



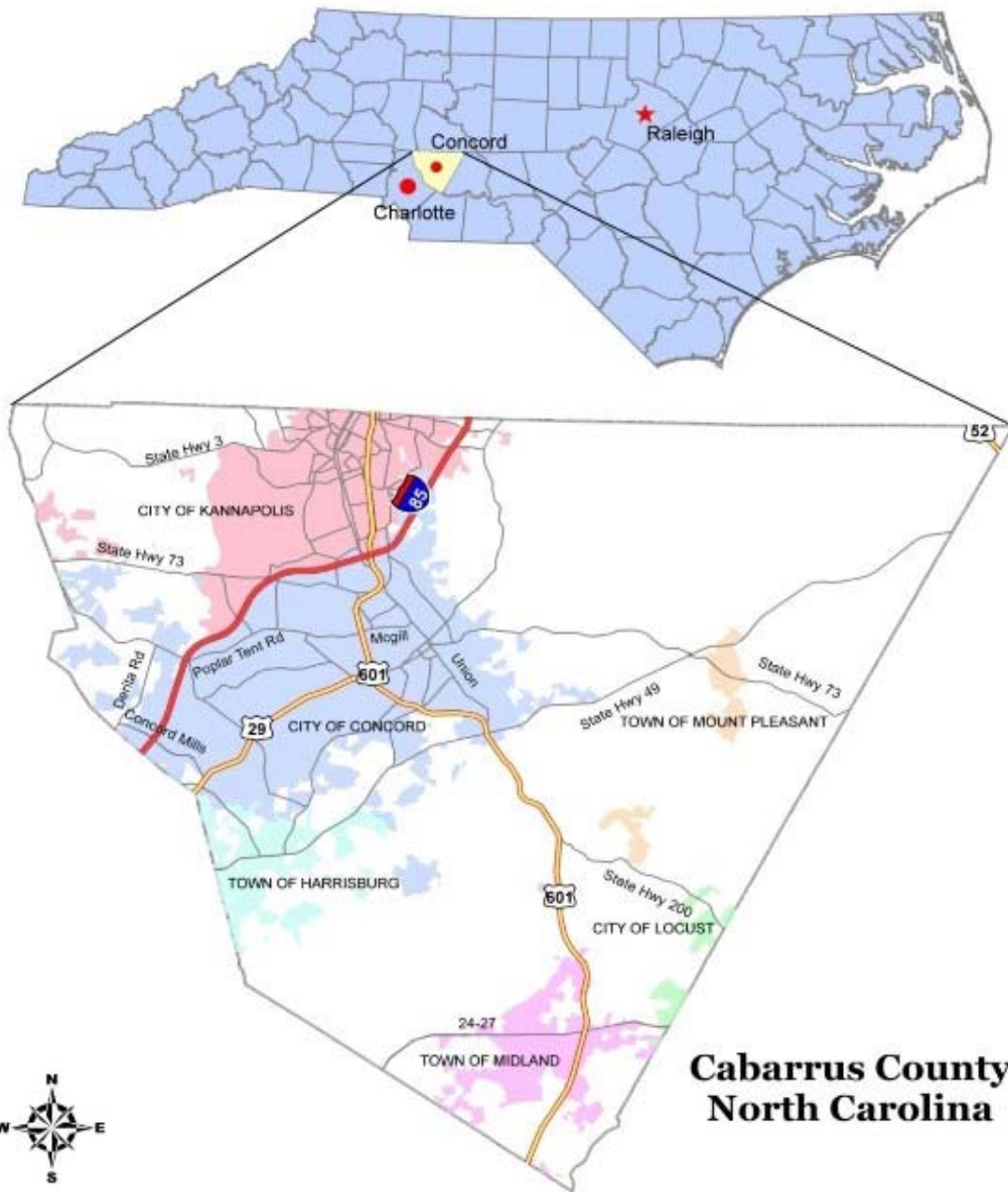
# COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019



CABARRUS COUNTY  
*America Thrives Here*





Prepared by Cabarrus County GIS

0 2.5 5 10 Miles

---

# Cabarrus County

North Carolina

## Comprehensive Annual Financial Report

For the year ended June 30, 201**9**

Prepared by  
Cabarrus County Finance

---

Susan B. Fearrington  
Finance Director



**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

**Table of Contents**

**Introductory Section**

Letter of Transmittal .....	1
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	11
Organizational Chart .....	12
List of Principal Officials .....	13

**Financial Section**

Independent Auditor's Report .....	15
------------------------------------	----

Management's Discussion and Analysis.....	19
---	----

**Basic Financial Statements:**

**Government-wide Financial Statements:**

Statement of Net Position	
Exhibit 1 .....	33
Statement of Activities	
Exhibit 2 .....	34

**Fund Financial Statements:**

Balance Sheet – Governmental Funds	
Exhibit 3 .....	36
Reconciliation of Balance Sheet to the Statement of Net Position	
Exhibit 3A.....	37
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Governmental Funds	
Exhibit 4 .....	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
In Fund Balances of Governmental Funds to the Statement of Activities	
Exhibit 4A.....	39
Statement of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual – General Fund	
Exhibit 5 .....	40
Statement of Net Position – Proprietary Funds	
Exhibit 6 .....	41
Statement of Revenues, Expenses and Changes in	
Fund Net Position – Proprietary Funds	
Exhibit 7 .....	42
Statement of Cash Flows – Proprietary Funds	
Exhibit 8 .....	44
Statement of Fiduciary Net Position – Fiduciary Funds	
Exhibit 9 .....	45

Notes to the Financial Statements .....	47
---	----

**Required Supplemental Financial Data**

Schedule of Changes in the Total OPEB Liability and Related Ratios	
Exhibit 10 .....	97
Schedule of County's Proportionate Share of Net Pension Liability (LGERS)	
Exhibit 11 .....	98

**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

**Table of Contents**

Schedule of County Contributions (LGERS)	
Exhibit 12 .....	99
Schedule of County's Proportionate Share of Net Pension Asset (ROD)	
Exhibit 13 .....	100
Schedule of County Contributions (ROD)	
Exhibit 14 .....	101
Schedule of Changes in Total Pension Liability LEO Special Separation Allowance	
Exhibit 15 .....	102
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll LEO Special Separation Allowance	
Exhibit 16 .....	103
Other Supplemental Information:	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	
Schedule 1 .....	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	
Schedule 2 .....	108
Special Revenue Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Emergency Telephone System Special Revenue Fund	
Schedule 3 .....	111
Community Development Block Grant Special Revenue Fund	
Schedule 4 .....	112
Cabarrus Arena and Events Center Special Revenue Fund	
Schedule 5 .....	113
Fire Districts' Special Revenue Fund	
Schedule 6 .....	114
Sheriff's Department Special Revenue Fund	
Schedule 7 .....	115
Department of Aging Special Revenue Fund	
Schedule 8 .....	116
Capital Projects Funds:	
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Public School Building Capital Projects Fund	
Schedule 9 .....	117
Construction and Renovations Capital Projects Fund	
Schedule 10 .....	118
School Construction Capital Projects Fund	
Schedule 11 .....	119
School Construction Debt Fund	
Schedule 12 .....	120
Capital Reserve Capital Projects Fund	
Schedule 13 .....	121

**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

**Table of Contents**

Small Projects Capital Projects Fund	
Schedule 14.....	122
Cannon Memorial Library Capital Projects Fund	
Schedule 15.....	123
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	
Schedule 16.....	125
Internal Service Funds:	
Combining Statement of Net Position	
Self - Insured Hospitalization & Workers' Compensation Internal Service Fund	
Schedule 17.....	127
Combining Statement of Revenues, Expenditures and Changes in Fund	
Net Position	
Self – Insured Hospitalization & Workers' Compensation Internal Service Fund	
Schedule 18.....	128
Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP Basis):	
Self-Insured Workers' Compensation & Property Liability Internal Service Fund	
Schedule 19.....	129
Schedule of Revenues and Expenditures – Financial Plan and Actual (Non-GAAP Basis):	
Self-Insured Hospitalization and Dental Internal Service Fund	
Schedule 20.....	130
Combining Statement of Cash Flows	
Schedule 21.....	131
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	
Schedule 22.....	133
Analysis of Current Tax Levy	
Schedule 23.....	134
Schedules of Revenues, Expenditures, and Changes in Fund	
Balances – Budget and Actual - From Inception – Major Governmental Funds:	
General Fund	
Schedule 24.....	137
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis):	
Limited Obligation Bonds 2017 – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual	
Schedule 25.....	144
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis):	
Limited Obligation Bonds 2018 – Schedule of Revenues, Expenditures, and Changes in	
Fund Balances – Budget and Actual	
Schedule 26.....	145
Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP Basis):	
Landfill Fund	
Schedule 27.....	146

**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

**Table of Contents**

**Statistical Section (unaudited)**

Government-wide Information:	
Net Position by Component	
TABLE 1 .....	149
Changes in Net Position	
TABLE 2 .....	150
Fund Information:	
Fund Balances, Governmental Funds	
TABLE 3 .....	152
Changes in Fund Balances, Governmental Funds	
TABLE 4 .....	153
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	
TABLE 5 .....	154
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	
TABLE 6 .....	155
Principal Property Tax Payers – Current Year and Nine Years Ago	
TABLE 7 .....	156
Property Tax Levies and Collections	
TABLE 8 .....	157
Ratio of Net General Obligation Bonded Debt to Outstanding - Last Ten Fiscal Years	
TABLE 9 .....	158
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	
TABLE 10 .....	159
Direct and Overlapping Governmental Activities Debt	
TABLE 11 .....	160
Legal Debt Margin Information – Last Ten Fiscal Years	
TABLE 12 .....	161
Demographic and Economic Statistics - Last Ten Fiscal Years	
TABLE 13 .....	162
Principal Employers – Current Year and Nine Years Ago	
TABLE 14 .....	163
Full-time Equivalent County Government Employees by Function – Last Ten Fiscal Years	
TABLE 15 .....	164
Operating Indicators by Functional Area Fiscal Years – Last Ten Fiscal Years	
TABLE 16 .....	165
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	
TABLE 17 .....	166

**Compliance Section**

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	167
Report On Compliance With Requirements Applicable To Each Major Federal Program; And Internal Control over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act .....	169

**Cabarrus County, North Carolina  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019**

**Table of Contents**

Report On Compliance With Requirements Applicable To Each Major State Program; And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act .....	172
Schedule of Findings and Questioned Costs .....	175
Summary Schedule of Prior Year's Audit Findings .....	182
Schedule of Expenditures of Federal and State Awards.....	183



# Introductory Section



## Finance Department

---

October 31, 2019

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

State law requires that all local governments have their financial records audited by a certified public accountant in accordance with generally accepted auditing standards as soon as practicable after the close of the fiscal year. In addition, local governments are required to publish a complete set of financial statements by October 31 of each year presented in conformity with generally accepted accounting principles (GAAP). Pursuant to those requirements, we hereby issue the comprehensive annual financial report (CAFR) for the County of Cabarrus (the County) for the fiscal year ended June 30, 2019.

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 has established a comprehensive internal control framework designed to both protect the County'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 designed its comprehensive framework of internal controls 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.**

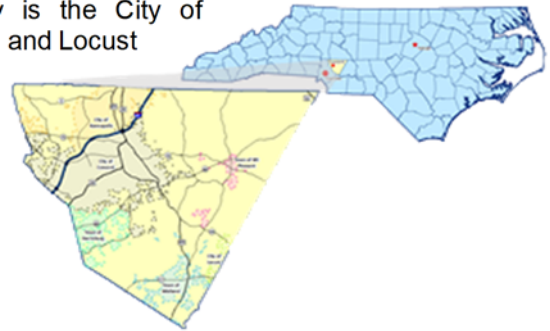
The licensed certified public accountants of Elliott Davis, PLLC, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year that ended June 30, 2019, are free of material misstatement. 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, 2019 are fairly presented in all material respects with GAAP.** This report presents the independent auditor's report as the first component of the financial section.

The independent audit of the financial statements of the County was part of a broader, federally – and state-mandated Single Audit designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. Results of the Single Audit can be found in the compliance section of this 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 complements MD&A and should be read in conjunction with it. This report presents the MD&A 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 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 the County had a population of 211,342 as of July 2018. The County is empowered to levy a property tax on both real and personal property located within its boundaries.



The County has operated under the Board of Commissioners-County Manager form of government since 1976. Policy-making and legislative authority are vested in a governing board consisting of five commissioners. The governing board is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the county manager, clerk to the board, tax administrator and county 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. Board members are elected on a partisan basis serving four-year staggered terms, with new members (two or three) elected every two years.

The annual budget is 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 March each year. The County Manager uses these requests as the starting point for developing a recommended budget. The Board of Commissioners must adopt a final budget no later than June 30, the close of the County's fiscal year. This report provides budget-to-actual comparisons for each individual governmental fund with an adopted appropriation. For the general fund, Exhibit 5 contains this comparison as part of the basic financial statements for 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**

### **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, anchored by the City of Charlotte, was the 23<sup>rd</sup> largest metropolitan statistical area in the United States as of July 1, 2018.

The County's rapid growth, largely attributable to the County's position in the Charlotte metropolitan region, has continued during this period of 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 County’s 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.

### ***Healthcare***



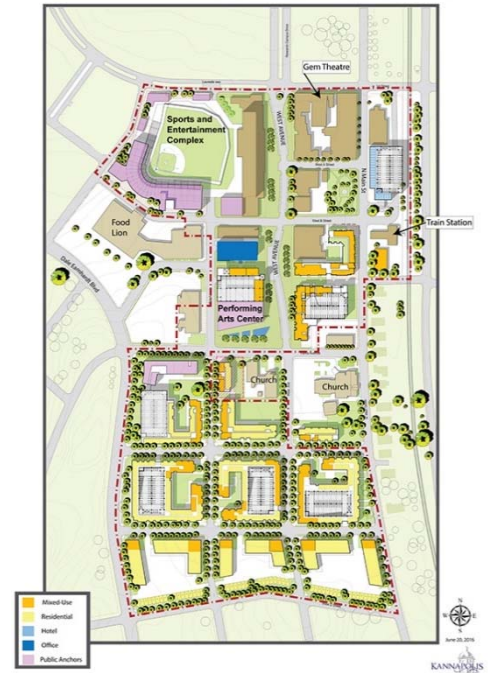
The County economy is emerging as a significant provider of healthcare services; the largest single employer in the County is Atrium Health Cabarrus. The hospital is located in Concord and has 457 active licensed beds. Atrium Health Cabarrus is the second largest hospital facility in the Atrium Health (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. Atrium Health Cabarrus 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, and a few other specialized services and facilities. In August 2018, the hospital opened a new state-of-the-art heart and vascular tower costing \$115 million to house The Sanger Heart & Vascular Institute. Atrium Health Cabarrus has also built satellite facilities in Kannapolis and Harrisburg. The Cabarrus Health Alliance, which is a public health authority and the only one of its kind in the State, also serves the county.

