Iredell counties, on the east by Stanly County, on the south by Union County and on the west by Mecklenburg County; it comprises approximately 230,400 acres. There are six municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, and Locust are smaller municipalities in the County. The US Census estimates that the County had a population of 206,872 as of July 2017. 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 for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring both the county's manager, clerk to the board, tax administrator and attorney. The County Manager serves as the chief executive and is responsible for carrying out the policies and ordinances of the governing board, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The board is elected on a partisan basis. Board members serve four-year staggered terms, with new members (two or three) elected every two years.

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

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local Economy

The County is one of 10 counties located in the Charlotte-Gastonia-Concord, NCSC Metropolitan Statistical Area (the “Charlotte MSA”), which consists of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan and Union counties in North Carolina and Chester, Lancaster and York counties in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, was the 22nd largest metropolitan statistical area in the United States as of July 1, 2017.

The County’s rapid growth, largely attributable to the County’s position in the Charlotte metropolitan region, has continued to increase during this period of overall state and national economic prosperity. The County believes that its short-range and long-range planning has provided the necessary infrastructure to accommodate current and anticipated growth, and the County cooperates with its municipalities in economic recruiting and development efforts.



all municipal services available located near major highways and interstates. All of these position the County for continued strong economic development.

The Cabarrus Economic Development Corporation (the “CEDC”), which operates with a full-time staff, serves as the primary recruiting and marketing entity. The CEDC concentrates its efforts on business retention and expansion, entrepreneurship and new business recruitment. This includes keeping an inventory of available sites within commercial and industrial parks with

Historically, the County’s economy was primarily dependent on agriculture and the textile industry, but the County’s proximity to Charlotte and access to major interstate highways have helped diversify the County’s economy through investments in biotechnology, healthcare, manufacturing, industrial and business parks, warehousing and distribution, entertainment and hospitality, retail and aviation. A summary of significant recent events in these and other industries follows.

A summary of significant developments in these industries follows:

Healthcare



The County economy is emerging as a significant provider of healthcare services; the largest single employer in the County is Carolinas Healthcare System (CHS) NorthEast. The hospital is located in Concord and has 457 active licensed beds. CHS NorthEast is the second largest hospital facility in the

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

Biotechnology and Downtown Kannapolis Revitalization

The former Pillowtex properties in Kannapolis have been redeveloped as a major mixed-use development with the centerpiece of the development constituting the North Carolina Research Campus (the "Research Campus"). It includes facilities for eight major North Carolina universities whose research activities focus on biotechnology and nutrition research. At the center of the Research Campus is the 311,000 square foot David H. Murdock Core Laboratory, which houses the David H. Murdock Research Institute, a nonprofit contract research organization. Dole Food Company, Inc. has a presence on the campus as well. The Dole Nutrition Institute is a leader in nutrition education and occupies a 10,000 square foot chemistry lab within the NC State Plants for Human Health Building. In addition to the NC State University Plants for Human Health Institute's building, UNC Chapel Hill Nutrition Research Institute is located on the campus.

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

Kannapolis has started a Downtown Revitalization project. The initial Master Plan for downtown was completed in concert with the Development Finance Initiative. That study contemplated a downtown that included 1500 residential development units, 300,000 square feet of retail, 400,000 square feet of office and one hotel. A final design for the redevelopment was completed in 2017 and, aided by major property purchases by the City, the City began demolition/construction in early 2018. The overall project includes public and private improvements. Among these are redevelopment of the main streetscape into a transportation facility that also functions as a linear park; a private demonstration project with parking deck, 280 residential units, 35,000 square feet of retail and a total investment over \$46 million; and a Sports and Entertainment Venue (SEV) that will house the Kannapolis Intimidators minor league baseball club plus accommodate a few other entertainment events.

Downtown Revitalization Master Plan



Manufacturing

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



One of the largest industrial/manufacturing parcels in the state is in the center of the County. The campus encompasses over 2,100 acres and includes 2.4 million square feet of buildings. All assets were sold to Victory Industrial Park LLC in April 2014 and are controlled by a limited liability corporation. The manufacturing site and land on both sides of U.S. 29 is available for development and is now being marketed as The Grounds at Concord (<http://www.thegroundsatconcord.com/>). The property is also adjacent to the George Liles Parkway, which has been extended/improved and provides a four-lane connector to U.S. 29, I-85, N.C. 73 and N.C. 3. In the future the four-lane thoroughfare will be extended to NC 49.

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

Industry and Distribution

The County has strong industrial and distribution sectors. This strength is due, in large part, to geographic location within the larger MSA and the combination of road and rail service. In addition, the aviation sector is strong and growing (this is discussed in a separate section). The best way to summarize Industry and Distribution is by area including potential areas for growth in those sectors. The primary areas that are currently occupied and growing lie along the interstate corridor but there are also concentrations near Harrisburg and in the southern part of the County. In addition, there are areas with infrastructure in place, or being improved that are available for continued growth.



The International Business Park (IBP) is located near an interchange on I-85. The owners of the IBP actively pursue private investment from around the world. IBP includes a mix of over 30 companies the majority of which are global corporations. IBP has had constant activity over the last 25 plus years including recent lease up of speculative buildings, construction and occupancy of major distributions centers, the addition of manufacturing uses and, most recently, the announcement of additional speculative buildings that will be constructed in the next year.

There are two additional concentrations of industry and distribution along the interstate corridor at Afton Ridge and the Derita Road area. The Afton Ridge includes retail, residential and distributions center for S.P Richards (200,000 square feet) and Gordon Foods (300,000 square feet). An additional 360,000 square foot facility in Afton Ridge Business Park recently sold and is available for occupancy. Construction of a second speculative building in the Afton Ridge Business Park began in 2017 and added 216,000 square feet of space.

The Silverman Group owns two buildings, a 400,000 square foot facility and a smaller building of 150,000 square feet, at the Concord Airport Business Park (Phase I) on Derita Road. Silverman Group is completing additional buildings on Derita Road that will eventually total a million square feet of distribution space. Industrial development continues in the Concord Regional Airport area of Derita Road including the development of the 140+ acre RiverOaks Corporate Center Park. Over two million new square feet of industrial space will be constructed in the coming years between Silverman and RiverOaks. Beacon Partners completed two buildings at RiverOaks Park. There are 3 additional buildings planned in RiverOaks which is now owned by Exeter Property Group. Concord Airport Business Park Phase II, which is located on Aviation Boulevard was also completed in 2016. Currently other multiple acre sites are under consideration by incoming projects.

Industrial

The West Winds Industrial Park is located on Derita Road directly across from the airport entrance. Tenants in West Winds Industrial Park include S & D Coffee and Tea and NASCAR Research & Development. S & D Coffee and Tea is a Cabarrus County legacy company and its expansion to this area of the county included the addition of 200 jobs at an average wage of \$36,311. West Winds is also home to 26 Acres Brewery.

The Midland Business Park and Intermodal Facility is a future business park to be built near NC Highway 24/27 and Highway 601. Aberdeen Carolina and Western Railway is working to develop the 70-acre business park to permit the relocation of an intermodal facility, as well as, additional distribution facilities. The Intertape Polymer Group's construction of a new manufacturing plant in Midland is an example of additional growth in the southern part of the County. That plant has a value of approximately \$40 million and they employ more than 50 people in the first phase. They have already announced and begun an expansion for additional production lines.



The Kannapolis Gateway Business Park is an 85-acre park located one mile from an interchange on I-85 and features approximately 753,000 square feet of industrial space and a 12 acre retail center. Another distribution facility was recently constructed near the gateway. That facility is more than a million square feet in total and houses an Amazon distribution center. The facility is a combined investment in real and personal property of over \$85 million and will have a total of 600 plus full time employees once it is in full operation.

Examples of other distribution centers include: Saddle Creek, a large Florida based logistics company, which occupies over 600,000 square feet of rail-served distribution space in Harrisburg (from which it serves Wal-Mart, America's largest retailer); and a mixed distribution center at I-85 and NC 73 which included Shoe Show and Stanley/Black & Decker.

Retail

The retail mix in Cabarrus County includes sites that serve the region/state and the local economy. The regional magnet is Concord Mills which has also spurred a great deal of other retail and non-retail growth at exit 49 on Interstate 85. Other retail growth, especially grocery and services, has occurred in areas of rapid residential growth.

In 1997, The Mills Corporation and the Simon-DeBartolo Company acquired approximately 165 acres located in the southwest quadrant of the King's Grant interchange at I-85, and developed Concord Mills Mall. It opened its doors in September 1999. The 1.4 million square foot facility, which has over 200 stores,

cost approximately \$240 million to complete originally. They have just completed a multi-million dollar up fit and are estimated to generate about \$250 million annually in retail sales. Concord Mills Mall is the state's largest tourism draw, with 17.5 million visitors each year and continues to create additional spin-off retail development on adjacent properties.

There are a number of retail centers that have been constructed throughout the County as a result of the population increase that has occurred. The larger retail centers are concentrated along Interstate 85 and in Harrisburg. Smaller, grocery anchored centers have been developed and are developing in a number of locations within Kannapolis, Concord and Harrisburg.

Aviation

Since opening in 1994, the City of Concord has developed and operated Concord Regional Airport on approximately 750 acres surrounded by I-85, Concord Mills Boulevard, Derita Road, and Poplar Tent Road. The public use commercial service airport is managed by the City's Aviation Department and operates as a self-sustaining enterprise fund. The airport has a 7,400-foot fully-instrumented and strengthened runway that can accommodate aircraft up to the size of a Boeing 737 or Airbus 320. Concord Regional Airport was the fourth-busiest towered airport in North Carolina in 2017 with 71,647 takeoff and landings.



Concord Regional Airport's public facilities include a general aviation terminal, 32,000 square-foot commercial service terminal, and 700-space two-level parking facility. The airport also includes a variety of support facilities, hangars, and over twenty-five acres of ramp space (for aircraft parking).

The airport is home to many private sector businesses providing aircraft maintenance and detailing, flight schools, aircraft charter services, air ambulance providers, and more. The airport is also home to many NASCAR corporate aviation flight departments including Hendrick Motorsports, Stewart-Haas Racing, and Joe Gibbs Racing.

Since 1991, the City has received over \$85 million in grant funding for airport development. Allegiant Air began scheduled commercial service in December 2013, which has grown to 18 weekly non-stop flights to six destinations. Over 120,000 Allegiant passengers departed from Concord Regional Airport in 2017. Many NASCAR teams and college sports teams regularly take advantage of the most convenient airport in the region.

According to a 2016 NCDOT Division of Aviation economic impact analysis, Concord Regional Airport contributes over \$160 million annually into the local economy and supports 1,940 jobs in the Cabarrus County region. There are currently 183 aircraft based at the airport with a combined taxable value of over \$138 million. Bringing additional revenues, based aircraft, and new services for the community ensures the airport's role as a critical regional economic generator and community asset.

Tourism and Hospitality

Cabarrus County has transformed itself from a textile and tobacco-based economy to one of the most thriving tourism economies in the state of North Carolina. Total economic impact related to tourism in Cabarrus County has nearly doubled over the last decade. The economic impact from tourism in 2006 was \$245 million dollars. In 2016 the economic impact from tourism was \$433 million. This impact ranks Cabarrus County 11th out of North Carolina's 100 counties. These numbers can be further measured by

increases in hotel demand which grew by 2% in 2017. Overall hotel Occupancy was 64.7% for the year and Average Daily Rate was \$103.70. Visitor segmentation is spread evenly amongst leisure travelers, Corporate travelers, and group travelers which creates solid visitation the entire year.



The County promotes itself through its definable motorsports brand. This is due to the large concentration of motorsports attractions, including Charlotte Motor Speedway, as well as NASCAR based teams such as Hendrick Motorsports, Roush Fenway Racing, Chip Gannasi, and Stewart-Haas Racing. Each team has race shop facilities that are open year around and they provide race fans and visitors the opportunity to watch the top racing teams in action. Charlotte Motor Speedway (“CMS”) is a major sports and recreational facility which regularly hosts activities that draw over 1,000,000 visitors per year. Each year, CMS hosts major motorsports events, including

three major NASCAR racing events which is the most in the sport. Facilities at CMS include a seven-story office building and conference center topped by a restaurant and private club. The zMAX Dragway, also located on CMS property, hosts several events including two NHRA-sanctioned events on the only 4 lane drag strip in the world. The Dirt Track at Charlotte Motor Speedway hosts annual dirt racing events including the World of Outlaws World Finals and motocross races. The Speedway has continually diversified its events portfolio by hosting major car shows and concerts.

The Cabarrus County Tourism Authority (CCTA) markets Cabarrus County utilizing the 6% Occupancy Tax levied on hotels. The FY2018 budget for the CCTA was \$5,697,614 which represents a 3.2% increase over FY2017. The CCTA Mission is to “Drive visitation to Cabarrus County to generate the maximum impact through hotel stays and visitor spending.” The CCTA currently promotes Cabarrus County by spending 60.8% of its budget directly on Sales and Marketing. This outperforms other Tourism Authority’s where only 51.5% is spent on Sales and Marketing. In FY2018 the CCTA hosted Travel Media Showcase (TMS). Media travel writers from all over the country came to Cabarrus County to experience everything the destination has to offer. CCTA also completed a new visitor website and a wayfinding program to assist visitors traveling from key lodging areas to the downtown municipalities as well as key County attractions.

Cabarrus County operates an Arena & Events Center which is home to the annual Cabarrus County Fair, concerts, trade shows, sports/entertainment groups and a variety of other events throughout the year. The increase in visitation has created additional development for hotels and attractions. Two new hotels were built and put in operation in 2017 and iFly, an indoor skydiving attraction, will be completed in 2018.



Employment

The following table lists the 10 largest employers in the County as of September 2018:

Employer	Service	Approximate Number of Employees
Carolinas Medical Ctr. -Northeast	Medical Center	4,464
Cabarrus County Schools	Education	4,145
Amazon	Distribution	1,300
Walmart	Retail	1,200
Cabarrus County	Government	1,150
TeleTech (formerly Connexions)	Business Solutions	1,000
City of Concord	Government	995
S&D Coffee and Tea	International Coffee and Tea Distributor	850
Kannapolis City Schools	Education	815
Shoe Show	Shoe Distributor	750

Source: Cabarrus County Economic Development Corporation (2018)

Long-term financial planning

The County's operating budget (which is comprised of the General Fund, Cabarrus Arena and Events Center Fund, Landfill Operations Fund, 911 Emergency Telephone Fund, Workers Compensation and Liability Fund and Health and Dental Insurance Fund) for the fiscal year ending June 30, 2019 totals \$272,768,253 with a tax rate of \$0.72 per \$100 of assessed value, based on a total valuation of \$22,875,000,000. The valuation increased 2.5% from the FY2018 final evaluation as the economy continues to recover.

As part of the annual budget development process, the County re-examines and updates the Capital Improvements Plan (CIP). The CIP is a five-year plan which projects capital needs and expenditures. It details estimated costs, project descriptions and funding sources for capital projects. The CIP generally addresses capital projects with a value greater than \$100,000 (and greater than \$500,000 for Cabarrus County Schools) and a useful life longer than one year. The CIP is readopted annually.

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

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

Relevant Financial Policies

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

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

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

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

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

On June 18, 2018, 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 2019 fiscal year:

If unassigned fund balance at the end of the current fiscal year is less than the approved fund balance level, the deficiency should be replenished in the coming fiscal years, not to exceed a total of three consecutive years

Major initiatives

On November 09, 2017, the Cabarrus County Development Corporation issued \$70,820,000 (**2017**) Limited Obligation Bonds (LOBS) contracts for the construction of a Performance Learning Center, West Cabarrus High School, and Downtown Concord Parking Deck. These 20-year LOBS have interest rates ranging from 3.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$99,771,165. Annual principal and interest payments range from \$3,484,688 to \$6,760,425.

The total principal balance due at June 30, 2018 is \$66,985,000.

In January 2018, construction began on a 600 plus parking space five level deck at 81 Spring Street in Downtown Concord. The parking deck is a joint project between Cabarrus County and the City of Concord with a construction cost of \$13.6 million dollars. The deck is being built to address parking demands for courthouse activities as well as serving the downtown business activities in Concord.

With the growing population of the County, the courthouse facilities require expansion to meet the needs of the judicial system and the community. In March 2018, Cabarrus County contracted with an architect for programming and design of a new courthouse facility and renovations of the existing courthouse building.

Programming of the facility, which will be located on the current site in downtown Concord, is currently underway. A construction manager at risk has been selected for the project.

On May 16, 2018, the Cabarrus County Development Corporation issued \$54,680,000 (2018) Limited Obligation Bonds (LOBS) contracts for the construction of an Advanced Technology Center, New Elementary School, replacement of HVAC systems at J.N. Fries Middle School and Mount Pleasant High School, 20 school mobile units, and land for Rowan Cabarrus Community College. These seven and 20-year LOBS have an interest rate of 3.05%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over the term will be \$70,563,129. Annual principal and interest payments range from \$2,241,338 to \$5,027,229. The total principal balance due at June 30, 2018 is \$54,680,000.

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

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

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

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

Cabarrus County remains a place where folks want to live, work and build a family, and residents are largely content with County programs and services, according to the 2018 Community Survey Findings Report administered by ETC Institute. Cabarrus County rated above the national average in 19 of 20 comparison areas and rated 20 percent above the national average in the overall quality of County services. According to the survey, 88 percent of respondents were either very satisfied or satisfied with Cabarrus County as a place to raise children, while 87 percent said the same for the county as a place to live. ETC Institute also examined the importance residents placed on various aspects of living in Cabarrus County and the level of satisfaction with each area. The analysis identified the top priorities of residents as growth management, crime prevention, protection of water quality and the environment, and educational facilities

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, 2017. This was the 33rd consecutive year that Cabarrus County has received this prestigious award. To be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

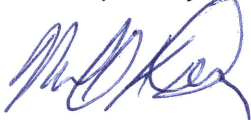
A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

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


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, 2018. To qualify for the Distinguished Budget Presentation Award, the County's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device. This was the 20th year that Cabarrus County has received this prestigious award.

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

Respectfully submitted,



Michael K. Downs
County Manager



Susan B. Fearrington
Finance Director



Government Finance Officers Association

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

Presented to

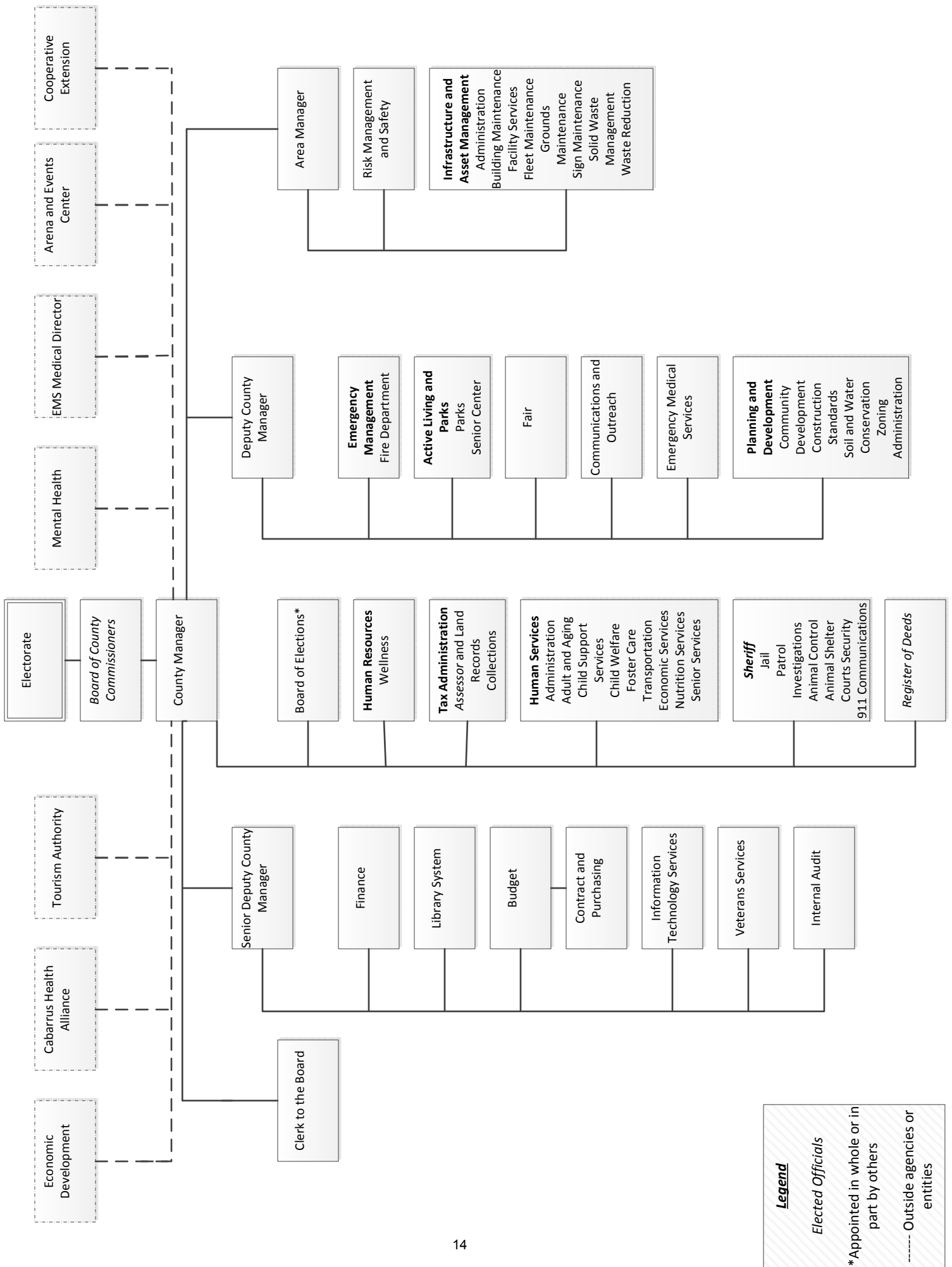
**Cabarrus County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO



Cabarrus County

List of Principal Officials

Board of County Commissioners

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

Other Elected Officials

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

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

Interim Clerk to the Board Angela F. Poplin

County Department Heads

Planning and Development Kelly F. Sifford
Cooperative Extension Robert B. Furr
Elections Director Carol L. Soles
Emergency Management Robert S. Smith
Emergency Medical Services James W. Lentz
Fair Kathleen P. Sharpe
Finance Director Susan B. Fearrington
Infrastructure and Asset Services Michael A. Miller
Human Resources Lundee L. Covington
Information Technology Services Deborah A. Brannan
Libraries Emery M. Ortiz
Parks Londa A. Strong
Social Services Karen B. Calhoun
Solid Waste Management Kevin P. Grant
Tax Administration M. David Thrift
Transportation Robert W. Bushey
Veterans' Service Tony R. Miller



Financial Section

Independent Auditor's Report

The Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of New Accounting Standard

As discussed in Note 5 to the financial statements, the County adopted provisions of Governmental Accounting Standards Board (GASB) Statement Number 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, effective July 1, 2017. Our opinions are not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total OPEB Liability and Related Ratios, the Local Government Employee's Retirement System's Schedules of Proportionate Share of the Net Pension Liability and Contributions, the Register of Deeds' Schedule of Proportionate Share of Net Pension Asset and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in the Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, the introductory section and the statistical section as listed in the Table of Contents are presented for the purpose of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as previously described and the reports of other auditors, The combining and individual fund financial statements, budget and actual comparisons, statement of changes in assets and liabilities – agency funds, schedule of ad valorem taxes receivable, analysis of current tax levy, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Raleigh, North Carolina
December 5, 2018



Management's Discussion and Analysis

Management's Discussion and Analysis

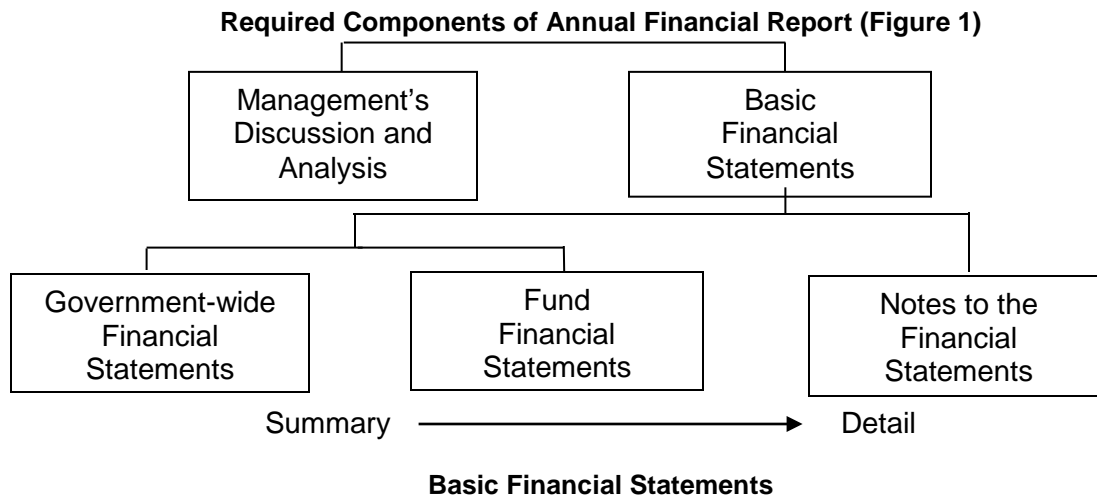
As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The liabilities and deferred inflows of resources of Cabarrus County exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$46,217,951) (*net position*).
- The total Net Position related to Governmental Activities (Exhibit 1) shows a balance of (\$50,149,036) a decrease of \$21,750,927 from the prior year's restated balance of (\$28,398,109). This decrease is primarily due to a \$36,779,935 in new County and School construction projects which began in fiscal year 2018 with the issuance of Limited Obligation Bonds 2017 and 2018. An additional \$28,728,783 of school construction expenditures were added in fiscal year 2018 for previously issued Limited Obligation Bonds 2016. The Statement of Net Position does not present the County's position regarding spending. This information is presented in the governmental fund statements (Exhibit 4).
- As of the close of the current fiscal year, Cabarrus County's governmental funds reported combined ending fund balances of \$224,857,436 after a net increase in fund balance of \$78,150,767. Approximately 63.9% of this total amount or \$143,739,264 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$51,601,102, or 20.4% of total general fund expenditures and transfers out for the fiscal year.
- Cabarrus County's total debt increased by \$96,986,165 or 28% during the current fiscal year. The key factors in this net increase was the issuance of Series 2017(\$70,820,000) and Series 2018 (\$54,680,000) of Limited Obligation Bonds. Due to normal debt service payments, COPS and LOBS debt decreased by \$27,790,000, General Obligation Bond Debt decreased by \$7,190,000, Capital leases by \$132,377, Notes Payable by \$91,465 and installment financing by \$55,231. A Capital lease in the amount of \$930,000 was issued in the current year. The County also implemented GASB 75 which resulted in a Government-wide total OPEB Liability of \$ 41,239,218.
- Cabarrus County has installment bond ratings of AA / Aa2 / AA and general obligation bond ratings of AA+ / Aa1 / AA+.

Overview of the Financial Statements

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



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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$46,217,951 as of June 30, 2018. The County's net position decreased by \$21,286,799 in the same period. This decrease is primarily the result of large educational capital expenses in the current year. One of the largest portions of net position \$142,845,195 is Net Investment in Capital Assets (e.g. land, buildings, vehicles, equipment and other machinery used in providing services to residents). These assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. In accordance with the North Carolina General Statutes, the County is the issuer and payer of debt for capital purposes for the Cabarrus County Schools, Kannapolis City Schools and the Rowan-Cabarrus Community College. This debt, which totals \$371,634,948 at June 30, 2018 and totaled \$278,842,233 at June 30, 2017 is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts the net position of the County, creating a large deficit in unrestricted net position. An additional portion of the County's net position, \$32,255,525, represents resources which are reserved by law for specific purposes. Net position does not present the County's position regarding spending, this amount is presented in the governmental funds statements.

Cabarrus County's Net Position

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 255,510,971	\$ 176,896,563	\$ 5,584,695	\$ 5,041,518	\$ 261,095,666	\$ 181,938,081
Capital assets	198,106,044	196,818,429	2,545,825	2,681,953	200,651,869	199,500,382
Total assets	453,617,015	373,714,992	8,130,520	7,723,471	461,747,535	381,438,463
Deferred outflows of resources	27,703,798	33,304,188	38,667	53,446	27,742,465	33,357,634
Long-term liabilities outstanding	405,237,953	330,901,434	3,802,324	3,987,541	409,040,277	334,888,975
Other liabilities	122,084,569	77,491,545	425,421	271,832	122,509,990	77,763,377
Total liabilities	527,322,522	408,392,979	4,227,745	4,259,373	531,550,267	412,652,352
Deferred inflows of resources	4,147,327	1,977,876	10,357	2,899	4,157,684	1,980,775
Net Position						
Net investment in						
capital assets	140,299,370	135,088,132	2,545,825	2,681,953	142,845,195	137,770,085
Restricted	32,255,525	22,230,970	-	-	32,255,525	22,230,970
Unrestricted	(222,703,931)	(160,670,777)	1,385,260	832,692	(221,318,671)	(159,838,085)
Total net position	\$ (50,149,036)	\$ (3,351,675)	\$ 3,931,085	\$ 3,514,645	\$ (46,217,951)	\$ 162,970

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

- Continued low cost of debt due to the County's high bond rating and the prevailing low interest rate environment.
- General Fund County revenues at June 30, 2018 were a net \$2,756,041 over budget. The areas exceeding budgeted amounts were property tax (\$2,523,717) and Building Inspection fees (\$1,091,987). However, areas under budget were Local Option Sales Tax (\$1,068,362) and Register of Deeds fees (\$162,447).
- The General Fund received \$2,000,983 in other financing sources from several capital project funds which was used for payment of debt service.
- The General Fund had budgeted fund balance appropriated of \$18,953,146 that was not used during the fiscal year due to revenues exceeding budget by \$2,756,041 and expenses under budget by \$13,378,160.
- Of the General Fund expenses at June 30, 2018 that were \$13,378,160 under budget, some of the under-spending \$1,099,962 related to expenditures that were re-appropriated into FY2019. Of this amount there were \$221,400 in capital outlay and one-time projects funds allocated for Cabarrus County Schools, Kannapolis City Schools and Rowan Cabarrus Community College that were uncompleted at June 30, 2018. An additional \$878,562 was re-appropriated for various projects and grants that were not completed in FY2018. County Departments were conservative in their spending resulting in an additional \$12,278,198 of savings. The largest areas of savings were in 1) Human Services, \$4,370,009 under budget, due to reduced expenses in Administration, Transportation, Economic Services and Child Welfare, 2) County salary and fringe expenses of \$2,870,714 under budget, due to unfilled positions and turnover, 3) debt service for unissued warehouse debt \$799,136, 4) Unearned economic incentives \$673,485, 5) unused contingencies \$591,032, and 6) unused election funds \$316,665 when a second primary was unnecessary.
- The Landfill Enterprise Fund operating FY2018 expenses were \$333,407 under budget. The variance primarily resulted from not performing some budgeted capital improvement projects and a reduction in tire disposal costs related to normal project operations.

Cabarrus County's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program Revenues:						
Charges for services	\$ 21,533,590	\$ 19,528,924	\$ 812,407	\$ 676,295	\$ 22,345,997	\$ 20,205,219
Operating grants and contributions	23,162,695	24,553,582	-	-	23,162,695	24,553,582
Capital grants and contributions	2,192,089	3,943,756	-	-	2,192,089	3,943,756
General revenues:	-	-	-	-	-	-
Property taxes	161,470,648	154,541,579	-	-	161,470,648	154,541,579
Local option sales tax	47,725,592	47,584,589	-	-	47,725,592	47,584,589
ABC revenues	122,995	128,382	-	-	122,995	128,382
Other taxes and licenses	950,776	897,888	375,397	360,626	1,326,173	1,258,514
Investment earnings	2,042,086	1,043,249	55,092	32,258	2,097,178	1,075,507
Total revenues	259,200,471	252,221,949	1,242,896	1,069,179	260,443,367	253,291,128

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Expenses:						
General government	25,410,503	25,784,005	-	-	25,410,503	25,784,005
Public safety	48,772,340	47,282,589	-	-	48,772,340	47,282,589
Economic and physical development	6,448,102	4,556,125	-	-	6,448,102	4,556,125
Environmental protection	509,267	654,645	-	-	509,267	654,645
Human services	36,361,691	38,136,558	-	-	36,361,691	38,136,558
Education	141,487,058	144,665,606	-	-	141,487,058	144,665,606
Cultural and recreation	8,474,373	8,177,430	-	-	8,474,373	8,177,430
Interest on long-term debt	13,488,064	13,271,582	-	-	13,488,064	13,271,582
Landfill	-	-	778,768	866,076	778,768	866,076
Total expenses	<u>280,951,398</u>	<u>282,528,540</u>	<u>778,768</u>	<u>866,076</u>	<u>281,730,166</u>	<u>283,394,616</u>
Increase (decrease) in net position before transfers	<u>(21,750,927)</u>	<u>(30,306,591)</u>	<u>464,128</u>	<u>203,103</u>	<u>(21,286,799)</u>	<u>(30,103,488)</u>
Increase (decrease) in net position	<u>(21,750,927)</u>	<u>(30,306,591)</u>	<u>464,128</u>	<u>203,103</u>	<u>(21,286,799)</u>	<u>(30,103,488)</u>
Net position, beginning, previously reported	(3,351,675)	32,814,912	3,514,645	3,311,542	162,970	36,126,454
Restatement	<u>(25,046,434)</u>	<u>(5,859,996)</u>	<u>(47,688)</u>	-	<u>(25,094,122)</u>	<u>(5,859,996)</u>
Net position, beginning, restated	<u>(28,398,109)</u>	<u>26,954,916</u>	<u>3,466,957</u>	<u>3,311,542</u>	<u>(24,931,152)</u>	<u>30,266,458</u>
Net position ending	<u>\$ (50,149,036)</u>	<u>\$ (3,351,675)</u>	<u>\$ 3,931,085</u>	<u>\$ 3,514,645</u>	<u>\$ (46,217,951)</u>	<u>\$ 162,970</u>

Governmental activities

For the year ended June 30, 2018, governmental activities decreased the County's net position by \$21,750,927 and business-type activities increased net position by \$464,128. Key elements of the \$21,286,799 net decrease are as follows:

Revenues:

Charges for services had a net increase of \$2,004,666 or 10.3% over FY2017. General Government had an increase of \$320,720 for a one-time sale of property. Public Safety increased by \$1,371,732 for inspection fees due to a 6.8% increase in building inspections performed. Emergency Medical Services collections also increased by \$502,538 primarily due to a 3% increase in patient transports.

Operating grants and contributions had a net decrease of \$1,390,887 or 5.7% from FY2017. General Government increased by \$509,917 due to an increase in the receipt of Medicaid Hold Harmless. Economic and Physical Development received a new \$531,000 easement grant. However, there was a large Human Services decrease of \$2,715,498. This decrease was due to the State of North Carolina taking over the Day Care Assistance payment processing in January 2018. Therefore, a revenue and expense decrease was realized in FY2018.

Capital grants and contributions experienced a net decrease in the amount of \$1,751,667 or 44.4%. This decrease is primarily made up of a one-time FY2017 grant for \$1,600,000 that was received from the North Carolina Lottery disbursement to assist with the construction of public school facilities.

Property tax revenue increased from FY2017 levels by \$6,929,069 or 4.5%. Real property levy increases were due an increase in new construction and real estate improvements indicating the economy continues to grow.

Local option sales tax decreased by \$141,003 or .3%. The County experienced significant sales tax refunds to local non-profit organizations in FY2018 (\$8,378,898 or 10.5% of collections) as compared to FY 2017 (\$6,410,472 or 8.1% of collections). A local non-profit hospital is undergoing a major construction project. Sales tax paid on construction materials is refunded to the non-profit and netted out of the County's sales tax distributions.

Investment earnings had a net increase of \$998,837 over FY 2017 or 95.7%. An increase of \$296,175 was attributed to higher interest rates, increased cash balance and additional focus of time on investing and another \$572,120 was attributed to interest earned on new debt proceeds received in November 2017 (LOBS 2017 \$70,820,000) and in May 2018 (LOBS 2018 \$54,680,000).

Expenses:

General Government expenses decreased overall by \$373,502 or 1.4%. There was a \$755,475 increase in salary and benefits due to the addition of five new personnel, along with the increase for cost of living and merits. However, FY2017 had a one-time increase of \$2,768,663 that recognized as a loss on disposal of land and the property was donated to the community college. For FY2018 only a \$21,028 loss was recognized as loss on the disposal of land that was sold.

Public Safety expenses increased \$1,489,751 or 3.2%. This increase is primarily due to the addition of nine employees in the Sheriff, Emergency Medical Services, Fire Department and Planning & Development Departments and an increase for cost of living and merits in the amount of \$1,574,081. One-time furniture and equipment purchases were made in FY2017 in the amount of \$393,489.

Economic and Physical Development had a net increase of \$1,891,977 or 41.5%. There was a \$155,349 increase in salary and benefits from cost of living and merits. An increase of \$1,664,966 was realized in the payment of three new economic incentives. Due to timing, incentives are not budgeted until payable. Other smaller decreases were realized in Soil & Water activities and Community Development rehabilitation projects.

Environmental Protection had a net decrease of \$145,378 or 22.2%. This net decrease is primarily due to one-time purchase of a conservation easement in FY2017 for \$266,967.

Human Services had a net decrease of \$1,774,867 or 4.7%. Thirteen new positions were added to the Human Services area along with the increase for cost of living and merits for a total increase of \$1,117,823. There was a \$2,725,038 decrease Day Care Expenses due to the State of North Carolina taking over the Day Care Assistance payment processing in January 2018. Therefore, a revenue and expense decrease was realized in FY2018.

Education had a net decrease of \$3,178,548 or 2.2%. Additional current expense funding of \$2,393,871 was provided to the Public Schools and the Community College for FY2018. Construction of three new schools continued in FY2018, 1) Royal Oaks Elementary \$10,591,344, 2) Mt. Pleasant Middle School \$5,264,085, and 3) Kannapolis Middle School \$12,873,354. However, for these three schools \$28,728,783 was spent during FY2018 as compared to \$56,005,972 in FY2017. Mt. Pleasant Middle and Kannapolis Middle were substantially complete at June 30, 2018. Preliminary planning of several new schools began in FY2017 with debt issued for construction in November 2017 and May 2018. Land and architect expenses were made for a new high school \$6,385,106 in FY2017 and additional expenses of \$24,100,565 made in FY2018. Architect plans were drawn for a performance learning center \$9,508 in FY2017 and construction began in FY2018 with \$1,418,387 being spent. A land survey was prepared for a new elementary school \$2,400 in FY2017 and in FY2018 \$3,698,364 was spent in FY2018. Architectural and engineering plans prepared for an advanced technology center for the community college \$470,488 in FY2017 and in FY2018 \$1,462,553 was spent towards the construction project.

Culture and Recreation had an increase of \$296,943 or 3.6%. Salary and benefits increased \$119,441 due to two new full time and two new part-time employees, and cost of living and merit increases. Rob Wallace Park opened during FY2017 and had a full year of expenses in FY2018 which increased park operations expense by \$37,743.

Interest on long term debt had a net increase of \$216,482 or 1.6%. In November 2017, the County issued \$70,820,000 in Limited Obligation Bonds for the construction and equipping of a new High School, Performance Learning Center and a downtown parking deck. The first interest payment for this debt occurred in FY2018 in the amount of \$1,697,628. Older debt interest debt payments decreased in FY2018 by \$1,288,805. Other small differences were from the amortization of bond premiums on existing debt issues.

With the implementation of GASB Statement number 75, the beginning net position was restated by \$25,046,434 to increase the total OPEB Liability to the proper June 30, 2017 balance.

Business-type activities

The County's Business-type activity, the Landfill, experienced a \$464,128 (13.4%) increase in net position. Tipping fees increased by \$65,259 and mulch sales by \$72,575 due to an increase in materials and brush received at the landfill. Additional smaller revenue increases were experienced in FY2018 including an increase of \$22,834 in investment earnings. Total expenses decreased \$87,308 from FY2017. The decrease is primarily due to a one-time FY2017 adjustment to the closure/ post-closure care liability based on a closure/ post-closure study that was implemented in FY2017.

With the implementation of GASB Statement number 75, the beginning net position was restated by \$47,688 to increase the total OPEB Liability to the proper June 30, 2017 balance.

Financial Analysis of the County's Funds

As noted earlier, Cabarrus County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's major funds, as defined by GAAP for the fiscal year ended June 30, 2018, were the *General Fund*, the *School Construction Debt Fund*, the *Limited Obligation Bonds 2017 Fund*, and the *Limited Obligation Bonds 2018 Fund*.

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

The General Fund is the chief operating fund of Cabarrus County. As of June 30, 2018, Cabarrus County's total fund balance was \$84,041,648 of which \$62,016,003 was available for commitments, assignments and appropriations. The Governing Body of Cabarrus County has determined that the county should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities and to meet the cash flow needs of the County. The County currently has an available fund balance of 26.6% of general fund expenditures, while total fund balance represents 33.2% of that same amount. Of the \$67,144,255 available fund balance, the County has restricted \$5,128,252 (7.6%), committed \$4,175,361 (6.2%) and assigned \$6,239,540 (9.3%) for specific projects and obligations. Following the fund balance policy, \$38,615,131 (57.5%) of the available fund balance has been set aside for working capital. This leaves \$12,985,971 (19.4%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2018, the governmental funds of Cabarrus County reported a combined fund balance of \$224,857,436, a \$78,150,767 net increase from last year. The majority of the net increase was from the issuance of \$70,820,000 in Limited Obligation Bonds 2017 and \$54,680,000 in Limited Obligation Bonds 2018 in FY2018. The LOBS are being recorded in the *Limited Obligation Bonds 2017* and *Limited Obligation Bonds 2018* (Major Funds).

The *General Fund* fund balance decreased \$1,487,962. Property taxes are the largest revenue source. Current year tax collections were \$2,523,717 over budget.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2018, sales taxes of \$47,725,592 were collected; however, this was \$1,068,362 lower than expected

due to large sales tax refunds deducted and paid to non-profit entities from gross County sales tax distributions.

Permits and Fees are primarily collected by the Register of Deeds office for the recording and dissemination of records and by the Planning and Development Department for inspection fees related to construction standards. The economy continues to grow and these two areas were \$971,984 over the budget.

Expenditures were under budget by \$13,378,160. Some of the underspending (\$1,099,962) related to expenditures that were re-appropriated into FY2019 for uncompleted projects. County departments were conservative in their spending resulting in an additional \$12,278,198 of savings. One of the largest areas of savings was in the Human Service area which was \$4,370,009 under budget due to reduced expenditures in Administration, Transportation, Economic Services and Child Welfare. Another large area was for County salary and fringe expenditures of \$2,870,714 under budget, due to unfilled positions and turnover.

The above highlighted increases in revenues and reduction in expenditures positively affected the General Fund fund balance. However, the net of all revenues and expenditures was a decrease of \$1,487,962. The main decrease was \$13,010,489 in transfers from the General Fund to other funds during FY2018. The majority of the transfer amount (\$10,347,778) was related to fulfilling the County's 15% Fund Balance policy. The \$10,347,778 was transferred to the Capital Reserve Fund for future capital projects. Another large component of the transfer was \$1,957,048 which represents a transfer from the General Fund to the several Capital Projects funds for construction of County and School projects that will spread over multiple fiscal years.

Major and Non-Major Funds. The *School Construction Debt Fund* (Major Fund) was created in FY2014 for the construction of debt financed schools. The actual debt \$73,785,000 in Limited Obligation Bonds was sold in March 2016. Three schools, Royal Oaks Elementary, Mt. Pleasant Middle, and Kannapolis Middle are being built with debt, *General Fund* and *Capital Reserve Fund* (Non-Major Fund) funding. During FY2018 \$28,728,783 was spent towards the construction of the three schools.

The *Limited Obligation Bonds 2017 Capital Projects Fund* (Major Fund) was created in FY2017 for the construction of debt financed county and school projects. The \$70,820,000 Limited Obligation Bonds were issued in November 2017. A new High School, Performance Learning Center and a downtown parking deck are being built with debt and *Capital Reserve Fund* (Non-Major Fund) funding. During FY2018 \$30,780,625 was spent towards the construction and financing of the projects.

The *Limited Obligation Bonds 2018 Capital Projects Fund* (Major Fund) was created in FY2017 for the construction of debt financed school projects. The \$54,680,000 Limited Obligation Bonds were issued in May 2018. A new Elementary School, Community College Advanced Technology Center, Community College Land, School Mobile Units and HVAC units for two schools. The projects are being built with debt and *Capital Reserve Fund* (Non-Major Fund) funding. During FY2018 \$5,999,310 was spent towards the construction and financing of the projects.

The *Capital Reserve Fund* (Non-Major Fund) received \$10,347,778 in funds during FY2018 based on the County's 15% fund balance policy. During FY2018, \$2,224,459 was transferred to the *School Construction Debt Fund* (Major Fund) for the continuing construction of Kannapolis Middle and Royal Oaks Elementary schools. Another \$2,736,709 was transferred to the *Limited Obligation Bonds 2017 Capital Projects Fund* (Major Fund) for the continuing construction of West Cabarrus High School, Performance Learning Center and downtown parking deck. During FY2018 \$1,279,250 was transferred to the *Limited Obligation Bonds 2018 Capital Projects Fund* (Major Fund) for purchase of Community College land and construction of the new Hickory Ridge Elementary School. Another \$2,320,111 was transferred to the *Construction and Renovation Fund* (Non-Major Fund) for several County projects including the planning of a new courthouse.

The *Construction and Renovation Fund* (Non-Major Fund) received \$4,257,112 in funds during FY2018. Capital lease proceeds were received for Community College Land in the amount of \$930,000. As mentioned in the paragraph above, \$2,320,111 was transferred from the *Capital Reserve Fund* (Non-

Major Fund) for several County projects including the planning of a new courthouse. Another \$1,007,001 was transferred to the *General Fund* (Major Fund) for County building and land improvement projects.

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 \$20,590,153 with \$10,347,778 related to fund balance appropriated for the transfer of the 15% excess over fund balance.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by \$2,766,024 (1.03%). Actual general fund expenditures and transfers out were less than *final budgetary* figures by \$13,378,160 (5.00%).

Major budget increases and decreases during the year include:

- **Budgeting of Fund Balance:** A total of \$18,953,146 of fund balance was budgeted in FY2018. \$397,085 in fund balance was re-appropriated in August and \$344,683 in September, in addition to \$443,416 of open contracts and purchase orders from prior year for projects that were not completed in FY2017 and were on-going in FY2018. Fund balance was also appropriated for the transfer of excess fund balance of \$10,347,778 to the Capital Reserve Fund to be used for County and School projects.
- **Proprietary Funds.** Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Landfill Fund is the County's sole Enterprise fund. The Net position of the Landfill Fund increased by \$467,866 during the fiscal year ended June 30, 2018. The increase primarily relates to an increase in revenues and a decrease in other operating expenditures.

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, 2018, totals \$200,651,869 (net of accumulated depreciation). These assets include buildings, building improvements, land, land improvements, reservoir, equipment, furniture and fixtures, vehicles, and construction in progress.

Major capital asset transactions during the year include:

- Purchased one vehicle for Information Services, two for Ground Maintenance, one for Building Maintenance, one for the Service Garage, seventeen for the Sheriff's Department, four for Substance Control division, one for Animal Control, two for the Jail, two for Planning and Development, six for Emergency Medical Services (which included four ambulances), and one for Active Living and Parks, for a total of 38 vehicles.
- Purchased 60 DS200 Digital Image Scanners for the Board of Elections.
- Completed projects included Ali Gateway Union County Backup 911, Detention Security and Control/Monitoring project and Arena Aisle Safety Lighting.
- Construction projects in progress at the end of the year were the downtown parking deck, Sheriff Department firing range improvements, design for a new courthouse, Public Safety Training Center, restroom facility Frank Liske Park, Rob Wallace Park Phase II, Governmental Center ADA bathroom project, and fall protection building improvements.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 21,533,301	\$ 21,106,389	\$ 490,447	\$ 490,447	\$ 22,023,748	\$ 21,596,836
Land Improvements	5,452,771	5,759,813	1,116,653	1,209,953	6,569,424	6,969,766
Buildings	120,460,361	124,402,913	879,917	911,330	121,340,278	125,314,243
Building Improvements	15,428,315	15,300,089	-	-	15,428,315	15,300,089
Equipment	4,505,423	3,700,386	40,675	8,575	4,546,098	3,708,961
Furniture and Fixtures	95,746	43,941	-	-	95,746	43,941
Vehicles	3,842,996	3,717,020	18,133	61,648	3,861,129	3,778,668
Reservoir	21,264,890	21,286,655	-	-	21,264,890	21,286,655
Construction in progress	5,522,241	1,501,223	-	-	5,522,241	1,501,223
Total	<u>\$ 198,106,044</u>	<u>\$ 196,818,429</u>	<u>\$ 2,545,825</u>	<u>\$ 2,681,953</u>	<u>\$ 200,651,869</u>	<u>\$ 199,500,382</u>

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

Long-term Debt. As of June 30, 2018, Cabarrus County had total debt outstanding of \$510,735,858 which includes General Obligation Bonds that are backed by the full faith and credit of the County and other debt that is covered by pledged collateral and is subject to appropriation.

Cabarrus County's Outstanding Debt
All Debt Funding Sources

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 57,460,041	\$ 65,546,821	\$ -	\$ -	\$ 57,460,041	\$ 65,546,821
Certificates of participation/ Limited obligation bonds	380,726,387	276,304,369	-	-	380,726,387	276,304,369
Notes payable	182,928	274,393	-	-	182,928	274,393
Capital lease obligations	4,042,976	3,245,354	-	-	4,042,976	3,245,354
Installment financing	201,158	256,389	-	-	201,158	256,389
Accrued landfill closure and postclosure care costs	-	-	3,878,861	3,947,910	3,878,861	3,947,910
Compensated absences	4,064,781	3,856,475	17,315	15,128	4,082,096	3,871,603
Net pension liability (LGERS)	11,716,635	16,441,622	44,693	62,716	11,761,328	16,504,338
Net pension liability (LEOSSA)	7,160,865	6,676,726	-	-	7,160,865	6,676,726
Total OPEB Liability	41,082,509	15,926,887	156,709	108,605	41,239,218	16,035,492
Total	<u>\$ 506,638,280</u>	<u>\$ 388,529,036</u>	<u>\$ 4,097,578</u>	<u>\$ 4,134,359</u>	<u>\$ 510,735,858</u>	<u>\$ 392,663,395</u>

Cabarrus County's total liabilities increased by \$118,072,464 (30%) during the past fiscal year, primarily due to the issuance of Limited Obligation Bonds 2017 (\$70,820,000), Limited Obligation Bonds 2018 (\$54,680,000) and the implementation of GASB 75 and the resulting total OPEB Liability of \$41,239,218.

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 8th consecutive year an Aa1 rating from Moody's and an AA+ rating from Fitch. For the 9th consecutive year,

a rating of AA+ from Standard and Poor's has been maintained. These bond ratings are a clear indication of the sound financial condition of Cabarrus County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,369,794,045 as of June 30, 2018. Additional information regarding Cabarrus County's long-term obligations can be found beginning in Note 2 section B (7) in the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

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

- Unemployment for the County was 3.8% for April 2018, compared to 3.9% at April 2017. Comparable rates for the State of North Carolina were 4.4% and 4.7% respectively.
- Population growth experienced an increase to approximately 206,872.
- A large diverse tax base with only 7.97% of assessed value attributed to the top ten taxpayers in the County.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2019 fiscal year.

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2019

Governmental Activities: The County's conservative financial management practices have positioned it to sustain services while keeping expenditures relatively flat over the next three years. In FY2018, the County issued debt for the construction of a new elementary school, 20 mobile units and the replacement of two HVAC systems; all of which are for the Cabarrus County School system. The County also issued debt for Rowan Cabarrus Community College for the construction of the Advanced Technology Center and land for the South campus expansion. The County struggled to maintain the current tax rate with the increase in growth that the County is experiencing in FY2019 and therefore increased the tax rate by 2 cents to help fund the many capital needs of the schools and deferred maintenance costs. This was the first tax rate increase in 6 fiscal years, which increased the rate from \$0.70 to \$0.72.

The County's five-year financial plan ensures the County will maintain a healthy fund balance. The County adopted its FY2019 budget of \$272,768,253 at 3.56% less than the FY2018 amended budget dated April 2018. The County's 2019 budget is based on a tax rate of \$0.72 per \$100 valuation. The total taxable property tax value was estimated to increase 2.5% from the estimated final valuation for FY2018. The collection percentages used were 98.96% for real property and 100% for motor vehicles (the prior year actual experience).

Total sales tax was budgeted at \$46,280,487, a 3.37% decrease over the FY2018 revised budget. Two factors influence normal growth in sales tax. The first is growth in retail sales and the second is the value of non-profit refunds. For FY2018, the County experienced high sales tax refunds therefore impacting the FY2019 budget projections.

The County budgeted \$2,000,000 in lottery proceeds in FY2019, which is the same as the FY2018 revised budget. Expected revenues of \$2,000,000 will be budgeted per year in the coming years for lottery funds due to the State's change in their funding.

Increases in the FY2019 spending relate primarily to: an increase of health insurance costs \$594,828, \$390,000 due to an increase in workers compensation claims, an increase of \$1,194,102 for a cost of living for County staff, an increase in funding for 43 new positions, which totals approximately \$1,359,863 and increases in debt service for the construction of a new elementary school, 20 mobile units, the

replacement of two HVAC systems, the construction of the Advanced Technology Center for Rowan Cabarrus Community College and land for the South campus expansion for Rowan Cabarrus Community College.

The FY2019 budget added 43 positions which included: 13 in the County's Human Services Department to help with increased case volume and complexity. These positions range from income maintenance caseworkers in our Economic Services division, social workers and a supervisor in our Child Welfare division, a Behavioral Health Navigator and Crisis Support Counselor to assist with mental health efforts in the County and a site supervisor in our Nutrition Services division. The County's Infrastructure and Asset Management department added a custodian and a building maintenance mechanic due to the expanding building and service needs. The Emergency Medical Services department added 10 part-time emergency medical technicians to cover shifts when needed, as well as two additional master paramedics to continue expanding services of the Community Paramedic program. The Construction Standards division of Planning and Development added two additional code enforcement officers to help with increased growth around the county. The Sheriff's department added two additional detectives and one digital evidence technician to assist with increased caseloads. The Finance department added two positions to assist with financial accounting and reporting and to support transparency efforts. The Information and Technology Services department added two support positions that will assist with the growing employee base and our expanding digital services. Other positions included a tax auditor, a recycling technician and a construction manager, all of which are needed to address the increased workload demands in their respective departments. Lastly, our library system added one part-time library assistant at the Harrisburg Branch to assist with increased activities and one full-time and two part-time positions to staff the new Midland Branch, which is planned to begin operation in late 2018.

The County continues to be conservative and budgeted \$300,000 for contingency for the Board to use on projects that may arise in the fiscal year. Unlike in the past, the County was unable to allocate contingency funds for charter school students and the increased per pupil count due to the additional current expense funding and debt service budgeted in FY2019 for the school systems.

Business-type Activities: The Landfill budget increased by \$200,619 or 20.64% from the FY2018 amended budget. For FY2019, tipping fees are budgeted at \$663,000 as a part of the sales and services category for revenues. Tire disposal fees are projected to increase from FY2018 to FY2019 from \$225,000 to \$250,000. The major increase in this fund is due to an increase in the franchise agreement with Republic Services. Republic Services is part of the franchise agreement that collects curbside residential waste and recyclables from unincorporated residents in Cabarrus County.

Requests for Information

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



Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Position
June 30, 2018

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
ASSETS				
Cash, cash equivalents and investments	\$ 119,130,993	\$ 5,470,371	\$ 124,601,364	\$ 9,438,227
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,342,186	4,499	4,346,685	792,572
Customers	876,781	18,698	895,479	590,924
Interest	418,138	9,624	427,762	-
Property taxes	1,796,332	-	1,796,332	-
Due from other governments	11,294,947	81,503	11,376,450	97,251
Inventories	186,200	-	186,200	-
Prepaid items	667,694	-	667,694	-
Restricted cash and cash equivalents	116,390,200	-	116,390,200	948,625
Net Register of Deeds				
Supplemental Retirement Asset	407,500	-	407,500	-
Capital Assets not being depreciated:				
Land	21,533,301	490,447	22,023,748	-
Construction in Progress	5,522,241	-	5,522,241	-
Capital Assets net of accumulated depreciation:				
Land Improvements	5,452,771	1,116,653	6,569,424	-
Buildings and Building Improvements	135,888,676	879,917	136,768,593	57,928
Reservoir	21,264,890	-	21,264,890	-
Furniture and Fixtures	95,746	-	95,746	88,879
Equipment	4,505,423	40,675	4,546,098	164,205
Vehicles and Motorized Equipment	3,842,996	18,133	3,861,129	143,253
Total assets	453,617,015	8,130,520	461,747,535	12,321,864
DEFERRED OUTFLOWS OF RESOURCES	27,703,798	38,667	27,742,465	2,221,379
LIABILITIES				
Accounts payable and other current liabilities	11,993,828	130,167	12,123,995	1,271,014
Liabilities to be paid from restricted assets	598,000	-	598,000	948,625
Accrued interest payable	3,776,153	-	3,776,153	-
Retainage payable	4,316,261	-	4,316,261	-
Long-term liabilities:				
Net Pension Liability LGERS	11,716,635	44,693	11,761,328	2,507,299
Net Pension Liability LEOSA	7,160,865	-	7,160,865	-
Total OPEB Liability	41,082,509	156,709	41,239,218	1,788,629
Other long-term liabilities due within one year	41,440,318	93,852	41,534,170	623,967
Other long-term liabilities due in more than one year	405,237,953	3,802,324	409,040,277	12,734
Total long-term liabilities	506,638,280	4,097,578	510,735,858	4,932,629
Total liabilities	527,322,522	4,227,745	531,550,267	7,152,268
DEFERRED INFLOWS OF RESOURCES	4,147,327	10,357	4,157,684	142,459
NET POSITION				
Net Investment in Capital Assets	140,299,370	2,545,825	142,845,195	454,265
Restricted for :				
Stabilization by State Statute	25,204,059	-	25,204,059	889,823
Register of Deeds	348,383	-	348,383	-
Jail Housing Unit/Sheriff Admin debt payments	1,751	-	1,751	-
Emergency Telephone 911	438,806	-	438,806	-
Sheriff & State Safety programs	194,824	-	194,824	-
HOME Programs	70,366	-	70,366	-
Energy assistance programs	46,175	-	46,175	-
Soil & Water programs	783,225	-	783,225	-
State recycling programs	9,343	-	9,343	-
Social Services grants	136,972	-	136,972	-
School debt	4,812,479	-	4,812,479	-
Cabarrus Arena & Events Center	51,679	-	51,679	-
Park grants	37,652	-	37,652	-
Library grants	119,811	-	119,811	-
Unrestricted	(222,703,931)	1,385,260	(221,318,671)	5,904,428
Total net position	\$ (50,149,036)	\$ 3,931,085	\$ (46,217,951)	\$ 7,248,516

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, 2018

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Component Unit
Function/Program Activities							
Primary Government:							
Governmental Activities:							
General government	\$ 25,410,503	\$ 3,914,304	\$ 2,482,082	\$ -	\$ (19,014,117)	\$ -	\$ -
Public safety	48,772,340	14,337,385	1,902,528	29,504	(32,502,923)	-	-
Economic and physical development	6,448,102	500,476	1,148,056	-	(4,799,570)	-	-
Environmental protection	509,267	56,403	9,690	-	(443,174)	-	-
Human services	36,361,691	1,423,955	15,725,089	112,585	(19,100,062)	-	-
Education	141,487,058	-	718,883	2,050,000	(138,718,175)	-	-
Culture and recreation	8,474,373	1,301,067	1,176,367	-	(5,996,939)	-	-
Interest on long-term debt	13,488,064	-	-	-	(13,488,064)	-	-
Total governmental activities	280,951,398	21,533,590	23,162,695	2,192,089	(234,063,024)	-	-
Business-Type Activities:							
Solid Waste	778,768	812,407	-	-	-	33,639	-
Total business-type activities	778,768	812,407	-	-	-	33,639	-
Total primary government	\$ 281,730,166	\$ 22,345,997	\$ 23,162,695	\$ 2,192,089	(234,063,024)	33,639	-
Component Unit:							
Cabarrus Health Alliance	\$ 23,680,278	\$ 12,134,585	\$ 11,448,897	\$ -	-	-	\$ (96,796)
General Revenues:							
Property taxes					161,470,648	-	-
Local option sales tax					47,725,592	-	-
ABC revenues					122,995	-	-
Other taxes and licenses					950,776	375,397	-
Investment earnings					2,042,086	55,092	95,743
Miscellaneous					-	-	55,723
Total general revenues					212,312,097	430,489	151,466
Change in net position					(21,750,927)	464,128	54,670
Net position, beginning, previously reported					(3,351,675)	3,514,645	8,068,949
Restatement					(25,046,434)	(47,688)	(875,103)
Net position, beginning, restated					(28,398,109)	3,466,957	7,193,846
Net position, ending					\$ (50,149,036)	\$ 3,931,085	\$ 7,248,516

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

Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2018

	Major				Non-Major	Total
	General	School Construction Debt	Limited Obligation Bonds 2017	Limited Obligation Bonds 2018	Other Governmental Funds	Governmental Funds
ASSETS						
Cash, cash equivalents and investments	\$ 71,175,569	\$ 3,606,205	\$ 5,717,379	\$ 313,894	\$ 26,896,885	\$ 107,709,932
Restricted cash	4,814,230	4,179,658	52,837,158	53,859,475	699,679	116,390,200
Receivables (net of allowance for uncollectible)						
Accounts receivable	4,111,792	-	-	-	230,394	4,342,186
Customers	876,781	-	-	-	-	876,781
Property taxes	1,796,332	-	-	-	-	1,796,332
Interest	170,788	-	-	-	35,500	206,288
Due from other governments	11,236,332	-	-	-	36,711	11,273,043
Prepaid items	371,248	-	-	-	18,725	389,973
Inventories	186,200	-	-	-	-	186,200
Total assets	<u>\$ 94,739,272</u>	<u>\$ 7,785,863</u>	<u>\$ 58,554,537</u>	<u>\$ 54,173,369</u>	<u>\$ 27,917,894</u>	<u>\$ 243,170,935</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable and accrued liabilities	\$ 7,087,115	\$ 240,099	\$ 829,925	\$ 911,365	\$ 477,083	\$ 9,545,587
Liabilities to be paid from restricted assets	-	-	-	-	598,000	598,000
Contract retainages	-	2,803,974	1,412,068	98,889	1,330	4,316,261
Total liabilities	<u>7,087,115</u>	<u>3,044,073</u>	<u>2,241,993</u>	<u>1,010,254</u>	<u>1,076,413</u>	<u>14,459,848</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,610,509</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>243,142</u>	<u>3,853,651</u>
Fund Balances:						
Nonspendable:						
Inventories	186,200	-	-	-	-	186,200
Prepaid items	371,248	-	-	-	-	371,248
Restricted:						
Stabilization by State Statute	16,339,945	-	7,810,014	100,000	954,100	25,204,059
Register of Deeds Automation & Enhancement	-	-	-	-	348,383	348,383
Parking Deck debt & construction	-	-	8,692,463	-	-	8,692,463
Jail Housing Unit/Sheriff Admin debt payments	1,751	-	-	-	-	1,751
Emergency Telephone 911	-	-	-	-	438,806	438,806
Sheriff & State Safety Programs	83,880	-	-	-	110,944	194,824
HOME programs	-	-	-	-	70,366	70,366
Energy assistance programs	46,175	-	-	-	-	46,175
Soil & Water programs	-	-	-	-	783,225	783,225
State recycling programs	9,343	-	-	-	-	9,343
Social Services grants	136,972	-	-	-	-	136,972
School debt & construction	4,812,479	4,179,658	44,144,695	53,859,475	50,000	107,046,307
Cabarrus Arena & Events Center	-	-	-	-	51,679	51,679
Park grant	37,652	-	-	-	-	37,652
Library grants	-	-	-	-	119,811	119,811
Committed:						
General Government	-	-	-	-	1,024,822	1,024,822
Public Safety	1,576,476	-	-	-	7,456,095	9,032,571
Economic & Physical Development	2,377,485	-	-	-	2,515,858	4,893,343
Environmental Protection	-	-	-	-	94,699	94,699
Human Services	-	-	-	-	174,820	174,820
Education	221,400	562,132	-	-	8,404,089	9,187,621
Culture & Recreation	-	-	-	-	2,591,286	2,591,286
Assigned:						
General Government	6,075,410	-	-	-	99,246	6,174,656
Public Safety	18,517	-	-	-	-	18,517
Economic & Physical Development	13,491	-	-	-	-	13,491
Environmental Protection	42,757	-	-	-	-	42,757
Human Services	84,000	-	-	-	-	84,000
Culture & Recreation	5,365	-	-	-	1,346,821	1,352,186
Unassigned	51,601,102	-	(4,334,628)	(796,360)	(36,711)	46,433,403
Total fund balances	<u>84,041,648</u>	<u>4,741,790</u>	<u>56,312,544</u>	<u>53,163,115</u>	<u>26,598,339</u>	<u>224,857,436</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,739,272</u>	<u>\$ 7,785,863</u>	<u>\$ 58,554,537</u>	<u>\$ 54,173,369</u>	<u>\$ 27,917,894</u>	<u>\$ 243,170,935</u>