### ***Biotechnology and Downtown Kannapolis Revitalization***

The North Carolina Research Campus Situated on 350-acres in downtown Kannapolis, the Research Campus houses eight major North Carolina universities focusing 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, Dole Food Company, and Endev Laboratories. Other facilities include the Cabarrus Health Alliance, Rowan-Cabarrus Community College Biotechnology Training Center, Greenhouse Facility, and the Kannapolis City Hall and Police Headquarters.

## Downtown Revitalization Master Plan

Kannapolis has started a Downtown Revitalization project. The Master Plan envisions a downtown with 1,500 residential development units, 300,000 square feet of retail, 400,000 square feet of offices and a hotel. 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, residential units, office, hotel and retail. The total investment is over \$46 million. The Sports and Entertainment Venue (SEV) that will house a minor league baseball team and accommodate a few other entertainment events is a centerpiece of the development and will open for the 2020 season.



## 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.



One of the largest industrial/manufacturing parcels in the state, which encompasses over 2,100 acres, lies in the City of Concord. Victory Industrial Park LLC purchased the property in April 2014. The manufacturing site and land on both sides of U.S. 29 is available for development and is being marketed as The Grounds at Concord (<http://www.thegroundsatconcord.com/>). The property is adjacent to 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 extend to NC 49.

## 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 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. 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.

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 has completed additional buildings on Derita Road that 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. There are three additional buildings planned in RiverOaks, which currently owned by Exeter Property Group.

## 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. A million square feet of distribution was recently constructed which houses an Amazon distribution center. The facility is a combined investment in real and personal property of over \$85 million and has a total of 600 plus full time employees now that it is in full operation.

## ***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 is the state's largest tourism draw with over 17 million visitors each year and, continues to spur retail and non-retail development.

Additional retail centers have been constructed throughout the County because of the population increase that has occurred. 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 City's Aviation Department manages the public use commercial service airport as a self-sustaining enterprise fund. The airport has a 7,400-foot of 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 2018 with 77,015 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 totaling 234,000 passengers in 2018. Many NASCAR teams and college sports teams regularly use this airport.

According to a 2019 NCDOT Division of Aviation economic impact analysis, Concord Regional Airport contributes over \$821 million annually into the local economy and supports 4,505 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 2018, the economic impact from tourism was \$469 million. This impact ranks Cabarrus County 12th out of North Carolina's 100 counties. Overall hotel Occupancy was 71% for the year

and Average Daily Rate was \$101.35. Visitor segmentation is spread evenly amongst leisure, corporate, and group travelers' creating 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 (CMS), as well as NASCAR based teams such as Hendrick Motorsports, Roush Fenway Racing, Chip Gannasi, and Stewart-Haas Racing. Each team has race shop facility open year round to provide race fans and visitors the opportunity to watch the top racing teams in action. CMS is a major sports and recreation facility that 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 – 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 CCTA mission is to “drive visitation to Cabarrus County to generate the maximum impact through hotel stays and visitor spending.” In FY2020, the CCTA will continue to expand its reach for potential visitors through targeted marketing efforts as well as create more opportunities for conventions and meetings. Recently completed website development and wayfinding signage will help connect visitors to attractions around the county.

### **Employment**

The following table lists the 10 largest employers in the County as of June 30, 2019:

<b>Employer</b>	<b>Service</b>	<b>Approximate Number of Employees</b>
Atrium Health (formerly Carolinas Healthcare)	Medical Center	4,259
Cabarrus County Schools	Education	3,775
Amazon	Distribution	2,350
S & D Coffee and Tea	International Coffee and Tea Distributor	1,239
Walmart	Retail	1,200
Cabarrus County Government	Government	1,169
City of Concord	Government	1,016
Shoe Show	Shoe Distributor	1,000
Kannapolis City Schools	Education	801
Corning	Distribution	650

Source: Cabarrus County Economic Development Corporation (2019)



## **Long-term financial planning**

The County operating budget for the fiscal year ending June 30, 2019 totaled \$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 continued to recover.

As part of the annual budget development process, the County re-examines and adopts a Capital Improvement Plan (CIP). The CIP is a five-year plan for capital projects that details estimated costs, project descriptions and funding sources. 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 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 the County can meet commitments, obligations and anticipated needs 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 and planned debt obligations factor 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 maintains an undesignated fund balance of 15 percent (15%) to meet cash flow needs, which exceeds the eight percent (8%) recommended by the North Carolina local Government Commission's (LGC).

Board policy permits the use of fund balance to avoid cash-flow interruptions, generate interest income, and assist in maintaining an investment-grade bond rating. Fund balance is not used for recurring, operational expenses unless required to overcome revenue shortfalls related to significant downturns in the economy. Additional assigned fund balance totaling \$5,000,000 is set aside to sustain operations during unanticipated emergencies and disasters.

Upon the completion of the annual audit of the County finances, any undesignated fund balance above 15% transfers 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.

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.

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**

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.

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 2020 CIP 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.

The 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. The County rated significantly above the national average in 19 of 20 comparison areas and rated at least 20 percent above the national average for overall quality of services, as a place to raise children, as a place to live, among others. ETC Institute also examined the importance residents placed on various aspects of living in the 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 the County for its CAFR for the fiscal year ended June 30, 2018. This was the 34th consecutive year the County received this prestigious award. To be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized CAFR 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 CAFR 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 the 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, 2019. The County's budget document was judged

proficient in several categories, including as a policy document, financial plan, operations guide, and communications device. This was the 21st year the County received this prestigious award.

In closing, we extend our sincere appreciation to the Finance Department staff and Elliott, Davis, PLLC. Producing this report would not have been possible without their dedicated assistance. To the Board of Commissioners, thank you for your continued support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Michael K. Downs".

Michael K. Downs  
County Manager

A handwritten signature in blue ink, appearing to read "Susan B. Fearrington".

Susan B. Fearrington  
Finance Director



Government Finance Officers Association

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

Presented to

**Cabarrus County  
North Carolina**

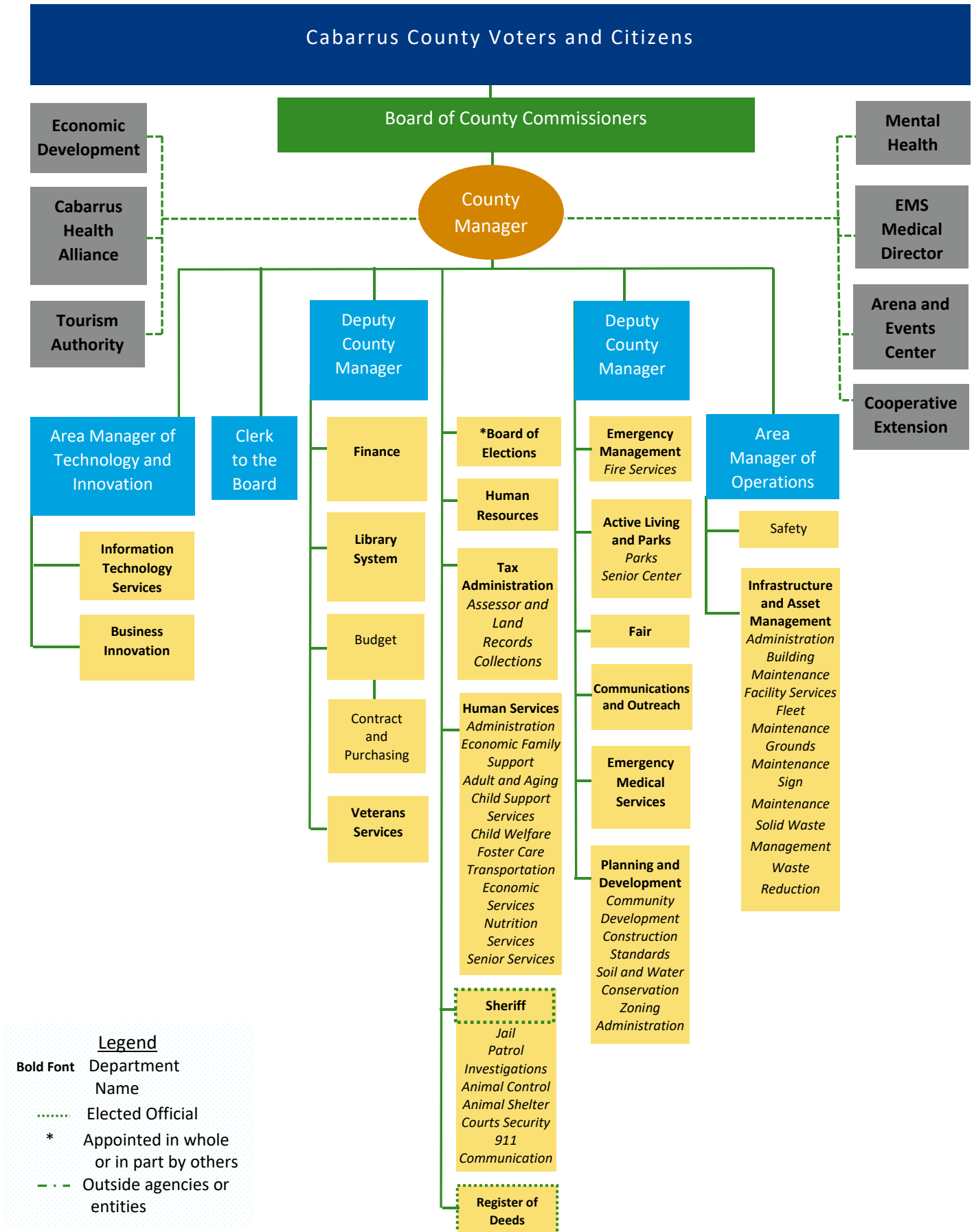
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CABARRUS COUNTY ORGANIZATION CHART



# **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 ..... Van W. Shaw  
Register of Deeds ..... M. Wayne Nixon

**County Manager** ..... Michael K. Downs  
Deputy County Manager ..... Rodney D. Harris  
Deputy County Manager ..... Jonathan B. Marshall  
Area Manager ..... Kyle D. Bilafer  
Area Manager ..... Deborah A. Brannan

**Clerk to the Board** ..... Lauren E. Linker

### **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 ..... Todd M. Shanley  
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, 2019, 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, 2019, 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.

## **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 October 25, 2019, 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 black ink that reads "Elliott Davis, PLLC". The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
October 25, 2019



# Management's Discussion and Analysis

## Management's Discussion and Analysis

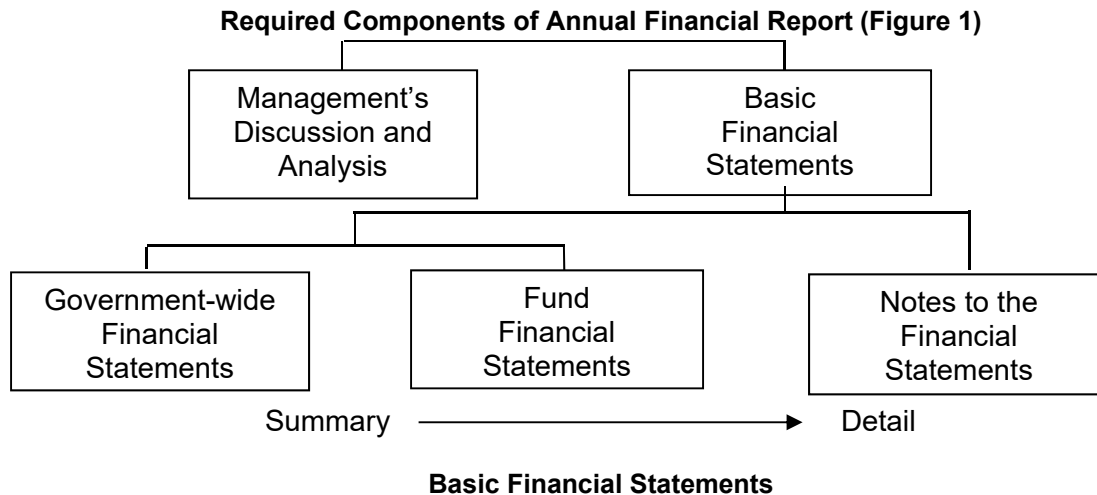
As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional 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 (\$64,292,021) (*net position*).
- The total Net Position related to Governmental Activities (Exhibit 1) shows a balance of (\$68,735,218) a decrease of \$18,586,182 from the prior year's balance of (\$50,149,036). This decrease is primarily due to \$76,043,513 in County and School construction project expenditures that were added in fiscal year 2019 for previously issued Limited Obligation Bonds 2017 and 2018. 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 \$161,272,160 after a net decrease in fund balance of \$63,585,276. Approximately 44.4% of this total amount or \$71,629,457 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$52,881,018 or 20.0% of total general fund expenditures and transfers out for the fiscal year.
- Cabarrus County's total debt decreased by \$40,180,227 or 9.1% during the current fiscal year. Due to normal debt service payments, COPS and LOBS debt decreased by \$31,045,000, General Obligation Bond Debt decreased by \$6,380,000, Capital leases by \$274,483, Notes Payable by \$91,465 and installment financing by \$501,927.
- A Capital lease in the amount of \$652,796 was issued in the current year.
- Cabarrus County has installment bond ratings of AA / Aa2 / AA and general obligation bond ratings of AA+ / Aa1 / AA+.

### Overview of the Financial Statements

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



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. Following the notes is the required supplemental information. This section contains funding information about the County's pension plans and other post employment benefits. After the required supplemental information, other **supplemental information** is provided to show details about the County's general fund, non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

### **Government-Wide Financial Statements**

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

The two government-wide statements report the County's net 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 \$64,292,021 as of June 30, 2019. The County's net position decreased by \$18,074,070 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 \$149,983,645 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 \$338,535,739 at June 30, 2019 and totaled \$371,634,948 at June 30, 2018 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 decreases the net position of the County, creating a large deficit in unrestricted net position. An additional portion of the County's net position, \$34,418,834, 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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 190,946,952	\$ 255,510,971	\$ 6,158,731	\$ 5,584,695	\$ 197,105,683	\$ 261,095,666
Capital assets	207,303,364	198,106,044	2,399,580	2,545,825	209,702,944	200,651,869
Total assets	398,250,316	453,617,015	8,558,311	8,130,520	406,808,627	461,747,535
Deferred outflows of resources	31,517,577	27,703,798	59,582	38,667	31,577,159	27,742,465
Long-term liabilities outstanding	474,596,697	405,237,953	4,050,161	3,802,324	478,646,858	409,040,277
Other liabilities	18,744,021	122,084,569	110,302	425,421	18,854,323	122,509,990
Total liabilities	493,340,718	527,322,522	4,160,463	4,227,745	497,501,181	531,550,267
Deferred inflows of resources	5,162,393	4,147,327	14,233	10,357	5,176,626	4,157,684
Net Position						
Net investment in						
capital assets	147,584,065	140,299,370	2,399,580	2,545,825	149,983,645	142,845,195
Restricted	34,418,834	32,255,525	-	-	34,418,834	32,255,525
Unrestricted	(250,738,117)	(222,703,931)	2,043,617	1,385,260	(248,694,500)	(221,318,671)
Total net position	\$ (68,735,218)	\$ (50,149,036)	\$ 4,443,197	\$ 3,931,085	\$ (64,292,021)	\$ (46,217,951)

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, 2019 were a net \$9,464,799 over budget. The areas exceeding budgeted amounts were property tax \$3,407,905, local option sales tax \$4,370,121 and investment earnings \$1,300,245.
- The General Fund received \$2,004,757 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 \$15,316,528 that was not used during the fiscal year due to revenues exceeding budget by \$9,464,799 and expenses under budget by \$8,360,965.
- Of the General Fund expenses at June 30, 2019 that were \$8,360,965 under budget, some of the under-spending \$1,599,157 related to expenditures that were re-appropriated into FY2020. This represents outstanding purchase orders and contract and various projects and grants that were not completed in FY2019. County Departments were conservative in their spending resulting in an additional \$6,761,808 of savings. The largest areas of savings were in 1) County salary and fringe expenses of \$2,375,829 under budget, due to unfilled positions and turnover, 2) Human Services, \$1,577,865 under budget, due to reduced expenses in Administration, Transportation, Economic Family Support and Child Welfare, 3) Unearned economic incentives \$837,823, and 4) unused contingencies and power \$256,346.
- The Landfill Enterprise Fund operating FY2019 expenses were \$422,661 under budget. The variance primarily resulted from a reduction in tire disposal and waste disposal costs related to normal project operations.