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

Cabarrus County, North Carolina
Reconciliation of the Balance Sheet of Governmental Funds
June 30, 2018

Exhibit 3A
Page 2 of 2

Total fund balances-total governmental funds		\$ 224,857,436
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Government capital assets	278,397,824	
Less accumulated depreciation	<u>(80,319,466)</u>	198,078,358
Charges related to advance refunding bond issue		16,926,354
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds		
Deferred Inflows of resources for taxes and ambulance receivables		2,673,113
Premium on Debt Issuance		<u>(27,431,428)</u>
Sales tax receivable for capital lease		21,904
Contributions and other costs to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
Pension		8,873,176
Register of Deeds Supplemental Retirement		131,704
Benefit payments and pension administration costs for LEOSSA		509,034
Contributions and administration costs for OPEB are deferred outflows of resources		1,263,530
Internal service funds are used by management to charge the costs of self-insured hospitalization dental, Workers Compensation and Liability Insurance to individual departments		
		9,297,349
Pension related deferred inflows		(832,261)
OPEB related deferred inflows		(2,134,528)
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	(415,182,062)	
Accrued Interest	(3,583,425)	
Compensated Absences	(4,064,781)	
Net LEO Pension Liability	(7,160,865)	
Net LGERS liability	(11,716,635)	
Net Register of Deeds Supplemental Retirement asset	407,500	
Total OPEB Liability	<u>(41,082,509)</u>	<u>(482,382,777)</u>
Net position of governmental activities		<u>\$ (50,149,036)</u>

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

Cabarrus County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

Exhibit 4
Page 1 of 2

	Major				Non-Major	
	General	School Construction Debt	Limited Obligation Bonds 2017	Limited Obligation Bonds 2018	Other Governmental Funds	Total Governmental Funds
REVENUES						
Ad valorem taxes	\$ 156,869,559	\$ -	\$ -	\$ -	\$ 4,478,501	\$ 161,348,060
Other taxes and licenses	48,676,368	-	-	-	-	48,676,368
Intergovernmental revenues	21,533,143	-	-	-	3,500,444	25,033,587
Permits and fees	7,371,875	-	-	-	-	7,371,875
Sales and services	12,914,966	-	-	-	637,151	13,552,117
Investment earnings	933,808	152,898	619,439	36,916	189,993	1,933,054
Donations	-	-	-	-	571,705	571,705
Miscellaneous	1,089,456	-	-	-	9,665	1,099,121
Total revenues	249,389,175	152,898	619,439	36,916	9,387,459	259,585,887
EXPENDITURES						
Current:						
General government	23,133,836	-	740,004	-	276,978	24,150,818
Public safety	38,511,848	-	-	-	4,705,202	43,217,050
Economic & physical development	6,378,168	-	-	-	27,785	6,405,953
Environmental protection	433,661	-	-	-	4,904	438,565
Human services	35,572,671	-	-	-	625	35,573,296
Education	78,753,716	28,728,783	25,518,952	5,999,310	2,486,297	141,487,058
Culture and recreation	5,392,468	-	-	-	1,430,252	6,822,720
Capital outlay:						
Land and land improvements	375,775	-	2,367	-	300,099	678,241
Building and building improvements	156,182	-	-	-	505,424	661,606
Equipment and furniture	602,877	-	-	-	679,670	1,282,547
Vehicles and motorized equipment	1,564,073	-	-	-	36,078	1,600,151
Construction in progress	-	-	4,519,302	-	350,810	4,870,112
Debt service:						
Principal retirement	35,203,843	-	-	-	55,231	35,259,074
Interest and fees	13,788,513	-	-	-	4,295	13,792,808
Total expenditures	239,867,631	28,728,783	30,780,625	5,999,310	10,863,650	316,239,999
Excess (deficiency) of revenues over (under) expenditures	9,521,544	(28,575,885)	(30,161,186)	(5,962,394)	(1,476,191)	(56,654,112)
OTHER FINANCING SOURCES (USES)						
Lease Financing issued	-	-	-	-	930,000	930,000
Premium on Debt Issued	-	-	8,374,879	-	-	8,374,879
Proceeds from LOBS	-	-	70,820,000	54,680,000	-	125,500,000
Transfers in	2,000,983	2,224,459	2,736,709	2,180,250	15,661,309	24,803,710
Transfers out	(13,010,489)	(983)	(331,709)	-	(11,460,529)	(24,803,710)
Total other financing sources (uses)	(11,009,506)	2,223,476	81,599,879	56,860,250	5,130,780	134,804,879
Net change in fund balances	(1,487,962)	(26,352,409)	51,438,693	50,897,856	3,654,589	78,150,767
Fund balance, July 1	85,529,610	31,094,199	4,873,851	2,265,259	22,943,750	146,706,669
Fund balance, June 30	\$ 84,041,648	\$ 4,741,790	\$ 56,312,544	\$ 53,163,115	\$ 26,598,339	\$ 224,857,436

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, 2018

Exhibit 4A
Page 2 of 2

Net change in fund balances-total governmental funds \$ 78,150,767

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	9,092,657	
Less current year depreciation	<u>(7,802,622)</u>	1,290,035

Changes in contributions and other costs to the pension plan (5,148,088)

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

Ambulance	(584,133)	
Property Tax	<u>122,588</u>	(461,545)

The effect of various miscellaneous transactions involving capital assets

Donation of capital assets	42,867	
Disposal of capital assets, net book value	<u>(72,973)</u>	(30,106)

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

Debt proceeds	(134,804,879)	
Amortization of current year debt premium	2,559,641	
Principal payments	35,259,074	
Deferred charge on refunding	<u>(2,088,061)</u>	(99,074,225)

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	(208,306)	
Law Enforcement Officers Pension Liability	(208,543)	
Local Government Employees Retirement System	4,904,421	
Register of Deeds Supplemental Retirement	(18,250)	
Other Postemployment Benefit Liability	(980,186)	
Accrued Interest	<u>(166,836)</u>	3,322,300

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

199,935

Changes in net position of governmental activities

\$ (21,750,927)

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

Cabarrus County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended June 30, 2018

Exhibit 5

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Ad Valorem Taxes:				
Taxes	\$ 153,877,842	\$ 153,877,842	\$ 156,320,762	\$ 2,442,920
Interest	468,000	468,000	548,797	80,797
Other Taxes and Licenses	49,610,954	49,610,954	48,676,368	(934,586)
Intergovernmental Revenues	22,118,240	23,132,397	21,533,143	(1,599,254)
Permits and Fees	6,387,891	6,399,891	7,371,875	971,984
Sales and Services	11,595,065	11,720,980	12,914,966	1,193,986
Investment Earnings	500,000	571,700	933,808	362,108
Miscellaneous	438,135	851,370	1,089,456	238,086
Total revenues	<u>244,996,127</u>	<u>246,633,134</u>	<u>249,389,175</u>	<u>2,756,041</u>
EXPENDITURES				
Current:				
General Government	28,210,408	27,548,826	23,745,276	3,803,550
Public Safety	40,851,472	42,115,628	40,074,365	2,041,263
Economic & Physical Development	4,660,597	7,231,448	6,378,168	853,280
Environmental Protection	514,545	567,826	446,803	121,023
Human Services	40,165,581	40,762,400	35,617,618	5,144,782
Education	75,026,858	78,983,651	78,753,716	229,935
Culture and Recreation	5,635,821	6,109,004	5,859,329	249,675
Debt service:				
Principal retirement	37,113,843	37,143,036	36,533,843	609,193
Interest and fees	14,177,165	14,113,972	13,788,513	325,459
Total expenditures	<u>246,356,290</u>	<u>254,575,791</u>	<u>241,197,631</u>	<u>13,378,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,360,163)</u>	<u>(7,942,657)</u>	<u>8,191,544</u>	<u>16,134,201</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,000,000	2,000,983	983
Transfers out	(639,837)	(13,010,489)	(13,010,489)	-
Fund balance appropriated	-	18,953,146	-	(18,953,146)
Total other financing sources (uses)	<u>1,360,163</u>	<u>7,942,657</u>	<u>(11,009,506)</u>	<u>(18,952,163)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,817,962)</u>	<u>\$ (2,817,962)</u>
Fund Balance, July 1			\$ 85,529,610	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name			<u>1,330,000</u>	
Fund balance, June 30			<u>\$ 84,041,648</u>	

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

Cabarrus County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,470,371	\$ 11,421,061
Receivables (net):		
Accounts	4,499	-
Customers	18,698	-
Due from other governments	81,503	-
Interest	9,624	19,122
Prepaid expenses	-	277,721
Total current assets	<u>5,584,695</u>	<u>11,717,904</u>
Capital assets:		
Land & land improvements	2,689,843	-
Buildings & improvements	1,256,544	-
Vehicles and equipment	2,204,367	29,664
Less: Accumulated depreciation	(3,604,929)	(1,978)
Total capital assets (net)	<u>2,545,825</u>	<u>27,686</u>
Total assets	<u>8,130,520</u>	<u>11,745,590</u>
DEFERRED OUTFLOWS OF RESOURCES		
Contributions to pension plan in fiscal year	33,847	-
OPEB deferrals	4,820	-
Total deferred outflows of resources	<u>38,667</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	130,167	100,264
Closure/post closure costs payable	80,000	-
Compensated absences payable	13,852	-
Total current liabilities	<u>224,019</u>	<u>100,264</u>
Noncurrent liabilities:		
Net pension liability	44,693	-
Amounts payable for future claims	-	2,347,977
Closure/post closure costs payable	3,798,861	-
Compensated absences payable	3,463	-
Total OPEB liability	156,709	-
Total noncurrent liabilities	<u>4,003,726</u>	<u>2,347,977</u>
Total liabilities	<u>4,227,745</u>	<u>2,448,241</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	2,215	-
OPEB deferrals	8,142	-
Total deferred inflows of resources	<u>10,357</u>	<u>-</u>
NET POSITION		
Net Invested in capital assets	2,545,825	27,686
Unrestricted	1,385,260	9,269,663
Total net position	<u>\$ 3,931,085</u>	<u>\$ 9,297,349</u>

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

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

Exhibit 7
Page 1 of 2

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for sales and services:		
Tipping fees	\$ 669,812	\$ -
Items for sale	72,575	
Waste disposal fees	70,020	-
Insurance premiums refunds	-	12,847,804
Program fees	-	37,877
Total operating revenues	<u>812,407</u>	<u>12,885,681</u>
Operating expenses:		
Administration:		
Salaries and benefits		
Salary and wages	208,558	-
FICA	12,122	-
Medicare	2,835	-
Group hospital insurance	39,246	-
Vision care	98	-
Retirement	16,505	-
Life insurance	154	-
Workers' compensation	11,268	-
Deferred compensation - 401k	10,318	-
Insurance and bonds	3,611	-
Total salaries and benefits	<u>304,715</u>	<u>-</u>
Operations:		
General and administrative		
Administrative fees	-	2,253,257
Dues and subscriptions	562	-
Lights and power	5,419	2,172
Office supplies Medical supplies	1,625	105,487
Other operating costs	-	5,558
Telephone	1,512	-
Travel	100	-
Uniforms	3,442	-
Total general and administrative	<u>12,660</u>	<u>2,366,474</u>

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

Exhibit 7
Page 2 of 2

Other operational expenses:

Auto and truck maintenance	18,250	-
Building and ground maintenance	13,457	-
Building and equipment rentals	22,725	-
Claims	-	9,930,002
Consultant	-	40,500
Depreciation	172,129	1,978
Engineers	7,041	-
Fuel	23,369	-
Heavy equipment maintenance	47,131	-
Landfill disposal tax remittance	33,691	-
Minor equipment maintenance	191	-
Permitting fees	8,725	-
Service contracts	-	423,776
Tire disposal	107,454	-
Tools and minor equipment	3,256	32,048
Waste disposal charges	3,974	-
Total other operational expenses	<u>461,393</u>	<u>10,428,304</u>

Total operating expenses	<u>778,768</u>	<u>12,794,778</u>
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Operating Income	<u>33,639</u>	<u>90,903</u>
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Nonoperating revenues:

Landfill disposal tax	33,428	-
Landfill state tax distribution	43,953	-
Solid waste franchise fee	30,000	-
Tire disposal fees	268,016	-
Investment earnings	55,092	109,032
Total nonoperating revenues	<u>430,489</u>	<u>109,032</u>

Change in net position	<u>464,128</u>	<u>199,935</u>
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Total net position, July 1	3,514,645	9,097,414
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Restatement	(47,688)	-
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Total net position, July 1 (restated)	<u>3,466,957</u>	<u>9,097,414</u>
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Total net position, June 30	<u>\$ 3,931,085</u>	<u>\$ 9,297,349</u>
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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, 2018

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 833,727	\$ 4,587
Cash received from departments	-	12,886,950
Cash paid to employees	(297,727)	-
Cash paid to suppliers for goods and services	(365,992)	(12,387,714)
Net cash provided for operating activities	<u>170,008</u>	<u>503,823</u>
Cash flows from non-capital and related financing activities:		
Non-capital grants and other subsidies	375,397	-
Net cash provided by non-capital financing activities	<u>375,397</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(36,000)	(29,664)
Net cash (used) by capital and related financing activities	<u>(36,000)</u>	<u>(29,664)</u>
Cash flows from investing activities:		
Interest received on investments	58,773	117,796
Net cash provided by investing activities	<u>58,773</u>	<u>117,796</u>
Net increase in cash and cash equivalents	<u>568,178</u>	<u>591,955</u>
Cash and cash equivalents, July 1	4,902,193	10,829,106
Cash and cash equivalents, June 30	<u>\$ 5,470,371</u>	<u>\$ 11,421,061</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 33,639	\$ 90,903
Depreciation expense	172,129	1,978
Pension expense	892	-
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	24,331	5,856
Due from other governments	(1,582)	-
Customers receivable	(1,429)	-
Accounts payable and accrued liabilities	5,153	405,086
Deferred outflows of resources (OPEB)	(4,820)	-
Landfill closure post-closure care cost	(69,049)	-
OPEB liability	416	-
Deferred inflows of resources (OPEB)	8,142	-
Compensated absences payable	2,186	-
Total adjustments	<u>136,369</u>	<u>412,920</u>
Net cash provided by operating activities	<u>\$ 170,008</u>	<u>\$ 503,823</u>

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

Cabarrus County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Agency Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 495,439
Accounts receivable	934
Due from other Government	<hr/> 788,103
	<hr/>
Total assets	<hr/> \$ 1,284,476 <hr/>
LIABILITIES	
Accounts payable and accrued liabilities	\$ 4,107
Due to courts	2,275
Due to jail inmates	52,020
Due to municipalities	999,196
Due to program participants	140,850
Due to schools	<hr/> 86,028
	<hr/>
Total liabilities	<hr/> \$ 1,284,476 <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, 2018**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Cabarrus Development Corporation	Blended	The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County.	None Issued
Cabarrus County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance	Discrete	Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 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 members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. The County funded the Alliance with \$6,729,671 or 28.00% of its total revenues for the fiscal year ended June 30, 2018. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 300 Mooresville Road Kannapolis, NC 28081

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

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

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

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

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

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

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

Measurement Focus – Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

C. Budgetary Data

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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, 2018.

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

As required by General Statute (G.S.) 159-26(d), the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances represent commitments related to unperformed contracts and purchase orders for goods or services. Encumbrances are recognized during the year.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County's and its component unit's investments with a maturity of more than one year at acquisition, and non-money market investments, are carried at fair value as determined by quoted market prices. The NC Capital management Trust Government Portfolio, a SEC-registered 2a-7 external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

2. Cash and Cash Equivalent

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

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

3. Restricted Assets

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

Governmental Activities

General Fund	Debt payments held in escrow by agent	\$ 4,814,230
School Construction Debt Fund	Unspent debt proceeds	4,179,658
Limited Obligation Bonds - 2017	Unspent debt proceeds	52,837,158
Limited Obligation Bonds - 2018	Unspent debt proceeds	53,859,475
Cabarrus Arena and Events Center Fund	Unspent escrow	51,679
Public School Capital Projects Fund	Due to other governments	648,000
Total Restricted Cash		<u><u>\$ 116,390,200</u></u>

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year, and are due on September 1; however, penalties and interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2017. 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 2017-2018 fiscal year was \$0.70 per \$100 valuation.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid items

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

7. Capital Assets

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

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

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

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

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

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

8. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criterion – charges on debt refunding, pension and OPEB related deferrals, and contributions made to the pension plan and OPEB in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet this criterion for this category – prepaid taxes, child support incentive, property tax receivable, ambulance receivable, and other pension and OPEB related deferrals.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

9. Long-Term Obligations

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

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

10. Compensated Absences

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

11. Net Position/Fund Balances

a. Net Position

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

b. Fund Balances

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

The governmental fund types classify fund balances as follows:

1. Non-spendable Fund Balance

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

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

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

2. Restricted Fund Balance

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Restricted for Stabilization by State Statute may not be spent, per North Carolina G.S. 159-8. For the fiscal year ended June 30, 2018, \$16,339,945 was related to the General Fund, \$7,810,014, was for Limited Obligation Bonds 2017, \$100,000 was for Limited Obligation Bonds 2018 and \$954,100 for other non-major funds.

Restricted for Register of Deeds– portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office. For the fiscal year ended June 30, 2018 this amount was \$348,383.

Restricted for parking deck and construction – portion of fund balance restricted by revenue source for unspent funds for construction of and debt payments for new parking deck. For the fiscal year ended June 30, 2018 this amount was \$8,692,463.

Restricted for Jail Housing Unit/Sheriff Admin debt payments – portion of fund balance restricted by revenue source for unspent cost of issuance funds for refinancing the Sheriff Administration and Jail Housing Unit debt. For the fiscal year ended June 30, 2018 this amount was \$1,751.

Restricted for Emergency Telephone 911 – portion of fund balance restricted by revenue source for purchasing equipment and maintenance of the E-911 system. For the fiscal year ended June 30, 2018 this amount was \$438,806.

Restricted for Sheriff and State Safety programs – portion of fund balance for the fiscal year ended June 30, 2018 restricted by revenue source for unspent Federal Forfeiture funds \$37,974, unspent NC Substance Control funds \$72,970, \$21,788 for DARE summer camp, \$51,246 for State Criminal Alien Assistance Program, \$2,369 for DUKE Energy grant funds and \$8,477 for Motorcycle Safety Grant.

Restricted for HOME programs – portion of fund balance restricted by revenue source for community development low income housing projects. For the fiscal year ended June 30, June 30, 2018 this amount was \$70,366.

Restricted for Energy Assistance Programs – portion of fund balance restricted for DUKE rebate funds was \$46,175.

Restricted for Soil & Water programs – portion of fund balance restricted by revenue source for unspent Conservation Grant proceeds used for Soil and Water Land conservation projects. For the fiscal year ended June 30, 2018, \$3,225 was for the unspent NC Ecosystem Enhancement grant, \$249,000 was for the unspent Suther Conservation grant and \$531,000 for Suther Farm Easement Grant.

Restricted for State recycling programs – portion of fund balance restricted by revenue source for unspent NC Electronic Management. For the fiscal year ended June 30, 2018, the unspent amount was \$9,343.

Restricted for Social Services – portion of fund balance restricted by revenue source for unspent for various grants was \$136,972.

Restricted for School debt and construction – portion of fund balance for the fiscal year ended June 30, 2018 restricted by revenue source to be used for school debt service payments \$4,812,479, constructing and equipping of Mt. Pleasant Middle, Kannapolis Middle and Royal Oaks Elementary Schools \$4,179,658, \$44,144,695 for constructing West Cabarrus High School and Performance Learning Center, \$53,859,475 for various schools, RCCC land and Advanced Technology Center, HVAC systems for Mount Pleasant High School and JN Fries and \$50,000 for relocating the office at Carter Elementary School.

Restricted for Cabarrus Arena & Events Center – portion of fund balance restricted by revenue source for use as an At Risk Fund for the Cabarrus Arena and Events Center operations. For the fiscal year ended June 30, 2018 this amount was \$51,679.

Restricted for Parks – portion of fund balance restricted by revenue source for unspent grant funds to be used for future park projects. For the fiscal year ended June 30, 2018 this amount was \$37,652.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

Restricted for Library – portion of fund balance restricted by revenue source for unspent Cannon Grant funds to be used for future Library capital purchases. For the fiscal year ended June 30, 2018 this amount was \$119,811.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 as of June 30, 2018 by the amount of unspent debt proceeds of \$102,233,828.

3. Committed Fund Balance

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

Committed for General Government – portion of fund balance committed by the governing board for 1) other improvements \$197,911, 2) renovate Governmental Center bathrooms - ADA \$190,000, 3) Fiber Infrastructure improvements \$120,000, 4) County website development design \$170,500, 5) County furniture purchases \$29,242, 6) elevator modernization \$4,000, 7) fall protection measures installation at multiple buildings \$89,075, 8) chiller replacement \$211,000, 9) Board of Elections equipment purchase \$601 and 10) Soil and Water seed drill \$12,493.

Committed for Public Safety – portion of fund balance committed by the governing board for 1) unpaid future pension payments for retired law enforcement personnel \$1,576,476, 2) firing range improvements \$15,375, 3) security camera equipment update at the jail \$4,536, 4) training and firing range improvements \$7,790, 5) courthouse expansion \$710,890, 6) Public Safety training center \$75,400, 7) building and renovations of EMS Concord \$375,000, 7) heart monitors \$550,111, 8) communications equipment \$216,993, 9) \$5,000,000 courthouse planning and architects, 10) radio network ethernet backhaul \$500,000.

Committed for Economic & Physical Development – portion of fund balance committed by the governing board for, 1) wet lands mitigation projects \$100,000, 2) Local Agriculture Preservation \$2,243,504, 3) Soil and Water Activities \$137,478, 4) Stewardship Fund \$34,876, 5) Economic Incentives \$2,377,485.

Committed for Environmental Protection – portion of fund balance committed by the governing board for 1) landfill retaining wall \$94,699

Committed for Human Services – portion of fund balance committed by the governing board for 1) Cooperative Extension restroom renovations \$33,514, 2) projects for Department of Aging \$141,306.

Committed for Education – portion of fund balance committed by the governing board for 1) various school capital projects \$783,532, 2) AL Brown High School paving \$500,000, 3) JN Fries up fit \$241,276, 4) remodel of Carver Elementary \$189,512, 5) HVAC units at RCCC \$136,585, 6) other improvements, site development, \$32,577, 7) construction contingencies for Royal Oaks and Mount Pleasant Middle Schools \$650,846, 8) construction contingencies, equipment and technology for West Cabarrus High School and Performance Learning Center \$3,022,250, 9) furniture and equipment for RCCC Advanced Technology Center and construction contingency, technology and equipment for Hickory Ridge Elementary \$3,631,043.

Committed for Culture & Recreation – portion of fund balance committed by the governing board for 1) Construction of Rob Wallace Park \$1,188,018, 2) renovation of two bathrooms at Frank Liske Park \$282,464, 3) Carolina Thread Trail \$47,900, 4) construction of athletic fields \$837,904, 5) Cabarrus Arena lighting control system replacement \$235,000.

4. Assigned Fund Balance

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Assigned for General Government – portion of fund balance that is intended to be used for 1) property tax appeals \$475,000, 2) extraordinary circumstances \$5,000,000, 3) pending and potential claims \$200,000, 4) uncompleted Information Technology System purchases and projects \$305,146, 5) uncompleted Infrastructure and Asset Management projects \$83,164, 6) uncompleted projects for Communications \$12,100 and 7) purchase of operations center \$99,246.

Assigned for Public Safety – portion of fund balance intended to be used for EMS equipment and technology \$10,517, 2) striping and carport for Sheriff Department vehicles \$8,000.

Assigned for Economic and Physical Development – portion of fund balance intended to be used for engineering and consulting projects for planning and zoning department \$13,491.

Assigned for Environmental Protection – portion of fund balance intended to be used for hazard and electronic waste disposal \$42,757.

Assigned for Human Services – portion of fund intended to be used for Department of Human Services uncompleted technology projects \$84,000.

Assigned for Culture and Recreation – portion of fund balance intended to be used for 1) technology for Library \$5,365 and 2) future County Fair and Arena projects and improvements \$1,346,821.

5. Unassigned Fund Balance

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

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

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

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

On June 18, 2018, 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 2019 fiscal year:

If unassigned fund balance at the end of the current fiscal year is less than the approved fund balance level, the deficiency should be replenished in the coming fiscal years, not to exceed a total of three consecutive years.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

Total fund balance-General Fund	\$ 84,041,648
Less:	
Inventories	186,200
Prepaid items	371,248
Stabilization by state statute	16,339,945
Restricted for debt payments	4,814,230
Committed for unpaid tax incentives	2,377,485
Committed for future pension payments	1,576,476
Uncompleted FY18 projects	1,099,962
General Government assignments	5,675,000
Working Capital/Fund Balance Policy	<u>38,615,131</u>
Fund Balance remaining for appropriation	<u><u>\$ 12,985,971</u></u>

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2018 are as follows:

	Major		Non-Major
General Fund	LOBS 2017	LOBS 2018	Governmental Funds
<u>\$ 821,033</u>	<u>\$ 7,810,014</u>	<u>\$ 100,000</u>	<u>\$ 651,495</u>

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF), (collectively the "state-administered defined benefit pension plans"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows or resources related to pensions and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

E. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Other Resources

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

G. Comparative Data/Reclassifications

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

Note 2. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2018, the carrying amount of the County's bank deposits, including fiduciary funds, was \$145,747,288, and the bank balance was \$146,250,079. Of the bank balance, \$808,398 was covered by federal depository insurance, and \$145,493,360 was covered by collateral, held by authorized escrow agents in the name of the County, under the Pooling Method. At June 30, 2018, the County had \$8,764 cash on hand.

At June 30, 2018, the carrying amount of the Cabarrus Health Alliance's bank deposits was \$1,744,578 and the bank balance was \$1,824,745. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Cabarrus Health Alliance's agent in the Alliance's name. At June 30, 2018, the Cabarrus Health Alliance had \$3,600 of cash on hand.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

2. Investments

As of June 30, 2018, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than 1 year	1-2 years
	Measurement Method ^{2,3}			
US Government Agencies	Fair Value-Level 2	\$ 48,345,543	\$ 4,982,150	\$ 43,363,393
US Treasuries	Fair Value-Level 1	23,766,418	3,992,590	19,773,828
Commercial Paper	Amortized Cost	9,878,125	9,878,125	-
NC Capital Management Trust:				
Government Portfolio	Amortized Cost	1,507,362	N/A	N/A
Term Portfolio ¹	Fair Value-Level 1	12,233,502	12,233,502	-
Total		<u>\$ 95,730,950</u>	<u>\$ 31,086,367</u>	<u>\$ 63,137,221</u>

¹ Because the term portfolio has a duration of 0.09 years, it is presented as an investment with a maturity of less than one year.

² Investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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

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

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2018, The County's investment in commercial paper were rated A-1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended. The County's investment in US Agencies (Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Farm Credit Bank) are rated Aaa by Moody's Investors Service.

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

Concentration of Credit Risk. With the exception of U.S. Treasury securities, U.S. agencies and authorized pools, Cabarrus County's investment policy does not allow for an investment in any one issuer in excess of 35% of the County's total investments. More than 5% of the County's investments are held in Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Credit Suisse AG commercial paper and Natixis Commercial Paper Corporation commercial paper. These investments represent 20.6%, 15.5%, 10.3%, 5.2%, and 5.2%, respectively, of the County's total investments.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

At June 30, 2018, the Cabarrus Health Alliance's investments consisted of \$8,638,674 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAA by Standard and Poor's. The Government portfolio's valuation measurement method is amortized cost. The Cabarrus Health Alliance does not have a formal policy regarding credit risk or interest rate risk.

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

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

Property Tax-Use-Value Assessment on Certain Lands

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 6,942,662	\$ 2,273,723	\$ 9,216,385
2016	6,878,324	1,633,602	8,511,926
2017	6,350,415	936,687	7,287,102
2018	6,208,159	356,969	6,565,128
Total	<u>\$ 26,379,560</u>	<u>\$ 5,200,981</u>	<u>\$ 31,580,541</u>

4. Receivables

a. Notes Receivable

On May 22, 2007 Midland Volunteer Fire and Rescue agreed to pay \$900,000 over a 10-year period at zero interest for the construction of a new fire station. The first payment of \$3,000 was due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 are payable each month through June 1, 2017. A final balloon payment of \$360,000 was due on July 1, 2017 for total payments of \$900,000. The balance of the note at June 30, 2018 was \$0.

b. Government-wide Receivables

Receivables at the government-wide level for the Primary Government at June 30, 2018, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 4,111,792	\$ 9,386,183	\$ 11,236,332	\$ 3,799,515	\$ 28,533,822
Other Governmental	230,394	-	58,615	247,350	536,359
Total Receivables	4,342,186	9,386,183	11,294,947	4,046,865	29,070,181
Allowance for doubtful accounts	-	(8,509,402)	-	(1,832,395)	(10,341,797)
Total-governmental activities	<u>\$ 4,342,186</u>	<u>\$ 876,781</u>	<u>\$ 11,294,947</u>	<u>\$ 2,214,470</u>	<u>\$ 18,728,384</u>
	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
Business-type activities:					
Landfill	\$ 4,499	\$ 18,698	\$ 81,503	\$ 9,624	\$ 114,324
Total-business-type activities	<u>\$ 4,499</u>	<u>\$ 18,698</u>	<u>\$ 81,503</u>	<u>\$ 9,624</u>	<u>\$ 114,324</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

	Governmental Activities	Business Type Activities
Local option sales	\$ 10,001,436	\$ -
Motor Vehicle Tax	1,293,511	-
Solid waste disposal tax	-	9,402
Scrap tire tax	-	72,101
	<u>\$ 11,294,947</u>	<u>\$ 81,503</u>

Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2018, were as follows

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:				
General	\$ 792,572	\$ 776,377	\$ 97,251	\$ 1,666,200
Allowance for doubtful accounts	-	(185,453)	-	(185,453)
Total Receivables	<u>792,572</u>	<u>590,924</u>	<u>97,251</u>	<u>1,480,747</u>
Total-governmental activities	<u>\$ 792,572</u>	<u>\$ 590,924</u>	<u>\$ 97,251</u>	<u>\$ 1,480,747</u>

5. Capital Assets

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

1. Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental and Internal Services activities:					
Capital Assets not being depreciated:					
Land	\$ 21,106,389	\$ 447,940	\$ (21,028)	\$ -	\$ 21,533,301
Construction in Progress	<u>1,501,223</u>	<u>5,335,390</u>	<u>-</u>	<u>(1,314,372)</u>	<u>5,522,241</u>
Total capital assets not being depreciated	<u>22,607,612</u>	<u>5,783,330</u>	<u>(21,028)</u>	<u>(1,314,372)</u>	<u>27,055,542</u>
Capital Assets being depreciated:					
Buildings	161,769,221	16,135	-	-	161,785,356
Building Improvements	21,165,662	527,534	-	129,234	21,822,430
Equipment	17,638,690	862,243	(80,413)	1,185,138	19,605,658
Furniture and Fixtures	1,258,476	72,963	-	-	1,331,439
Land Improvements	11,328,817	230,301	-	-	11,559,118
Vehicles	12,934,482	1,672,682	(1,082,949)	-	13,524,215
Reservoir	<u>21,743,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,743,730</u>
Total capital assets being depreciated	<u>247,839,078</u>	<u>3,381,858</u>	<u>(1,163,362)</u>	<u>1,314,372</u>	<u>251,371,946</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Less accumulated depreciation for:					
Buildings	37,366,308	3,958,687	-	-	41,324,995
Building Improvements	5,865,573	528,542	-	-	6,394,115
Equipment	13,938,304	1,242,344	(80,413)	-	15,100,235
Furniture and Fixtures	1,214,535	21,158	-	-	1,235,693
Land Improvements	5,569,004	537,343	-	-	6,106,347
Vehicles	9,217,462	1,494,761	(1,031,004)	-	9,681,219
Reservoir	457,075	21,765	-	-	478,840
Total accumulated depreciation	<u>73,628,261</u>	<u>7,804,600</u>	<u>(1,111,417)</u>	<u>-</u>	<u>80,321,444</u>
 Total Capital Assets, being depreciated, net	<u>174,210,817</u>	<u>(4,422,742)</u>	<u>(51,945)</u>	<u>1,314,372</u>	<u>171,050,502</u>
 Governmental and Internal Service Capital Assets, net	<u>\$ 196,818,429</u>	<u>\$ 1,360,588</u>	<u>\$ (72,973)</u>	<u>\$ -</u>	<u>\$ 198,106,044</u>

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

Governmental activities:	
General Government	\$ 1,060,155
Public Safety	4,688,584
Environmental Protection	45,221
Economic & Physical Development	39,882
Human Services	397,223
Culture & Recreation	1,571,557
Internal Services	1,978
Total depreciation expense - governmental & internal services activities	<u>\$ 7,804,600</u>

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	<u>\$ 490,447</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,447</u>
Total Capital assets, not being depreciated:	<u>490,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>490,447</u>
 Capital assets, being depreciated:					
Land Improvements	2,199,396	-	-	-	2,199,396
Vehicles	2,166,912	-	(218,903)	-	1,948,009
Equipment	220,358	36,000	-	-	256,358
Buildings	1,256,544	-	-	-	1,256,544
Total Capital assets, being depreciated:	<u>5,843,210</u>	<u>36,000</u>	<u>(218,903)</u>	<u>-</u>	<u>5,660,307</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Less accumulated depreciation for:					
Land Improvements	989,443	93,300		-	1,082,743
Vehicles	2,105,264	43,515	(218,903)	-	1,929,876
Equipment	211,783	3,900		-	215,683
Buildings	345,213	31,414	-	-	376,627
Total Accumulated Depreciation	<u>3,651,703</u>	<u>172,129</u>	<u>(218,903)</u>	<u>-</u>	<u>3,604,929</u>
 Total Capital assets, being depreciated, net	<u>2,191,507</u>	<u>(136,129)</u>	<u>-</u>	<u>-</u>	<u>2,055,378</u>
 Proprietary Capital assets, net	<u>\$ 2,681,954</u>	<u>\$ (136,129)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,545,825</u>

Construction commitments

The government has active construction projects as of June 30, 2018. The projects include new school construction, downtown parking deck, Performance Learning Center and RCCC Advanced Technology Center. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-To-Date</u>	<u>Remaining Commitment</u>
Downtown Parking Deck	\$ 3,921,347	\$ 7,324,504
Performance Learning Center	945,633	1,859,658
RCCC Advanced Technology Center	787,576	13,505,424
School New Construction	80,670,671	66,969,546
	<u>\$ 86,325,227</u>	<u>\$ 89,659,132</u>

Discretely presented component unit

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and fixtures	\$ 314,480	\$ 69,280	\$ -	\$ 383,760
Vehicles	568,825	79,124	(14,303)	633,646
Equipment	1,262,782	68,105	(74,651)	1,256,236
Land Improvements	600,505	-	-	600,505
Total capital assets being depreciated	<u>2,746,592</u>	<u>216,509</u>	<u>(88,954)</u>	<u>2,874,147</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
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	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Furniture and fixtures	267,736	27,145	-	294,881
Vehicles	449,200	55,496	(14,303)	490,393
Equipment	1,112,075	54,282	(74,326)	1,092,031
Land Improvements	502,543	40,034	-	542,577
Total accumulated depreciation	<u>2,331,554</u>	<u>176,957</u>	<u>(88,629)</u>	<u>2,419,882</u>
Total governmental activities, being depreciated (net)	<u>\$ 415,038</u>	<u>\$ 39,552</u>	<u>\$ (325)</u>	<u>\$ 454,265</u>
Governmental Capital Assets, net	<u><u>\$ 415,038</u></u>	<u><u>\$ 39,552</u></u>	<u><u>\$ (325)</u></u>	<u><u>\$ 454,265</u></u>

B. Liabilities

1. Payables

Payables at the government-wide level for the Primary Government at June 30, 2018, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 3,726,759	\$ 2,220,536	\$ 1,139,820	\$ 7,087,115
School Construction Debt	240,099	-	-	240,099
Limited Obligation Bonds 2017	829,925	-	-	829,925
Limited Obligation Bonds 2018	911,365	-	-	911,365
Other Governmental	525,360	1,987	2,397,977	2,925,324
Total-governmental activities	<u>\$ 6,233,508</u>	<u>\$ 2,222,523</u>	<u>\$ 3,537,797</u>	<u>\$ 11,993,828</u>
Business-type activities				
Landfill	<u>\$ 123,972</u>	<u>\$ 6,195</u>	<u>\$ -</u>	<u>\$ 130,167</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2018, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 779,659</u>	<u>\$ 491,355</u>	<u>\$1,271,014</u>
Total-governmental activities	<u><u>\$ 779,659</u></u>	<u><u>\$ 491,355</u></u>	<u><u>\$1,271,014</u></u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The

Cabarrus County, North Carolina
Notes to the Financial Statements
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State's CAFR includes financial statements and required supplementary information LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Cabarrus County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Cabarrus County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.56% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Cabarrus County were \$3,674,201 for the year ended June 30, 2018.

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

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

At June 30, 2018, the County reported a liability of \$11,761,328 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was 0.770%, which was a decrease of 0.008% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$3,908,709. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 677,561	\$ 332,926
Changes of assumptions	1,679,681	-
Net difference between projected and actual earnings on pension plan investments	2,855,665	-
Changes in proportion and differences between County contributions and proportionate share of contributions	19,915	249,856
County Contributions subsequent to the measurement date	3,674,201	-
	<u>\$ 8,907,023</u>	<u>\$ 582,782</u>

\$3,674,201 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 527,168
2020	3,342,889
2021	1,690,657
2022	(910,674)
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

**Cabarrus County, North Carolina
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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 35,307,774	\$ 11,761,328	\$ (7,892,520)

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

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. Cabarrus County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Cabarrus County, North Carolina
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Retirees receiving benefits	15
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	188
Total	<u>203</u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

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

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

The discount rate used to measure the TPL is the S&P Municipal Bond 20-year high grade rate index as of June 30, 2017.

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$288,758 as benefits came due for the reporting period.

At June 30, 2018, the County reported a total pension liability of \$7,160,865. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was roll forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$521,846.

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ -	\$ 122,049
Changes of assumptions	348,947	113,612
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	160,087	-
Total	<u>\$ 509,034</u>	<u>\$ 235,661</u>

Cabarrus County, North Carolina
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The County paid \$158,876 in benefit payments and \$1,211 in administrative expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	18,727
2020		18,727
2021		18,727
2022		18,727
2023		32,195
Thereafter		6,183

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.16 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate.

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
County's proportionate share of the net pension liability (asset)	\$ 7,772,775	\$ 7,160,865	\$ 6,599,309

	Total Pension Liability
Beginning balance	\$ 6,676,726
Service cost at end of year	249,707
Interest on the total pension liability	252,149
Change of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(145,794)
Changes of assumptions or other inputs	416,835
Benefit payments	(288,758)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,160,865</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**Cabarrus County, North Carolina
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c. Supplemental Retirement Income Plan (401k)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County has chosen to extend this benefit to all its full and part-time (who are eligible for North Carolina Local Governmental Employees' Retirement System) employees. Contributions by Cabarrus County for the year ended June 30, 2018 were \$3,348,386 which consisted of \$2,393,788 from the County and \$954,598 from the employees. In February 2009, the Cabarrus Health Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Cabarrus Health Alliance employees made contributions of \$395,136 for the year ended June 30, 2018. The Board decided in June 2018 to reinstate the employer's contribution to this benefit. The Alliance will match up to 1% beginning July 1, 2019.

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

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

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Cabarrus County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of North Carolina General Statutes. The

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statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$19,516 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$407,500 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was 2.387%, which was a decrease of 0.1147% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$47,818. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,995	\$ 1,313
Changes of assumptions	68,756	-
Net difference between projected and actual earnings on pension plan investments	34,641	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,796	14,720
County Contributions subsequent to the measurement date	19,516	-
	<u>\$ 131,704</u>	<u>\$ 16,033</u>

\$19,516 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 52,801
2020	30,557
2021	3,963
2022	8,834
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income class. The best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.75 percent) or one percentage point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	(320,290)	(407,500)	(480,840)

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>TOTAL</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 11,761,328	\$ (407,500)	\$ -	\$ 11,353,828
Proportion of the Net Pension Liability (Asset)	0.770%	(2.387%)	-	-
Total Pension Liability	-	-	7,160,865	7,160,865
Pension Expense	\$ 3,908,709	\$ 47,818	\$ 521,846	\$ 4,478,373

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>TOTAL</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 677,561	\$ 6,995	\$ -	\$ 684,556
Change of assumptions	1,679,681	68,756	348,947	2,097,384
Net difference between projected and actual earnings on pension plan investments	2,855,665	34,641	-	2,890,306
Changes in proportion and differences between County contributions and proportionate share of contributions	19,915	1,796	-	21,711
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,674,201	19,516	160,087	3,853,804

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>TOTAL</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	332,926	1,313	122,049	456,288
Changes of assumptions	-	-	113,612	113,612
Changes in proportion and differences between County contributions and proportionate share of contributions	249,856	14,720	-	264,576

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Notes to the Financial Statements
For the Year Ended June 30, 2018**

f. Other Postemployment Benefits (OPEB) – Healthcare Benefits Plan

Plan Description. The County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The County Board of Commissioners has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

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

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

The Retirees receive the same benefits as active employees and the County's eligible retirees can purchase coverage for their dependents at the County's group rate. The County pays the full cost of coverage for the HCB plan. Coverage for all retirees will cease when the retiree becomes eligible for Medicare, or reaches the age where they would have had such benefits had they qualified for Social Security. The Cabarrus County Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Plan Membership. Membership of the HCB plan consisted of the following at June 30, 2017 the date of the latest actuarial valuation:

Inactive Employees or Beneficiaries Currently Receiving Benefits	97
Inactive Members Entitled To But Not Yet Receiving Benefits	-
Active Employees	977
Total Membership	<u>1,074</u>

Total OPEB Liability

The County's total OPEB liability (TOL) of \$41,239,218 was measured as of June 30, 2017 and was determined by an actuarial valuation as of the date.

Actuarial assumptions and other inputs. The County's total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following key actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Cabarrus County, North Carolina
Notes to the Financial Statements
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Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate	
Prior Measurement Date	3.01%
Measurement Date	3.56%
Healthcare cost trend rates	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by The Bond Buyer.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2016	<u>\$ 41,129,614</u>
Changes for the year:	
Service Cost at the end of the year*	2,650,570
Interest on TOL and Cash Flows	1,215,771
Change in benefit terms	-
Difference between expected and actual experience	154,492
Changes of assumptions or other inputs	(2,423,124)
Benefits payments	(1,488,105)
Other	-
Net Changes	<u>\$ 109,604</u>
Total OPEB Liability as of June 30, 2017	<u><u>\$ 41,239,218</u></u>

* The service cost includes interest for the year.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Plan, calculated using the health care cost trend rates, as well as what the Plan's total OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	Health Care Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 36,076,491	\$ 41,239,218	\$ 47,391,827

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Sensitivity of the total OPEB liability to changes in the health care trend rates. The following exhibits present the TOL of the Plan, calculated using the discount rate of 3.56%, as well as what the Plan's TOL would be if it were calculated using a Discount Rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate Sensitivity

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB Liability	\$ 45,761,304	\$ 41,239,218	\$ 37,211,330

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018 the County recognized OPEB expense of \$3,603,768. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 136,611	\$ -
Changes of assumptions or other inputs	-	2,142,670
Benefit payments and administrative costs made subsequent to the measurement date	1,131,739	-
Total	<u>\$ 1,268,350</u>	<u>\$ 2,142,670</u>

\$1,131,739 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease in the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows;

Measurement Period Ended

June 30:

2018	\$ (262,573)
2019	\$ (262,573)
2020	\$ (262,573)
2021	\$ (262,573)
2022	\$ (262,573)
Thereafter	\$ (693,194)

g. Other Employment Benefits

The County and the Cabarrus Health Alliance have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employee's Retirement System (Death Benefit Plan), a State administered plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit may not exceed \$20,000. Because all death benefit payments are made from the Death Benefit Plan. The Alliance has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established by the State. Separate rates are set for

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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 Alliance, the Alliance does not determine the number of eligible participants. For the years ended June 30, 2016, June 30, 2017 and June 30, 2018, the Alliance contributed .06% of annual covered payroll or \$6,246, \$6,354, and \$7,683 respectively.

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

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

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,878,861 reported as landfill closure and post closure care liability at June 30, 2018 represents a cumulative amount reported to date, based on the use of 100% of the combined Municipal Solid Waste (MSW) and Construction and Demolition (C&D) cell and 75% of a (C&D) only cell. This amount is based on what it would cost to perform all closure and post closure care in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

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

Cabarrus County, North Carolina
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4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 16,926,354	\$ -
(Pensions, OPEB) - difference between expected and actual experience	821,167	456,288
(Pensions, OPEB) - change of assumptions	2,097,384	2,256,282
(Pensions, OPEB) - Net difference between projected and actual investment earnings	2,890,306	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	21,711	264,576
Contributions to pension plan subsequent to measurement date (LGRS, ROD)	3,693,717	-
Benefit payment administrative costs paid subsequent to the measurement date (LEOSSA)	160,087	-
Benefit payment administrative costs paid subsequent to the measurement date (OPEB)	1,131,739	-
Prepaid taxes not yet earned	-	890,342
Child Support Incentive	-	290,196
Government-wide deferred outflows and inflows of resources	<u>27,742,465</u>	<u>4,157,684</u>
Taxes receivable, net (General)	-	1,796,332
Ambulance receivable, net (General)	-	876,781
Total	<u><u>\$ 27,742,465</u></u>	<u><u>\$ 6,830,797</u></u>

5. Risk Management

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

The property insurance program is financed using a combination of self-funding and insurance purchased through Travelers Insurance. Excess property insurance above a \$25,000 deductible is purchased based on estimated replacement values submitted to the Excess Property Company each year. Special deductibles apply for certain perils such as food, earth movement, boiler, machinery, and the Stough Road location.

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

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

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

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employee in, upon, entering, or alighting from any employer owned or non-owned ambulance) and \$500,000 for all other occurrences.

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

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

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

Insurance coverage for the Alliance is through Westfield and BB&T Insurance Services. The Alliance pays a premium for coverage of worker's compensation, general liability, property, automotive, and professional liability insurance coverage. The Alliance is exposed to various risks of losses related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Alliance carries commercial coverage for all other risks of loss. Fiscal year ended June 30, 1998 was the initial year of operations. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in 2016, 2017, and 2018.

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

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, 2018 is shown.

Self-Insured Workers' Compensation and Property Liability

	6/30/2017	6/30/2018
Unpaid claims, beginning of fiscal year	\$ 402,084	\$ 494,308
Incurred claims	92,224	1,554,308
Claims payments	-	(1,247,437)
Unpaid claims, end of fiscal year	<u>\$ 494,308</u>	<u>\$ 801,179</u>

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

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

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, 2018 is shown.

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Self-Insured Health Insurance

	<u>6/30/2017</u>	<u>6/30/2018</u>
Unpaid claims, beginning of fiscal year	\$ 1,439,589	\$ 1,543,686
Incurred claims	8,396,797	8,192,281
Claims payments	<u>(8,292,700)</u>	<u>(8,189,169)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,543,686</u>	<u>\$ 1,546,798</u>

6. Contingent Liabilities

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

As of June 30, 2018, the County was a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of counsel for the County that resolution of these matters will not have a material adverse impact on the financial condition of the County.

7. Long-Term Obligations

a. Capital Leases

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

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

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

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

On May 1, 2018, the County, lessee, financed the acquisition of additional land for the Rowan Cabarrus Community College with a down payment of \$310,800 with an effective interest rate of 2%. Annual payments of \$310,000 will be made on this lease through May 2021.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
County owned Asset:	
Equipment	\$ 312,911
Land	4,903,218
Less: Accumulated depreciation	<u>(88,658)</u>
Total	<u>\$ 5,127,471</u>

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The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2018, are as follows:

Year Ending, June 30	Governmental Activities
2019	\$ 737,700
2020	731,500
2021	555,200
2022	239,000
2023	190,000
2024 - 2028	950,000
2029 - 2033	950,000
2034 - 2038	950,000
Total Minimum lease payments	5,303,400
Less: amount representing interest	(1,260,424)
Present value of minimum lease payments	<u>\$ 4,042,976</u>

b. Operating Leases

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$1,116,321 for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending June 30,	Amount
2019	\$ 1,064,260
2020	850,503
2021	797,858
2022	773,889
2023	18,260
longer than 5 years	93,119
Total	<u>\$ 3,597,889</u>

c. Notes Payable

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

Year Ending, June 30	Principal
2019	\$ 91,465
2020	91,463
	<u>\$ 182,928</u>

d. General Obligation Indebtedness

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

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

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

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

The County's general obligation bonds payable at June 30, 2018 is comprised of the following individual issues serviced by the County's General Fund:

\$62,360,000 (2013) Advance Refunding Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 1.5 to 5.0 percent.

\$	50,670,000
<u>\$</u>	<u>50,670,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2018, for the County's general obligation bonds are as follows:

Year Ending, June 30	Principal	Interest
2019	\$ 6,380,000	\$ 2,208,788
2020	6,425,000	1,889,788
2021	6,380,000	1,644,100
2022	6,410,000	1,325,100
2023	6,450,000	1,004,600
2024-2027	18,625,000	1,491,775
	<u>\$ 50,670,000</u>	<u>\$ 9,564,151</u>

e. Certificates of Participation/Limited Obligation Bonds

On January 25, 2008, the Cabarrus County Development Corporation issued \$46,920,000 (2008A) Certificates of Participation (COPS) Installment contracts to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. The original 20-year COPS had interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$10,431,263. One payment of principal and interest remains totaling \$2,462,250. The total principal balance due at June 30, 2018 is \$2,345,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11-year COPS have interest rates ranging from 3.00% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments of principal and interest range from approximately \$1,485,750 to \$1,561,150. Total principal and interest over an 11-year period will be \$20,864,956. One payment of principal and interest remains totaling \$1,485,750. The total principal balance due at June 30, 2018 is \$1,415,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide fund (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. The original 20-year COPS had interest rates ranging from 3.0% to 5.0%. Debt service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$21,246,450. One payment of principal and interest remains totaling \$4,966,000. The total principal balance due at June 30, 2018 is \$4,730,000.

On September 22, 2010, the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction of Cox Mill Elementary School, Harris Road Middle School, C.C. Griffin Middle School and equipping of two middle schools and one elementary school. These 11-year COPS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$23,666,150. Total remaining payments of principal and interest range from approximately \$1,865,250 to \$2,060,650. The total principal balance due at June 30, 2018 is \$5,415,000.

On April 14, 2011, the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15-year COPS are financed under two bullets using Qualified School Construction Bonds. The first bullet, in the amount of \$7,200,000, will mature in 2023, with an interest rate of 5.10%, and the second bullet, for \$7,435,000, will mature in 2026 with an interest rate of 5.50%. The Federal subsidy rate on the deal was a 5.43%. The second bullet will have a net interest cost to the County of 0.07%, while the County will have no interest cost on the first bullet. The principal on this debt is deferred for five years with the first principal payment due on April 1, 2016. The principal payments will be held in an interest bearing sinking fund until the bullet payments are due. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments of principal and interest range from approximately \$1,539,463 to \$1,718,063. Total principal and interest over a 15-year period will be \$25,147,248 less the federal subsidy of \$10,434,369, with the net cost to the County of \$14,712,879. In fiscal year 2013, the Federal Government began reducing the subsidy payment by approximately 7.6% for a Federal sequestration. At June 30, 2018, the County's trustee held principal payments of \$3,990,000 in a sinking fund; the total principal balance due at June 30, 2018 is \$14,635,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$11,735,000 (2011B) Limited Obligation Bonds (LOBS) contracts to refund \$11,970,000 of the 2002 COPS issued for the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. These 11-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$14,988,756. Total remaining annual payments of principal and interest range from approximately \$1,309,150 to \$1,511,650. The total principal balance due at June 30, 2018 is \$5,045,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$21,780,000 (2011C) Limited Obligation Bonds (LOBS) contracts to refund \$22,425,000 of the 2003 COPS issued for the cost of acquiring real property, construction and equipping of Bethel Elementary School, Pitts Road Elementary, Kannapolis Middle School, expansion of two existing elementary school facilities and various real and personal property improvements. These 13-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$29,779,084. Total remaining annual payments of principal and interest range from approximately \$2,047,500 to \$2,574,000. The total principal balance due at June 30, 2018 is \$11,780,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$18,045,000 (2015A) Limited Obligation Bonds (LOBS) contracts to refund \$16,795,000 of the 2007 COPS issued for the construction of a sheriff administration facility. These 12-year LOBS have an interest rate of 2.38%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 12-year period will be \$21,057,440. Total remaining annual payments of principal and interest range from approximately \$1,617,604 to \$2,247,232. The total principal balance due at June 30, 2018 is \$15,640,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$23,460,000 (2015B) Limited Obligation Bonds (LOBS) contracts to refund \$21,105,000 of the 2008A COPS issued to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. These 13-year LOBS have an interest rate of 2.49%. Debt Service is financed by Cabarrus County property tax

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

revenues. Total principal and interest over a 13-year period will be \$28,404,338. Total remaining annual payments of principal and interest range from approximately \$866,371 to \$3,208,776. The total principal balance due at June 30, 2018 is \$22,545,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$38,295,000 (2015C) Limited Obligation Bonds (LOBS) contracts to refund \$34,025,000 of the 2008C COPS issued to fund the cost of construction of a residential tower to house County inmates and related improvements. These 14-year LOBS have an interest rate of 2.51%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$46,368,088. The total remaining annual payments of principal and interest range from approximately \$3,013,794 to \$4,583,409. The total principal balance due at June 30, 2018 is \$36,590,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$54,435,000 (2015D) Limited Obligation Bonds (LOBS) contracts to refund \$47,300,000 of the 2009 COPS issued a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities. These 14-year LOBS have an interest rate of 2.52%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$66,336,892. Total remaining annual payments of principal and interest range from approximately \$2,096,998 to \$6,827,090. The total principal balance due at June 30, 2018 is \$51,865,000.

On March 10, 2016, the Cabarrus County Development Corporation issued \$73,785,000 (2016) Limited Obligation Bonds (LOBS) contracts for the construction of Mount Pleasant Middle School, Kannapolis Middle School and Royal Oaks Elementary School. These 20-year LOBS have interest rates ranging from 2.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$108,697,900. Annual principal and interest payments range from \$3,804,763 to \$6,798,663. The total principal balance due at June 30, 2018 is \$66,415,000.

On November 9, 2017, the Cabarrus County Development Corporation issued \$70,820,000 (2017) Limited Obligation Bonds (LOBS) contracts for the construction of Performance Learning Center, Western Cabarrus High School, and Downtown Concord Parking Deck. These 20-year LOBS have interest rates ranging from 3.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$99,771,165. Annual principal and interest payments range from \$3,484,688 to \$6,760,425. The total principal balance due at June 30, 2018 is \$66,985,000.

On May 16, 2018, the Cabarrus County Development Corporation issued \$54,680,000 (2018) Limited Obligation Bonds (LOBS) contracts for the construction of Advanced Technology Center, New Elementary School, replacement of HVAC systems at J.N. Fries Middle School and Mount Pleasant High School, 20 school mobile units, and land for Rowan Cabarrus Community College. These 20-year LOBS have an interest rate of 3.05%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$70,563,129. Annual principal and interest payments range from \$2,241,338 to \$5,027,229. The total principal balance due at June 30, 2018 is \$54,680,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2018, for the County's Certificates of Participation/Limited Obligation Bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 31,045,000	\$ 13,171,751
2020	29,510,000	11,843,348
2021	29,245,000	10,837,508
2022	27,210,000	9,780,408
2023	32,915,000	8,817,774
2024-2028	120,890,000	29,130,378
2029-2033	53,825,000	12,008,188
2034-2038	35,445,000	3,080,816
	<u>\$ 360,085,000</u>	<u>\$ 98,670,171</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

f. Installment Financing

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

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2018, for the County's installment financing are as follows:

Year Ending, June 30	Principal	Interest
2019	\$ 56,213	\$ 3,313
2020	57,213	2,313
2021	58,230	1,296
2022	29,502	261
	\$ 201,158	\$ 7,183

g. Advance Refunding

In prior years the County undertook advance refunding. As a result, the refunded Certificates of Participation are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net position. The amount of defeased principal debt that remains outstanding as of June 30, 2018 is \$47,300,000.

At June 30, 2018 Cabarrus County had a legal debt margin of \$1,369,794,045.

Debt related to Capital Activities – Of the total Governmental Activities debt listed, only \$62,386,017 relates to assets for which the County holds title. Restricted cash related to this debt amounts to \$8,592,526.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

h. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2018:

	Balance July 1, 2017, restated	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 57,860,000	\$ -	\$ 7,190,000	\$ 50,670,000	\$ 6,380,000
Plus: Premiums on issuance	7,686,821	-	896,780	6,790,041	-
Total General obligation bonds	<u>65,546,821</u>	<u>-</u>	<u>8,086,780</u>	<u>57,460,041</u>	<u>6,380,000</u>
 Certificates of Participation/ Limited Obligation Bonds	262,375,000	125,500,000	27,790,000	360,085,000	31,045,000
Plus: Premiums on issuance	13,929,369	8,374,879	1,662,861	20,641,387	-
Total Certificates of Participation/ Limited Obligation Bonds	<u>276,304,369</u>	<u>133,874,879</u>	<u>29,452,861</u>	<u>380,726,387</u>	<u>31,045,000</u>
 Notes payable	274,393	-	91,465	182,928	91,465
Capital leases	3,245,354	930,000	132,378	4,042,976	615,814
Installment financing	256,389	-	55,231	201,158	56,213
Compensated absences	3,856,475	3,003,073	2,794,767	4,064,781	3,251,826
Net Pension liability (LGERS)	16,441,622	-	4,724,987	11,716,635	-
Net Pension liability (LEOSSA)	6,676,726	484,139	-	7,160,865	-
Total OPEB Liability	<u>40,973,321</u>	<u>109,188</u>	<u>-</u>	<u>41,082,509</u>	<u>-</u>
Total governmental activities	<u>\$ 413,575,470</u>	<u>\$ 138,401,279</u>	<u>\$ 45,338,469</u>	<u>\$ 506,638,280</u>	<u>\$ 41,440,318</u>
 Business-type activities					
Compensated absences	\$ 15,128	\$ 13,733	\$ 11,546	\$ 17,315	\$ 13,852
Net pension liability (LGERS)	62,716	-	18,023	44,693	-
Total OPEB Liability	156,293	416	-	156,709	-
Landfill Closure/Post-Closure	3,947,910	-	69,049	3,878,861	80,000
Total business-type activities	<u>\$ 4,182,047</u>	<u>\$ 14,149</u>	<u>\$ 98,618</u>	<u>\$ 4,097,578</u>	<u>\$ 93,852</u>
 Discretely presented component unit:					
Compensated absences	\$ 600,939	\$ 702,577	\$ 666,815	\$ 636,701	\$ 623,967
OPEB Obligation	896,597	118,815	57,972	896,597	-
Total discretely presented component unit	<u>\$ 1,497,536</u>	<u>\$ 821,392</u>	<u>\$ 724,787</u>	<u>\$ 1,533,298</u>	<u>\$ 623,967</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

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

i. Conduit Debt Obligations

Cabarrus County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

The composition of interfund balances as of June 30, 2018 is as follows:

Transfers to/from other funds at June 30, 2018 consists of the following:

From the Public School Building Capital Projects Fund to the General Fund for debt service payments.	\$ 2,000,000
From the School Construction Debt Projects Fund to the General Fund for debt service payments	983
From the Capital Reserve Capital Projects Fund to the School Construction Debt Capital Projects Fund for Royal Oaks and Kannapolis Middle School Construction	2,224,459
From the Capital Reserve Fund to the LOBS 2017 Capital Projects Fund for parking deck, West Cabarrus High School and Performance Learning Center	2,736,709
From the General Fund to the LOBS 2018 Capital Projects Fund for land and new elementary school	901,000
From the Capital Reserve Fund to the LOBS 2018 Capital Projects Fund for new elementary school	1,279,250
From the General Fund to the Construction and Renovations Fund for various County projects	1,007,001
From the Capital Reserve Fund to the Construction and Renovations Capital Projects Fund for various County projects	2,320,111
From the Capital Reserve Fund to the School Construction Capital Projects Fund for RCCC HVAC project and other improvements for JN Fries and AL Brown	900,000
From the General Fund to the School Construction Capital Projects Fund for school construction alternatives	49,047
From the General Fund to the Cabarrus Arena and Events Center Special Revenue Fund for the operations of the facility.	705,663
From the General Fund to the Capital Reserve Fund to fulfill the 15% Fund Balance policy	10,347,778
From the LOBS 2017 Fund to the Capital Reserve Fund for Performance Learning Center - equipment, furniture and technology	331,709
	<u>\$ 24,803,710</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018**

D. Net Investment in Capital Assets

Governmental Activity, net investment in capital assets at June 30, 2018, are computed as follows:

Capital assets, net of accumulated depreciation		\$ 198,106,044
Deferred outflows of resources		16,926,354
Less: capital debt		
Gross debt	\$ (442,613,490)	
School debt related to assets to which the County does not capitalize	371,634,947	
Unspent debt proceeds, non school related debt	<u>8,592,526</u>	(62,386,017)
Deferred outflows related to school debt		<u>(12,347,011)</u>
Net investment in capital assets		<u><u>\$ 140,299,370</u></u>

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2018 the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

F. Public School Building Capital Fund

The Public School Building Capital Fund (PSBCF) is currently the only source of recurring state funding for the capital facility needs (buildings and land) of the local boards of education (local education administration, or LEA). The PSBCF revenue (originally funded from a portion of the Corporate Income Tax) was distributed among the counties in the state according to Average Daily Membership (ADM) and was thus colloquially known as the "ADM Fund." At June 30, 2018 the balance of the County's ADM allocation account was \$1,342.

When the Lottery was formed, the share of that revenue allocated for capital projects was brought under the 'umbrella' of the PSBCF for distribution to the LEAs in the State. Technically, both the 'ADM Fund' and the Lottery are part of the PSBCF. At June 30, 2018 the Lottery fund had a disbursing account balance of \$648,000.

G. Internal Service

The County has two internal service funds, one for self-insured hospitalization / dental insurance and the other for workers' compensation and property liability insurance. The self-insured hospitalization insurance fund accumulates premiums and pays all claims and related expenses for health insurance activities. At June 30, 2018 the self-insured hospitalization / dental internal service fund had an unrestricted net position of \$4,339,492. The self-insured workers' compensation and property liability insurance fund accumulates premiums and pays all claims and related expenses for workers' compensation and property liability insurance activities. At June 30, 2018 the workers' compensation / property liability internal service fund had a net position of \$4,957,857. In the basic financial statements, the net positions and activities have been allocated to all governmental fund types, and business types as applicable. These surpluses are being retained for anticipated future catastrophic losses.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

Note 3. Joint Ventures

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solution with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because Cardinal Innovations Healthcare Solution's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations Healthcare Solution, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$534,020 to Cardinal Innovations Healthcare Solution to supplement its activities. Complete financial statements for Cardinal Innovations Healthcare Solution can be obtained from Cardinal Innovations Healthcare Solution's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an *ex-officio* non-voting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2013 Refunding General Obligation bonds issued, \$1,869,041 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,605,215 to the community college for operating purposes and \$343,555 for capital outlay during the fiscal year ended June 30, 2018. In addition, the County made debt service payments of \$122,708 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2018. 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.

In conjunction with Cabarrus County Chamber of Commerce, the County takes part in a joint venture to operate the Cabarrus County Tourism Authority, (dba Cabarrus County Convention and Visitors Bureau), which was established pursuant to state statute for the purpose of furthering the development of travel, tourism and conventions in the County. The Board of Directors for the Tourism Authority is a twelve-member board. The Board of Cabarrus County Commissioners appoints three members, six members are appointed based on the recommendations of the Authority, and three members are appointed based on recommendations by the Cabarrus Regional Chamber of Commerce. The Board of Directors established the Convention and Visitors Bureau to conduct the day-to-day operations for the Tourism Authority. The Authority receives approximately 90% of room occupancy taxes, which are levied and collected by the County. For the year ended June 30, 2018, occupancy taxes totaling \$5,113,631, were distributed to the Authority. The participating governments and agency do not have an equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2018. Complete financial statements for the Authority can be obtained at Cabarrus County CVB, 10099 Weddington Road Ext., Suite 102, Concord NC 28027.