### Cabarrus County's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 21,582,449	\$ 21,533,590	\$ 1,007,575	\$ 812,407	\$ 22,590,024	\$ 22,345,997
Operating grants and contributions	25,776,371	23,162,695	-	-	25,776,371	23,162,695
Capital grants and contributions	2,722,423	2,192,089	-	-	2,722,423	2,192,089
General revenues:						
Property taxes	173,109,015	161,470,648	-	-	173,109,015	161,470,648
Local option sales tax	51,750,608	47,725,592	-	-	51,750,608	47,725,592
ABC revenues	147,027	122,995	-	-	147,027	122,995
Other taxes and licenses	903,349	950,776	404,695	375,397	1,308,044	1,326,173
Investment earnings	4,056,689	2,042,086	140,327	55,092	4,197,016	2,097,178
Total revenues	280,047,931	259,200,471	1,552,597	1,242,896	281,600,528	260,443,367

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Expenses:						
General government	26,373,901	25,410,503	-	-	26,373,901	25,410,503
Public safety	53,570,795	48,772,340	-	-	53,570,795	48,772,340
Economic and physical development	4,765,182	6,448,102	-	-	4,765,182	6,448,102
Environmental protection	1,371,094	509,267	-	-	1,371,094	509,267
Human services	38,699,195	36,361,691	-	-	38,699,195	36,361,691
Education	151,618,111	141,487,058	-	-	151,618,111	141,487,058
Cultural and recreation	8,013,339	8,474,373	-	-	8,013,339	8,474,373
Interest on long-term debt	14,222,496	13,488,064	-	-	14,222,496	13,488,064
Landfill	-	-	1,040,485	778,768	1,040,485	778,768
Total expenses	298,634,113	280,951,398	1,040,485	778,768	299,674,598	281,730,166
Increase (decrease) in net position	(18,586,182)	(21,750,927)	512,112	464,128	(18,074,070)	(21,286,799)
Net position, beginning	(50,149,036)	(28,398,109)	3,931,085	3,466,957	(46,217,951)	(24,931,152)
Net position ending	\$ (68,735,218)	\$ (50,149,036)	\$ 4,443,197	\$ 3,931,085	\$ (64,292,021)	\$ (46,217,951)

### Governmental activities

For the year ended June 30, 2019, governmental activities decreased the County's net position by \$18,586,182 and business-type activities increased net position by \$512,112. Key elements of the \$18,074,070 net decrease are as follows:

### Revenues:

Charges for services had a net increase of \$48,859 or .2% over FY2018. General Government had an increase of \$376,531 for Register of Deeds as the recording of home sales continues to increase. Public Safety decreased by \$899,103 for inspection fees. Although the number of inspections increased the construction value of permits decreased as compared to FY2018. Emergency Medical Services collections increased by \$440,437 primarily due to a 2% increase in patient transports. Culture and Recreation had a decrease of \$180,434 from the FY19 County ran Fair closing four out of seven days due to inclement weather.

Operating grants and contributions had a net increase of \$2,613,676 or 11.3% from FY2018. General Government increased by \$784,887 due to an increase in the receipt of Medicaid Hold Harmless and a \$3,000,000 increase due to a municipality donation towards the downtown parking deck. Economic and Physical Development received a one-time \$531,000 easement grant in FY2018. There was a Human Services decrease of \$540,639. This decrease was primarily 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 for one-half of FY2018 and the entire year of FY2019.

Capital grants and contributions experienced a net increase in the amount of \$530,334 or 24.2%. This increase is primarily made up of a one-time FY2019 grant for \$108,987 that was received for a transportation capital grant and a FY2019 \$500,000 North Carolina Lottery disbursement to assist with the construction of public school facilities.

Property tax revenue increased from FY2018 levels by \$11,638,367 or 7.2%. Real property levy increases were due to an increase in new construction and real estate improvements equating to a 3.6% valuation increase. The County increased the tax rate by 2 cents per \$100 of valuation for FY2019.

Local option sales tax increased by \$4,025,015 or 8.4%. Sales tax on online purchases was fully implemented in FY2019. The County experienced sales tax refunds to local non-profit organizations in FY2018 (\$8,378,898 or 10.5% of collections) as compared to FY 2019 (\$7,713,140 or 8.9% 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 an increase of \$2,014,603 over FY 2018 or 98.7%. This increase was attributed to higher interest rates, increased cash balance and additional focus of time on investing.

#### **Expenses:**

General Government expenses increased overall by \$963,398 or 3.8%. The primary reason was a \$772,110 increase in salary and benefits due to the addition of eight new personnel, along with the increase for cost of living and merits. Additional technology and repair projects were also accomplished in FY2019.

Public Safety expenses increased \$4,798,455 or 9.8%. This increase is primarily due to the addition of seventeen employees in the Sheriff, Emergency Medical Services and Planning & Development Departments and an increase for cost of living and merits in the amount of \$2,904,078. Additional vehicle and furniture and equipment purchases were made in FY2019 in the amount of \$572,739. FY2019 was the first year credit card fees were allocated to the Planning & Development Department. FY2019 credit card allocation was \$94,054.

Economic and Physical Development had a net decrease of \$1,682,920 or 26.1%. There was a \$6,856 increase in salary and benefits from cost of living and merits. Payments of economic incentive grants were higher in FY2018 than FY2019 by \$1,853,096. Due to timing, incentives are not budgeted until payable. Other smaller increases and decreases were realized in Soil & Water activities and Community Development rehabilitation projects.

Environmental Protection had a net increase of \$861,827 or 169.2%. This net decrease is primarily due to one-time purchase of a conservation easement in FY2019 for \$780,000.

Human Services had a net increase of \$2,337,504 or 6.4%. 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 \$2,227,041. Other smaller increases and decreases were realized in the areas of Child Welfare, Administration and Public Health support.

Education had a net increase of \$10,131,053 or 7.2%. Additional current expense funding of \$5,174,803 was provided to the Public Schools and the Community College for FY2019. Construction of a new high school continued in FY2019. For the West Cabarrus High School, \$30,394,570 was expended in FY2019 as compared to \$24,100,565 in FY2018. A new elementary school and community college advanced technology center also continued in FY2019. For the Hickory Ridge Elementary School, \$16,758,528 was expended in FY2019 as compared to \$3,698,364 in FY2018. For the Rowan Cabarrus Community College Advanced Technology Center, \$13,722,935 was expended in FY2019 as compared to \$1,452,553 in FY2018.

Culture and Recreation had a decrease of \$461,034 or 5.4%. Salary and benefits increased \$258,173 due to the addition of two new full time employees, and cost of living and merit increases. A one time park land purchase was realized in FY2018 in the amount of \$375,776. Start up expenses for Rob Wallace Park were realized in FY2018. Other decreases for FY2019 were in the area of matching grant awards. No awards were made in FY2019.

Interest on long-term debt had a net increase of \$734,432 or 5.4%. In May 2018, the County issued \$54,680,000 in Limited Obligation Bonds for the construction and equipping of a new elementary school, a new Advanced Technology Center, land, mobile units and two HVAC projects. The first interest payment for this debt occurred in FY2019 in the amount of \$1,737,230. Older debt interest payments decreased in

FY2019 by \$9,711. Other small differences were from the amortization of bond premiums on existing debt issues.

### **Business-type activities**

The County's Business-type activity, the Landfill, experienced a \$512,112 (13.0%) increase in net position. Tipping fees increased by \$110,237 and mulch sales by \$50,945 due to an increase in materials and brush received at the landfill. An increase of \$85,235 in investment earnings was realized in FY2019 attributed to higher interest rates, increased cash balance and additional focus on time on investing.

Total expenses increased \$261,717 from FY2018. During FY2019, for account tracking purposes, the \$123,640 cost of grinding much was segregated as an expense instead of netting against the sale of much. There was an increase in the amount that had to be paid for tire disposal and offsite disposal of residential waste.

### **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, 2019, were the *General 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, 2019, Cabarrus County's total fund balance was \$87,885,641 of which \$63,372,769 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 26.5% of general fund expenditures and other financing uses, while total fund balance represents 33.2% of that same amount. Of the \$70,223,912 available fund balance, the County has restricted \$6,851,143 (9.8%), committed \$4,484,945 (6.4%) and assigned \$6,006,806 (8.6%) for specific projects and obligations. Following the fund balance policy, \$42,362,702 (60.3%) of the available fund balance has been set aside for working capital. This leaves \$10,518,316 (15.0%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2019, the governmental funds of Cabarrus County reported a combined fund balance of \$161,272,160, a \$63,585,276 net decrease from last year. The majority of the net decrease was from the issuance of \$70,820,000 and \$54,680,000 in Limited Obligation Bonds in FY2018. The LOBS are recorded in the *Limited Obligation Bonds 2017* and *Limited Obligation Bonds 2018* (Major Funds). A total of \$125,500,000 in bond proceeds was recorded in FY2018 with \$36,779,935 in expenditures. In FY2019 no revenues were recorded and \$76,043,513 was recorded in expenditures.

The *General Fund* fund balance increased \$3,843,993. Property taxes are the largest revenue source. Current year tax collections were \$3,407,905 over budget.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2019, sales taxes of \$51,750,608 were collected; \$4,370,121 in excess of anticipated amounts.

Permits and Fees are primarily collected by the Register of Deeds office for the recording and dissemination of records and by the Planning and Development Department for inspection fees related to construction standards. The economy continues to grow. For FY2019, the Register of Deeds experienced an increase

of \$269,479. However, the value of the permits decreased during FY2019 resulting in an under budget amount of \$464,386.

Expenditures were under budget by \$8,360,965. Some of the underspending \$1,599,157 related to expenditures that were re-appropriated into FY2020 for uncompleted projects. County departments were conservative in their spending resulting in an additional \$6,761,808 of savings. One of the largest areas of savings was for County salary and fringe expenditures of \$2,375,829 under budget, due to unfilled positions and turnover. Another large area was in the Human Service area which was \$1,577,865 under budget due to reduced expenditures in Administration, Transportation, Economic Family Support and Child Welfare.

The above highlighted increases in revenues and reduction in expenditures positively affected the General Fund fund balance. The net of all revenues and other financing sources and expenditures and other financing sources was an increase of \$3,843,993. Although fund balance had a net increase, there was \$13,913,232 in transfers from the General Fund to other funds during FY2019. The majority of the transfer amount \$12,303,742 was related to fulfilling the County's 15% Fund Balance policy. The \$12,303,742 was transferred to the Capital Reserve Fund for future capital projects. Another large component of the transfer was \$832,993 which represents the amount that the County contributes to the operations of the Cabarrus Arena and Event Center (Non Major Special Revenue Fund). A final component of the transfers is \$776,497 which represents a transfer from the General Fund to the Construction and Renovation Fund (Non Major Capital Projects Fund) for construction and renovation of County projects that will spread over multiple fiscal years.

**Major and Non-Major Funds.** 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 FY2019 \$32,777,986 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 FY2019 \$35,423,151 was spent towards the construction and financing of the projects.

The *School Construction Debt Fund* (Non-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. The Mt. Pleasant Middle School was completed in FY2018. During FY2019 \$2,657,200 was spent towards the construction of the remaining two schools.

The *Capital Reserve Fund* (Non-Major Fund) received \$12,303,742 in funds during FY2019 based on the County's 15% fund balance policy. During FY2019, \$3,520,000 was transferred to the *School Construction Fund* (Non-Major Fund) for the purchase of school buses and mobile units and engineering and architect planning for a new middle school. Another \$2,560,750 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 FY2019 \$3,536,545 was transferred to the *Limited Obligation Bonds 2018 Capital Projects Fund* (Major Fund) for the continuing construction of the new Hickory Ridge Elementary School and Rowan Cabarrus Community College Advanced Technology Center. Another \$13,090,000 was transferred to the *Construction and Renovation Fund* (Non-Major Fund) for several County projects including the architect for a new courthouse.

The *Construction and Renovation Fund* (Non-Major Fund) received \$17,792,761 in funds during FY2019. As mentioned in the paragraph above, \$13,090,000 was transferred from the *Capital Reserve Fund* (Non-Major Fund) for several County projects including the architect for a new courthouse. Another \$2,141,264

was transferred from the *Limited Obligation Bonds 2017 Capital Projects Fund* (Major Fund) for the purchase of an Operations Center building. During FY2019 \$1,785,000 was transferred from the *Small Projects Capital Projects Fund* (Non-Major Fund) for land and park improvements. Another \$776,497 was transferred from the *General Fund* (Major Fund) for County building improvement and equipment 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 \$18,840,480 with \$12,303,742 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 \$9,469,556 (3.45%). Actual general fund expenditures and transfers out were less than *final budgetary* figures by \$8,360,965 (3.05%).

Major budget increases and decreases during the year include:

- **Budgeting of Fund Balance:** A total of \$15,316,528 of fund balance was budgeted in FY2019. \$506,749 in fund balance was re-appropriated in August and \$593,213 in September, in addition to \$852,857 of open contracts and purchase orders from prior year for projects that were not completed in FY2018 and were on-going in FY2019. Fund balance was also appropriated for the transfer of excess fund balance of \$12,303,742 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 \$512,112 during the fiscal year ended June 30, 2019. 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, 2019, totals \$209,702,944 (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 Sign Maintenance, one for Building Maintenance, one for the Service Garage, nineteen for the Sheriff's Department, two for Animal Control, five for Construction Standards, three for Community Development, and three ambulances for Emergency Medical Services
- Purchased twenty-three monitor/defibrillators and eighteen power stretchers for Emergency Medical Services.
- Completed projects included Downtown Parking Deck, restroom facility for Frank Liske Park, Government Center ADA bathroom project, and fall protection improvements for several buildings.
- Construction projects in progress at the end of the year were the Sheriff Department firing range improvements, design for a new Courthouse, Public Safety Training Center, Rob Wallace Park Phase II, Frank Liske Restroom for lower lot, Arena Light System Control replacement, IT Fiber Infrastructure Improvements, EMS Headquarters and Radio Ethernet Backhaul and Edge Project.