Note 4. Jointly Governed Organization

The County in conjunction with the Cities of Concord and Kannapolis and the Towns of Harrisburg and Mount Pleasant organized the Water and Sewer Authority of Cabarrus County in order to operate and maintain a regional interceptor sewer system and wastewater treatment system. Although not a user of the wastewater treatment services, the County is a related party by virtue of joint governance of the Water and Sewer Authority of Cabarrus County. At June 30, 2018, \$450,531 was due to the Water and Sewer Authority for fees collected.

The County, in conjunction with eight other counties and seventy-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 \$46,552 to the Council during the fiscal year

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2018

ended June 30, 2018. The County was the sub recipient of grants totaling \$799,307 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

Note 5. Change in Accounting Principles/Restatement

The County and the Cabarrus Health Alliance implemented Governmental Accounting Standards Board (GASB) No. Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the fiscal year ending June 30, 2018. The implementation of the statement required the County and the Alliance to record beginning total OPEB liability and the effects on net position of benefits payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). As a result, beginning net position as of July 1, 2017 decreased \$25,046,434 for the governmental activities and \$47,688 for the business-type activities, respectively. For the Alliance, beginning net position as of July 1, 2017 decreased \$875,103.



Required Supplemental Financial Data

This section contains additional information on the Local Government Employee's Retirement Plan, the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits-Retiree Health Plan as of June 30, 2018.

Cabarrus County, North Carolina
Schedule of Changes in the Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2018

TOTAL OPEB LIABILITY

	<u>2018</u>
Service Cost at the end of the year	\$ 2,650,570
Interest	1,215,771
Change in benefit terms	-
Difference between expected and actual experience	154,492
Changes of assumptions or other inputs	(2,423,124)
Benefits payments	(1,488,105)
Other	-
Net change in Total OPEB Liability	<u>109,604</u>
Total OPEB Liability - beginning	<u>\$ 41,129,614</u>
Total OPEB Liability - ending	<u><u>\$ 41,239,218</u></u>
 Covered-employee payroll	 \$ 44,146,565
Total OPEB Liability as a percentage of covered-employee payroll	 93.41%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period: The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

Cabarrus County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension
Liability (Asset)
Local Governmental Employees' Retirement System
Last Five Fiscal Years ^{(1), (2)}

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.770%	0.778%	0.724%	0.740%	0.741%
County's proportionate share of the net pension liability (asset) \$	\$ 11,761,328	\$ 16,504,338	\$ 3,247,518	\$ (4,362,472)	\$ 8,935,512
County's covered payroll	\$ 46,557,398	\$ 42,520,688	\$ 39,999,294	\$ 39,888,050	\$ 38,285,570
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	25.26%	38.81%	8.12%	(10.94%)	23.34%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

Cabarrus County, North Carolina
Schedule of County Contributions
Local Governmental Employees' Retirement System
Last Five Fiscal Years ⁽¹⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,674,201	\$ 3,472,475	\$ 2,903,772	\$ 2,855,518	\$ 2,836,414
Contributions in relation to the contractually required contribution	<u>3,674,201</u>	<u>3,472,475</u>	<u>2,903,772</u>	<u>2,855,518</u>	<u>2,836,414</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 47,754,726	\$ 46,557,398	\$ 42,520,688	\$ 39,999,294	\$ 39,888,050
Contributions as a percentage of covered-employee payroll	7.69%	7.46%	6.83%	7.14%	7.11%

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

Cabarrus County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension
Liability (Asset)
Register of Deed's Supplemental Pension Fund
Last Five Fiscal Years ^{(1), (2)}

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	2.387%	2.399%	2.267%	2.143%	2.163%
County's proportionate share of the net pension liability (asset) \$	\$ (407,500)	\$ (448,487)	\$ (525,183)	\$ (485,686)	\$ (462,104)
Plan fiduciary net position as a percentage of the total pension liability	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

Cabarrus County, North Carolina
Schedule of County Contributions
Register of Deeds' Supplemental Pension Fund
Last Five Fiscal Years ⁽¹⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,516	\$ 20,743	\$ 19,597	\$ 18,134	\$ 17,494
Contributions in relation to the contractually required contribution	<u>19,516</u>	<u>20,743</u>	<u>19,597</u>	<u>18,134</u>	<u>17,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Cabarrus County, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018

	2018	2017
Beginning balance	\$ 6,676,726	\$ 6,532,773
Service Cost	249,707	283,709
Interest on the total pension liability	252,149	229,563
Changes of benefit terms	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(145,794)	-
Changes of assumption or other inputs	416,835	(164,444)
Benefits payments	(288,758)	(204,875)
Other changes	-	-
Ending balance of the total pension liability	<u>\$ 7,160,865</u>	<u>\$ 6,676,726</u>

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

Cabarrus County, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
For the Year Ended June 30, 2018

	2018	2017
Total pension liability	\$ 7,160,865	\$ 6,676,726
Covered payroll	9,441,196	10,335,413
Total pension liability as a percentage of covered payroll	75.85%	64.60%

Notes to the schedules:

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



Other Supplemental Information

Combining Statements for Non-Major Funds

Special Revenue Funds

Capital Projects Funds

Fiduciary Funds



Cabarrus County, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2018

Special Revenue Funds

	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts' Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds
ASSETS							
Cash and cash equivalents	\$ 461,441	\$ 70,366	\$ 1,534,511	\$ 13,718	\$ 126,319	\$ 141,627	\$ 2,347,982
Accounts receivable	59,437	-	144,723	-	-	-	204,160
Interest receivable	876	-	2,888	-	222	252	4,238
Due from other governments	-	-	-	36,711	-	-	36,711
Prepaid items	-	-	18,725	-	-	-	18,725
Notes receivable	-	-	-	-	-	-	-
Restricted cash	-	-	51,679	-	-	-	51,679
Total assets	<u>\$ 521,754</u>	<u>\$ 70,366</u>	<u>\$ 1,752,526</u>	<u>\$ 50,429</u>	<u>\$ 126,541</u>	<u>\$ 141,879</u>	<u>\$ 2,663,495</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 22,635	\$ -	\$ 206,415	\$ 50,429	\$ -	\$ 321	\$ 279,800
Liabilities to be paid from restricted assets	-	-	-	-	-	-	-
Contract retainages	-	-	-	-	-	-	-
Total liabilities	<u>22,635</u>	<u>-</u>	<u>206,415</u>	<u>50,429</u>	<u>-</u>	<u>321</u>	<u>279,800</u>
DEFERRED INFLOWS OF RESOURCES							
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted							
Stabilization by State statute	60,313	-	147,611	36,711	222	252	245,109
Register of Deeds Automation & Enhancement	-	-	-	-	-	-	-
Emergency Telephone 911	438,806	-	-	-	-	-	438,806
Sheriff & State Safety Programs	-	-	-	-	110,944	-	110,944
HOME programs	-	70,366	-	-	-	-	70,366
Soil and Water Programs	-	-	-	-	-	-	-
Public school capital projects	-	-	-	-	-	-	-
Cabarrus Arena and Events Center	-	-	51,679	-	-	-	51,679
Library grants	-	-	-	-	-	-	-
Committed							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	15,375	-	15,375
Economic and physical development	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Human services	-	-	-	-	-	141,306	141,306
Education	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Assigned							
General government	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Culture and recreation	-	-	1,346,821	-	-	-	1,346,821
Unassigned	-	-	-	(36,711)	-	-	(36,711)
Total fund balances	<u>499,119</u>	<u>70,366</u>	<u>1,546,111</u>	<u>-</u>	<u>126,541</u>	<u>141,558</u>	<u>2,383,695</u>
Total liabilities, deferred inflows of resources and fund balances							
	<u>\$ 521,754</u>	<u>\$ 70,366</u>	<u>\$ 1,752,526</u>	<u>\$ 50,429</u>	<u>\$ 126,541</u>	<u>\$ 141,879</u>	<u>\$ 2,663,495</u>

Capital Projects Funds							
Public School Building Capital Projects Fund	Construction and Renovation Fund	School Construction Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	Total Non-major Governmental Funds
\$ -	\$ 5,174,005	\$ 1,235,396	\$ 14,187,289	\$ 3,832,402	\$ 119,811	\$ 24,548,903	\$ 26,896,885
-	-	-	26,234	-	-	26,234	230,394
-	-	-	26,351	4,698	213	31,262	35,500
-	-	-	-	-	-	-	36,711
-	-	-	-	-	-	-	18,725
-	-	-	-	-	-	-	-
648,000	-	-	-	-	-	648,000	699,679
<u>\$ 648,000</u>	<u>\$ 5,174,005</u>	<u>\$ 1,235,396</u>	<u>\$ 14,239,874</u>	<u>\$ 3,837,100</u>	<u>\$ 120,024</u>	<u>\$ 25,254,399</u>	<u>\$ 27,917,894</u>
\$ -	\$ 36,067	\$ 134,116	\$ -	\$ 27,100	\$ -	\$ 197,283	\$ 477,083
598,000	-	-	-	-	-	598,000	598,000
-	-	1,330	-	-	-	1,330	1,330
<u>598,000</u>	<u>36,067</u>	<u>135,446</u>	<u>-</u>	<u>27,100</u>	<u>-</u>	<u>796,613</u>	<u>1,076,413</u>
-	-	-	-	243,142	-	243,142	243,142
-	649,895	-	52,585	6,298	213	708,991	954,100
-	-	-	-	348,383	-	348,383	348,383
-	-	-	-	-	-	-	438,806
-	-	-	-	-	-	-	110,944
-	-	-	-	-	-	-	70,366
-	-	-	-	783,225	-	783,225	783,225
50,000	-	-	-	-	-	50,000	50,000
-	-	-	-	-	-	-	51,679
-	-	-	-	-	119,811	119,811	119,811
-	800,728	-	211,000	13,094	-	1,024,822	1,024,822
-	1,940,720	-	5,500,000	-	-	7,440,720	7,456,095
-	100,000	-	-	2,415,858	-	2,515,858	2,515,858
-	94,699	-	-	-	-	94,699	94,699
-	33,514	-	-	-	-	33,514	174,820
-	-	1,099,950	7,304,139	-	-	8,404,089	8,404,089
-	1,518,382	-	1,072,904	-	-	2,591,286	2,591,286
-	-	-	99,246	-	-	99,246	99,246
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,346,821
-	-	-	-	-	-	-	(36,711)
<u>50,000</u>	<u>5,137,938</u>	<u>1,099,950</u>	<u>14,239,874</u>	<u>3,566,858</u>	<u>120,024</u>	<u>24,214,644</u>	<u>26,598,339</u>
<u>\$ 648,000</u>	<u>\$ 5,174,005</u>	<u>\$ 1,235,396</u>	<u>\$ 14,239,874</u>	<u>\$ 3,837,100</u>	<u>\$ 120,024</u>	<u>\$ 25,254,399</u>	<u>\$ 27,917,894</u>

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds						
	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts' Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds
REVENUES							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 4,098,784	\$ -	\$ -	\$ 4,098,784
Restricted Intergovernmental	790,611	-	-	-	11,127	-	801,738
Intergovernmental - Lottery	-	-	-	-	-	-	-
Program fees	-	7,355	530,721	-	3,754	-	541,830
Investment earnings	4,672	-	17,619	-	1,473	1,476	25,240
Donations	-	-	284,091	-	-	3,524	287,615
Miscellaneous	-	-	9,665	-	-	-	9,665
Total revenues	795,283	7,355	842,096	4,098,784	16,354	5,000	5,764,872
EXPENDITURES							
General Government	-	-	-	-	-	-	-
Public Safety	529,851	-	-	4,098,784	628	-	4,629,263
Economic and Physical Development	-	785	-	-	-	-	785
Environmental Protection	-	-	-	-	-	-	-
Human Services	-	-	-	-	-	625	625
Education	-	-	-	-	-	-	-
Culture and Recreation	-	-	1,356,823	-	-	-	1,356,823
Capital Outlay	66,863	-	9,330	-	36,078	-	112,271
Debt Service:							
Principal Interest	55,231	-	-	-	-	-	55,231
Interest and fees	4,295	-	-	-	-	-	4,295
Total expenditures	656,240	785	1,366,153	4,098,784	36,706	625	6,159,293
Excess (deficiency) of revenues over (under) expenditures	139,043	6,570	(524,057)	-	(20,352)	4,375	(394,421)
OTHER FINANCING SOURCES (USES)							
Lease financing issued	-	-	-	-	-	-	-
Transfer in	-	-	705,663	-	-	-	705,663
Transfer (out)	-	-	-	-	-	-	-
Total other financing sources (uses):	-	-	705,663	-	-	-	705,663
Net change in fund balances	139,043	6,570	181,606	-	(20,352)	4,375	311,242
Fund balance, July 1	360,076	63,796	1,364,505	-	146,893	137,183	2,072,453
Fund balance, June 30	\$ 499,119	\$ 70,366	\$ 1,546,111	\$ -	\$ 126,541	\$ 141,558	\$ 2,383,695

Capital Projects Funds

Public School Building Fund	Construction and Renovations Fund	School Construction Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 379,717	\$ -	\$ 379,717	\$ 4,478,501
-	-	-	-	648,706	-	648,706	1,450,444
2,050,000	-	-	-	-	-	2,050,000	2,050,000
-	94,180	-	-	1,141	-	95,321	637,151
-	-	-	136,360	27,130	1,263	164,753	189,993
-	-	-	284,090	-	-	284,090	571,705
-	-	-	-	-	-	-	9,665
2,050,000	94,180	-	420,450	1,056,694	1,263	3,622,587	9,387,459
-	186,350	-	-	90,628	-	276,978	276,978
-	75,939	-	-	-	-	75,939	4,705,202
-	-	-	-	27,000	-	27,000	27,785
-	-	-	-	4,904	-	4,904	4,904
-	-	-	-	-	-	-	625
-	1,244,001	1,242,296	-	-	-	2,486,297	2,486,297
-	73,429	-	-	-	-	73,429	1,430,252
-	1,759,810	-	-	-	-	1,759,810	1,872,081
-	-	-	-	-	-	-	55,231
-	-	-	-	-	-	-	4,295
-	3,339,529	1,242,296	-	122,532	-	4,704,357	10,863,650
2,050,000	(3,245,349)	(1,242,296)	420,450	934,162	1,263	(1,081,770)	(1,476,191)
-	930,000	-	-	-	-	930,000	930,000
-	3,327,112	949,047	10,679,487	-	-	14,955,646	15,661,309
(2,000,000)	-	-	(9,460,529)	-	-	(11,460,529)	(11,460,529)
(2,000,000)	4,257,112	949,047	1,218,958	-	-	4,425,117	5,130,780
50,000	1,011,763	(293,249)	1,639,408	934,162	1,263	3,343,347	3,654,589
-	4,126,175	1,393,199	12,600,466	2,632,696	118,761	20,871,297	22,943,750
\$ 50,000	\$ 5,137,938	\$ 1,099,950	\$ 14,239,874	\$ 3,566,858	\$ 120,024	\$ 24,214,644	\$ 26,598,339



Special Revenue Funds

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Actual		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental:			
NC 911 service fees	\$ 713,248	\$ 713,248	\$ -
Local contributions	157,485	77,363	(80,122)
Investment earnings	1,000	4,672	3,672
Total revenues	<u>871,733</u>	<u>795,283</u>	<u>(76,450)</u>
EXPENDITURES			
Public Safety:			
Operations	718,602	529,851	199,251
Capital Outlay	93,605	66,863	16,242
Debt service:			
Principal	55,231	55,231	-
Interest	4,295	4,295	-
Total expenditures	<u>871,733</u>	<u>656,240</u>	<u>215,493</u>
Revenues over expenditures	<u>-</u>	<u>139,043</u>	<u>139,043</u>
Net change in fund balance	<u>\$ -</u>	139,043	<u>\$ 139,043</u>
Fund balance, July 1		<u>360,076</u>	
Fund balance, June 30		<u>\$ 499,119</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, 2018

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Restricted intergovernmental:				
CDGB program fees	\$ 34,997	\$ 34,997	\$ 7,355	\$ 42,352
HOME Consortium Grants	294,300	98,411	-	98,411
HOME program revenues	7,200	7,200	-	7,200
Total Revenues	<u>336,497</u>	<u>140,608</u>	<u>7,355</u>	<u>147,963</u>
EXPENDITURES				
Economic and physical development:				
CDBG:				
Sub-contractor construction	34,997	28,402	-	28,402
Total CDBG	<u>34,997</u>	<u>28,402</u>	<u>-</u>	<u>28,402</u>
HOME Consortium:				
Consultants	16,675	5,570	534	6,104
Sub-contractor construction	359,825	117,840	251	118,091
Total HOME consortium	<u>376,500</u>	<u>123,410</u>	<u>785</u>	<u>124,195</u>
Total expenditures	<u>411,497</u>	<u>151,812</u>	<u>785</u>	<u>152,597</u>
Revenues over (under) expenditures	<u>(75,000)</u>	<u>(11,204)</u>	<u>6,570</u>	<u>(4,634)</u>
OTHER FINANCING SOURCES				
Transfer in - General Fund	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total other financing sources	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 63,796</u>	<u>6,570</u>	<u>\$ 70,366</u>
Fund balance, July 1			<u>63,796</u>	
Fund balance, June 30			<u>\$ 70,366</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, 2018

	Actual		
	Budget	Actual	Variance Positive (Negative)
REVENUES			
Arena and Events Center:			
Donations - Cabarrus Visitors Bureau	\$ 270,000	\$ 274,091	\$ 4,091
Investment earnings	-	15	15
Total Arena and Events Center	270,000	274,106	4,106
County Fair:			
Program fees	612,492	530,721	(81,771)
Investment earnings	500	17,604	17,104
Miscellaneous	9,000	9,665	665
Total County Fair	621,992	557,990	(64,002)
Visitor Related Events:			
Donations - Cabarrus Visitors Bureau	10,000	10,000	-
Total Visitor Related Events	10,000	10,000	-
Total revenues	901,992	842,096	(59,896)
EXPENDITURES			
Cultural and recreational:			
Arena and Events Center			
Management Company	679,637	561,148	118,489
Capital Outlay	9,330	9,330	-
Other operating expenses	311,696	240,754	70,942
Total Arena & Events Center	1,000,663	811,232	189,431
County Fair:			
Salaries and employee benefits	132,377	120,942	11,435
Other operating expenses	489,615	423,979	65,636
Total County Fair	621,992	544,921	77,071
Visitor Related Events:			
Total Visitor Related Events	10,000	10,000	-
Total expenditures	1,632,655	1,366,153	266,502
Revenues over (under) expenditures	(730,663)	(524,057)	206,606
OTHER FINANCING SOURCES			
Transfer in - General Fund	705,663	705,663	-
Fund Balance Appropriated	25,000	-	(25,000)
Total other financing sources	730,663	705,663	(25,000)
Net change in fund balance	\$ -	181,606	\$ 181,606
Fund balance, July 1		1,364,505	
Fund balance, June 30		\$ 1,546,111	

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, 2018

	Actual		Variance
	Budget	Actual	Positive (Negative)
REVENUES			
Property tax collections	\$ 4,177,781	\$ 4,098,784	\$ (78,997)
Total revenues	4,177,781	4,098,784	(78,997)
EXPENDITURES			
Public Safety	4,177,781	4,098,784	78,997
Total expenditures	4,177,781	4,098,784	78,997
Net change in fund balance	\$ -	-	\$ -
Fund balance, July 1		-	
Fund balance, June 30		\$ -	

Cabarrus County, North Carolina
Sheriff's Department Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Federal Forfeiture Sharing	\$ 97,931	\$ 97,931	\$ -	\$ 97,931
Federal Forfeiture Sharing -Treasury	257,611	257,611	-	257,611
NC Substance Control Tax	386,308	385,844	11,127	396,971
Firing Range fees	26,395	25,659	3,754	29,413
Investment earnings:				
Federal Forfeiture sharing	6,926	6,987	140	7,127
Federal Forf sharing-Treasury	10,735	10,899	273	11,172
NC Substance Control Tax	54,156	54,611	907	55,518
Firing Range	255	307	153	460
Total revenues	<u>840,317</u>	<u>839,849</u>	<u>16,354</u>	<u>856,203</u>
EXPENDITURES				
Public Safety	595,767	448,406	628	449,034
Capital Outlay:				
Equipment	153,701	153,701	-	153,701
Vehicles	268,300	268,300	36,078	304,378
Total expenditures	<u>1,017,768</u>	<u>870,407</u>	<u>36,706</u>	<u>907,113</u>
Revenues (under) expenditures	<u>(177,451)</u>	<u>(30,558)</u>	<u>(20,352)</u>	<u>(50,910)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	285,138	285,138	-	285,138
Transfer (out)-General Fund	(107,687)	(107,687)	-	(107,687)
Total other financing sources (uses)	<u>177,451</u>	<u>177,451</u>	<u>-</u>	<u>177,451</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 146,893</u>	<u>(20,352)</u>	<u>\$ 126,541</u>
Fund balance, July 1			<u>146,893</u>	
Fund balance, June 30			<u>\$ 126,541</u>	

Cabarrus County, North Carolina
Department of Aging Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Contributions and private donations	\$ 190,651	\$ 190,603	\$ 3,524	\$ 194,127
Investment earnings	14,723	15,425	1,476	16,901
Total revenues	<u>205,374</u>	<u>206,028</u>	<u>5,000</u>	<u>211,028</u>
EXPENDITURES				
Human Services:				
Special Projects	<u>205,374</u>	<u>68,845</u>	<u>625</u>	<u>69,470</u>
Total expenditures	<u>205,374</u>	<u>68,845</u>	<u>625</u>	<u>69,470</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 137,183</u>	4,375	<u>\$ 141,558</u>
Fund balance, July 1			<u>137,183</u>	
Fund balance, June 30			<u>\$ 141,558</u>	

Capital Projects Funds

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Public School Building Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Intergovernmental				
Lottery Proceeds: State	\$ 22,069,308	\$ 20,019,308	\$ 2,050,000	\$ 22,069,308
Lottery Proceeds: Rowan County	300,000	-	-	-
Total revenues	22,369,308	20,019,308	2,050,000	22,069,308
EXPENDITURES				
Capital outlay - education:				
Rowan County projects	300,000	-	-	-
Total expenditures	300,000	-	-	-
Revenues over expenditures	22,069,308	20,019,308	2,050,000	22,069,308
OTHER FINANCING SOURCES (USES)				
Transfer (out) - General Fund	(20,419,308)	(18,419,308)	(2,000,000)	(20,419,308)
Transfer (out) - School Construction Debt - CPF	(1,650,000)	(1,600,000)	-	(1,600,000)
Total other financing sources (uses)	(22,069,308)	(20,019,308)	(2,000,000)	(22,019,308)
Net change in fund balance	\$ -	\$ -	50,000	\$ 50,000
Fund balance, July 1			-	
Fund balance, June 30			\$ 50,000	

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, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Contributions and private donations	\$ 117,036	\$ 117,036	\$ -	\$ 117,036
Rental Fees	847,694	648,742	94,180	742,922
Sale of capital assets	423,417	423,417	-	423,417
PARTF Project Grant	350,000	350,000	-	350,000
Total revenues	<u>1,738,147</u>	<u>1,539,195</u>	<u>94,180</u>	<u>1,633,375</u>
EXPENDITURES				
Improvement				
General Government	787,546	63,912	186,350	250,262
Public Safety	2,222,686	726,336	75,939	802,275
Economic & Physical Development	100,000	-	-	-
Culture & Recreation	187,499	66,169	73,429	139,598
Education	1,244,001	-	1,244,001	1,244,001
Total Improvements	<u>4,541,732</u>	<u>856,417</u>	<u>1,579,719</u>	<u>2,436,136</u>
Capital outlay	<u>14,082,762</u>	<u>9,185,838</u>	<u>1,759,810</u>	<u>10,945,648</u>
Total expenditures	<u>18,624,494</u>	<u>10,042,255</u>	<u>3,339,529</u>	<u>13,381,784</u>
Revenues (under) expenditures	<u>(16,886,347)</u>	<u>(8,503,060)</u>	<u>(3,245,349)</u>	<u>(11,748,409)</u>
OTHER FINANCING SOURCES				
Proceeds from Lease	4,596,394	3,666,394	930,000	4,596,394
Transfer in - General Fund	5,216,780	4,209,779	1,007,001	5,216,780
Transfer in - Capital Reserve Fund	7,067,398	4,747,287	2,320,111	7,067,398
Transfer in - Capital Projects Fund	5,775	5,775	-	5,775
Total other financing sources	<u>16,886,347</u>	<u>12,629,235</u>	<u>4,257,112</u>	<u>16,886,347</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,126,175</u>	1,011,763	<u>\$ 5,137,938</u>
Fund balance, July 1			<u>4,126,175</u>	
Fund balance, June 30			<u>\$ 5,137,938</u>	

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

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES				
Education				
Other Improvements - Available	77,367	-	-	-
Concord Middle School	968,853	806,778	162,075	968,853
Harrisburg Elementary School	685,531	681,368	4,163	685,531
Multiple Schools Site Development	30,000	4,800	23,000	27,800
Carver Elementary School	1,620,025	832,759	597,754	1,430,513
RCCC Cabarrus Business Technical Center	389,075	-	252,490	252,490
Cox Mill Elementary School	25,000	-	21,990	21,990
Patriots Elementary School	122,100	-	122,100	122,100
JN Fries Middle School	300,000	-	58,724	58,724
AL Brown High School	500,000	-	-	-
Total expenditures	<u>4,717,951</u>	<u>2,325,705</u>	<u>1,242,296</u>	<u>3,568,001</u>
Revenues (under) expenditures	<u>(4,717,951)</u>	<u>(2,325,705)</u>	<u>(1,242,296)</u>	<u>(3,568,001)</u>
OTHER FINANCING SOURCES				
Transfer in - Capital Projects Fund	244,612	194,613	-	194,613
Transfer in - General Fund	145,309	96,263	49,047	145,310
Transfer in - Capital Reserve Fund	<u>4,328,030</u>	<u>3,428,028</u>	<u>900,000</u>	<u>4,328,028</u>
Total other financing sources	<u>4,717,951</u>	<u>3,718,904</u>	<u>949,047</u>	<u>4,667,951</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,393,199</u>	<u>(293,249)</u>	<u>\$ 1,099,950</u>
Fund balance, July 1			<u>1,393,199</u>	
Fund balance, June 30			<u>\$ 1,099,950</u>	

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

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Contribution - Tourism Authority	\$ 573,771	\$ 1,127,585	\$ 284,090	\$ 1,411,675
Investment earnings	560,142	475,985	136,360	612,345
Total revenues	1,133,913	1,603,570	420,450	2,024,020
EXPENDITURES				
Total expenditures	-	-	-	-
Revenues over expenditures	1,133,913	1,603,570	420,450	2,024,020
OTHER FINANCING SOURCES (USES)				
Transfer in - General Fund	79,684,286	69,336,508	10,347,778	79,684,286
Transfer in - School Construction Fund	6,600	6,600	-	6,600
Transfer in - Limited Obligation Bonds 2017	331,709	-	331,709	331,709
Transfer (out) - General Fund	(5,986,782)	(5,986,782)	-	(5,986,782)
Transfer (out) - Construction & Renovation Fund	(13,113,027)	(4,747,288)	(2,320,111)	(7,067,399)
Transfer (out) - School Construction Fund	(24,009,893)	(23,109,893)	(900,000)	(24,009,893)
Transfer (out) - School Construction Debt Fund	(13,772,648)	(10,897,343)	(2,224,459)	(13,121,802)
Transfer (out) - Limited Obligation Bonds 2017	(16,625,718)	(10,866,759)	(2,736,709)	(13,603,468)
Transfer (out) - Limited Obligation Bonds 2018	(7,648,440)	(2,738,147)	(1,279,250)	(4,017,397)
Total other financing sources (uses)	(1,133,913)	10,996,896	1,218,958	12,215,854
Net change in fund balance	\$ -	\$ 12,600,466	1,639,408	\$ 14,239,874
Fund balance, July 1			12,600,466	
Fund balance, June 30			\$ 14,239,874	

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

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Board of Elections:				
Investment earnings	\$ 34,098	\$ 34,092	\$ 7	\$ 34,099
Total Board of Elections	34,098	34,092	7	34,099
Register of Deeds:				
Automation & enhancement fees	1,543,669	1,465,672	117,705	1,583,377
Investment earnings	43,351	40,884	3,844	44,728
Total Register of Deeds	1,587,020	1,506,556	121,549	1,628,105
Soil & Water:				
Grants	1,379,190	774,368	531,001	1,305,369
Stewardship Fund	36,421	36,421	-	36,421
Deferred tax collections	375,000	375,000	-	375,000
Program fees	13,100	11,955	1,141	13,096
Contribution and donations	2,898	2,898	-	2,898
Investment earnings	1,693	1,693	-	1,693
Total Soil & Water	1,808,302	1,202,335	532,142	1,734,477
Elma Lomax Incubator Farm:				
Deferred tax collections	27,000	-	27,000	27,000
Total Elma Lomax Incubator Farm	27,000	-	27,000	27,000
Local Agriculture Preservation:				
Deferred tax collections	2,206,370	1,865,928	352,717	2,218,645
Investment earnings	32,751	17,477	23,279	40,756
Total Soil & Water	2,239,121	1,883,405	375,996	2,259,401
Total revenues	5,695,541	4,626,388	1,056,694	5,683,082
EXPENDITURES				
Operations:				
General Govt - Board of Elections	111,677	111,677	-	111,677
General Govt - Register of Deeds	1,664,525	1,266,599	90,628	1,357,227
Economic Development - Elma Lomax	27,000	-	27,000	27,000
Environmental Protection - Soil & Water	1,921,311	872,910	4,904	877,814
Environ Protect - Local Agric Preservat	2,227,922	-	-	-
Total Operations	5,952,435	2,251,186	122,532	2,373,718
Capital Outlay:				
Land and Land Improvements	26,792	26,792	-	26,792
Equipment and Furniture	127,530	127,530	-	127,530
Total Capital Outlay	154,322	154,322	-	154,322
Total expenditures	6,106,757	2,405,508	122,532	2,528,040
Revenues over (under) expenditures	(411,216)	2,220,880	934,162	3,155,042
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	292,591	292,591	-	292,591
Transfer in-Capital Reserve Fund	150,000	150,000	-	150,000
Transfer (out)-General Fund	(25,000)	(25,000)	-	(25,000)
Transfer (out)-Constr & Renovation Fund	(6,375)	(5,775)	-	(5,775)
Total other financing sources (uses)	411,216	411,816	-	411,816
Net change in fund balance	\$ -	\$ 2,632,696	934,162	\$ 3,566,858
Fund balance, July 1			2,632,696	
Fund balance, June 30			<u>\$ 3,566,858</u>	

Cabarrus County, North Carolina
Cannon Memorial Library Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2018

	Project Authorization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Contributions and donations	\$ 935,089	\$ 935,089	\$ -	\$ 935,089
Investment earnings	200,677	199,748	1,263	201,011
Total revenues	1,135,766	1,134,837	1,263	1,136,100
EXPENDITURES				
Cultural and Recreation:				
Special Projects	113,627	3,585	-	3,585
Total expenditures	113,627	3,585	-	3,585
Revenues over expenditures	1,022,139	1,131,252	1,263	1,132,515
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	9,740	9,740	-	9,740
Transfer (out)-General Fund	(1,031,879)	(1,022,231)	-	(1,022,231)
Total other financing sources (uses)	(1,022,139)	(1,012,491)	-	(1,012,491)
Net change in fund balance	\$ -	\$ 118,761	1,263	\$ 120,024
Fund balance, July 1			118,761	
Fund balance, June 30			\$ 120,024	