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

**Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 21,533,301	\$ 21,533,301	\$ 490,447	\$ 490,447	\$ 22,023,748	\$ 22,023,748
Land Improvements	4,976,094	5,452,771	1,023,353	1,116,653	5,999,447	6,569,424
Buildings	132,382,406	120,460,361	848,502	879,917	133,230,908	121,340,278
Building Improvements	15,563,607	15,428,315	-	-	15,563,607	15,428,315
Equipment	4,994,110	4,505,423	37,278	40,675	5,031,388	4,546,098
Furniture and Fixtures	90,935	95,746	-	-	90,935	95,746
Vehicles	3,951,037	3,842,996	-	18,133	3,951,037	3,861,129
Reservoir	21,243,124	21,264,890	-	-	21,243,124	21,264,890
Construction in progress	2,568,750	5,522,241	-	-	2,568,750	5,522,241
Total	<u>\$ 207,303,364</u>	<u>\$ 198,106,044</u>	<u>\$ 2,399,580</u>	<u>\$ 2,545,825</u>	<u>\$ 209,702,944</u>	<u>\$ 200,651,869</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, 2019, Cabarrus County had total debt outstanding of \$478,646,858 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	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 50,318,541	\$ 57,460,041	\$ -	\$ -	\$ 50,318,541	\$ 57,460,041
Certificates of participation/ Limited obligation bonds	347,902,739	380,726,387	-	-	347,902,739	380,726,387
Notes payable	91,463	182,928	-	-	91,463	182,928
Capital lease obligations	713,127	334,814	-	-	713,127	334,814
Installment financing	3,407,393	3,909,320	-	-	3,407,393	3,909,320
Accrued landfill closure and postclosure care costs	-	-	3,800,174	3,878,861	3,800,174	3,878,861
Compensated absences	4,313,629	4,064,781	19,303	17,315	4,332,932	4,082,096
Net pension liability (LGERS)	18,389,521	11,716,635	70,147	44,693	18,459,668	11,761,328
Net pension liability (LEOSSA)	7,374,262	7,160,865	-	-	7,374,262	7,160,865
Total OPEB Liability	42,086,022	41,082,509	160,537	156,709	42,246,559	41,239,218
Total	<u>\$ 474,596,697</u>	<u>\$ 506,638,280</u>	<u>\$ 4,050,161</u>	<u>\$ 4,097,578</u>	<u>\$ 478,646,858</u>	<u>\$ 510,735,858</u>

Cabarrus County's total long-term obligations decreased by \$32,089,000 (6.3%) during the past fiscal year. During FY2019 Pension and OPEB increased however the main factor for the net decrease was primarily due to \$40,833,023 for premium amortization and principal payments.



As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 9th consecutive year an Aa1 rating from Moody's and an AA+ rating from Fitch. For the 10th 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 \$1,471,143,757 as of June 30, 2019. 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 4.0% for June 2019, compared to 3.8% at June 2018. Comparable rates for the State of North Carolina were 4.4% and 4.2% respectively.
- Population growth experienced an increase to approximately 211,342.
- A large diverse tax base with only 7.80% 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 2020 fiscal year.

### **Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2020**

**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 FY2020, the County budgeted \$1,478,700 in debt service payments for the land purchase of a future middle and high school site for Cabarrus County Schools and a library/senior center site in the western part of the County. The County continues to grow while struggling to meet the demand of services at the current tax rate. Therefore, in FY2020 the property tax rate increased by 2 cents, going from \$0.72 to \$0.74. The increase in property tax revenue as a result of the tax increase was transferred to the Capital Reserve fund for one-time capital projects and deferred maintenance needs for the county and school systems. The school projects ranged from gym replacements, roof replacements, security camera upgrades, carpet and floor replacements, a security vestibule, new timekeeper server installation and tennis court resurfacing. The county projects consisted of funding for land banking efforts, upgrades to a communications tower and funding towards the renovation of an operations center that will house our infrastructure and asset management departments. The additional property tax revenue from the rate increase is planned to fund school current expense associated with the opening of a new elementary and high school in FY2021.

The County's five-year financial plan ensures the County will maintain a healthy fund balance. The County adopted its FY2020 budget of \$298,659,618, which is an increase of 7.7% over the FY2019 adopted budget. The County's 2020 budget is based on a tax rate of \$0.74 per \$100 valuation. The total taxable property tax value was estimated to increase 3.2% from the estimated final valuation for FY2019. The collection percentages used were 98.81% for real property and 100% for motor vehicles (the prior year actual experience).

Total sales tax was budgeted at \$50,759,025, a 9.68% increase over the FY2019 adopted 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. In FY2019, the County experienced lower sales tax refunds than in FY2018, which positively impacted the FY2020 budget projections.

The County budgeted \$2,300,000 in lottery proceeds in FY2020, which is an increase of \$300,000 from the FY2019 adopted budget based on trends. Expected revenues of \$2,300,000 will be budgeted each year in the coming years for lottery funds.

Increases in the FY2020 spending relate primarily to: an increase in health insurance costs \$189,554, \$802,000 due to a 1.2% increase in the retirement rate, an increase of \$1,592,142 for a cost of living for County staff, an increase in funding for 23 new positions, which totals approximately \$1,343,149 and increases in debt service payments for the purchase of land for a new library/senior site as well as a new high school and middle school site for Cabarrus County Schools.

The FY2020 budget added twenty-three positions to meet additional demands in the County. As caseload volumes continue to rise, along with case complexity and morale issues, and the implementation of the Helping the Underserved Be-loved and Belonged (H.U.B.B), Human Services requested an additional seven positions. Infrastructure and Asset Management has requested a maintenance planner to assist with renovations of current spaces for new services as well as the replacement of gaining equipment and the transition from new construction projects. This position will be beneficial to the County in extending the life of assets through planned maintenance efforts. The Sheriff's Office requested two deputy positions that will be backfill positions due to the creation of the newly developed Governmental Security Services division. They also requested a sergeant position to be a backfill. The Governmental Security Services division was implemented in the middle of FY2019 due to the opening of the parking deck. This division is in place to monitor and patrol all governmental owned and operated buildings in the County. The Sheriff's Office also requested a Youth Development Sergeant to assist with the School Resource Officers. The County currently has seventeen School Resource Officers assigned to nineteen schools, one Lieutenant and one Sergeant. There was a need for an additional Sergeant position to assist with employee-supervisory ratio and workload demands in this division. The Animal Shelter requested a part-time senior kennel technician position to assist with administering vaccinations and medical tests to the animals as well as provide weekend shift coverage. The County Manager's Office requested a Business Analyst position that will report to the Area Manager of Innovation. The Business Analyst position will assist with Accela customer support, which is the online permitting and software system the County uses in conjunction with its municipalities. The Fire Services department requested an additional fire captain and five additional fire fighter positions with the 24 hour shift change. Last, Active Living and Parks Department requested a program assistant to assist at the Senior Center for special event coverage and coordination and two additional part-time park ranger positions to provide custodial and set-up services at the Senior Center.

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. The County also allocated contingency funds for charter school students and the increased per pupil count due to the additional current expense funding for the school systems.

**Business-type Activities:** The Landfill budget increased by \$230,937 or 19.69% from the FY2019 adopted budget. For FY2020, tipping fees are budgeted at \$780,000 as a part of the sales and services category for revenues. Tire disposal fees are projected to increase from FY2019 to FY2020 from \$250,000 to \$270,000. 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 S, Concord, NC 28025. You can also call 704-920-2104 or visit our website at [www.cabarruscounty.us](http://www.cabarruscounty.us).



# Basic Financial Statements

Cabarrus County, North Carolina  
Statement of Net Position  
For the Fiscal Year Ended June 30, 2019

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 127,083,801	\$ 6,050,857	\$ 133,134,658	\$ 7,312,473
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,373,133	988	4,374,121	3,004,601
Customers	877,674	16,627	894,301	567,602
Interest	266,264	3,264	269,528	-
Property taxes	1,632,962	-	1,632,962	-
Due from other governments	12,295,805	86,995	12,382,800	93,099
Inventories	181,289	-	181,289	-
Prepaid items	361,851	-	361,851	-
Restricted cash and cash equivalents	43,496,462	-	43,496,462	1,278,165
Net Register of Deeds Supplemental Retirement Asset	377,711	-	377,711	-
Capital Assets not being depreciated:				
Land	21,533,301	490,447	22,023,748	-
Construction in Progress	2,568,750	-	2,568,750	-
Capital Assets net of accumulated depreciation:				
Land Improvements	4,976,094	1,023,353	5,999,447	-
Buildings and Building Improvements	147,946,013	848,502	148,794,515	24,518
Reservoir	21,243,124	-	21,243,124	-
Furniture and Fixtures	90,935	-	90,935	62,352
Equipment	4,994,110	37,278	5,031,388	155,794
Vehicles and Motorized Equipment	3,951,037	-	3,951,037	90,002
<b>Total assets</b>	<b>398,250,316</b>	<b>8,558,311</b>	<b>406,808,627</b>	<b>12,588,606</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>31,517,577</b>	<b>59,582</b>	<b>31,577,159</b>	<b>3,713,731</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	11,664,030	110,302	11,774,332	1,341,033
Liabilities to be paid from restricted assets	-	-	-	1,278,165
Accrued interest payable	3,139,773	-	3,139,773	-
Retainage payable	3,940,218	-	3,940,218	-
Long-term liabilities:				
Due within one year	39,823,223	93,923	39,917,146	527,899
Due in more than one year	434,773,474	3,956,238	438,729,712	6,112,569
Total long-term liabilities	474,596,697	4,050,161	478,646,858	6,640,468
<b>Total liabilities</b>	<b>493,340,718</b>	<b>4,160,463</b>	<b>497,501,181</b>	<b>9,259,666</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>5,162,393</b>	<b>14,233</b>	<b>5,176,626</b>	<b>103,000</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	147,584,065	2,399,580	149,983,645	332,666
Restricted for :				
Stabilization by State Statute	26,485,222	-	26,485,222	3,097,700
Register of Deeds	388,332	-	388,332	-
Jail Housing Unit/Sheriff Admin debt payments	2,885	-	2,885	-
Emergency Telephone 911	454,265	-	454,265	-
Sheriff & State Safety programs	189,067	-	189,067	-
Community Development Programs	7,997	-	7,997	-
Energy assistance programs	78,554	-	78,554	-
Soil & Water programs	3,225	-	3,225	-
State White Goods program	499,826	-	499,826	-
State recycling programs	17,495	-	17,495	-
Social Services grants	106,219	-	106,219	-
School debt	6,107,280	-	6,107,280	-
Cabarrus Arena & Events Center	51,695	-	51,695	-
Senior Center grants	2,021	-	2,021	-
Library grants	24,751	-	24,751	-
Unrestricted	(250,738,117)	2,043,617	(248,694,500)	3,509,305
<b>Total net position</b>	<b>\$ (68,735,218)</b>	<b>\$ 4,443,197</b>	<b>\$ (64,292,021)</b>	<b>\$ 6,939,671</b>

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

Cabarrus County, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2019

---

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Function/Program Activities</b>			
<b>Primary Government:</b>			
Governmental Activities:			
General government	\$ 26,373,901	\$ 4,129,231	\$ 6,310,981
Public safety	53,570,795	14,464,132	1,823,435
Economic and physical development	4,765,182	555,219	577,179
Environmental protection	1,371,094	37,958	13,414
Human services	38,699,195	1,352,953	15,184,450
Education	151,618,111	-	721,581
Culture and recreation	8,013,339	1,042,956	1,145,331
Interest on long-term debt	14,222,496	-	-
Total governmental activities	<u>298,634,113</u>	<u>21,582,449</u>	<u>25,776,371</u>
Business-Type Activities:			
Solid Waste	<u>1,040,485</u>	<u>1,007,575</u>	<u>-</u>
Total business-type activities	<u>1,040,485</u>	<u>1,007,575</u>	<u>-</u>
Total primary government	<u>\$ 299,674,598</u>	<u>\$ 22,590,024</u>	<u>\$ 25,776,371</u>
<b>Component Unit:</b>			
Cabarrus Health Alliance	<u>\$ 24,187,548</u>	<u>\$ 11,637,379</u>	<u>\$ 12,014,864</u>
General Revenues:			
Property taxes			
Local option sales tax			
ABC revenues			
Other taxes and licenses			
Investment earnings			
Miscellaneous			
Total general revenues			
Change in net position			
Net position, beginning			
Net position, ending			

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

Net (Expense) Revenue and Changes in Net Position				
Capital	Primary Government			Component Unit
Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (15,933,689)	\$ -	\$ (15,933,689)	\$ -
-	(37,283,228)	-	(37,283,228)	-
-	(3,632,784)	-	(3,632,784)	-
-	(1,319,722)	-	(1,319,722)	-
222,423	(21,939,369)	-	(21,939,369)	-
2,500,000	(148,396,530)	-	(148,396,530)	-
-	(5,825,052)	-	(5,825,052)	-
-	(14,222,496)	-	(14,222,496)	-
<u>2,722,423</u>	<u>(248,552,870)</u>	<u>-</u>	<u>(248,552,870)</u>	<u>-</u>
-	-	(32,910)	(32,910)	-
-	-	(32,910)	(32,910)	-
<u>\$ 2,722,423</u>	<u>(248,552,870)</u>	<u>(32,910)</u>	<u>(248,585,780)</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (535,305)</u>
	173,109,015	-	173,109,015	-
	51,750,608	-	51,750,608	-
	147,027	-	147,027	-
	903,349	404,695	1,308,044	-
	4,056,689	140,327	4,197,016	180,096
	-	-	-	46,364
	<u>229,966,688</u>	<u>545,022</u>	<u>230,511,710</u>	<u>226,460</u>
	<u>(18,586,182)</u>	<u>512,112</u>	<u>(18,074,070)</u>	<u>(308,845)</u>
	<u>(50,149,036)</u>	<u>3,931,085</u>	<u>(46,217,951)</u>	<u>7,248,516</u>
	<u>\$ (68,735,218)</u>	<u>\$ 4,443,197</u>	<u>\$ (64,292,021)</u>	<u>\$ 6,939,671</u>