Fiduciary Funds

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Department of Social Services</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 70,955	\$ 307,148	\$ 240,616	\$ 137,487
Total	<u>\$ 70,955</u>	<u>\$ 307,148</u>	<u>\$ 240,616</u>	<u>\$ 137,487</u>
<u>Liabilities:</u>				
Accounts payable	\$ 9,188	\$ 210,184	\$ 216,636	\$ 2,736
Due to program participants	61,767	307,318	234,334	134,751
Total	<u>\$ 70,955</u>	<u>\$ 517,502</u>	<u>\$ 450,970</u>	<u>\$ 137,487</u>
<u>Charitable Campaign</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 2,464	\$ 36,265	\$ 33,314	\$ 5,415
Accounts receivable	633	686	635	684
Total	<u>\$ 3,097</u>	<u>\$ 36,951</u>	<u>\$ 33,949</u>	<u>\$ 6,099</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 30,772	\$ 30,772	\$ -
Due to program participants	3,097	35,696	32,694	6,099
Total	<u>\$ 3,097</u>	<u>\$ 66,468</u>	<u>\$ 63,466</u>	<u>\$ 6,099</u>
<u>Undistributed Taxes</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 217,692	\$ 236,580,687	\$ 236,587,286	\$ 211,093
Due from State DOT	730,688	788,103	730,688	788,103
Total	<u>\$ 948,380</u>	<u>\$ 237,368,790</u>	<u>\$ 237,317,974</u>	<u>\$ 999,196</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 86,699,580	\$ 86,699,580	\$ -
Intergovernmental payable - Municipalities	948,380	334,408,624	334,357,808	999,196
Total	<u>\$ 948,380</u>	<u>\$ 421,108,204</u>	<u>\$ 421,057,388</u>	<u>\$ 999,196</u>
<u>Intergovernmental</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 111,708	\$ 1,994,643	\$ 2,020,573	\$ 85,778
Accounts receivable	10,324	14,478	24,552	250
Total	<u>\$ 122,032</u>	<u>\$ 2,009,121</u>	<u>\$ 2,045,125</u>	<u>\$ 86,028</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 1,993,876	\$ 1,993,876	\$ -
Due to Schools - Fines & Forfeitures/State	122,032	1,986,574	2,022,578	86,028
Total	<u>\$ 122,032</u>	<u>\$ 3,980,450</u>	<u>\$ 4,016,454</u>	<u>\$ 86,028</u>
<u>Sheriff Civil Records</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 1,668	\$ 1,575,573	\$ 1,573,595	\$ 3,646
<u>Liabilities:</u>				
Accounts payable	\$ 1,118	\$ 601,262	\$ 601,009	\$ 1,371
Due to courts	550	1,575,572	1,573,847	2,275
Total	<u>\$ 1,668</u>	<u>\$ 2,176,834</u>	<u>\$ 2,174,856</u>	<u>\$ 3,646</u>
<u>Jail Commissary</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 34,823	\$ 369,272	\$ 352,075	\$ 52,020
<u>Liabilities:</u>				
Due to jail inmates	34,823	619,141	601,944	52,020
Total	<u>\$ 34,823</u>	<u>\$ 619,141</u>	<u>\$ 601,944</u>	<u>\$ 52,020</u>
<u>Total All Agency Funds</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 439,310	\$ 240,863,588	\$ 240,807,459	\$ 495,439
Accounts receivable	10,957	15,164	25,187	934
Due from State DOT	730,688	788,103	730,688	788,103
Total	<u>\$ 1,180,955</u>	<u>\$ 241,666,855</u>	<u>\$ 241,563,334</u>	<u>\$ 1,284,476</u>
<u>Liabilities:</u>				
Accounts payable	\$ 10,306	\$ 89,535,674	\$ 89,541,873	\$ 4,107
Due to courts	550	1,575,572	1,573,847	2,275
Due to jail inmates	34,823	619,141	601,944	52,020
Due to municipalities	948,380	334,408,624	334,357,808	999,196
Due to program participants	64,864	343,014	267,028	140,850
Due to schools	122,032	1,986,574	2,022,578	86,028
Total	<u>\$ 1,180,955</u>	<u>\$ 428,468,599</u>	<u>\$ 428,365,078</u>	<u>\$ 1,284,476</u>



Internal Service Funds

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

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

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

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Net Position
June 30, 2018

	Self-Insured Workers' Compensation and Property Liability Fund	Self-Insured Hospitalization Dental Fund	Total
ASSETS			
Cash and cash equivalents	\$ 5,721,350	\$ 5,699,711	\$ 11,421,061
Interest receivable	10,000	9,122	19,122
Prepaid expenses	-	277,721	277,721
	<hr/>	<hr/>	<hr/>
Total assets	5,731,350	5,986,554	11,717,904
	<hr/>	<hr/>	<hr/>
Capital assets:			
Vehicles and equipment	29,664	-	29,664
Less: Accumulated depreciation	(1,978)	-	(1,978)
Total capital assets (net)	27,686	-	27,686
Total assets	5,759,036	5,986,554	11,745,590
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable	-	100,264	100,264
Amounts payable for future claims	801,179	1,546,798	2,347,977
	<hr/>	<hr/>	<hr/>
Total liabilities	801,179	1,647,062	2,448,241
	<hr/>	<hr/>	<hr/>
NET POSITION			
Net Invested in Capital Assets	27,686	-	27,686
Unrestricted	4,930,171	4,339,492	9,269,663
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 4,957,857	\$ 4,339,492	\$ 9,297,349
	<hr/>	<hr/>	<hr/>

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2018

	Workers' Compensation and Property Liability Fund	Hospitalization Dental Fund	Total
Operating revenues:			
Insurance premiums	\$ 1,787,479	\$ 10,724,249	\$ 12,511,728
Program fees	-	37,877	37,877
Insurance refunds	42,366	293,710	336,076
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,829,845	11,055,836	12,885,681
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Depreciation	1,978	-	1,978
General administrative and other	663,345	2,199,453	2,862,798
Claims	1,366,871	8,563,131	9,930,002
	<hr/>	<hr/>	<hr/>
Total operating expenses	2,032,194	10,762,584	12,794,778
	<hr/>	<hr/>	<hr/>
Operating income (loss)	(202,349)	293,252	90,903
	<hr/>	<hr/>	<hr/>
Nonoperating revenues:			
Investment earnings	56,969	52,063	109,032
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	56,969	52,063	109,032
	<hr/>	<hr/>	<hr/>
Income before contributions	(145,380)	345,315	199,935
	<hr/>	<hr/>	<hr/>
Change in net position	(145,380)	345,315	199,935
	<hr/>	<hr/>	<hr/>
Net position, July 1	5,103,237	3,994,177	9,097,414
	<hr/>	<hr/>	<hr/>
Net position, June 30	\$ 4,957,857	\$ 4,339,492	\$ 9,297,349
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cabarrus County, North Carolina
Self Insured Workers' Compensation and Property Liability Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2018

	2018		
	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues:			
Liability:			
Operating revenues:			
Insurance premiums	\$ 859,000	\$ 914,943	\$ 55,943
Insurance refunds	-	35,803	35,803
Total liability	<u>859,000</u>	<u>950,746</u>	<u>91,746</u>
Nonoperating revenues:			
Investment earnings	<u>4,000</u>	<u>56,969</u>	<u>52,969</u>
Total nonoperating revenues	<u>4,000</u>	<u>56,969</u>	<u>52,969</u>
Workers Compensation			
Operating revenues:			
Insurance premiums	872,535	872,536	1
Insurance refunds	5,358	6,563	1,205
Total workers compensation	<u>877,893</u>	<u>879,099</u>	<u>1,206</u>
Nonoperating revenues:			
Investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,740,893</u>	<u>1,886,814</u>	<u>145,921</u>
Expenditures:			
Liability:			
General and administrative - Premiums	564,150	494,214	69,936
Capital Outlay	31,000	29,664	1,336
Claims	252,850	164,541	88,309
Consultants	15,000	15,000	-
Total liability	<u>863,000</u>	<u>703,419</u>	<u>159,581</u>
Workers Compensation			
General and administrative - Premiums	126,811	126,811	-
Purchased Services	11,000	1,820	9,180
Claims	1,225,035	1,202,330	22,705
Consultant	25,500	25,500	-
Total workers compensation	<u>1,388,346</u>	<u>1,356,461</u>	<u>31,885</u>
Total expenditures	<u>2,251,346</u>	<u>2,059,880</u>	<u>191,466</u>
Revenues over (under) expenditures	(510,453)	(173,066)	337,387
Fund Balance Appropriated	<u>510,453</u>	<u>-</u>	<u>(510,453)</u>
Revenues (under) expenditures	<u>-</u>	<u>(173,066)</u>	<u>(173,066)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay	-	29,664	29,664
Depreciation	-	(1,978)	(1,978)
Total reconciling items	<u>-</u>	<u>27,686</u>	<u>27,686</u>
Change in net position	<u>\$ -</u>	<u>\$ (145,380)</u>	<u>\$ (145,380)</u>

Cabarrus County, North Carolina
Self Insured Hospitalization and Dental Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2018

	2018		
	Financial Plan	Actual	Variance Favorable (Unfavorable)
Revenues:			
Hospitalization:			
Operating revenues:			
Insurance premiums	\$ 10,287,776	\$ 10,287,820	\$ 44
Insurance refunds	293,000	293,710	710
Program fees	37,742	37,877	135
Total hospitalization	<u>10,618,518</u>	<u>10,619,407</u>	<u>889</u>
Dental:			
Operating revenues:			
Insurance premiums	<u>436,400</u>	<u>436,429</u>	<u>29</u>
Total Dental	<u>436,400</u>	<u>436,429</u>	<u>29</u>
Nonoperating revenues:			
Investment earnings	<u>4,000</u>	<u>52,063</u>	<u>48,063</u>
Total nonoperating revenues	<u>4,000</u>	<u>52,063</u>	<u>48,063</u>
Total revenues	<u>11,058,918</u>	<u>11,107,899</u>	<u>48,981</u>
Expenditures:			
Hospitalization:			
General and administrative	2,156,958	2,140,405	16,553
Claims	8,564,170	8,192,281	371,889
Total hospitalization	<u>10,721,128</u>	<u>10,332,686</u>	<u>388,442</u>
Dental:			
General and administrative	59,100	59,048	52
Claims	377,300	370,850	6,450
Total dental	<u>436,400</u>	<u>429,898</u>	<u>6,502</u>
Total expenditures	<u>11,157,528</u>	<u>10,762,584</u>	<u>394,944</u>
Revenues over (under) expenditures	<u>(98,610)</u>	<u>345,315</u>	<u>246,705</u>
Fund Balance Appropriated	<u>98,610</u>	<u>-</u>	<u>98,610</u>
Revenues over expenditures	<u>\$ -</u>	<u>345,315</u>	<u>\$ 345,315</u>
Change in net position		<u>\$ 345,315</u>	

Cabarrus County, North Carolina
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Workers' Compensation and Property Liability Fund	Hospitalization Dental Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ -	\$ 4,587	\$ 4,587
Cash received from departments	-	-	12,886,950
Cash paid to employees	1,830,645	11,056,305	-
Cash paid to suppliers for goods and services	(1,723,345)	(10,664,369)	(12,387,714)
Net cash provided (used) for operating activities	<u>107,300</u>	<u>396,523</u>	<u>503,823</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(29,664)	-	(29,664)
Net cash provided (used) by investing activities	<u>(29,664)</u>	<u>-</u>	<u>(29,664)</u>
Cash flows from investing activities:			
Interest received on investments	61,856	55,940	117,796
Net cash provided by investing activities	<u>61,856</u>	<u>55,940</u>	<u>117,796</u>
Net increase (decrease) in cash and cash equivalents	<u>139,492</u>	<u>452,463</u>	<u>591,955</u>
Cash and cash equivalents, July 1	<u>5,581,858</u>	<u>5,247,248</u>	<u>10,829,106</u>
Cash and cash equivalents, June 30	<u>\$ 5,721,350</u>	<u>\$ 5,699,711</u>	<u>\$ 11,421,061</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (202,349)	\$ 293,252	\$ 90,903
Depreciation expense	1,978	-	1,978
(Increase) decrease in accounts receivable and prepaid expenses	800	5,056	5,856
Increase (decrease) in accounts payable and accrued liabilities	306,871	98,215	405,086
Total adjustments	<u>309,649</u>	<u>103,271</u>	<u>412,920</u>
Net cash provided by (used for) operating activities	<u>\$ 107,300</u>	<u>\$ 396,523</u>	<u>\$ 503,823</u>

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



Other Schedules

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

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

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

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

Limited Obligation Bonds 2018 - accounts for planning, design, construction and | or renovation of schools and other capital projects that are funded by debt issued in 2018.

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

Cabarrus County, North Carolina
General Fund
Schedule Of Ad Valorem Taxes Receivable
For the Fiscal Year Ended June 30, 2018

Fiscal Year Ended June 30,	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2018	\$ -	\$ 157,502,526	\$ 155,797,502	\$ 1,705,024
2017	1,452,064		1,059,295	392,769
2016	435,387		173,962	261,425
2015	283,329		72,673	210,656
2014	279,832		103,630	176,202
2013	271,820		28,156	243,664
2012	197,634		22,049	175,585
2011	252,554		30,735	221,819
2010	150,058		17,177	132,881
2009	115,135		6,433	108,702
2008	81,810		81,810	-
	<u>\$ 3,519,623</u>	<u>\$ 157,502,526</u>	<u>\$ 157,393,422</u>	3,628,727
Less: Allowance for uncollectible accounts: General Fund				<u>(1,832,395)</u>
Ad valorem taxes receivable (net): General Fund				<u>\$ 1,796,332</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 156,869,559
Penalties collected on ad valorem taxes - Agency Fund				262,436
Total ad valorem taxes and penalties				<u>157,131,995</u>
Reconciling items:				
Deferred taxes				336,110
Interest collected				(548,797)
Taxes written-off				138,502
Release of prior year taxes				276,736
Collection of tax previously written-off				(6,777)
NCVTS refunds				65,653
Total reconciling items				<u>261,427</u>
Total collections and credits				<u>\$ 157,393,422</u>

Cabarrus County, North Carolina
Analysis Of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2018

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 22,335,983,966	\$ 0.7000	\$ 156,329,715	\$ 142,470,713	\$ 13,859,002
Penalties	-		162,894	162,894	-
Total	22,335,983,966		156,492,609	142,633,607	13,859,002
Discoveries:					
Current year taxes	70,146,863	0.7000	491,028	486,396	4,632
Prior year taxes			1,077,557	1,077,557	-
Penalties	-		162,105	162,105	-
Total	70,146,863		1,730,690	1,726,058	4,632
Releases	(93,929,488)		(720,773)	(720,529)	(244)
Total property valuation	<u>\$ 22,312,201,341</u>				
Net levy			157,502,526	143,639,136	13,863,390
Uncollected taxes at June 30, 2018			1,705,024	1,704,097	927
Current year's taxes collected			<u>\$ 155,797,502</u>	<u>\$ 141,935,039</u>	<u>\$ 13,862,463</u>
Current levy collection percentage			<u>98.92%</u>	<u>98.81%</u>	<u>99.99%</u>

Cabarrus County, North Carolina
Analysis Of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2018

Secondary market disclosures:

Assessed valuation:

Assessment ratio ¹	100%
Real property	\$ 18,030,699,506
Personal property	3,874,032,498
Public service companies ²	<u>407,469,337</u>

Total assessed valuation	\$ 22,312,201,341
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Tax rate per \$100	<u>0.7000</u>
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Levy (includes discoveries, releases and abatements) ³	<u><u>\$ 157,502,526</u></u>
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In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:

Fire protection districts ⁴	<u><u>\$ 3,752,271</u></u>
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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 Levy includes penalties.

⁴ Levy excludes motor vehicle taxes.

Cabarrus County, North Carolina
Ten Largest Taxpayers¹
For the Fiscal Year Ended June 30, 2018

Secondary market disclosures (continued):

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Corning Inc	Fiber optics manufacturer	\$ 329,258,317	1.48%
Castle & Cooke NC LLC / David H Murdock	Land developer	294,409,547	1.32%
Mall at Concord Mills LP	Shopping center	226,308,470	1.01%
Charlotte Motor Speedway Inc	Auto racing	225,504,703	1.01%
Celgard LLC	Battery manufacturer	187,715,865	0.84%
Duke Energy Corp	Public service company	124,401,430	0.56%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	105,525,737	0.47%
Weinstein Properties	Property management	101,646,310	0.46%
Hendrick Automotive	Auto racing	98,172,418	0.44%
DNP IMS AMERICA CORPORATION	Thermal transfer printing	85,600,567	0.38%
Totals		<u>\$ 1,778,543,364</u>	<u>7.97%</u>

¹More information about principal property taxpayers can be found on Table 7.

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad Valorem Taxes:			
Taxes - Current	\$ 152,158,042	\$ 155,165,456	\$ 3,007,414
Taxes - Delinquent	1,719,800	1,155,306	(564,494)
Interest	468,000	548,797	80,797
Total	<u>154,345,842</u>	<u>156,869,559</u>	<u>2,523,717</u>
Local Option Sales Taxes:			
Sales tax - one cent	18,643,772	17,632,466	(1,011,306)
Sales tax - half cent (40)	9,598,926	9,805,182	206,256
Sales tax - half cent (42)	11,419,142	11,137,656	(281,486)
Sales tax - half cent (44)	-	2,355	2,355
Sales tax - half cent (46)	8,232,114	8,163,747	(68,367)
Sales tax fire districts	900,000	984,186	84,186
Total	<u>48,793,954</u>	<u>47,725,592</u>	<u>(1,068,362)</u>
Other Taxes:			
Franchise fees	532,000	526,484	(5,516)
Gross receipts tax	180,000	224,710	44,710
Heavy equipment tax	50,000	71,120	21,120
Disposal Tax on White Goods	55,000	128,462	73,462
Total	<u>817,000</u>	<u>950,776</u>	<u>133,776</u>
Intergovernmental Revenues:			
Federal and state grants	20,575,316	18,349,313	(2,226,003)
Court facilities fees	330,000	382,188	52,188
ABC profit distribution	100,000	122,995	22,995
Other intergovernmental	2,127,081	2,678,647	551,566
Total	<u>23,132,397</u>	<u>21,533,143</u>	<u>(1,599,254)</u>
Permits and Fees:			
Inspection fees	3,327,121	4,419,108	1,091,987
Register of deeds	2,811,750	2,649,303	(162,447)
Other permits	261,020	303,464	42,444
Total	<u>6,399,891</u>	<u>7,371,875</u>	<u>971,984</u>
Sales and Services:			
Rental fees	54,300	55,450	1,150
Ambulance fees	5,456,000	5,839,314	383,314
Jail fees	1,256,200	1,660,572	404,372
Library fees	108,000	119,647	11,647
Recreation fees	594,762	615,569	20,807
Human services	135,765	184,917	49,152
Transportation	984,000	1,170,537	186,537
Tax collection fees	245,250	306,622	61,372
Other sales and services	2,886,703	2,962,338	75,635
Total	<u>11,720,980</u>	<u>12,914,966</u>	<u>1,193,986</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Investment Earnings:			
Interest on investments	571,700	933,808	362,108
Total	571,700	933,808	362,108
Miscellaneous:			
Private contributions and donations	358,935	359,407	472
Sale of materials and capital assets	353,100	372,142	19,042
Gain (Loss) on Foreclosures	-	13,153	13,153
Other	139,335	344,754	205,419
Total	851,370	1,089,456	238,086
Total revenues	246,633,134	249,389,175	2,756,041
EXPENDITURES			
General Government			
Board of Commissioners			
Personal services	365,339	353,310	12,029
Operations	731,988	668,438	63,550
Total	1,097,327	1,021,748	75,579
County Manager			
Personal services	1,133,770	1,138,098	(4,328)
Operations	62,577	60,077	2,500
Capital Outlay	20,000	20,000	-
Total	1,216,347	1,218,175	(1,828)
Communications & Outreach			
Personal services	414,489	415,899	(1,410)
Operations	242,318	206,099	36,219
Total	656,807	621,998	34,809
Human Resources			
Personal services	710,519	704,838	5,681
Operations	221,137	175,866	45,271
Total	931,656	880,704	50,952
Tax Collector			
Personal services	541,827	543,311	(1,484)
Operations	463,188	459,131	4,057
Total	1,005,015	1,002,442	2,573
Tax Administration			
Personal services	2,009,472	1,914,835	94,637
Operations	251,131	209,309	41,822
Total	2,260,603	2,124,144	136,459
Board of Elections			
Personal services	787,265	474,478	312,787

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Operations	537,853	180,680	357,173
Total	1,325,118	655,158	669,960
Register of Deeds			
Personal services	502,496	487,507	14,989
Operations	82,127	79,021	3,106
Total	584,623	566,528	18,095
Finance			
Personal services	790,477	796,834	(6,357)
Operations	201,270	184,865	16,405
Total	991,747	981,699	10,048
Information Technology Services			
Personal services	2,291,677	2,292,232	(555)
Operations	3,351,136	2,702,669	648,467
Capital outlay	122,277	110,756	11,521
Total	5,765,090	5,105,657	659,433
Grounds Maintenance			
Personal services	510,340	515,196	(4,856)
Operations	1,277,133	1,080,582	196,551
Capital outlay	266,835	213,628	53,207
Total	2,054,308	1,809,406	244,902
Infrastructure and Asset Management			
Personal services	420,837	426,858	(6,021)
Operations	1,269,003	1,232,898	36,105
Total	1,689,840	1,659,756	30,084
Street Sign Maintenance			
Personal services	116,026	108,011	8,015
Operations	98,055	46,679	51,376
Capital outlay	7,000	5,176	1,824
Total	221,081	159,866	61,215
Building Maintenance			
Personal services	708,783	715,853	(7,070)
Operations	2,591,938	1,888,323	703,615
Capital outlay	55,034	54,517	517
Total	3,355,755	2,658,693	697,062

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Facility Services			
Personal services	1,188,746	1,152,166	36,580
Operations	351,649	288,202	63,447
Capital outlay	5,850	5,813	37
Total	<u>1,546,245</u>	<u>1,446,181</u>	<u>100,064</u>
Fleet Maintenance			
Personal services	392,303	400,985	(8,682)
Operations	54,850	37,179	17,671
Capital outlay	541,342	324,466	216,876
Total	<u>988,495</u>	<u>762,630</u>	<u>225,865</u>
Other General Government			
Salary Adjustments	114,978	-	114,978
Other benefits	622,480	622,480	-
Unemployment compensation	40,595	40,595	-
Contingency	591,032	-	591,032
Other Operations	489,684	407,416	82,268
Total	<u>1,858,769</u>	<u>1,070,491</u>	<u>788,278</u>
Total General Government	<u>27,548,826</u>	<u>23,745,276</u>	<u>3,803,550</u>
Public Safety			
County Sheriff			
Personal services	11,393,845	10,607,077	786,768
Operations	2,099,336	1,853,643	245,693
Capital outlay	612,572	569,183	43,389
Total	<u>14,105,753</u>	<u>13,029,903</u>	<u>1,075,850</u>
Jail			
Personal services	9,225,926	8,906,356	319,570
Operations	2,071,066	1,957,184	113,882
Capital Outlay	205,419	150,485	54,934
Total	<u>11,502,411</u>	<u>11,014,025</u>	<u>488,386</u>
Animal Control			
Personal services	668,704	642,196	26,508
Operations	96,329	87,882	8,447
Capital Outlay	65,355	65,354	1
Total	<u>830,388</u>	<u>795,432</u>	<u>34,956</u>
Animal Shelter			
Personal services	338,885	335,063	3,822
Operations	111,241	106,632	4,609
Total	<u>450,126</u>	<u>441,695</u>	<u>8,431</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Courts			
Personal services	31,151	28,344	2,807
Operations	249,363	179,521	69,842
Capital Outlay	10,805	10,805	-
Total	<u>291,319</u>	<u>218,670</u>	<u>72,649</u>
Construction Standards			
Personal services	2,180,968	2,042,178	138,790
Operations	180,234	136,628	43,606
Total	<u>2,361,202</u>	<u>2,178,806</u>	<u>182,396</u>
Emergency Management			
Personal services	247,146	249,869	(2,723)
Operations	41,442	30,373	11,069
Capital outlay	458	375	83
Total	<u>289,046</u>	<u>280,617</u>	<u>8,429</u>
Fire Department			
Personal services	607,199	579,739	27,460
Operations	382,385	375,753	6,632
Total	<u>989,584</u>	<u>955,492</u>	<u>34,092</u>
Emergency Medical Services			
Personal services	7,490,162	7,383,422	106,740
Operations	1,382,451	1,311,904	70,547
Capital outlay	690,568	677,622	12,946
Total	<u>9,563,181</u>	<u>9,372,948</u>	<u>190,233</u>
Other Public Safety			
Personal services (LEO Retirees)	334,194	354,464	(20,270)
Operations (LEO Retirees)	1,300	1,263	37
Juvenile Crime Prevention Council	280,111	273,047	7,064
Medical Examiner	122,500	121,300	1,200
Forester	94,513	52,517	41,996
Fire District	900,000	984,186	(84,186)
Total	<u>1,732,618</u>	<u>1,786,777</u>	<u>(54,159)</u>
Total Public Safety	<u>42,115,628</u>	<u>40,074,365</u>	<u>2,041,263</u>
Economic and Physical Development			
Planning and Development Services			
Personal services	547,320	515,168	32,152
Operations	125,748	101,914	23,834
Total	<u>673,068</u>	<u>617,082</u>	<u>55,986</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
Community Development			
Personal services	190,916	192,632	(1,716)
Operations	502,674	391,113	111,561
Total	693,590	583,745	109,845
Soil & Water Conservation			
Personal services	198,115	195,351	2,764
Operations	50,060	30,809	19,251
Total	248,175	226,160	22,015
Zoning Administration			
Personal services	207,735	211,272	(3,537)
Operations	15,530	12,883	2,647
Total	223,265	224,155	(890)
Economic Development			
Personal services	375,696	382,857	(7,161)
Total	375,696	382,857	(7,161)
Economic Development Incentives			
Flyright	37,000	-	37,000
Corning	318,000	-	318,000
S & D Coffee	140,000	-	140,000
Pepsi Bottling Ventures	89,000	-	89,000
Celegard LLC	635,600	635,600	-
Sea Life	38,000	29,515	8,485
Hotel Concord	21,000	21,000	-
SunCap	192,500	192,500	-
iTek Graphics inc.	27,000	-	27,000
Silverman Group	54,000	-	54,000
TPA Group	1,487,500	1,487,500	-
Total	3,039,600	2,366,115	673,485
Other Economic and Physical Development			
Carolina Farm Steward	40,000	40,000	-
Economic Development Corp	400,000	400,000	-
Concord Downtown Development	25,000	25,000	-
City of Kannapolis - Obligation bonds	1,513,054	1,513,054	-
Total	1,978,054	1,978,054	-
Total Economic and Physical Development	7,231,448	6,378,168	853,280

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Environmental Protection			
Waste Reduction/Recycling			
Personal services	214,471	218,415	(3,944)
Operations	338,173	215,246	122,927
Capital outlay	15,182	13,142	2,040
Total	<u>567,826</u>	<u>446,803</u>	<u>121,023</u>
Total Environmental Protection	<u>567,826</u>	<u>446,803</u>	<u>121,023</u>
Human Services			
Veterans Services			
Personal services	254,090	253,670	420
Operations	9,655	8,901	754
Total	<u>263,745</u>	<u>262,571</u>	<u>1,174</u>
Transportation			
Personal services	1,369,387	1,341,273	28,114
Operations	674,392	571,948	102,444
Total	<u>2,043,779</u>	<u>1,913,221</u>	<u>130,558</u>
Cooperative Extension			
Personal services	356,982	334,208	22,774
Operations	83,343	70,566	12,777
Total	<u>440,325</u>	<u>404,774</u>	<u>35,551</u>
HS - Administration Operations			
Personal services	942,025	826,800	115,225
Operations	2,392,117	1,990,218	401,899
Total	<u>3,334,142</u>	<u>2,817,018</u>	<u>517,124</u>
HS - Child Welfare			
Personal services	5,874,615	5,369,606	505,009
Operations	2,407,149	1,741,506	665,643
Total	<u>8,281,764</u>	<u>7,111,112</u>	<u>1,170,652</u>
HS - Child Support Services			
Personal services	1,414,340	1,426,296	(11,956)
Operations	271,642	261,896	9,746
Total	<u>1,685,982</u>	<u>1,688,192</u>	<u>(2,210)</u>
HS - Economic Services			
Personal services	7,471,914	7,373,246	98,668
Operations	5,273,471	2,388,015	2,885,456
Total	<u>12,745,385</u>	<u>9,761,261</u>	<u>2,984,124</u>
HS - Adult and Family Services			
Personal services	2,086,022	2,078,392	7,630
Operations	1,299,711	1,193,849	105,862
Total	<u>3,385,733</u>	<u>3,272,241</u>	<u>113,492</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, 2018

	Final Budget	Actual	Variance Positive (Negative)
HS Aging - Nutrition Title III			
Personal services	210,958	205,071	5,887
Operations	288,490	190,989	97,501
Total	499,448	396,060	103,388
HS Aging - Senior Services			
Personal services	271,854	275,579	(3,725)
Operations	401,552	369,442	32,110
Total	673,406	645,021	28,385
Other Human Services			
Veterinarian Services-Spay	15,000	2,620	12,380
Boys and Girls Club	50,000	50,000	-
Public Health Authority	6,729,671	6,729,671	-
Mental Health Center	614,020	563,856	50,164
Total	7,408,691	7,346,147	62,544
Total Human Services	40,762,400	35,617,618	5,144,782
Education			
Schools - Current Expense			
Cabarrus County Schools	62,931,739	62,931,739	-
Kannapolis City Schools	7,924,141	7,924,141	-
Rowan Cabarrus Community College	2,605,215	2,605,215	-
Total	73,461,095	73,461,095	-
Schools - Capital Outlay			
Cabarrus County Schools	4,334,847	4,226,156	108,691
Kannapolis City Schools	664,343	573,100	91,243
Rowan Cabarrus Community College	373,555	343,554	30,001
Total	5,372,745	5,142,810	229,935
Schools - Other			
Cabarrus County Schools	149,811	149,811	-
Total Education	78,983,651	78,753,716	229,935
Culture & Recreation			
Active Living and Parks - Operations			
Personal services	1,168,563	1,160,367	8,196
Operations	425,004	398,836	26,168
Capital outlay	580,956	533,645	47,311
Total	2,174,523	2,092,848	81,675
Active Living and Parks - Senior Centers			
Personal services	458,122	430,056	28,066
Operations	229,571	218,959	10,612
Capital outlay	5,000	4,347	653
Total	692,693	653,362	39,331

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2018

	Final Budget	Actual	Variance Positive (Negative)
Library System			
Personal services	2,577,002	2,477,559	99,443
Operations	621,828	594,860	26,968
Capital outlay	16,958	14,700	2,258
Total	<u>3,215,788</u>	<u>3,087,119</u>	<u>128,669</u>
Other Culture and Recreation			
Cabarrus Arts Council	26,000	26,000	-
Total	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total Culture & Recreation	<u>6,109,004</u>	<u>5,859,329</u>	<u>249,675</u>
Debt Service			
Principal:			
Bonds			
Public schools	7,067,292	7,067,292	-
Community college	122,708	122,708	-
Certificates of Participation/ Limited Obligation Bonds			
Public schools	22,074,825	22,074,825	-
County buildings	7,549,985	7,045,175	504,810
Notes Payable	91,465	91,465	-
Lease Financing			
Equipment	104,383	-	104,383
Land	132,378	132,378	-
Total	<u>37,143,036</u>	<u>36,533,843</u>	<u>609,193</u>
Interest and Fees:			
Bonds	2,431,088	2,431,088	-
Certificates of Participation/ Limited Obligation Bonds	11,543,755	11,229,406	314,349
Lease Financing	117,429	106,622	10,807
Bond issuance costs	21,700	21,397	303
Total	<u>14,113,972</u>	<u>13,788,513</u>	<u>325,459</u>
Total Debt Service	<u>51,257,008</u>	<u>50,322,356</u>	<u>934,652</u>
Total expenditures	<u>254,575,791</u>	<u>241,197,631</u>	<u>13,378,160</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,942,657)</u>	<u>8,191,544</u>	<u>16,134,201</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in:			
From Public School Bldg. Fund-Lottery	2,000,000	2,000,000	-
From Cert of Participation/LOBS	-	983	983
Total	<u>2,000,000</u>	<u>2,000,983</u>	<u>983</u>
Transfers (out):			
To Cabarrus Arena & Events Fund	(705,663)	(705,663)	-
To Construction and Renovation Fund	(1,007,001)	(1,007,001)	-
To School Construction Fund	(49,047)	(49,047)	-
To Capital Project Funds-LOBS 2018	(901,000)	(901,000)	-
To Capital Reserve Fund	(10,347,778)	(10,347,778)	-
Total	<u>(13,010,489)</u>	<u>(13,010,489)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(11,010,489)</u>	<u>(11,009,506)</u>	<u>983</u>
Fund balance appropriated	<u>18,953,146</u>	<u>-</u>	<u>(18,953,146)</u>
Net change in fund balance	<u>\$ -</u>	<u>(2,817,962)</u>	<u>\$ (2,817,962)</u>
Fund Balance, June 30		\$ 85,529,610	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name		<u>1,330,000</u>	
Fund balance, June 30		<u>\$ 84,041,648</u>	