Cabarrus County, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2019

Exhibit 3  
Page 1 of 2

		Major		Non-Major	
		Limited	Limited	Other	Total
		Obligation Bonds	Obligation Bonds	Governmental	Governmental
	General	2017	2018	Funds	Funds
<b>ASSETS</b>					
Cash, cash equivalents and investments	\$ 72,404,348	\$ 2,133,393	\$ 3,335,267	\$ 37,041,897	\$ 114,914,905
Restricted cash	6,110,165	16,595,102	20,345,955	445,240	43,496,462
Receivables (net of allowance for uncollectible)					
Accounts receivable	4,133,853	-	-	239,280	4,373,133
Customers	877,674	-	-	-	877,674
Property taxes	1,632,962	-	-	-	1,632,962
Interest	62,498	-	-	7,994	70,492
Due from other governments	12,230,487	-	-	43,414	12,273,901
Prepaid items	80,048	-	-	17,812	97,860
Inventories	181,289	-	-	-	181,289
Total assets	<u>\$ 97,713,324</u>	<u>\$ 18,728,495</u>	<u>\$ 23,681,222</u>	<u>\$ 37,795,637</u>	<u>\$ 177,918,678</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 6,562,311	\$ 152,156	\$ 1,385,869	\$ 1,105,346	\$ 9,205,682
Contract retainages	-	2,585,039	1,355,179	-	3,940,218
Total liabilities	<u>6,562,311</u>	<u>2,737,195</u>	<u>2,741,048</u>	<u>1,105,346</u>	<u>13,145,900</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>3,265,372</u>	<u>-</u>	<u>-</u>	<u>235,246</u>	<u>3,500,618</u>
Fund Balances:					
Nonspendable:					
Inventories	181,289	-	-	-	181,289
Prepaid items	80,048	-	-	17,812	97,860
Restricted:					
Stabilization by State Statute	17,400,392	-	-	9,084,830	26,485,222
Register of Deeds Automation & Enhancement	-	-	-	388,332	388,332
Parking Deck debt & construction	-	539,845	-	-	539,845
Jail Housing Unit/Sheriff Admin debt payments	2,885	-	-	-	2,885
Emergency Telephone 911	-	-	-	454,265	454,265
Sheriff & State Safety Programs	36,863	-	-	152,204	189,067
Community Development programs	-	-	-	7,997	7,997
Energy assistance programs	78,554	-	-	-	78,554
Soil & Water programs	-	-	-	3,225	3,225
State White Goods program	499,826	-	-	-	499,826
State recycling programs	17,495	-	-	-	17,495
Social Services grants	106,219	-	-	-	106,219
School debt & construction	6,107,280	15,451,455	20,940,174	-	42,498,909
Cabarrus Arena & Events Center	-	-	-	51,695	51,695
Senior Center grant	2,021	-	-	-	2,021
Library grants	-	-	-	24,751	24,751
Committed:					
General Government	-	-	-	3,280,821	3,280,821
Public Safety	1,667,122	-	-	5,543,742	7,210,864
Economic & Physical Development	2,805,823	-	-	1,277,877	4,083,700
Human Services	-	-	-	145,242	145,242
Education	12,000	-	-	8,760,538	8,772,538
Culture & Recreation	-	-	-	5,649,763	5,649,763
Assigned:					
General Government	5,821,327	-	-	18,396	5,839,723
Public Safety	29,068	-	-	-	29,068
Economic & Physical Development	6,660	-	-	-	6,660
Environmental Protection	4,000	-	-	-	4,000
Human Services	142,507	-	-	-	142,507
Culture & Recreation	3,244	-	-	1,636,969	1,640,213
Unassigned	52,881,018	-	-	(43,414)	52,837,604
Total fund balances	<u>87,885,641</u>	<u>15,991,300</u>	<u>20,940,174</u>	<u>36,455,045</u>	<u>161,272,160</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 97,713,324</u>	<u>\$ 18,728,495</u>	<u>\$ 23,681,222</u>	<u>\$ 37,795,637</u>	<u>\$ 177,918,678</u>

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



Total fund balances-total governmental funds		\$ 161,272,160
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	294,305,512	
Less accumulated depreciation	<u>(87,023,902)</u>	207,281,610
Charges related to advance refunding bond issue		15,032,070
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		2,510,635
Premium on Debt Issuance		<u>(24,891,280)</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		14,336,589
Register of Deeds Supplemental Retirement		117,309
Benefit payments and pension administration costs for LEOSSA		748,211
Contributions and administration costs for OPEB are deferred outflows of resources		<u>1,283,398</u>
Internal service funds are used by management to charge the costs of self-insured hospitalization dental, Workers Compensation and Liability Insurance to individual departments		
		10,002,497
Pension related deferred inflows		(759,614)
OPEB related deferred inflows		<u>(3,412,796)</u>
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	(377,541,983)	
Accrued Interest	(3,139,773)	
Accrued Interest on debt recorded as interest receivable	189,568	
Compensated Absences	(4,313,629)	
Net LEO Pension Liability	(7,374,262)	
Net LGERS liability	(18,389,521)	
Net Register of Deeds Supplemental Retirement asset	377,711	
Total OPEB Liability	<u>(42,086,022)</u>	<u>(452,277,911)</u>
Net position of governmental activities		<u>\$ (68,735,218)</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

Exhibit 4  
Page 1 of 2

		Major		Non-Major	
		Limited	Limited	Other	Total
	General	Obligation Bonds	Obligation Bonds	Governmental	Governmental
		2017	2018	Funds	Funds
<b>REVENUES</b>					
Ad valorem taxes	\$ 167,935,513	\$ -	\$ -	\$ 5,336,873	\$ 173,272,386
Other taxes and licenses	52,653,957	-	-	-	52,653,957
Intergovernmental revenues	21,876,199	-	-	6,558,992	28,435,191
Permits and fees	6,840,659	-	-	-	6,840,659
Sales and services	13,400,944	-	-	491,875	13,892,819
Investment earnings	2,430,003	722,288	192,992	445,570	3,790,853
Donations	-	-	-	602,438	602,438
Miscellaneous	561,622	-	-	601,330	1,162,952
Total revenues	265,698,897	722,288	192,992	14,037,078	280,651,255
<b>EXPENDITURES</b>					
Current:					
General government	24,662,529	-	-	171,146	24,833,675
Public safety	41,848,026	-	-	5,458,534	47,306,560
Economic & physical development	4,447,482	-	-	292,011	4,739,493
Environmental protection	499,190	-	-	833,335	1,332,525
Human services	37,390,443	-	-	-	37,390,443
Education	80,065,095	32,777,986	35,423,151	3,351,879	151,618,111
Culture and recreation	5,482,990	-	-	1,419,799	6,902,789
Capital outlay:					
Land and land improvements	65,229	-	-	-	65,229
Building and building improvements	78,206	-	-	3,172,573	3,250,779
Equipment and furniture	895,373	-	-	973,198	1,868,571
Vehicles and motorized equipment	1,589,911	-	-	-	1,589,911
Construction in progress		7,842,376	-	2,514,588	10,356,964
Debt service:					
Principal retirement	38,236,662	-	-	56,213	38,292,875
Interest and fees	15,539,773	-	-	3,313	15,543,086
Total expenditures	250,800,909	40,620,362	35,423,151	18,246,589	345,091,011
Excess (deficiency) of revenues over (under) expenditures	14,897,988	(39,898,074)	(35,230,159)	(4,209,511)	(64,439,756)
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Financing issued	652,796	-	-	-	652,796
Transfers in	2,206,441	3,060,750	3,536,545	38,142,696	46,946,432
Transfers out	(13,913,232)	(3,483,920)	(529,327)	(28,818,269)	(46,744,748)
Total other financing sources (uses)	(11,053,995)	(423,170)	3,007,218	9,324,427	854,480
Net change in fund balances	3,843,993	(40,321,244)	(32,222,941)	5,114,916	(63,585,276)
Fund balance, July 1	84,041,648	56,312,544	53,163,115	31,340,129	224,857,436
Fund balance, June 30	\$ 87,885,641	\$ 15,991,300	\$ 20,940,174	\$ 36,455,045	\$ 161,272,160

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, 2019

Exhibit 4A  
Page 2 of 2

Net change in fund balances-total governmental funds \$ (63,585,276)

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	17,131,454	
Less current year depreciation	<u>(7,867,014)</u>	9,264,440

Changes in contributions and other costs to the cost-sharing multiple employer pension plans 5,449,018

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

Ambulance	893	
Property Tax	<u>(163,371)</u>	(162,478)

The effect of various miscellaneous transactions involving capital assets

Donation of capital assets	26,908	
Disposal of capital assets, net book value	<u>(88,096)</u>	(61,188)

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	(652,796)	
Amortization of current year debt premium	2,540,148	
Principal payments	38,292,875	
Deferred charge on refunding	<u>(1,894,284)</u>	38,285,943

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	(248,848)	
Law Enforcement Officers Pension Liability	(158,915)	
Local Government Employees Retirement System	(6,410,837)	
Register of Deeds Supplemental Retirement	(34,496)	
Other Postemployment Benefit Liability	(2,261,913)	
Accrued Interest	<u>633,220</u>	(8,481,789)

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

705,148

Changes in net position of governmental activities

\$ (18,586,182)

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, 2019

Exhibit 5

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Ad Valorem Taxes:				
Taxes	\$ 164,053,608	\$ 164,053,608	\$ 167,395,150	\$ 3,341,542
Interest	474,000	474,000	540,363	66,363
Other Taxes and Licenses	48,153,664	48,274,487	52,653,957	4,379,470
Intergovernmental Revenues	19,961,943	21,718,877	21,876,199	157,322
Permits and Fees	6,968,899	6,980,899	6,840,659	(140,240)
Sales and Services	13,003,406	13,047,651	13,400,944	353,293
Investment Earnings	500,000	1,129,758	2,430,003	1,300,245
Miscellaneous	487,452	554,818	561,622	6,804
Total revenues	253,602,972	256,234,098	265,698,897	9,464,799
EXPENDITURES				
Current:				
General Government	26,747,314	27,324,999	24,824,708	2,500,291
Public Safety	43,282,654	46,024,245	44,059,111	1,965,134
Economic & Physical Development	4,957,028	5,525,218	4,447,482	1,077,736
Environmental Protection	558,791	631,246	533,734	97,512
Human Services	38,793,870	39,856,886	37,497,245	2,359,641
Education	79,648,829	80,152,697	80,065,095	87,602
Culture and Recreation	5,719,392	5,885,335	5,597,099	288,236
Debt service:				
Principal retirement	39,566,662	39,566,662	39,566,662	-
Interest and fees	15,568,932	15,562,932	15,539,773	23,159
Total expenditures	254,843,472	260,530,220	252,130,909	8,399,311
Excess (deficiency) of revenues over (under) expenditures	(1,240,500)	(4,296,122)	13,567,988	17,864,110
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000,000	2,201,684	2,206,441	4,757
Transfers out	(759,500)	(13,913,232)	(13,913,232)	-
Lease Proceeds	-	691,142	652,796	(38,346)
Fund balance appropriated	-	15,316,528	-	(15,316,528)
Total other financing sources (uses)	1,240,500	4,296,122	(11,053,995)	(15,350,117)
Net change in fund balance	\$ -	\$ -	2,513,993	\$ 2,513,993
Fund Balance, July 1			\$ 84,041,648	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name			1,330,000	
Fund balance, June 30			\$ 87,885,641	

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

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,050,857	\$ 12,168,896
Receivables (net):		
Accounts	988	-
Customers	16,627	-
Due from other governments	86,995	-
Interest	3,264	6,204
Prepaid expenses	-	263,991
Total current assets	<u>6,158,731</u>	<u>12,439,091</u>
Noncurrent assets:		
Land & land improvements	2,689,843	-
Buildings & improvements	1,256,544	-
Vehicles and equipment	2,184,637	29,664
Less: Accumulated depreciation	<u>(3,731,444)</u>	<u>(7,910)</u>
Total noncurrent assets (net)	<u>2,399,580</u>	<u>21,754</u>
Total assets	<u>8,558,311</u>	<u>12,460,845</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Contributions to pension plan in fiscal year	54,687	-
OPEB deferrals	<u>4,895</u>	<u>-</u>
Total deferred outflows of resources	<u>59,582</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	110,302	109,717
Landfill closure   post closure costs	78,000	-
Compensated absences	<u>15,923</u>	<u>-</u>
Total current liabilities	<u>204,225</u>	<u>109,717</u>
Noncurrent liabilities:		
Net pension liability	70,147	-
Claims payable	-	2,348,631
Landfill closure   post closure costs	3,722,174	-
Compensated absences	3,380	-
Total OPEB liability	<u>160,537</u>	<u>-</u>
Total noncurrent liabilities	<u>3,956,238</u>	<u>2,348,631</u>
Total liabilities	<u>4,160,463</u>	<u>2,458,348</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension deferrals	1,215	-
OPEB deferrals	<u>13,018</u>	<u>-</u>
Total deferred inflows of resources	<u>14,233</u>	<u>-</u>
<b>NET POSITION</b>		
Net Invested in capital assets	2,399,580	21,754
Unrestricted	<u>2,043,617</u>	<u>9,980,743</u>
Total net position	<u>\$ 4,443,197</u>	<u>\$ 10,002,497</u>

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

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
<b>Operating revenues:</b>		
Charges for sales and services:		
Tipping fees	\$ 780,049	\$ -
Items for sale	123,520	
Waste disposal fees	104,006	-
Insurance premiums   refunds	-	13,924,774
Program fees	-	36,471
Total operating revenues	<u>1,007,575</u>	<u>13,961,245</u>
<b>Operating expenses:</b>		
Administration:		
Salaries and benefits		
Salary and wages	242,551	-
FICA	13,911	-
Medicare	3,253	-
Group hospital insurance	50,148	-
Vision care	113	-
Retirement	22,447	-
Life insurance	178	-
Workers' compensation	17,872	-
Deferred compensation - 401k	12,028	-
Insurance and bonds	4,207	-
Total salaries and benefits	<u>366,708</u>	<u>-</u>
Operations:		
General and administrative		
Administrative fees	-	2,221,754
Dues and subscriptions	441	-
Lights and power	6,126	2,156
Office supplies   Medical supplies	2,119	88,069
Other operating costs	-	37,392
Telephone	1,404	-
Travel	1,364	-
Uniforms	4,106	-
Total general and administrative	<u>15,560</u>	<u>2,349,371</u>

Cabarrus County, North Carolina  
Statement of Revenues, Expenses And Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2019

Exhibit 7  
Page 2 of 2

Other operational expenses:		
Auto and truck maintenance	11,325	-
Building and ground maintenance	18,136	-
Building and equipment rentals	-	-
Claims	-	10,534,383
Consultant	-	44,500
Depreciation	152,245	5,932
Engineers	13,488	-
Fuel	40,573	-
Heavy equipment maintenance	39,125	-
Landfill disposal tax remittance	38,195	-
Minor equipment maintenance	828	-
Permitting fees	8,600	-
Service contracts	123,640	356,029
Tire disposal	146,254	-
Tools and minor equipment	1,236	33,194
Waste disposal charges	64,572	-
Total other operational expenses	<u>658,217</u>	<u>10,974,038</u>
 Total operating expenses	 <u>1,040,485</u>	 <u>13,323,409</u>
 Operating Income (loss)	 <u>(32,910)</u>	 <u>637,836</u>
 <b>Nonoperating revenues:</b>		
Landfill disposal tax	39,029	-
Landfill state tax distribution	50,170	-
Solid waste franchise fee	30,000	-
Tire disposal fees	285,496	-
Investment earnings	140,327	268,996
Total nonoperating revenues	<u>545,022</u>	<u>268,996</u>
 <b>Nonoperating expense - loss on disposal</b>		
Income (loss) before contributions	<u>512,112</u>	<u>906,832</u>
 <b>Transfers:</b>		
Transfers out - General Fund	<u>-</u>	<u>(201,684)</u>
 Change in net position	 <u>512,112</u>	 <u>705,148</u>
 Total net position, July 1	 3,931,085	 9,297,349
 Total net position, June 30	 <u>\$ 4,443,197</u>	 <u>\$ 10,002,497</u>