Cabarrus County, North Carolina
School Construction Debt
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on Investments	\$ 18,817	\$ 311,904	\$ 152,898	\$ 464,802
Total revenues	18,817	311,904	152,898	464,802
EXPENDITURES				
Education				
Royal Oaks Elementary School	24,243,490	10,936,660	10,591,344	21,528,004
Mt. Pleasant Middle School	34,260,164	28,110,222	5,264,085	33,374,307
Kannapolis Middle School	41,777,548	28,208,674	12,873,354	41,082,028
Legal Fees	740,370	740,370	-	740,370
Total expenditures	101,021,572	67,995,926	28,728,783	96,724,709
Revenues (under) expenditures	(101,002,755)	(67,684,022)	(28,575,885)	(96,259,907)
OTHER FINANCING SOURCES				
Premium on Debt Issue	11,159,453	11,159,453	-	11,159,453
Proceeds from LOBS	73,785,000	73,785,000	-	73,785,000
Transfer in - Capital Projects	1,600,000	1,600,000	-	1,600,000
Transfer in - Capital Reserve	13,121,802	10,897,343	2,224,459	13,121,802
Transfer in - General Fund	1,336,500	1,336,500	-	1,336,500
Transfer out - General Fund		(75)	(983)	(1,058)
Total other financing sources	101,002,755	98,778,221	2,223,476	101,001,697
Net change in fund balance	\$ -	\$ 31,094,199	(26,352,409)	\$ 4,741,790
Fund balance, July 1			31,094,199	
Fund balance, June 30			\$ 4,741,790	

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

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on Investments	\$ -	\$ -	\$ 619,439	\$ 619,439
EXPENDITURES				
Legal Fees	814,779	1,335	740,004	741,339
Education				
Performance Learning Center	4,000,000	9,508	1,418,387	1,427,895
West Cabarrus High School	73,009,745	6,385,106	24,100,565	30,485,671
Total Education	77,009,745	6,394,614	25,518,952	31,913,566
General Government				
Operations Center	2,141,264	-	-	-
Capital Outlay:				
Downtown Parking Deck				
Land Acquisition	262,630	260,263	2,367	262,630
Construction in Progress	13,321,220	419,696	4,519,302	4,938,998
Total Capital Outlay	13,583,850	679,959	4,521,669	5,201,628
Total Expenditures	93,549,638	7,075,908	30,780,625	37,856,533
Revenues (under) expenditures	(93,549,638)	(7,075,908)	(30,161,186)	(37,237,094)
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issued	8,374,879	-	8,374,879	8,374,879
Debt Proceeds - LOBS 2017	70,820,000	-	70,820,000	70,820,000
Transfer in - General Fund	997,000	997,000	-	997,000
Transfer in - Construction and Renovation Fund	2,246,000	2,246,000	-	2,246,000
Transfer in - Capital Reserve Fund	6,509,665	3,772,956	2,736,709	6,509,665
Transfer in - School Construction Fund	4,933,803	4,933,803	-	4,933,803
Transfer (out) - Capital Reserve Fund	(331,709)	-	(331,709)	(331,709)
Total other financing sources	93,549,638	11,949,759	81,599,879	93,549,638
Net change in fund balance	\$ -	\$ 4,873,851	51,438,693	\$ 56,312,544
Fund balance, July 1			4,873,851	
Fund balance, June 30			\$ 56,312,544	

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

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Interest on Investments	\$ -	\$ -	\$ 36,916	\$ 36,916
EXPENDITURES				
Hickory Ridge Elementary	32,114,579	2,400	3,698,364	3,700,764
RCCC Advanced Technology Center	15,873,396	470,488	1,462,553	1,933,041
RCCC Land	1,721,000	-	135,000	135,000
Mount Pleasant High School - HVAC	4,276,945	-	72,250	72,250
Multiple School Mobile Units	2,095,676	-	168,235	168,235
JN Fries - HVAC	3,011,267	-	46,750	46,750
Legal Fees	505,534	-	416,158	416,158
Total expenditures	<u>59,598,397</u>	<u>472,888</u>	<u>5,999,310</u>	<u>6,472,198</u>
Revenues (under) expenditures	<u>(59,598,397)</u>	<u>(472,888)</u>	<u>(5,962,394)</u>	<u>(6,435,282)</u>
OTHER FINANCING SOURCES				
Proceeds from LOBS 2018	54,680,000	-	54,680,000	54,680,000
Transfer in - General Fund	901,000	-	901,000	901,000
Transfer in - Capital Reserve Fund	3,500,200	2,220,950	1,279,250	3,500,200
Transfer in - School Construction Fund - CPF	<u>517,197</u>	<u>517,197</u>	<u>-</u>	<u>517,197</u>
Total other financing sources	<u>59,598,397</u>	<u>2,738,147</u>	<u>56,860,250</u>	<u>59,598,397</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,265,259</u>	50,897,856	<u>\$ 53,163,115</u>
Fund balance, July 1			<u>2,265,259</u>	
Fund balance, June 30			<u>\$ 53,163,115</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, 2018

	2018		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 592,952	\$ 669,812	\$ 76,860
Items for sale	-	72,575	72,575
Waste disposal fee	60,000	70,020	10,020
Total operating revenues	<u>652,952</u>	<u>812,407</u>	<u>159,455</u>
Nonoperating revenues:			
Landfill disposal tax	32,000	33,428	1,428
Landfill state tax distribution	37,000	43,953	6,953
Solid waste franchise fee	30,000	30,000	-
Tire disposal fees	225,000	268,016	43,016
Investment earnings	-	55,092	55,092
Miscellaneous revenue	-	-	-
Total nonoperating revenues	<u>324,000</u>	<u>430,489</u>	<u>106,489</u>
Total revenues	<u>976,952</u>	<u>1,242,896</u>	<u>265,944</u>
Expenditures:			
Landfill Administration:			
Salaries and wages	206,487	206,372	115
FICA	11,955	12,122	(167)
Medicare	2,799	2,835	(36)
Group hospital insurance	38,640	35,508	3,132
Vision Care	105	98	7
Retirement	15,589	15,613	(24)
Deferred compensation- 401K	10,327	10,318	9
Workers' Compensation	11,014	11,268	(254)
Life Insurance	165	154	11
Insurance and bonds	3,609	3,611	(2)
Total salaries and benefits	<u>300,690</u>	<u>297,899</u>	<u>2,791</u>
Landfill Operations:			
General and administrative:			
Dues and subscriptions	650	562	88
Lights and power	5,500	5,419	81
Office supplies	1,750	1,625	125
Other operating cost	320	-	320
Telephone	1,620	1,512	108
Travel	4,000	100	3,900
Uniforms	3,750	3,442	308
Total general and administrative	<u>17,590</u>	<u>12,660</u>	<u>4,930</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, 2018

	2018		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Other operating expenditures:			
Auto and truck maintenance	18,300	18,250	50
Building and equipment rental	22,725	22,725	-
Building and ground maintenance	25,000	13,457	11,543
Capital reserve	183,172	-	183,172
Engineers	13,950	7,041	6,909
Equipment and furniture	-	36,000	(36,000)
Fuel	53,325	23,369	29,956
Heavy equipment maintenance	57,000	47,131	9,869
Landfill disposal tax remittance	33,000	33,691	(691)
Minor equipment maintenance	2,200	191	2,009
Permitting fees	10,000	8,725	1,275
Other Improvements	-	-	-
Tire disposal	225,000	107,454	117,546
Tools and minor equipment	5,000	3,256	1,744
Waste disposal charges	10,000	3,974	6,026
Total other operating expenditures	<u>658,672</u>	<u>325,264</u>	<u>333,408</u>
Total expenditures	<u>976,952</u>	<u>635,823</u>	<u>341,129</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>607,073</u>	<u>\$ 607,073</u>

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

Reconciling items:	
Capital Outlays	36,000
Depreciation	(172,129)
Decrease in net pension liability	18,023
(Decrease) in deferred outflows of resources - pensions	(19,599)
Decrease in deferred inflows of resources - pensions	684
Increase in compensated absences payable	(2,186)
Increase in deferred outflows of resources - OPEB	4,820
(Increase) in deferred inflows of resources - OPEB	(8,142)
(Increase) in OPEB liability	(416)
Total reconciling items	<u>(142,945)</u>
Change in net position	<u>\$ 464,128</u>



Statistical Section

Statistical Section

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

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

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

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

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

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

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

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

Demographic and Economic Statistics	Table 13
Principal Employers	Table 14

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

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 108,046,560	\$ 108,911,093	\$ 111,057,044	\$ 123,980,302	\$ 126,276,528	\$ 128,602,206	\$ 130,096,524	\$ 132,384,494	\$ 135,088,132	\$ 140,299,370
Restricted	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397	22,230,970	32,255,525
Unrestricted	(215,569,630)	(245,337,483)	(237,704,769)	(221,575,904)	(187,041,424)	(163,966,006)	(131,914,054)	(119,878,979)	(160,670,777)	(222,703,931)
Total governmental activities net position	\$ (48,421,348)	\$ (78,928,543)	\$ (79,755,501)	\$ (65,093,245)	\$ (39,238,848)	\$ (18,094,453)	\$ 14,134,538	\$ 32,814,912	\$ (3,351,675)	\$ (50,149,036)
Business-type activities										
Net investment in capital assets	\$ 4,174,313	\$ 4,048,802	\$ 3,978,432	\$ 3,601,643	\$ 3,220,285	\$ 3,019,858	\$ 2,884,041	\$ 2,617,174	\$ 2,681,953	\$ 2,545,825
Unrestricted	604,100	(286,743)	(272,454)	45,035	343,174	724,114	1,005,964	694,368	832,692	1,385,260
Total business-type activities net position	\$ 4,778,413	\$ 3,762,059	\$ 3,705,978	\$ 3,646,678	\$ 3,563,459	\$ 3,743,972	\$ 3,889,905	\$ 3,311,542	\$ 3,514,645	\$ 3,931,085
Primary government										
Net investment in capital assets	\$ 112,220,873	\$ 112,959,895	\$ 115,035,476	\$ 127,581,945	\$ 129,496,813	\$ 131,622,064	\$ 132,980,565	\$ 135,001,668	\$ 137,770,085	\$ 142,845,195
Restricted	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397	22,230,970	32,255,525
Unrestricted	(214,965,530)	(245,624,226)	(237,977,223)	(221,530,869)	(186,698,250)	(163,241,892)	(130,908,190)	(119,184,611)	(159,838,085)	(221,318,671)
Total primary government net position	\$ (43,642,935)	\$ (75,166,484)	\$ (76,049,523)	\$ (61,446,567)	\$ (35,675,389)	\$ (14,350,481)	\$ 18,024,443	\$ 36,126,454	\$ 162,970	\$ (46,217,951)
Component Unit										
Net investment in capital assets	\$ 980,806	\$ 1,561,575	\$ 725,114	\$ 1,152,374	\$ 959,140	\$ 771,532	\$ 698,177	\$ 591,994	\$ 415,038	\$ 454,265
Restricted	-	-	2,936,461	4,077,601	982,679	900,338	1,768,998	2,079,353	2,496,308	889,823
Unrestricted	4,267,097	6,469,292	4,428,335	2,587,525	5,305,575	5,782,236	4,312,657	4,819,120	5,157,603	5,904,428
Total component unit net position	\$ 5,247,903	\$ 8,030,867	\$ 8,089,910	\$ 7,817,500	\$ 7,247,394	\$ 7,454,106	\$ 6,779,832	\$ 7,490,467	\$ 8,068,949	\$ 7,248,516

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

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	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 19,804,610	\$ 20,931,001	\$ 21,750,176	\$ 21,958,116	\$ 20,446,857	\$ 29,319,941	\$ 20,025,751	\$ 22,937,803	\$ 25,784,005	\$ 25,410,503
Public safety	29,872,453	31,944,942	36,043,142	39,222,178	39,553,136	42,377,716	41,286,464	44,488,831	47,282,589	48,772,340
Economic and physical development	3,546,315	3,207,792	3,128,710	3,892,813	4,073,657	4,132,476	4,056,316	4,657,763	4,556,125	6,448,102
Environmental protection	251,712	541,463	619,639	583,412	547,558	259,725	457,082	396,644	654,645	509,267
Human Services	41,849,320	40,925,099	38,015,497	39,620,352	37,438,873	37,786,315	35,979,796	36,753,034	38,136,558	36,361,691
Education	96,464,947	118,863,929	77,221,156	66,152,595	63,146,646	65,435,585	71,063,433	96,042,477	144,665,606	141,487,058
Cultural and recreation	6,401,250	6,771,394	6,161,896	6,577,413	7,465,525	7,370,579	6,526,629	7,593,910	8,177,430	8,474,373
Interest on long term debt	15,302,702	19,753,394	19,633,769	19,108,759	17,898,970	16,436,391	14,504,405	13,448,868	13,271,582	13,488,064
Total governmental activities	213,493,309	242,938,624	202,573,985	197,115,638	190,571,222	203,118,728	193,899,516	226,319,330	282,528,540	280,951,398
Business-type activities:										
Solid Waste	1,733,185	2,333,383	1,312,509	1,096,968	957,890	823,069	833,661	1,673,170	866,076	778,768
Total primary government expenses	\$ 215,226,494	\$ 245,272,007	\$ 203,886,494	\$ 198,212,606	\$ 191,529,112	\$ 203,941,797	\$ 194,733,177	\$ 227,992,500	\$ 283,394,616	\$ 281,730,166
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 2,764,580	\$ 2,450,708	\$ 2,253,561	\$ 2,576,452	\$ 2,595,260	\$ 2,834,998	\$ 2,908,433	\$ 3,850,542	\$ 3,650,774	\$ 3,914,304
Public safety	7,227,219	8,759,169	8,883,156	9,117,930	10,031,226	10,662,877	11,294,592	12,018,879	12,642,192	14,337,385
Economic and physical development	142,332	72,730	52,364	36,062	46,169	76,791	53,589	137,487	458,680	500,476
Environmental protection	647	593	928	53,770	42,172	63,757	54,978	28,143	45,345	56,403
Human Services	3,501,902	3,400,337	3,189,986	2,262,905	3,176,475	2,612,401	2,237,069	1,383,584	1,344,764	1,423,955
Education	793,590	754,640	477,517	793,610	33,170	-	-	-	-	-
Cultural and recreation	1,036,875	1,004,898	1,140,124	1,064,273	1,285,260	1,423,298	1,192,236	1,411,083	1,387,169	1,301,067
Operating grants and contributions:										
General government	337,714	274,343	1,286,545	750,094	1,243,161	796,903	1,400,995	5,538,601	1,956,333	2,482,082
Public safety	974,186	1,201,549	906,658	974,200	783,970	1,039,695	1,990,379	1,735,870	1,669,713	1,902,528
Economic and physical development	452,379	729,427	953,047	999,754	593,672	483,393	671,151	671,661	689,873	1,148,056
Environmental protection	38,813	31,090	32,085	8,425	6,912	7,373	8,808	11,054	12,263	9,690
Human Services	18,827,015	19,244,360	16,857,848	17,595,622	16,698,603	15,598,848	17,249,740	18,652,890	18,155,349	15,725,089
Education	128,465	-	-	743,081	770,920	786,774	714,643	847,822	717,727	718,883
Cultural and recreation	615,998	425,927	533,322	530,772	1,184,367	1,183,120	1,050,281	1,125,669	1,352,324	1,176,367
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	38,619	29,504
Human Services	663,564	268,010	285,158	260,866	329,566	357,278	352,184	423,803	305,137	112,585
Education	956,939	6,149,845	258,938	1,713,555	7,307,518	4,911,790	2,200,000	2,000,000	3,600,000	2,050,000
Cultural and recreation	-	-	-	-	-	-	-	150,000	-	-
Total governmental activities program revenues	38,462,218	44,767,626	37,111,237	39,481,371	46,128,421	42,839,296	43,379,078	49,987,088	48,026,262	46,888,374
Business-type activities:										
Charges for Services - Solid Waste	1,565,441	1,187,527	858,132	704,647	674,272	691,618	682,265	741,644	676,295	812,407
Operating grants and contributions - Solid Waste	-	44,655	21,368	-	-	-	-	-	-	-
Capital grants and contributions - Solid Waste	-	-	23,740	-	-	-	-	-	-	-
Total business-type activities program revenues	1,565,441	1,232,182	903,240	704,647	674,272	691,618	682,265	741,644	676,295	812,407
Total primary government program revenues	\$ 40,027,659	\$ 45,999,808	\$ 38,014,477	\$ 40,186,018	\$ 46,802,693	\$ 43,530,914	\$ 44,061,343	\$ 50,728,732	\$ 48,702,557	\$ 47,700,781
Net (Expense)/Revenue										
Governmental activities	\$ (175,031,091)	\$ (198,170,998)	\$ (198,170,998)	\$ (165,462,748)	\$ (144,442,801)	\$ (160,279,432)	\$ (150,520,438)	\$ (176,332,242)	\$ (234,502,278)	\$ (234,063,024)
Business-type activities	(167,744)	(1,101,201)	(409,269)	(392,321)	(283,618)	(131,451)	(151,396)	(931,526)	(189,781)	33,639
Total primary government net (expense)/revenue	\$ (175,198,835)	\$ (199,272,199)	\$ (198,580,267)	\$ (165,855,069)	\$ (144,726,419)	\$ (160,410,883)	\$ (150,671,834)	\$ (177,263,768)	\$ (234,692,059)	\$ (234,029,385)

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

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	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 134,629,314	\$ 137,488,091	\$ 136,733,389	\$ 135,600,306	\$ 133,982,194	\$ 142,079,572	\$ 139,956,060	\$ 145,851,203	\$ 154,541,579	\$ 161,470,648
Local option sales tax	31,568,865	28,461,637	25,808,696	33,612,837	36,890,472	36,209,579	42,572,756	44,145,980	47,594,589	47,725,592
ABC revenues	241,932	66,789	188,594	86,842	90,926	155,765	90,185	99,766	128,382	122,995
Other taxes and licenses	770,064	669,221	642,337	752,711	760,314	754,194	796,167	844,478	897,888	950,776
Unrestricted investment earnings	2,657,376	813,582	1,019,648	1,352,010	1,627,590	2,224,727	4,930,583	2,494,713	1,043,249	2,042,086
Donations	150,663	131,590	221,538	-	-	-	-	-	-	-
Miscellaneous	691,317	32,893	21,588	-	-	-	-	-	-	-
Transfers In/Out	-	-	-	25,615	122,200	-	-	-	-	-
Total governmental activities:	170,709,531	167,663,803	164,635,790	171,430,321	173,473,696	181,423,827	188,345,751	193,436,140	204,195,687	212,312,097
Business-type activities:										
Other taxes and licenses	34,405	55,074	343,908	350,141	313,218	300,666	315,597	338,457	360,626	375,397
Unrestricted investment earnings	74,925	10,630	8,205	4,495	9,381	11,298	4,909	14,706	32,258	55,092
Miscellaneous	23,054	19,143	1,075	-	-	-	-	-	-	-
Transfers In/Out	-	-	-	(25,615)	(122,200)	-	-	-	-	-
Total business-type activities	132,384	84,847	353,188	333,021	200,399	311,964	320,506	353,163	392,884	430,489
Total primary government	<u>\$ 170,841,915</u>	<u>\$ 167,748,650</u>	<u>\$ 164,988,978</u>	<u>\$ 171,763,342</u>	<u>\$ 173,674,095</u>	<u>\$ 181,735,791</u>	<u>\$ 188,666,257</u>	<u>\$ 193,789,303</u>	<u>\$ 204,588,571</u>	<u>\$ 212,742,586</u>
Change in Net Position										
Governmental activities	\$ (4,321,560)	\$ (30,507,195)	\$ (33,535,208)	\$ 5,967,573	\$ 29,030,895	\$ 21,144,395	\$ 37,825,313	\$ 17,103,898	\$ (30,306,591)	\$ (21,750,927)
Business-type activities	(35,360)	(1,016,354)	(56,081)	(59,300)	(83,219)	180,513	169,110	(578,363)	203,103	464,128
Total primary government	<u>\$ (4,356,920)</u>	<u>\$ (31,523,549)</u>	<u>\$ (33,591,289)</u>	<u>\$ 5,908,273</u>	<u>\$ 28,947,676</u>	<u>\$ 21,324,908</u>	<u>\$ 37,994,423</u>	<u>\$ 16,525,535</u>	<u>\$ (30,103,488)</u>	<u>\$ (21,286,799)</u>
Expenses										
Component Unit:										
Cabarrus Health Alliance	\$ 19,549,624	\$ 17,292,485	\$ 19,678,636	\$ 23,482,772	\$ 18,091,226	\$ 17,848,876	\$ 18,276,621	\$ 19,906,309	\$ 23,208,662	\$ 23,680,278
Program Revenues										
Component Unit:										
Charges for Services	\$ 10,182,604	\$ 8,552,866	\$ 6,887,656	\$ 6,998,473	\$ 6,638,544	\$ 6,745,631	\$ 8,450,064	\$ 9,860,172	\$ 11,397,891	\$ 12,134,585
Operating grants and contributions	9,285,721	8,217,449	8,530,342	7,575,516	9,940,137	10,491,677	10,219,352	10,690,727	12,294,538	11,448,897
Capital grants and contributions	-	-	4,147,720	8,220,193	87,418	-	-	-	-	-
Total component unit	<u>\$ 19,468,325</u>	<u>\$ 16,770,315</u>	<u>\$ 19,565,718</u>	<u>\$ 22,794,182</u>	<u>\$ 16,666,099</u>	<u>\$ 17,237,308</u>	<u>\$ 18,669,416</u>	<u>\$ 20,550,899</u>	<u>\$ 23,692,429</u>	<u>\$ 23,583,482</u>
Net (Expense) Revenue										
Component Unit:										
Total component unit	<u>\$ (81,299)</u>	<u>\$ (522,170)</u>	<u>\$ (112,918)</u>	<u>\$ (688,590)</u>	<u>\$ (1,425,127)</u>	<u>\$ (611,568)</u>	<u>\$ 392,795</u>	<u>\$ 644,590</u>	<u>\$ 483,767</u>	<u>\$ (96,796)</u>
General Revenues and Other Changes in Net Position										
Component Unit:										
General Revenues	\$ 42,147	\$ 7,630	\$ 4,479	\$ 2,176	\$ 12,948	\$ 2,033	\$ 6,283	\$ 18,393	\$ 34,710	\$ 95,743
Unrestricted investment earnings	79,643	42,616	167,482	414,004	842,073	816,247	21,333	47,652	60,005	55,723
Miscellaneous	121,790	50,246	171,961	416,180	855,021	818,280	27,616	66,045	94,715	151,466
Total General Revenues	-	-	-	-	-	-	-	-	-	-
Special Item	-	2,859,108	-	-	-	-	-	-	-	-
Total component unit	<u>\$ 121,790</u>	<u>\$ 2,909,354</u>	<u>\$ 171,961</u>	<u>\$ 416,180</u>	<u>\$ 855,021</u>	<u>\$ 818,280</u>	<u>\$ 27,616</u>	<u>\$ 66,045</u>	<u>\$ 94,715</u>	<u>\$ 151,466</u>
Change in Net Position										
Component Unit:										
Total component unit	<u>\$ 40,491</u>	<u>\$ 2,387,184</u>	<u>\$ 59,043</u>	<u>\$ (272,410)</u>	<u>\$ (570,106)</u>	<u>\$ 206,712</u>	<u>\$ 420,411</u>	<u>\$ 710,635</u>	<u>\$ 578,482</u>	<u>\$ 54,670</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 9,862,420	\$ 10,877,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	41,476,373	54,778,125	-	-	-	-	-	-	-	-
Nonspendable	-	-	67,302	198,809	383,680	231,522	244,553	359,001	383,345	557,448
Restricted	-	-	10,190,775	12,690,692	11,399,498	14,863,874	14,059,301	17,002,983	20,017,459	21,468,197
Committed	-	-	-	6,606	-	-	172,493	4,912,643	7,975,354	4,175,361
Assigned	-	-	16,955,100	17,436,575	22,450,700	16,089,311	11,210,329	7,295,961	7,525,893	6,239,540
Unassigned	-	-	46,800,234	45,700,553	61,505,652	37,717,055	53,746,977	50,718,395	49,627,559	51,601,102
Total General Fund	\$ 51,338,793	\$ 65,655,938	\$ 74,013,411	\$ 76,033,235	\$ 95,739,530	\$ 68,901,762	\$ 79,433,653	\$ 80,288,983	\$ 85,529,610	\$ 84,041,648
All Other Governmental Funds										
Reserved	\$ 59,101,722	\$ 57,497,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	13,983,470	11,127,623	-	-	-	-	-	-	-	-
Nonspendable	-	-	720,000	648,200	-	-	510,000	-	-	-
Restricted	-	-	36,701,449	19,811,665	10,126,550	3,355,247	2,564,488	84,402,426	33,179,505	121,713,619
Committed	-	-	14,383,632	10,458,498	9,798,323	39,301,702	38,332,485	31,648,792	21,643,756	22,823,801
Assigned	-	-	459,881	549,755	594,899	758,630	797,361	3,202,731	6,411,469	1,446,067
Unassigned	-	-	(5,440)	(292,024)	-	(34,772)	(55,116)	(287,944)	(57,671)	(5,167,699)
Total all other governmental funds	\$ 73,085,192	\$ 68,625,470	\$ 52,259,522	\$ 31,176,094	\$ 20,519,772	\$ 43,380,807	\$ 42,149,218	\$ 118,966,005	\$ 61,177,059	\$ 140,815,788

Note:

The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Three years are presented in the format prior to the implementation of GASB 54 (fiscal years 2008 through 2010). Seven years are presented in the format after the implementation of GASB 54 (fiscal years 2011 through 2017).

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Ad valorem taxes	\$ 134,848,876	\$ 136,532,544	\$ 136,169,662	\$ 134,789,473	\$ 134,153,049	\$ 140,937,468	\$ 139,912,235	\$ 146,665,438	\$ 157,805,766	\$ 161,348,060
Other taxes and licenses	32,338,928	29,130,858	26,451,032	34,360,229	37,634,537	36,939,920	43,368,922	44,990,458	48,482,477	48,676,368
Intergovernmental	23,107,472	28,022,905	20,763,435	23,255,568	28,092,244	24,403,824	24,935,222	26,718,675	28,531,275	25,033,587
Permits and fees	5,975,694	5,267,543	4,753,093	5,789,927	5,487,566	5,949,742	6,610,335	6,187,633	5,966,475	7,371,875
Sales and services	9,680,365	10,600,602	10,310,115	10,073,950	11,830,022	11,364,724	10,882,609	11,813,400	12,695,122	13,552,117
Investment earnings	2,356,043	429,465	261,016	235,440	266,534	277,771	211,522	476,243	976,381	1,933,054
Donations	286,433	108,709	186,638	390,239	628,598	649,853	506,259	696,118	559,896	571,705
Miscellaneous	1,949,592	462,114	514,504	589,467	1,039,992	487,090	444,037	1,078,357	386,890	1,099,121
Total Revenues	210,543,403	210,554,740	199,409,495	209,484,293	219,132,542	221,010,392	226,871,141	238,626,322	255,404,282	259,585,887
Expenditures										
General Government	18,450,904	19,084,912	19,342,247	20,296,887	19,601,354	28,338,931	19,636,478	21,462,463	21,664,835	24,150,818
Public Safety	28,583,439	29,201,271	31,114,290	33,696,397	32,914,713	36,406,706	36,187,257	39,466,706	41,058,868	43,217,050
Economic & Phy Dev	3,427,600	3,166,913	3,071,760	3,794,160	3,997,296	4,084,616	4,407,764	4,660,358	4,500,973	6,405,953
Environmental Prot.	217,384	472,943	519,010	524,881	537,717	222,128	399,128	377,117	610,380	438,565
Human Services	41,077,166	39,418,305	35,904,789	37,348,400	35,912,373	37,018,148	36,126,712	36,356,523	37,003,442	35,573,296
Education	96,353,775	119,462,406	77,464,219	66,289,905	63,229,560	65,435,585	71,063,433	96,042,477	144,665,606	141,487,058
Culture and recreation	5,819,871	5,567,673	4,811,274	4,848,579	5,972,870	6,144,326	5,415,569	6,276,076	6,569,071	6,822,720
Capital Outlay	40,813,607	31,660,649	6,521,906	4,467,028	4,343,539	5,012,301	3,056,097	3,454,088	7,782,211	9,092,657
Debt Service:										
Principal	20,067,615	20,133,541	22,937,295	37,142,398	25,968,035	26,886,635	26,590,644	28,546,548	31,553,890	35,259,074
Interest	15,371,972	17,991,288	19,709,229	19,041,682	17,911,692	15,437,749	15,277,809	10,832,777	13,384,878	13,792,808
Total Expenditures	270,183,333	286,159,901	221,396,019	227,450,317	210,389,149	224,987,125	218,160,891	247,475,133	308,794,154	316,239,999
Excess of revenues over (under) expenditures	(59,639,930)	(75,605,161)	(21,986,524)	(17,966,024)	8,743,393	(3,976,733)	8,710,250	(8,848,811)	(53,389,872)	(56,654,112)
Other Financing Sources (Uses)										
Transfers in	29,233,852	23,142,651	7,542,255	16,283,727	12,663,434	63,488,791	18,047,562	42,964,933	45,408,477	24,803,710
Transfers out	(29,233,852)	(25,142,651)	(8,462,255)	(18,283,727)	(12,898,234)	(63,488,791)	(18,197,562)	(42,964,933)	(45,408,477)	(24,803,710)
Limited Obligation Bonds Issued	-	-	-	37,730,250	-	-	134,235,000	73,785,000	-	125,500,000
Premium from Limited Obligation Bonds	-	-	-	-	-	-	-	11,159,452	-	8,374,879
Issuance of Bonds	-	-	-	-	73,020,999	-	-	-	-	-
Disbursements for Debt Instruments	-	-	(20,902,811)	(37,431,142)	(72,479,619)	-	(133,494,948)	-	-	-
Disbursements to Escrow Agent	-	-	-	-	-	-	-	-	-	-
Issuance of Certificates of Participation	59,172,184	87,462,584	35,800,860	-	-	-	-	-	-	-
Issuance of Installment Financings	-	-	-	-	-	-	-	-	-	-
Issuance of lease	3,421,394	-	-	603,312	-	-	-	-	841,553	930,000
Total other financing sources (uses)	62,593,578	85,462,584	13,978,049	(1,097,580)	306,580	-	590,052	84,944,452	841,553	134,804,879
Net change in fund balances	\$ 2,953,648	\$ 9,857,423	\$ (8,008,475)	\$ (19,063,604)	\$ 9,049,973	\$ (3,976,733)	\$ 9,300,302	\$ 76,095,641	\$ (52,548,319)	\$ 78,150,767
Debt service as a percentage of noncapital expenditures	15.45%	14.98%	19.85%	25.20%	21.30%	19.24%	19.46%	16.14%	14.93%	15.97%

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

Table 5

Fiscal Year	Real Property	Personal Property	Public Service Companies ⁽²⁾	Total Assessed Valuation	County Total Direct Tax Rate ⁽³⁾
2009 ⁽¹⁾	\$ 17,454,001,994	\$ 3,137,459,615	\$ 280,507,618	\$ 20,871,969,227	0.6300
2010	18,048,592,567	3,003,442,173	277,653,397	21,329,688,137	0.6300
2011	18,223,093,062	2,751,158,382	271,487,306	21,245,738,750	0.6300
2012	18,049,710,020	2,668,575,911	285,837,655	21,004,123,586	0.6300
2013 ⁽¹⁾	15,623,512,935	2,774,393,931	297,917,351	18,695,824,217	0.7000
2014	15,779,588,588	3,581,199,304	304,841,483	19,665,629,375	0.7000
2015	16,133,208,737	3,251,500,679	311,870,162	19,696,579,578	0.7000
2016	16,451,336,581	3,452,698,898	377,571,137	20,281,606,616	0.7000
2017 ⁽¹⁾	17,490,495,184	3,673,234,986	381,343,745	21,545,073,915	0.7000
2018	18,030,699,506	3,874,032,498	407,469,337	22,312,201,341	0.7000

Notes:

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

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

Table 6

		Year Taxes are Payable									
		2009 ⁽¹⁾	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016	2017 ⁽¹⁾	2018
County Total Direct Rate ⁽²⁾	\$	0.6300	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
Fire Protection Districts ⁽³⁾		0.0525	0.0525	0.0509	0.0528	0.0616	0.0651	0.0651	0.0722	0.0751	0.0848
Municipal Rates: ⁽⁴⁾											
Concord		0.4200	0.4200	0.4200	0.4200	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800
Kannapolis		0.4900	0.4900	0.4900	0.4900	0.5600	0.5600	0.6000	0.6300	0.6300	0.6300
Harrisburg		0.1250	0.1250	0.1250	0.1350	0.1585	0.1585	0.1585	0.1585	0.1585	0.1585
Mt. Pleasant		0.4400	0.4400	0.4400	0.4400	0.5050	0.5050	0.5050	0.5050	0.5050	0.5050
Midland		0.1400	0.1400	0.1400	0.1400	0.1600	0.2000	0.2000	0.2000	0.2000	0.2000
Locust		0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600

Notes:

⁽¹⁾ Real property was revalued on January 1

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

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

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

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

Table 7

Taxpayer	Type of Business	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Corning, Incorporated	Fiber optics manufacturer	\$ 329,258,317	1	1.48%	\$ 111,424,314	6	0.53%
Castle & Cooke North Carolina, LLC / David H Murdock	Land developer	294,409,547	2	1.32%	261,143,872	3	1.25%
Concord Mills LTD Partnership	Shopping center	226,308,470	3	1.01%	240,996,626	4	1.15%
Charlotte Motor Speedway, Incorporated	Auto racing	225,504,703	4	1.01%	278,292,078	2	1.33%
Celgard LLC	Battery manufacturer	187,715,865	5	0.84%			
Duke Energy Corporation	Public service company	124,401,430	6	0.56%	89,750,799	7	0.43%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	105,525,737	7	0.47%			
Weinstein Properties	Property management	101,646,310	8	0.46%			
Hendricks Automotive	Auto racing	98,172,418	9	0.44%	150,541,537	5	0.72%
DNP IMS America Corporation	Thermal transfer printing	85,600,567	10	0.38%			
Phillip Morris, Incorporated	Cigarette manufacturer	-	-	-	1,089,951,879	1	5.22%
Concord Telephone Company	Public service company	-	-	-	59,889,132	10	0.29%
Christenbury Farms Inc	Land developer				81,422,634	8	0.39%
JQH-Concord Development LLC	Hospitality	-	-	-	64,796,968	9	0.31%
Totals		\$ 1,778,543,364		7.97%	\$ 2,428,209,839		11.62%

Source:
Cabarrus County Tax Administration Department

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Discoveries	Releases	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
2009	\$ 132,180,385	\$ 1,954,310	\$ (1,315,618)	\$ 132,819,077	\$ 130,244,108	98.06%	\$ 2,466,267	\$ 132,710,375	99.92%
2010	135,474,421	1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	3,314,381	135,098,527	99.90%
2011	134,263,178	770,711	(535,353)	134,498,536	130,734,404	97.20%	3,542,313	134,276,717	99.84%
2012	133,644,515	1,150,153	(1,615,063)	133,179,605	128,622,399	96.58%	4,381,621	133,004,020	99.87%
2013	130,560,111	2,110,895	(1,331,736)	131,339,270	126,968,672	96.67%	4,126,934	131,095,606	99.81%
2014	138,496,852	1,624,863	(673,856)	139,447,859	134,327,532	96.33%	4,944,125	139,271,657	99.87%
2015	137,821,405	1,364,427	(240,129)	138,945,703	135,223,699	97.32%	3,511,348	138,735,047	99.85%
2016	142,057,414	1,711,206	(261,433)	143,507,187	140,909,405	98.19%	2,336,357	143,245,762	99.82%
2017	151,766,267	2,984,909	(1,731,216)	153,019,960	151,567,896	99.05%	1,059,295	152,627,191	99.74%
2018	156,492,609	1,730,690	(720,773)	157,502,526	155,797,502	99.56%	-	155,797,502	98.92%

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 ⁽¹⁾	Percentage of Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
2009	\$ 119,835,000	0.75%	701
2010	115,122,677	0.55%	645
2011	107,901,510	0.51%	597
2012	100,620,346	0.47%	547
2013	100,138,753	0.54%	537
2014	91,115,506	0.46%	487
2015	82,447,259	0.42%	429
2016	73,900,237	0.36%	376
2017	65,546,821	0.27%	287
2018	57,460,041	0.26%	278

Notes:

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

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

⁽³⁾ See Table 13 for population data

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

Table 10

Fiscal Year	Governmental Activities							Percentage of Personal Income ⁽²⁾
	General Obligation Bonds ⁽¹⁾	Certificates Of Participation/ Limited Obligation Bonds	Installment Financing	Notes Payable	Capital Leases	Total Primary Government	Per Capita ⁽²⁾	
2009	\$ 122,708,844	\$ 225,880,860	\$ 14,367,714	\$ -	\$ 3,458,315	\$ 366,415,733	2,094	6.16%
2010	115,122,677	301,846,620	12,745,143	-	3,282,345	432,996,785	2,425	7.38%
2011	107,901,510	302,779,526	11,122,572	-	3,102,621	424,906,229	2,350	7.01%
2012	100,620,346	285,329,194	-	-	3,531,107	389,480,647	2,119	6.04%
2013	100,138,753	265,437,062	-	-	3,348,072	368,923,887	1,979	5.25%
2014	91,115,506	245,865,197	-	-	3,156,437	340,137,140	1,817	4.66%
2015	82,447,259	238,439,690	-	457,323	2,955,793	324,300,065	1,688	4.38%
2016	73,900,237	301,695,995	-	365,858	2,745,710	378,707,800	1,925	4.57%
2017	65,546,821	276,304,369	256,389	274,393	3,245,354	345,627,326	1,715	*
2018	57,460,041	380,726,387	201,158	182,928	4,042,976	442,613,490	2,140	*

Notes:

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

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

* Calendar year 2016 personal income is not yet available to calculate the percentage of personal income for fiscal year 2017

Cabarrus County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Table 11

Governmental Unit ⁽¹⁾	Outstanding Debt ⁽²⁾	Estimated Percentage Applicable ⁽³⁾	Amount Applicable to Primary Government
City of Concord	\$ 28,071,041	50.23%	\$ 14,100,088
City of Kannapolis	68,128,071	18.02%	12,274,026
Town of Harrisburg	8,922,604	9.49%	846,406
Town of Mt. Pleasant	364,965	0.63%	2,289
City of Locust	13,837	0.25%	35
Town of Midland	671,883	1.84%	12,386
Subtotal, overlapping debt			27,235,230
Cabarrus County direct debt			442,613,490
Total direct and overlapping debt			\$ 469,848,720

Notes:

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

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

Table 12

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property	\$ 20,871,969,227	\$ 21,329,688,137	\$ 21,245,738,750	\$ 21,004,123,586	\$ 18,695,824,217	\$ 19,665,629,375	\$ 19,696,579,578	\$ 20,281,606,616	\$ 21,545,073,915	\$ 22,312,201,341
Debt Limit, 8% of Assessed Value (Statutory Limitation)	1,669,757,538	1,706,375,051	1,699,659,100	1,680,329,887	1,495,665,937	1,573,250,350	1,575,726,366	1,622,528,529	1,723,605,913	1,784,976,107
Debt applicable to debt limitations:										
Total Bonded Debt	119,835,000	112,565,000	105,660,000	98,695,000	88,390,000	80,395,000	72,755,000	65,220,000	57,860,000	50,670,000
Total Installment Payment Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Notes Payable	-	-	-	-	-	-	457,323	365,858	274,393	182,928
Total Capital Leases	3,458,315	3,282,345	3,102,621	3,531,107	3,348,072	3,156,437	2,955,793	2,745,710	3,245,354	4,042,976
Total Installment Financing	14,367,714	12,745,143	11,122,572	-	-	-	-	-	256,389	201,158
Total Certificates of Participation/ Limited Obligation Bonds	220,885,000	294,990,000	294,315,000	274,555,000	255,735,000	237,035,000	233,295,000	286,370,000	262,375,000	360,085,000
Total debt applicable to limitations	358,546,029	423,582,488	414,200,193	376,781,107	347,473,072	320,586,437	309,463,116	354,701,568	324,011,136	415,182,062
Legal debt limit	\$ 1,311,211,509	\$ 1,282,792,563	\$ 1,285,458,907	\$ 1,303,548,780	\$ 1,148,192,865	\$ 1,252,663,913	\$ 1,266,263,250	\$ 1,267,826,961	\$ 1,399,594,777	\$ 1,369,794,045
Total net debt applicable to the limit as a percentage of debt limit	21.47%	24.82%	24.37%	22.42%	23.23%	20.38%	19.64%	21.86%	18.80%	23.26%

Note:

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

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

Table 13

Year	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Personal Income⁽²⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾	Number of Building Inspections Performed⁽⁵⁾
2009	174,961	\$ 5,946,765	\$ 35,280	32,781	11.20%	16,529
2010	178,519	5,869,800	34,083	33,014	11.40%	18,890
2011	180,794	6,057,692	33,926	34,096	10.10%	23,241
2012	183,806	6,453,148	35,561	34,588	9.20%	26,565
2013	186,446	7,025,450	38,079	35,125	8.80%	30,780
2014	187,226	7,301,723	39,000	34,763	6.00%	42,541
2015	192,103	7,399,908	38,521	34,609	5.50%	46,267
2016	196,762	8,286,025	41,103	35,376	4.60%	55,741
2017	201,590	*	*	36,669	3.90%	57,485
2018	206,872	*	*	33,877	3.80% **	61,400

* Information not yet available. Information for calendar year 2017 will be available November 16, 2018.

**Fiscal Year 2018 is as of June 30, 2018

Notes:

⁽¹⁾ United States Census Bureau

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

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

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

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

Table 14

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carolinas HealthCare System North East	4,464	1	4.39%	4,300	1	5.86%
Cabarrus County Schools	4,145	2	4.08%	3,398	2	4.63%
Amazon	1,300	3	1.28%	-	-	-
Wal-Mart	1,200	4	1.18%	-	-	-
Cabarrus County Government	1,150	5	1.13%	828	7	1.13%
Tele Tech (formerly Connexions or Optum)	1,000	6	0.98%	1,200	4	1.63%
City of Concord	995	7	0.98%	925	5	1.26%
S&D Coffee and Tea	850	8	0.84%	500	9	0.68%
Kannapolis City Schools	815	9	0.80%	900	6	1.23%
Shoe Show	750	10	0.74%	650	8	0.89%
State of North Carolina	-	-	-	500	10	0.68%
Philip Morris	-	-	-	1,384	3	1.89%
Total	16,669		16.40%	14,585		19.87%

Source:
NC Employment Security Commission, Cabarrus County Economic Development Corporation and FY 2009 CAFR

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

Table 15

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	178	161	165	166	159	161	168	171	176	180
Cultural and Recreation	65	48	51	51	60	62	68	69	71	74
Public Safety	347	344	421	419	421	445	453	472	496	505
Economic and physical development	17	12	12	15	16	16	15	18	19	19
Human Services	310	307	313	297	289	299	302	308	317	330
Environmental Protection	12	11	11	8	7	5	7	7	7	8
Total	929	883	973	956	952	988	1,013	1,045	1,086	1,116

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Note:

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

Source:

Cabarrus County Finance Department

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

Table 16

Functional Area	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Tax Collection Rate	98.06%	97.45%	97.20%	96.58%	96.67%	96.33%	97.32%	98.19%	99.05%	98.92%
Land Records Recorded ⁽¹⁾	32,256	28,410	28,238	34,086	34,533	28,397	32,188	33,207 *	35,324 *	32,719
Culture & Recreation										
Circulation of Library Materials-All Branches	882,322	841,916	697,539	681,192	701,278	699,884	668,249	675,234	771,850	812,539
Acres of Park Land-Developed/Undeveloped	329/252	347/343	381/310	381/310	381/310	381/310	381/310	356/257	356/257	356/257
Public Safety										
Sheriff Response Time (includes Fire and EMS)	9.25	7.57	7.50	7.13	7.50	7.35	6.41	6.48	6.52	7.28
Detention Center Average Daily Population	253	275	350	358	367	369	326	285	336	347
Animals Picked Up (Animal Shelter)	3,982	3,982	3,800	3,505	3,408	2,817	2,865	2,955	2,596	2,685
Building Inspections Completed	42,610	46,871	22,410	26,568	30,780	42,541	46,267	55,966	57,167	62,516
EMS Average Response Time Countywide	7	7	7	6	7	7	7	7	7.2	7.5
Economic & Physical Development										
Construction Permits Issued ⁽⁴⁾	-	-	9,558	10,350	10,119	13,695	15,217	16,971	16,183	18,152
Zoning Permits Issued ⁽⁴⁾	-	-	307	295	313	367	450	444	536	538
Human Services										
Veteran /Dependent Contacts	10,750	12,138	12,119	9,901	9,950	9,312	9,477	9,610	9,852	10,241
Human Service Transportation Trips ⁽²⁾	82,404	85,692	81,844	86,316	74,839	82,123	87,544	92,402	81,353	74,158
Family Medicaid Cases	13,727	14,460	15,884	16,039	17,659	17,553	9,805	18,662	17,197	17,197
Adult Medicaid Cases ⁽³⁾	5,380	5,565	6,019	6,101	6,273	6,483	7,090	10,817	8,326	7,234
WFFA (formerly AFDC)	290	266	254	263	275	304	193	273	235	203
Child Protective Service Reports Investigated	1,476	1,488	1,537	2,955	2,389	1,224	1,217	1,748	1,185	1,953
Adoptions Completed	18	10	7	1	3	3	12	16	10	7
Food Stamp Cases	6,880	8,391	10,497	11,652	11,700	11,900	11,288	11,450	12,150	9,564
Adult Protective Services Reports	210	225	189	226	199	181	388	380	388	411
Environmental Protection										
Tons of MSW and C&D Waste Managed	44,354	28,818	24,969	21,454	17,876	17,756	16,511	16,126	15,327	16,845
Tons of Recyclable Materials Collected	2,500	3,284	3,498	4,250	4,196	3,507	3,114	3,461	3,774	3,700
Education										
Per Pupil Current Expense Funding	\$ 1,541.14	\$ 1,541.14	\$ 1,597.64	\$ 1,688.25	\$ 1,548.92	\$ 1,528.00	\$ 1,608.00	\$ 1,699.00	\$ 1,748.20	\$ 1,740.19
Per Pupil Capital Outlay Funding	\$ 124.36	\$ 59.60	\$ 32.59	\$ 32.20	\$ 110.89	\$ 90.93	\$ 58.27	\$ 137.18	\$ 182.14	\$ 129.36
Per Pupil Debt Service Funding	\$ 845.19	\$ 835.51	\$ 877.37	\$ 1,011.39	\$ 967.27	\$ 878.93	\$ 857.03	\$ 848.80	\$ 1,010.11	\$ 1,067.35
Per Pupil - Server Space	-	-	-	-	\$ 0.81	\$ 2.78	\$ 2.30	\$ 2.28	\$ 2.28	\$ 1.18
Per Pupil - Fines & Forfeitures	-	-	-	-	\$ 43.19	\$ 41.13	\$ 41.07	\$ 41.35	\$ 40.75	\$ 39.17
Per Pupil - School Nurses	-	-	-	-	-	\$ 48.66	\$ 55.33	\$ 64.59	\$ 68.87	\$ 71.93

Source: County Departments

Notes: ⁽¹⁾ Data is Calendar Year from Register of Deeds Department

⁽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⁾ New measure beginning 2011

- Data Not Available, * Estimate

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

Table 17

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Parks ⁽¹⁾										
Park facility	5	5	5	5	5	5	5	5	6	6
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	21	23	24	24	24	24	28	28	29	29
Softball fields	8	8	8	8	8	8	8	8	8	8
Playgrounds	8	8	10	10	10	10	10	10	11	11
Soccer Fields	11	11	11	11	11	11	11	11	11	11
Camping cabins	6	6	6	6	6	6	6	6	6	6
Tent sites	6	7	7	7	7	7	7	7	7	7
Bathhouse for campgrounds	1	1	1	1	1	1	1	1	1	1
Swimming Pool	1	1	1	1	1	1	1	1	1	1
Pool Bathhouse	1	1	1	1	1	1	1	1	1	1
Fire protection ⁽¹⁾										
Stations ⁽²⁾	11	11	10	10	10	11	11	11	11	11
Sheriff ⁽¹⁾										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	5	5	5	5	5	5	5
Patrol units	113	117	118	118	135	145	181	170	173	202

Notes:

⁽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

Compliance Section

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

The Board of County Commissioners
Cabarrus County
Concord, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina (the "County") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 5, 2018. Our report includes a reference to other auditors who audited the financial statements of the Cabarrus Health Alliance, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in cursive script that reads "Elliott Davis" followed by "PLLC" in a smaller, more legible font.

Raleigh, North Carolina
December 5, 2018

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

The Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cabarrus County, North Carolina's (the "County") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

Handwritten signature of Elliott Davis, PLLC in cursive script.

Raleigh, North Carolina
December 5, 2018

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

The Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report on Compliance for Each Major State Program

We have audited Cabarrus County, North Carolina's (the "County") compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2018. The County's major state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina* and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script, appearing to read "Elliott Davis".

Raleigh, North Carolina
December 5, 2018

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

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care IV-E
93.667	Social Services Block Grant
93.778	Medicaid Cluster

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

Auditee qualified as low-risk auditee? No

State Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified? ☐ Yes ☒ None reported

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

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

Identification of major state programs:

Foster Care and Adoption Cluster

Medicaid Cluster

Public School Building Capital Fund

Cabarrus County, North Carolina***Schedule of Findings and Questioned Costs******For the year ended June 30, 2018***

II. FINANCIAL STATEMENT FINDINGS**None Noted****III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS****None noted.****IV. STATE AWARD FINDINGS AND QUESTIONED COSTS****None noted.**

Cabarrus County, North Carolina

Summary Schedule of Prior Audit Findings For the year ended June 30, 2018

Finding: 2017-001

Condition: Two applicants only had evidence of one form of residency in the file. Three of the applicants did not have department of motor vehicle online verification reports in the casefile. Two applicants had budgets that had not been calculated properly. One applicant's accurate income did not agree to the amount in NC Fast. One applicant's bank account was not verified until after the application was processed. Upon further review, all 9 applicants identified were ultimately eligible.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

Finding: 2017-002

Condition: Management should have and maintain an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided throughout the year is within program requirements as disclosed in the Federal and State Compliance supplements over Medicaid. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

Current status: Medicaid eligibility is no longer considered a direct and material compliance requirement, as a result of direct benefit payments no longer being reported on the County's Schedule of Expenditures of Federal and State Awards.

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2018

	Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
FEDERAL AWARDS							
U.S. DEPARTMENT OF AGRICULTURE							
	Passed Through N.C. Department of Health and Human Services:						
	Division of Social Services:						
	Administration:						
	Supplemental Nutrition Assistance Program (SNAP) Cluster:						
	State Administrative Matching Grants						
(a)	for Supplemental Nutrition Assistance Program	10.561	WC302	\$ 1,572,966	\$ -	\$ -	\$ 1,572,965
	Total Supplemental Nutrition Assistance Program (SNAP) Cluster			1,572,966	-	-	1,572,965
	Total U.S. Department of Agriculture			1,572,966	-	-	1,572,965
U.S. DEPARTMENT OF JUSTICE							
	Direct Program:						
	Edward Byrne Memorial Justice Assistance Grant Program	16.738		59,828	-	-	-
	Total U.S. Dept. of Justice			59,828	-	-	-
U.S. DEPARTMENT OF TRANSPORTATION							
	Passed-through the N.C. Department of Transportation:						
	Formula Grants for Rural Areas- Administrative	20.509	18-CT-042	105,963	6,622	-	19,868
	Total U.S. Department of Transportation			105,963	6,622	-	19,868
U.S. DEPARTMENT OF HOMELAND SECURITY							
	Passed-through N.C. Dept. of Public Safety:						
	Division of Emergency Management						
	Emergency Management Performance Grant	97.042	EMA-2017-EP-00005	53,017	-	-	-
	NC State Homeland Security Grant	97.070	EMW-2017-SS-00085	29,504	-	14,752	-
	Total U.S. Department of Homeland Security			82,521	-	14,752	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
	Division of Aging and Adult Services						
	Passed through Centralina Council of Governments:						
	National Family Caregiver Support, Title III, Part E	93.052	FY18 Region F County 013	35,751	2,383	-	4,347
	Special Programs for the Aging, Title III, Part D, Disease						
	Prevention and Health Promotion Services	93.043	FY18 Region F County 013	3,978	702	-	-
	<u>Aging Cluster:</u>						
	Special Programs for the Aging - Title III, Part C						
	Nutrition Services	93.045	FY18 Region F County 013	94,318	16,644	-	12,329

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Special Programs for the Aging - Title III, Part B						
Grants for Supportive Services and Senior Centers:						
Transportation Grant	93.044	FY18 Region F County 013	125,898	22,217	-	16,002
Adult Day Services	93.044	FY18 Region F County 013	118,824	20,969	-	15,532
In-Home Aide I&II	93.044	FY18 Region F County 013	163,898	28,923	-	21,425
Housing Housing Improvement	93.044	FY18 Region F County 013	38,832	6,853	-	5,076
Senior Center Operations Grant	93.044	FY18 Region F County 013	76,323	13,469	-	9,977
Nutrition Services Incentive Program	93.053	FY18 Region F County 013	22,771	-	-	-
Senior Center Operations Grant General Purpose			-	7,293	-	-
Total Aging Cluster (Note 3)			<u>640,864</u>	<u>116,368</u>	<u>-</u>	<u>80,341</u>
Total Division of Aging and Adult Services			<u>680,593</u>	<u>119,453</u>	<u>-</u>	<u>84,688</u>
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Temporary Assistance for Needy Families (TANF) Cluster						
Temporary Assistance for Needy Families (TANF) State Programs						
Administration:						
Temporary Assistance Needy Families (TANF)	93.558	G1802NCTANF	123,712	-	-	190,872
Services:						
Temporary Assistance Needy Families (TANF)	93.558	G1802NCTANF	<u>1,079,238</u>	<u>-</u>	<u>-</u>	<u>1,465,885</u>
Total TANF Cluster			<u>1,202,950</u>	<u>-</u>	<u>-</u>	<u>1,656,757</u>
(a) Child Support Enforcement - Section IV-D Administration	93.563	WC302	<u>1,433,757</u>	<u>1,377</u>	<u>-</u>	<u>738,605</u>
Refugee and Entrant Assistance State Administered Program	93.566	WC302				
Direct Benefit Payments			1,907	-	-	(12)
Refugee and Entrant Assistance State Administered Program	93.566	WC302	<u>441</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Refugee and Entrant Assistance			<u>2,348</u>	<u>-</u>	<u>-</u>	<u>(12)</u>
Low-Income Home Energy Assistance						
(a) Administration	93.568	G18B1NCLIEA	76,455	-	-	-
(a) Energy Assistance	93.568	G18B1NCLIEA	476,300	-	-	-
(a) Crisis Intervention Program	93.568	G18B1NCLIEA	<u>475,952</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Low-Income Energy Assistance			<u>1,028,707</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed through NCDHHS NC Department of Environmental Quality						
(a) Weatherization Assistance for Low Income Persons	93.568		153,958	-	-	-
(a) Heating and Air Repair and Replacement Program	93.568		<u>111,394</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Dept of Environmental Quality			<u>265,352</u>	<u>-</u>	<u>-</u>	<u>-</u>
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645	G1701NCCWSS	<u>61,050</u>	<u>-</u>	<u>-</u>	<u>20,350</u>
Chafee Foster Care Independence Program						
Administration	93.674	G1701NC1420	20,920	5,230	-	-
Direct Benefit Payment	93.674	G1701NC1420	<u>6,795</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Chafee Foster Care Independence Program			<u>27,715</u>	<u>5,230</u>	<u>-</u>	<u>-</u>
Promoting Safe and Stable Families	93.556	G1701NCFPSS	<u>18,592</u>	<u>-</u>	<u>-</u>	<u>-</u>

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

	Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
	Social Service Block Grant (SSGB) - In Home Services					-	
(a)	Adult Day Care (Division of Adult and Aging Services)	93.667	G1801NCSOSR	26,784	24,222	-	7,287
(a)	In-Home Services	93.667	G1801NCSOSR	76,708	-	-	10,959
(a)	Adult Protective Services	93.667	G1801NCSOSR	8,358	-	-	2,786
(a)	Child Protective Services - TANF to SSBG	93.667	G1801NCSOSR	568,094	-	-	-
(a)	Social Services Block Grant Administration	93.667	G1801NCSOSR	516,791	-	-	172,263
	Total Social Services Block Grant (SSBG) In Home Services			<u>1,196,735</u>	<u>24,222</u>	<u>-</u>	<u>193,295</u>
	Total Division of Social Services - Other Programs			<u>5,237,206</u>	<u>30,829</u>	<u>-</u>	<u>2,608,995</u>
Passed Through N.C. Department of Health and Human Services:							
Division of Social Services:							
Foster Care and Adoption Cluster:							
(a)	Foster Care Title IV - E Administration	93.658	1801NCFOST	31,226	-	-	31,227
(a)	Foster Care Title IV - E Child Protective Services	93.658	1801NCFOST	193,065	73,891	-	132,350
(a)	Foster Care Title IV - E Foster Care and Training	93.658	1801NCFOST	21,244	-	-	7,081
(a)	Foster Care Title IV - E Foster Care and Off Training	93.658	1801NCFOST	420,519	-	-	420,519
Direct Benefit Payment:							
(a)	Foster Care Title IV - E Foster Care	93.658	1801NCFOST	190,929	-	-	65,205
(a)	Adoption Assistance- Training	93.659	WC302	38,713	-	-	38,713
(a)	Adoption Assistance	93.659	WC302	112,653	-	-	13,350
	Total Foster Care and Adoption Cluster (Note 3)			<u>1,008,349</u>	<u>73,891</u>	<u>-</u>	<u>708,445</u>
Passed Through N.C. Department of Health and Human Services:							
Subsidized Child Care:							
Child Care Development Fund Cluster:							
Division of Social Services:							
Child Care Mandatory and Matching Funds of the							
	Childcare and Development Fund-Administration	93.596	WC302	186,557	-	-	-
Division of Child Development:							
	Child Care Development Block Grant	93.575	G18701NCCCDF	798,463	-	-	-
	Child Care Mandatory and Matching Funds of the						
	Childcare and Development Fund - Mandatory	93.596	WC302	207,419	-	-	-
	Child Care Mandatory and Matching Funds of the						
	Childcare and Development Fund - Mandatory	93.596	WC302	<u>3,160</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total Child Care Development Fund Cluster			<u>1,195,599</u>	<u>-</u>	<u>-</u>	<u>-</u>
Passed Through N.C. Department of Health and Human Services:							
	Temporary Assistance for Needy Families Cluster	93.558	G1802NCTANF	125,792	-	-	-
	Foster Care Title IV-E	93.658	1801NCFOST	-	-	-	-
	State Funding Appropriations	N/A	XXXX	-	83,146	-	-
	TANF Maintenance of Effort	N/A	XXXX	-	<u>57,249</u>	<u>-</u>	<u>-</u>
	Total Subsidized Child Care Cluster (Note 3)			<u>1,321,391</u>	<u>140,395</u>	<u>-</u>	<u>-</u>
Division of Social Services:							
Medicaid Cluster:							
(a)	Medical Assistance Program	93.778	WC302	4,574,576	-	-	1,626,904
(a)	Medical Assistance Program	93.778	WC302	<u>39,708</u>	<u>10,475</u>	<u>-</u>	<u>29,232</u>
	Total Medicaid Cluster			<u>4,614,284</u>	<u>10,475</u>	<u>-</u>	<u>1,656,136</u>

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice Admin	93.767	WC302	197,412	43	-	-
Total U.S. Department of Health and Human Services			13,059,235	375,086	-	5,058,264
U.S. DEPARTMENT OF ENERGY						
Passed Through N.C. Department of Environmental Quality Weatherization Assistance for Low-Income Persons	81.042	DEEE0007939	48,208	-	-	-
Total U.S. Department of Energy			48,208	-	-	-
TOTAL FEDERAL AWARDS			14,928,721	381,708	14,752	6,651,097
STATE AWARDS						
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Division of Social Services:						
AFDC Incentives		XXXX	-	(27)	-	-
Child Welfare/CPS/CS		XXXX	-	201,793	-	-
County Funded Programs		XXXX	-	-	-	2,512,672
Non-Allocating County Cost		XXXX	-	-	-	889,171
Work First Non Reimbursement		XXXX	-	-	-	1,076,012
Direct Benefit Payments:						
Foster Care at Risk Maximization		XXXX	-	-	-	1,300
State Foster Home		XXXX	-	-	-	74,897
SFHF Maximization		XXXX	-	-	-	99,936
Child Welfare Adoption Subsidy		XXXX	-	-	-	158,568
Total Division of Social Services			-	201,766	-	4,812,556
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Division of Aging:						
Direct Benefit Payments:						
State/County Special Assistance for Adults		XXXX	-	-	-	976,182
Total Division of Aging			-	-	-	976,182
Office of Emergency Medical Services:						
Carolinas Medical Center - Metrolina Trauma Advisory Committee: Project Medical Surge		XXXX	-	2,181	-	-
Total Office of Emergency Medical Services			-	2,181	-	-
Total N. C. Department of Health and Human Services			-	203,947	-	5,788,738
N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY						
Division of Waste Management:						
Electronics Recycling Management Funds		XXXX	-	9,689	-	-
White Goods Management Program		XXXX	-	128,462	-	-
Scrap Tire Program		XXXX	-	268,016	-	-
Solid Waste Disposal		XXXX	-	43,953	-	-
Total Division of Waste Management			-	450,120	-	-
Soil and Water Conservation		XXXX	-	3,600	-	-
Soil and Water Conservation - Water Quality Cost Share Grant		XXXX	-	26,550	-	-
Total NC Department of Environmental Quality and Natural Resources			-	480,270	-	-

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
N.C. DEPARTMENT OF PUBLIC SAFETY						
Division of Juvenile Justice and Delinquency Prevention:						
Juvenile Crime Prevention Programs:						
Positive Parenting		XXXX	-	30,000	30,000	-
Fostering Solutions		XXXX	-	37,000	37,000	-
Rowan County Youth Services Bureau:						
Sex Offender		XXXX	-	9,421	9,421	-
Shift Mentoring		XXXX	-	64,196	64,196	-
Teen Court		XXXX	-	59,915	59,915	-
Teen Court Resolve Program		XXXX	-	72,515	72,515	-
Cabarrus County:						
JCPC Certification		XXXX	-	15,500	15,500	-
Total N.C. Department of Public Safety			-	288,547	288,547	-
N.C. DEPARTMENT OF INSURANCE						
Division of Seniors Health Insurance Information Program						
SHIIP Grant		XXXX	-	10,361	-	-
Total N.C. Department of Insurance			-	10,361	-	-
N.C. DEPARTMENT OF CULTURAL AND NATURAL RESOURCES						
Division of State Library						
State Aid to Libraries		DCR-4	-	203,864	-	2,746,623
Total N.C. Department of Cultural and Natural Resources			-	203,864	-	2,746,623
N.C. DEPARTMENT OF ADMINISTRATION						
N.C. Unauthorized Substance Control Tax			-	36,078	-	-
Veterans Service Grant			-	2,175	-	260,364
Total N.C. Department of Administration			-	38,253	-	260,364
N.C. DEPARTMENT OF TRANSPORTATION						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	-	-	-
ROAP Work First Transitional - Employment		DOT-16CL	-	41,863	-	-
ROAP Rural General Public Program		DOT-16CL	-	-	-	-
Total ROAP Cluster			-	41,863	-	-
ECONOMIC DEVELOPMENT AGREEMENT		DOT-18	-	190,412	192,500	2,088
N.C. DEPARTMENT OF PUBLIC INSTRUCTION						
(a) Public School Building Capital Fund						
Lottery proceeds			-	2,000,000	-	-
Total N.C. Department of Public Instruction			-	2,000,000	-	-
TOTAL STATE AWARDS			-	3,457,517	481,047	8,797,813
TOTAL FEDERAL AND STATE AWARDS			\$ 14,928,721	\$ 3,839,225	\$ 495,799	\$ 15,448,910

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2018

<u>Grantor/Pass Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State/Pass Through Grantor's Number</u>	<u>Federal Direct and Pass Through Expenditures</u>	<u>State Expenditures</u>	<u>Passed-through to Subrecipients</u>	<u>Local Expenditures</u>
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(a) Major federal and / or state award program.

Notes to the Schedule of Expenditures of Federal and State Financial Awards

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Cabarrus County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cabarrus County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cabarrus County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cabarrus County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.

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