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

Cabarrus County, North Carolina  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2019

Exhibit 8

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 1,007,665	\$ 4,671
Cash received from departments	-	13,970,304
Cash paid to employees	(351,227)	-
Cash paid to suppliers for goods and services	(621,334)	(13,307,370)
Net cash provided for operating activities	35,104	667,605
<b>Cash flows from non-capital and related financing activities:</b>		
Transfer Out	-	(201,684)
Non-capital grants and other subsidies	404,695	-
Net cash provided by non-capital financing activities	404,695	(201,684)
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(6,000)	-
Net cash (used) by capital and related financing activities	(6,000)	-
<b>Cash flows from investing activities:</b>		
Interest received on investments	146,687	281,914
Net cash provided by investing activities	146,687	281,914
<b>Net increase in cash and cash equivalents</b>	<b>580,486</b>	<b>747,835</b>
Cash and cash equivalents, July 1	5,470,371	11,421,061
Cash and cash equivalents, June 30	\$ 6,050,857	\$ 12,168,896
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>		
Operating income (loss)	\$ (32,910)	\$ 637,836
Depreciation expense	152,245	5,932
Pension expense	3,614	-
Changes in operating assets and liabilities:		
Accounts receivable and prepaid expenses	3,511	13,730
Due from other governments	(5,492)	-
Customers receivable	2,071	-
Accounts payable and accrued liabilities	(19,865)	10,107
Deferred outflows of resources (OPEB)	(75)	-
Landfill closure post-closure care cost	(78,687)	-
OPEB liability	3,828	-
Deferred inflows of resources (OPEB)	4,876	-
Compensated absences payable	1,988	-
Total adjustments	68,014	29,769
Net cash provided by operating activities	\$ 35,104	\$ 667,605



	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 598,301
Accounts receivable	4,716
Due from other governments	<u>829,358</u>
Total assets	<u><u>\$ 1,432,375</u></u>
<b>LIABILITIES</b>	
Accounts payable and accrued liabilities	\$ 14,947
Due to courts	6,558
Due to jail inmates	39,624
Due to municipalities	1,155,380
Due to program participants	148,053
Due to schools	<u>67,813</u>
Total liabilities	<u><u>\$ 1,432,375</u></u>



# Notes to the Financial Statements

## Note 1. Summary of Significant Accounting Policies

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

### A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Cabarrus Development Corporation	Blended	The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County.	None Issued
Cabarrus County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance	Discrete	Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 <sup>th</sup> , 1998, the Cabarrus County Board by resolution authorized the transfer of powers, duties, and responsibilities to the Alliance for communicable disease control, environmental protection, and maintenance of vital records. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. The County funded the Alliance with \$7,035,312 or 29.43% of its total revenues for the fiscal year ended June 30, 2019. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 300 Mooresville Road Kannapolis, NC 28081

## **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, although interfund services provided and used are not eliminated in the process of consolidation. 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.

**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.

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.

**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 or committed 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.

*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.

*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.

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. Expenditures may not legally exceed appropriations at the function level for all annually budgeted funds and at the project level for the multi-year funds.

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.
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, 2019.

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.

## 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	\$	6,110,165
Limited Obligation Bonds - 2017	Unspent debt proceeds		16,595,102
Limited Obligation Bonds - 2018	Unspent debt proceeds		20,345,955
Cabarrus Arena and Events Center Fund	Unspent escrow		51,695
School Construction Debt Fund	Unspent debt proceeds		1,988
Small Projects Fund	Unspent Register of Deeds Automation & Enhancement funding		388,332
Small Projects Fund	North Carolina Ecosystem Enhancement funding		3,225
Total Restricted Cash		\$	<u>43,496,462</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, 2018. 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 2018-2019 fiscal year was \$0.72 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.

## 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 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 four items that meet this criterion for this category – prepaid taxes, property tax receivable, ambulance receivable, and other pension and OPEB related deferrals.

## **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.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet. For the fiscal year ended June 30, 2019, \$17,400,392 was related to the General Fund and \$9,084,830 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, 2019 this amount was \$388,332.

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, 2019 this amount was \$539,845.

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, 2019 this amount was \$2,885.

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, 2019 this amount was \$454,265.

Restricted for Sheriff and State Emergency Safety programs – portion of fund balance for the fiscal year ended June 30, 2019 restricted by revenue source for unspent Federal Forfeiture funds \$39,519, unspent NC Substance Control funds \$112,685, for Emergency Management Operations \$3,722, for State Criminal Alien Assistance Program \$24,002, for Motorcycle Safety Grant \$9,139.

Restricted for Community Development programs – portion of fund balance restricted by revenue source for community development low income housing projects. For the fiscal year ended June 30, 2019 this amount was \$7,997.

Restricted for Energy Assistance Programs – portion of fund balance restricted for DUKE rebate funds was \$78,554.

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, 2019, \$3,225 was for the unspent NC Ecosystem Enhancement grant.

Restricted for State White Goods program – portion of fund balance restricted by revenue source for disposal of household appliances was \$499,826.

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, 2019, the unspent amount was \$17,495.

Restricted for Social Services – portion of fund balance restricted by revenue source for unspent for various grants was \$106,219.

Restricted for School debt and construction – portion of fund balance for the fiscal year ended June 30, 2019 restricted by revenue source to be used for school debt service payments was \$6,107,280. In addition, \$15,451,455 for constructing West Cabarrus High School and Performance Learning Center, \$20,940,174 for various schools, RCCC Advanced Technology Center, HVAC systems for Mount Pleasant High School and JN Fries.

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, 2019 this amount was \$51,695.

Restricted for Senior Center – portion of fund balance restricted by revenue source for unspent grant funds to be used for future Senior Center projects. For the fiscal year ended June 30, 2019 this amount was \$2,021.

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, 2019 this amount was \$24,751.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 as of June 30, 2019 by the amount of unspent debt proceeds of \$36,931,474.

### **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 \$137,141, 2) Security cameras at various locations \$300,000, 3) Fiber Infrastructure improvements \$111,363, 4) County website development design \$113,750, 5) Governmental Center Roof and Skylight replacement \$1,719,154, 6) Operations Center renovations \$850,000, 7) fall protection measures installation at multiple buildings \$48,793, and 8) Board of Elections equipment purchase \$620.

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 \$14,155, 3) security camera equipment update at the jail \$18,179, 4) training and firing range improvements \$7,790, 5) new firing range \$1,700,000, 6) courthouse expansion \$2,942,928, 7) Public Safety training center \$75,400, 8) design of new EMS station, \$15,500, 9) engineering for new EMS station \$120,000, 10) communications equipment \$649,790, and 11) Upfit to Sheriff vehicles \$90,646.

Committed for Economic & Physical Development – portion of fund balance committed by the governing board for, 1) wet lands mitigation projects \$17,882, 2) Local Agriculture Preservation \$1,093,875, 3) Soil and Water Activities \$117,447, 4) Stewardship Fund \$34,876, 5) Economic Incentives \$2,805,823, 6) Soil and Water drill program \$13,797.

Committed for Human Services – portion of fund balance committed by the governing board for Department of Aging projects \$145,242.

Committed for Education – portion of fund balance committed by the governing board for 1) final construction funding for Kannapolis Middle School \$344,778, 2) feasibility study for Cannon Gym \$12,000, 3) planning and land funding for future schools and current renovations \$5,867,771, and 4) construction contingencies, equipment, bus funding for various schools \$2,547,989.

Committed for Culture & Recreation – portion of fund balance committed by the governing board for 1) Construction of Rob Wallace Park \$1,186,673, 2) Land banking for future park \$1,589,024, 3) Carolina Thread Trail \$47,900, 4) Camp Spencer vending and overlook construction \$425,000, 5) Frank Liske Park waterline replacement \$360,000, 6) Frank Liske Park Playground replacement \$2,725, 7) Frank Liske Park restroom renovation \$29,540, 8) Midland Library furniture \$50,000, 9) Cabarrus Arena lighting control system replacement \$100,632, 10) Arena kitchen goods storage building \$161,000, and 11) funding for future sports related field improvements \$1,697,269.

#### **4. Assigned Fund Balance**

The County's governing body has the authority to assign fund balance. The Manager and Deputy County Managers, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned for General Government – portion of fund balance that is intended to be used for 1) property tax appeals \$700,000, 2) extraordinary circumstances \$5,000,000, 3) pending and potential claims \$25,000, 4) uncompleted Information Technology System purchases and projects \$45,827, 5) uncompleted Infrastructure and Asset Management projects \$9,000, 6) uncompleted projects for Communications \$1,000, 7) uncompleted Human Resource projects \$3,000, 8) funding for Governmental Skylight and Roof replacement \$18,396 and 9) funding for internal control consultant \$37,500.

Assigned for Public Safety – portion of fund balance intended to be used for uncompleted Emergency Medical Services projects \$7,900 and uncompleted projects for Sheriff Department \$21,168.

Assigned for Economic and Physical Development – portion of fund balance intended to be used for work space furniture in the planning and zoning department \$6,660.

Assigned for Environmental Protection – portion of fund balance intended to be used for hazard and electronic waste disposal \$4,000.

Assigned for Human Services – portion of fund intended to be used for Department of Human Services uncompleted technology and consultant projects \$142,507.

Assigned for Culture and Recreation – portion of fund balance intended to be used for Library furniture \$3,244 and future County Fair and Arena projects and improvements \$1,636,969.

#### **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, 2019, 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. 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	\$ 87,885,641
Less:	
Inventories	181,289
Prepaid items	80,048
Stabilization by state statute	17,400,392
Restricted for debt payments	6,110,165
Restricted for White Goods Program	499,826
Committed for unpaid tax incentives	2,805,823
Committed for future pension payments	1,576,476
Uncompleted FY19 projects	625,604
General Government assignments	5,725,000
Working Capital/Fund Balance Policy	<u>42,362,702</u>
Fund Balance remaining for appropriation	<u><u>\$ 10,518,316</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, 2019 are as follows:

<u>Major</u>	<u>Non-Major</u>
<u>General</u>	<u>Governmental</u>
<u>Fund</u>	<u>Funds</u>
<u>\$ 973,553</u>	<u>\$ 8,794,142</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.

## **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, 2019, the carrying amount of the County's bank deposits, including fiduciary funds, was \$68,400,908, and the bank balance was \$71,563,861. Of the bank balance, \$765,016 was covered by federal depository insurance, and \$70,798,845 was covered by collateral, held by authorized escrow agents in the name of the County, under the Pooling Method. At June 30, 2019, the County had \$8,915 cash on hand.

At June 30, 2019, the carrying amount of the Cabarrus Health Alliance's bank deposits was \$555,268 and the bank balance was \$704,238. 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, 2019, the Cabarrus Health Alliance had \$3,600 of cash on hand.

## 2. Investments

As of June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method <sup>2,3</sup>	Fair Value	Less Than 1 year	1-2 years
US Government Agencies	Fair Value-Level 2	\$ 24,896,240	\$ 24,896,240	\$ -
Commercial Paper	Amortized Cost	4,916,772	4,916,772	-
NC Capital Management Trust:				
Government Portfolio	Fair Value-Level 1	46,296,725	46,296,725	-
Term Portfolio <sup>1</sup>	Fair Value-Level 1	32,709,861	32,709,861	-
Total		<u>\$ 108,819,598</u>	<u>\$ 108,819,598</u>	<u>\$ -</u>

<sup>1</sup> As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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

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

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

**Credit Risk.** The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, 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, 2019. 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. Thirty-eight percent of the County's investments are held in Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC) and Credit Suisse AG commercial paper. These investments represent 18%, 5%, and 5%, respectively, of the County's total investments.

At June 30, 2019, the Cabarrus Health Alliance's investments consisted of \$8,031,770 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>
2016	\$ 6,383,264	\$ 1,516,025	\$ 7,899,289
2017	6,208,159	915,704	7,123,863
2018	6,364,388	365,952	6,730,340
2019	6,479,564	-	6,479,564
Total	<u>\$ 25,435,375</u>	<u>\$ 2,797,681</u>	<u>\$ 28,233,056</u>

### 4. Receivables

#### a. Government-wide Receivables

Receivables at the government-wide level for the Primary Government at June 30, 2019, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 4,133,853	\$ 9,835,379	\$ 12,230,487	\$ 3,410,436	\$ 29,610,155
Other Governmental	239,280	-	65,318	203,766	508,364
Total Receivables	<u>4,373,133</u>	<u>9,835,379</u>	<u>12,295,805</u>	<u>3,614,202</u>	<u>30,118,519</u>
Allowance for doubtful accounts	-	(8,957,705)	-	(1,714,976)	(10,672,681)
Total-governmental activities	<u>\$ 4,373,133</u>	<u>\$ 877,674</u>	<u>\$ 12,295,805</u>	<u>\$ 1,899,226</u>	<u>\$ 19,445,838</u>
	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
<b>Business-type activities:</b>					
Landfill	\$ 988	\$ 16,627	\$ 86,995	\$ 3,264	\$ 107,874
Total-business-type activities	<u>\$ 988</u>	<u>\$ 16,627</u>	<u>\$ 86,995</u>	<u>\$ 3,264</u>	<u>\$ 107,874</u>

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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

	Governmental Activities	Business Type Activities
Local option sales	\$ 10,946,107	\$ -
Motor Vehicle Tax	1,349,698	-
Solid waste disposal tax	-	12,497
Scrap tire tax	-	74,498
	<u>\$ 12,295,805</u>	<u>\$ 86,995</u>

Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2019, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 3,004,601	\$ 782,360	\$ 93,099	\$ 3,880,060
Allowance for doubtful accounts	-	(214,758)	-	(214,758)
Total Receivables	<u>3,004,601</u>	<u>567,602</u>	<u>93,099</u>	<u>3,665,302</u>
Total-governmental activities	<u>\$ 3,004,601</u>	<u>\$ 567,602</u>	<u>\$ 93,099</u>	<u>\$ 3,665,302</u>

## 5. Capital Assets

### 1. Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 21,533,301	\$ -	\$ -	\$ -	\$ 21,533,301
Construction in Progress	<u>5,522,241</u>	<u>10,356,964</u>	<u>-</u>	<u>(13,310,455)</u>	<u>2,568,750</u>
Total capital assets not being depreciated	<u>27,055,542</u>	<u>10,356,964</u>	<u>-</u>	<u>(13,310,455)</u>	<u>24,102,051</u>
Capital Assets being depreciated:					
Buildings	161,785,356	3,103,787	-	12,781,375	177,670,518
Building Improvements	21,822,430	146,992	-	529,080	22,498,502
Equipment	19,605,658	1,843,324	(280,116)	(14,108)	21,154,758
Furniture and Fixtures	1,331,439	25,247	-	-	1,356,686
Land Improvements	11,559,118	65,229	(241,415)	-	11,382,932
Vehicles	13,524,215	1,616,819	(729,143)	14,108	14,425,999
Reservoir	<u>21,743,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,743,730</u>
Total capital assets being depreciated	<u>251,371,946</u>	<u>6,801,398</u>	<u>(1,250,674)</u>	<u>13,310,455</u>	<u>270,233,125</u>

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Buildings	41,324,995	3,963,117	-	-	45,288,112
Building Improvements	6,394,115	540,780	-	-	6,934,895
Equipment	15,100,235	1,335,332	(269,511)	(5,408)	16,160,648
Furniture and Fixtures	1,235,693	30,058	-	-	1,265,751
Land Improvements	6,106,347	541,906	(241,415)	-	6,406,838
Vehicles	9,681,219	1,439,987	(651,652)	5,408	10,474,962
Reservoir	478,840	21,766	-	-	500,606
Total accumulated depreciation	<u>80,321,444</u>	<u>7,872,946</u>	<u>(1,162,578)</u>	<u>-</u>	<u>87,031,812</u>
Total Capital Assets, being depreciated, i	<u>171,050,502</u>	<u>(1,071,548)</u>	<u>(88,096)</u>	<u>13,310,455</u>	<u>183,201,313</u>
Governmental Capital Assets, net	<u>\$ 198,106,044</u>	<u>\$ 9,285,416</u>	<u>\$ (88,096)</u>	<u>\$ -</u>	<u>\$ 207,303,364</u>

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

Governmental activities:		
General Government	\$	1,099,935
Public Safety		4,798,865
Economic & Physical Development		34,824
Environmental Protection Development		39,551
Human Services		333,242
Culture & Recreation		1,566,529
Total depreciation expense - governmental & internal services activities	<u>\$</u>	<u>7,872,946</u>

Capital asset activity for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
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	1,948,009	-	(25,730)	-	1,922,279
Equipment	256,358	6,000	-	-	262,358
Buildings	1,256,544	-	-	-	1,256,544
Total Capital assets, being depreciated:	<u>5,660,307</u>	<u>6,000</u>	<u>(25,730)</u>	<u>-</u>	<u>5,640,577</u>

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Land Improvements	1,082,743	93,300		-	1,176,043
Vehicles	1,929,876	18,133	(25,730)	-	1,922,279
Equipment	215,683	9,400		-	225,083
Buildings	376,627	31,412	-	-	408,039
Total Accumulated Depreciation	<u>3,604,929</u>	<u>152,245</u>	<u>(25,730)</u>	<u>-</u>	<u>3,731,444</u>
Total Capital assets, being depreciated, net	<u>2,055,378</u>	<u>(146,245)</u>	<u>-</u>	<u>-</u>	<u>1,909,133</u>
Proprietary Capital assets, net	<u>\$ 2,545,825</u>	<u>\$ (146,245)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,399,580</u>

Construction commitments

The government has active construction projects as of June 30, 2019. The projects include New School Construction (West Cabarrus High School construction, Hickory Ridge Elementary School) 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>
RCCC Advanced Technology Center	\$ 14,337,633	\$ 96,797
School New Construction	69,426,926	22,670,399
	<u>\$ 83,764,559</u>	<u>\$ 22,767,196</u>

Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and fixtures	\$ 383,760	\$ -	\$ -	\$ 383,760
Vehicles	633,646	-	(218,230)	415,416
Equipment	1,256,236	46,757	(221,671)	1,081,322
Land Improvements	600,505	-	-	600,505
Total capital assets being depreciated	<u>2,874,147</u>	<u>46,757</u>	<u>(439,901)</u>	<u>2,481,003</u>

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Furniture and fixtures	294,881	26,527	-	321,408
Vehicles	490,393	53,251	(218,230)	325,414
Equipment	1,092,031	55,168	(221,671)	925,528
Land Improvements	542,577	33,410	-	575,987
Total accumulated depreciation	<u>2,419,882</u>	<u>168,356</u>	<u>(439,901)</u>	<u>2,148,337</u>
Total governmental activities, being depreciated (net)	<u>\$ 454,265</u>	<u>\$ (121,599)</u>	<u>\$ -</u>	<u>\$ 332,666</u>
Governmental Capital Assets, net	<u>\$ 454,265</u>	<u>\$ (121,599)</u>	<u>\$ -</u>	<u>\$ 332,666</u>

## B. Liabilities

### 1. Payables

Payables at the government-wide level for the Primary Government at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 2,539,835	\$ 2,219,041	\$ 1,803,435	\$ 6,562,311
Limited Obligation Bonds 2017	152,156	-	-	152,156
Limited Obligation Bonds 2018	1,385,869	-	-	1,385,869
Other Governmental	<u>1,162,840</u>	<u>2,223</u>	<u>2,398,631</u>	<u>3,563,694</u>
Total-governmental activities	<u>\$ 5,240,700</u>	<u>\$ 2,221,264</u>	<u>\$ 4,202,066</u>	<u>\$ 11,664,030</u>
Business-type activities				
Landfill	<u>\$ 102,858</u>	<u>\$ 7,444</u>	<u>\$ -</u>	<u>\$ 110,302</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 996,820</u>	<u>\$ 344,213</u>	<u>\$ 1,341,033</u>
Total-governmental activities	<u>\$ 996,820</u>	<u>\$ 344,213</u>	<u>\$ 1,341,033</u>

### 2. Pension Plan and Other Postemployment Obligations

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

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

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Cabarrus County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Cabarrus County's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.75% 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 \$4,097,992 for the year ended June 30, 2019.

*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, 2019, the County reported a liability of \$18,459,668 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2019 the County's proportion was 0.778% (measured as of June 30, 2018), which was an increase of 0.008% from its proportion as of June 30, 2018 (measured as of June 30, 2017.)



Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

For the year ended June 30, 2019, the County recognized pension expense of \$5,049,029. At June 30, 2019, 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	\$ 2,847,888	\$ 95,561
Changes of assumptions	4,898,483	-
Net difference between projected and actual earnings on pension plan investments	2,533,963	-
Changes in proportion and differences between County contributions and proportionate share of contributions	12,950	224,172
County Contributions subsequent to the measurement date	4,097,992	-
	<u>\$ 14,391,276</u>	<u>\$ 319,733</u>

\$4,097,992 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 4,830,749
2021	3,160,351
2022	531,173
2023	1,451,278
2024	-
Thereafter	-

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* 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, 2017 valuation were based on the results of an actuarial experience study as of 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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
County's proportionate share of the net pension liability (asset)	\$ 44,341,721	\$ 18,459,668	\$ (3,167,781)

*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

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

---

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, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	21
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	183
Total	<u>204</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, 2017 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	3.64 percent

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

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 \$334,661 as benefits came due for the reporting period.

At June 30, 2019, the County reported a total pension liability of \$7,374,262. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was roll forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$536,607.

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 265,245	\$ 98,304
Changes of assumptions	281,059	322,052
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	201,907	-
Total	<u>\$ 748,211</u>	<u>\$ 420,356</u>

The County paid \$200,617 in benefit payments and \$1,290 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2020	\$ 25,120
2021	25,120
2022	25,120
2023	38,588
2024	12,000
Thereafter	-

*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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate.

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
County's proportionate share of the net pension liability (asset)	\$ 7,973,865	\$ 7,374,262	\$ 6,824,077

	Total Pension Liability
Beginning balance	\$ 7,160,865
Service cost at end of year	289,280
Interest on the total pension liability	220,996
Change of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	319,266
Changes of assumptions or other inputs	(281,484)
Benefit payments	(334,661)
Other changes	-
Ending balance of the total pension liability	<u>\$ 7,374,262</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

*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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County has chosen to extend this benefit to all its full and part-time (who are eligible for North Carolina Local Governmental Employees' Retirement System) employees. Contributions by Cabarrus County for the year ended June 30, 2019 were \$3,747,918 which consisted of \$2,587,560 from the County and \$1,160,358 from the employees. Contributions for the year ended June 30, 2019 were \$419,049 from participating Alliance employees. The Alliance's Board reinstated the employer's contribution to this benefit. The Alliance matched up to 1% beginning July 1, 2018. The Alliance contributed \$85,506 to the plan for the year ended June 30, 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](http://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 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 \$19,690 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$377,711 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the County's proportion was 2.280%, which was a decrease of 0.1069% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$68,587. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,329	\$ 17,240
Changes of assumptions	17,765	-
Net difference between projected and actual earnings on pension plan investments	60,204	-
Changes in proportion and differences between County contributions and proportionate share of contributions	16,321	3,500
County Contributions subsequent to the measurement date	19,690	-
	<u>\$ 117,309</u>	<u>\$ 20,740</u>

\$19,690 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, 2020. 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	\$	37,538
2020		12,249
2021		17,742
2022		9,350
2023		-
Thereafter		-

*Actuarial Assumptions.* The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 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, 2019 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 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

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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)	\$ (297,804)	\$ (377,711)	\$ (445,098)

*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.

**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, 2017, 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 for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. 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:

	LGERS	ROD	LEOSSA	TOTAL
Proportionate Share of Net Pension Liability (Asset)	\$ 18,459,668	\$ (377,711)	\$ -	\$ 18,081,957
Proportion of the Net Pension Liability (Asset)	0.778%	2.280%	-	-
Total Pension Liability	-	-	7,374,262	7,374,262
Pension Expense	5,049,029	68,587	536,607	5,654,223

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	TOTAL
<b><u>Deferred Outflows of Resources</u></b>				
Differences between expected and actual experience	\$ 2,847,888	\$ 3,329	\$ 265,245	\$ 3,116,462
Change of assumptions	4,898,483	17,765	281,059	5,197,307
Net difference between projected and actual earnings on pension plan investments	2,533,963	60,204	-	2,594,167
Changes in proportion and differences between County contributions and proportionate share of contributions	12,950	16,321	-	29,271
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,097,992	19,690	201,907	4,319,589



Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	LGERS	ROD	LEOSSA	TOTAL
<b><u>Deferred Inflows of Resources</u></b>				
Differences between expected and actual experience	95,561	17,240	98,304	211,105
Changes of assumptions	-	-	322,052	322,052
Changes in proportion and differences between County contributions and proportionate share of contributions	224,172	3,500	-	227,672

**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:

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

---

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 \$42,246,559 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2017.

*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:

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	3.56%
Measurement Date	3.89%
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.

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.

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.

### Changes in the Total OPEB Liability

Total OPEB Liability as of June 30, 2018	\$ 41,239,218
Changes for the year:	
Service Cost at the end of the year*	2,459,190
Interest on TOL and Cash Flows	1,448,147
Change in benefit terms	-
Difference between expected and actual experience	(309,710)
Changes of assumptions or other inputs	(1,458,547)
Benefits payments	(1,131,739)
Other	-
Net Changes	\$ 1,007,341
Total OPEB Liability as of June 30, 2019	\$ 42,246,559

\* 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	\$ 36,670,219	\$ 42,246,559	\$ 48,921,185

*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 3.89%, 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 (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	\$ 46,841,953	\$ 42,246,559	\$ 38,154,579

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

For the year ended June 30, 2019 the County recognized OPEB expense of \$3,449,290. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 118,730	\$ 273,864
Changes of assumptions or other inputs	-	3,151,950
Benefit payments and administrative costs made subsequent to the measurement date	1,169,563	-
Total	<u>\$ 1,288,293</u>	<u>\$ 3,425,814</u>

\$1,169,563 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows;

Measurement Period Ended  
June 30:

2019	\$ (467,232)
2020	(467,232)
2021	(467,232)
2022	(467,232)
2023	(467,232)
Thereafter	(970,924)

**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, 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 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, 2017, June 30, 2018 and June 30, 2019, the Alliance contributed .06% of annual covered payroll or \$6,354, \$7,683 and \$7,959 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 31<sup>st</sup> provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis.

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

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs are typically paid near or after the date that the

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

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 \$3,800,174 reported as landfill closure and post closure care liability at June 30, 2019 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 77% of a (C&D) only cell. This amount is based on what it would cost to perform all closure and post closure care in 2019. 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 FY 2022.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 15,032,070	\$ -
(Pensions, OPEB) - difference between expected and actual experience	3,235,192	484,969
(Pensions, OPEB) - change of assumptions	5,197,307	3,474,002
(Pensions) - Net difference between projected and actual investment earnings	2,594,167	-
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	29,271	227,672
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	4,117,682	-
Benefit payment   administrative costs paid subsequent to the measurement date (LEOSSA)	201,907	-
Benefit payment   administrative costs paid subsequent to the measurement date (OPEB)	1,169,563	-
Prepaid taxes not yet earned	-	739,983
Cannon Library Grant	-	250,000
Government-wide deferred outflows and inflows of resources	31,577,159	5,176,626
Taxes receivable, net (General)	-	1,632,961
Ambulance receivable, net (General)	-	877,674
Total	\$ 31,577,159	\$ 7,687,261

## 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 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 McGriff and Wester 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 to1is; 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 2017, 2018 and 2019.

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, 2019 is shown.

Self-Insured Workers' Compensation and Property Liability

	<u>6/30/2018</u>	<u>6/30/2019</u>
Unpaid claims, beginning of fiscal year	\$ 494,308	\$ 801,179
Incurred claims	1,554,308	2,450,534
Claims payments	<u>(1,247,437)</u>	<u>(2,568,946)</u>
Unpaid claims, end of fiscal year	<u>\$ 801,179</u>	<u>\$ 682,767</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, 2019 is shown.

Self-Insured Health Insurance

	<u>6/30/2018</u>	<u>6/30/2019</u>
Unpaid claims, beginning of fiscal year	\$ 1,543,686	\$ 1,546,798
Incurred claims	8,192,281	9,218,871
Claims payments	<u>(8,189,169)</u>	<u>(9,099,805)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,546,798</u>	<u>\$ 1,665,864</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, 2019, 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 October 28, 2016, the County, lessee, financed the acquisition of Sheriff's Department equipment at an effective interest rate of 3.27%. The last payment of \$164,715 will be made in fiscal year 2020.

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

The equipment was pledged as collateral for the 2016 lease. The Lease has events of default specified therein. An occurrence of an event of default could result in an acceleration of the then outstanding amount of the 2016 Lease. After an event of default, the collateral securing the 2016 Lease can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2016 Lease. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2016 Lease. The remedies afforded to the owners of the 2016 Lease after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2016 Lease.

On August 15, 2018, the County, lessee, financed the acquisition of equipment for the Emergency Medical Services Department at an effective interest rate of 1.65%. Annual payments of \$115,191 will be made for six years.

The equipment was pledged as collateral for the 2018 Lease. The Lease has numerous events of default specified therein. An occurrence of an event of default could result in an acceleration of the then outstanding amount of the 2018 Lease. After an event of default, the collateral securing the 2018 Lease can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2018 Lease. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2018 Lease. The remedies afforded to the owners of the 2018 Lease after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2018 Lease.

The assets acquired through capital leases are as follows:

	Governmental Activities
County owned Asset:	
Equipment	\$ 965,660
Less: Accumulated depreciation	(243,393)
Total	<u>\$ 722,267</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

Year Ending, June 30	Governmental Activities
2020	\$ 285,290
2021	115,190
2022	115,191
2023	115,191
2024 - 2028	115,190
Total Minimum lease payments	746,052
Less: amount representing interest	(32,925)
Present value of minimum lease payments	<u>\$ 713,127</u>

**b. Operating Leases**

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$1,026,237 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:



Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

Year Ending June 30,	Amount
2020	\$ 850,503
2021	797,858
2022	773,889
2023	18,260
longer than 5 years	93,119
Total	<u>\$ 2,533,630</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. The last payment of \$91,463 will be made in fiscal year 2020.

Year Ending June 30,	Amount
2020	\$ 91,463
Total	<u>\$ 91,463</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 the County. Principal and interest requirements are provided by appropriation in the year in which they become due.

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, 2019 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.	\$ 44,290,000
	<u>\$ 44,290,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2019, for the County's general obligation bonds are as follows:

Year Ending, June 30	Principal	Interest
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>\$ 44,290,000</u>	<u>\$ 7,355,363</u>

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

**1. Public Offered Debt**

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, 2019 is \$3,585,000.

The sites of the Cox Mill Elementary School, the Harris Road Middle School and the C.C. Griffin Middle School are pledged as collateral for the 2010A COPS. The Installment Financing Contract (the "2010A Contract") and the Trust Indenture relating to the 2010A COPS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2010A COPS. After an event of default, the collateral securing the 2010A COPS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2010A COPS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2010A Contract. The remedies afforded to the owners of the 2010A COPS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2010A COPS.

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, 2019, the County's trustee held principal payments of \$9,315,000 in a sinking fund; the total principal balance due at June 30, 2019 is \$14,635,000.

The site of Winecoff Elementary School was pledged as collateral for the 2011A COPS. The Installment Financing Contract (the "2011A Contract") and the Trust Indenture relating to the 2011A COPS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2011A COPS. After an event of default, the collateral securing the 2011A COPS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2011A COPS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2011A Contract. The remedies afforded to the owners of the 2011A COPS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2011A COPS.

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, 2019 is \$3,770,000.

The sites of Concord High School, JN Fries Middle School, Mt. Pleasant High School, Northwest Middle School, Central Cabarrus High School, and the Cabarrus Arena and Events Center were pledged as collateral for the 2011B LOBS. The Installment Financing Contract (the "2011B Contract") and the Trust Indenture relating to the 2011B LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2011B LOBS. After an event of default, the collateral securing the 2011B LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2011B LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2011B Contract. The remedies afforded to the owners of the 2011B LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2011B LOBS.

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, 2019 is \$9,795,000.

The sites of Kannapolis Middle School (original land), Bethel Elementary School, Shady Brook Elementary School, Fred L. Wilson Elementary School and Pitts Road Elementary School were pledged as collateral for the 2011C LOBS. The Installment Financing Contract (the "2011C Contract") and the Trust Indenture relating to the 2011C LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2011C LOBS. After an event of default, the collateral securing the 2011C LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2011C LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2011C Contract. The remedies afforded to the owners of the 2011C LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2011C LOBS.

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, 2019 is \$62,725,000.

The site of Kannapolis Middle School (additional land) was pledged as collateral for the 2016 LOBS. The Installment Financing Contract (the "2016 Contract") and the Trust Indenture relating to the 2016 LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2016 LOBS. After an event of default, the collateral securing the 2016 LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2016 LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2016 Contract. The remedies afforded to the owners of the 2016 LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2016 LOBS.

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, 2019 is \$63,135,000.

The site of West Cabarrus High School was pledged as collateral for the 2017 LOBS. The Installment Financing Contract (the "2017 Contract") and the Trust Indenture relating to the 2017 LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2017 LOBS. After an event of default, the collateral securing the 2017 LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2017 LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2017 Contract. The remedies afforded to the owners of the 2017 LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2017 LOBS.

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 12,580,000	\$ 4,936,713
2021	12,545,000	4,504,213
2022	10,745,000	4,047,963
2023	16,680,000	3,680,313
2024	9,485,000	3,005,113
2025-2029	42,785,000	10,201,788
2030-2034	35,325,000	4,436,638
2035-2038	17,500,000	530,338
	<u>\$ 157,645,000</u>	<u>\$ 35,343,079</u>

## 2. Direct Borrowing and Placement Debt

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, 2019 is \$13,765,000.

The site of the sheriff administration facility was pledged as collateral for the 2015A LOBS. The Installment Financing Contract (the "2015A Contract") and the Trust Indenture relating to the 2015A LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2015A LOBS. After an event of default, the collateral securing the 2015A LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2015A LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2015A Contract. The remedies afforded to the owners of the 2015A LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2015A LOBS.

On March 26, 2015, the Cabarrus County Development Corporation issued \$23,460,000 (2015B) Limited Obligation Bonds (LOBS) contracts to refund \$21,105,000 of the 2008A COPS issued to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. These 13-year LOBS have an interest rate of 2.49%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$28,404,338. Total remaining annual payments of principal and interest range from approximately \$863,716 to \$3,208,776. The total principal balance due at June 30, 2019 is \$22,240,000.

The site of the Cox Mill High School facility was pledged as collateral for the 2015B LOBS. The Installment Financing Contract (the "2015B Contract") and the Trust Indenture relating to the 2015B LOBS have numerous

events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2015B LOBS. After an event of default, the collateral securing the 2015B LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2015B LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2015B Contract. The remedies afforded to the owners of the 2015B LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2015B LOBS.

On March 26, 2015, the Cabarrus County Development Corporation issued \$38,295,000 (2015C) Limited Obligation Bonds (LOBS) contracts to refund \$34,025,000 of the 2008C COPS issued to fund the cost of construction of a residential tower to house County inmates and related improvements. These 14-year LOBS have an interest rate of 2.51%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$46,368,088. The total remaining annual payments of principal and interest range from approximately \$1,487,340 to \$4,583,409. The total principal balance due at June 30, 2018 is \$32,925,000.

The site of the jail housing unit facility was pledged as collateral for the 2015C LOBS. The Installment Financing Contract (the "2015C Contract") and the Trust Indenture relating to the 2015C LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2015C LOBS. After an event of default, the collateral securing the 2015C LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2015C LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2015C Contract. The remedies afforded to the owners of the 2015C LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2015C LOBS.

On March 26, 2015, the Cabarrus County Development Corporation issued \$54,435,000 (2015D) Limited Obligation Bonds (LOBS) contracts to refund \$47,300,000 of the 2009 COPS issued a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities. These 14-year LOBS have an interest rate of 2.52%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$66,336,892. Total remaining annual payments of principal and interest range from approximately \$2,096,402 to \$6,827,090. The total principal balance due at June 30, 2019 is \$51,075,000.

The sites of Patriots Elementary School, Hickory Ridge Middle School, AT Allen Elementary School and Winkler Middle School were pledged as collateral for the 2015D LOBS. The Installment Financing Contract (the "2015D Contract") and the Trust Indenture relating to the 2015D LOBS have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2015D LOBS. After an event of default, the collateral securing the 2015D LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2015D LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2015D Contract. The remedies afforded to the owners of the 2015D LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2015D LOBS.

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, 2019 is \$51,390,000.

The site of Hickory Ridge Elementary School was pledged as collateral for the 2018 LOBS. The Installment Financing Contract (the "2018 Contract") and the Trust Indenture relating to the 2018 LOBS have numerous

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding 2018 LOBS. After an event of default, the collateral securing the 2018 LOBS can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2018 LOBS. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2018 Contract. The remedies afforded to the owners of the 2018 LOBS after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2018 LOBS.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2019, for the County's Certificates of Participation/Limited Obligation Bonds are as follows:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2020	\$ 16,930,000	\$ 4,562,286
2021	16,700,000	4,121,946
2022	16,465,000	3,687,346
2023	16,235,000	3,258,611
2024	15,985,000	2,835,600
2025-2029	69,480,000	8,096,206
2030-2034	10,900,000	2,324,100
2035-2038	8,700,000	663,376
	<u>\$ 171,395,000</u>	<u>\$ 29,549,471</u>

**f. Installment Financing**

On December 18, 2008, the County 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.

The site of the park was pledged as collateral for the 2008 Agreement. The Installment Purchasing Agreement (the "2008 Agreement") relating to the 2008 Agreement has numerous events of default specified therein. An occurrence of an event of default could result in an acceleration of the then outstanding amount of the 2008 Agreement. After an event of default, the collateral securing the 2008 Agreement can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2008 Agreement. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2008 Agreement. The remedies afforded to the owners of the 2008 Agreement after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2008 Agreement.

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%. The equipment was pledged as collateral for the 2016 Agreement. The Financing Agreement for the 2016 financing has numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding amount of the 2016 Agreement. After an event of default, the collateral securing the 2016 Agreement can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2016 Agreement. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2016 Agreement. The remedies afforded to the owners of the 2016 Agreement after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2016 Agreement.

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

---

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

The property was pledged as collateral for the 2017 Contract. The Purchase and sale contract for the 2017 Contract has numerous events of default specified therein. An occurrence of an event of default could result in an acceleration of the then outstanding amount of the 2017 Contract. After an event of default, the collateral securing the 2017 Contract can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2017 Contract. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2017 Contract. The remedies afforded to the owners of the 2017 Contract after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2017 Contract.

On May 1, 2018, the County 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 property was pledged as collateral for the 2018 Contract. The Purchase contract and seller financing agreement for the 2018 Contract have numerous events of default specified therein. An occurrence of an event of default under either could result in an acceleration of the then outstanding amount of the 2018 Contract. After an event of default, the collateral securing the 2018 Contract can be foreclosed upon, sold in a foreclosure sale and the foreclosure proceeds applied to the payment of the amounts due to the owners of the 2018 Contract. However, under current North Carolina law, no deficiency judgment may be rendered against the County for breach of any obligation under the 2018 Contract. The remedies afforded to the owners of the 2018 Contract after an event of default are limited to those of a secured party under the laws of the State of North Carolina, including foreclosing on the collateral securing the 2018 Contract.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2019, for the County's installment financing are as follows:

Year Ending, June 30	Governmental Activities	
	Principal	Interest
2020	\$ 506,395	\$ 114,531
2021	511,019	103,707
2022	176,043	92,720
2023	101,443	88,557
2024	105,500	84,500
2025 - 2029	594,279	355,721
2030 - 2034	723,032	226,968
2035 - 2038	689,682	70,320
	<u>\$ 3,407,393</u>	<u>\$ 1,137,024</u>

**Debt related to Capital Activities** – Of the total Governmental Activities debt listed, only \$63,823,188 relates to assets for which the County holds title. Restricted cash related to this debt amounts to \$74,336.

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

**g. 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, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 50,670,000	\$ -	\$ 6,380,000	\$ 44,290,000	\$ 6,425,000
Plus: Premiums on issuance	6,790,041	-	761,500	6,028,541	-
Total General obligation bonds	<u>57,460,041</u>	<u>-</u>	<u>7,141,500</u>	<u>50,318,541</u>	<u>6,425,000</u>
 Certificates of Participation/ Limited Obligation Bonds	178,765,000	-	21,120,000	157,645,000	12,580,000
Direct borrowings and direct placements	181,320,000		9,925,000	171,395,000	16,930,000
Plus: Premiums on issuance	20,641,387	-	1,778,648	18,862,739	-
Total Certificates of Participation/ Limited Obligation Bonds	<u>380,726,387</u>	<u>-</u>	<u>32,823,648</u>	<u>347,902,739</u>	<u>29,510,000</u>
 Notes payable	182,928	-	91,465	91,463	91,463
Capital leases	334,814	652,796	274,483	713,127	270,825
Installment financing	3,909,320	-	501,927	3,407,393	506,395
Compensated absences	4,064,781	3,011,173	2,762,325	4,313,629	3,019,540
Net Pension liability (LGERS)	11,716,635	6,672,886	-	18,389,521	-
Net Pension liability (LEOSSA)	7,160,865	213,397	-	7,374,262	-
Other postemployment benefits	41,082,509	1,003,513	-	42,086,022	-
Total governmental activities	<u>\$ 506,638,280</u>	<u>\$ 11,553,765</u>	<u>\$ 43,595,348</u>	<u>\$ 474,596,697</u>	<u>\$ 39,823,223</u>

	Balance July 1, 2018	Increases	Decreases	Balance July 1, 2019	Due Within One Year
<b>Business-type activities</b>					
Compensated absences	\$ 17,315	\$ 10,248	\$ 8,260	\$ 19,303	\$ 15,923
Net pension liability (LGERS)	44,693	25,454	-	70,147	-
Other postemployment benefits	156,709	3,828	-	160,537	-
Landfill Closure/Post-Closure	3,878,861	-	78,687	3,800,174	78,000
Total business-type activities	<u>\$ 4,097,578</u>	<u>\$ 39,530</u>	<u>\$ 86,947</u>	<u>\$ 4,050,161</u>	<u>\$ 93,923</u>



Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

	Balance July 1, 2018 (as restated)	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Discretely presented component unit:					
Compensated absences	\$ 636,700	\$ 650,920	\$ 748,948	\$ 538,672	\$ 527,899
OPEB Obligation	1,788,629	105,184	144,553	1,749,260	-
Total discretely presented component unit	<u>\$ 2,425,329</u>	<u>\$ 756,104</u>	<u>\$ 893,501</u>	<u>\$ 2,287,932</u>	<u>\$ 527,899</u>

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.

#### h. 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, 2019, there were no industrial revenue bonds outstanding.

#### C. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

#### The composition of interfund balances as of June 30, 2019 is as follows:

Transfers to/from other funds at June 30, 2019 consists of the following:

From the General Fund to the Construction and Renovations Capital Projects Fund for operations center, Sheriff Admin roof repairs, Fire Station #10, and to purchase jail cameras	\$ 776,497
From the General Fund to the Cabarrus Arena and Events Center Special Revenue Fund for the operations of the facility	832,993

Cabarrus County, North Carolina  
Notes to the Financial Statements  
For the Year Ended June 30, 2019

---

From the General Fund to the Capital Reserve Fund to fulfill the 15% Fund Balance policy	12,303,742
From the Internal Service - Workers' Comp Liability Fund to the General Fund for vehicle replacement, repairs to Sheriff Admin Building and fire damage at courthouse	201,684
From the Public School Building Capital Projects Fund to the General Fund for debt service payments	2,000,000
From the Capital Reserve Capital Projects Fund to the Construction and Renovations Capital Projects Fund for arena lighting and control system replacement, chiller replacement, Midland Library, playground equipment, EMS headquarters, radio system ethernet, and courthouse expansion	13,090,000
From the Capital Reserve Capital Projects Fund to School Construction Capital Projects Fund for new middle school, school buses, and mobile units for schools	3,520,000
From the Capital Reserve Capital projects Fund to the LOBS 2017 Capital Projects Fund for West Cabarrus High School furniture and technology	2,560,750
From the Capital Reserve Capital Projects Fund to the LOBS 2018 Capital Projects Fund for RCCC Advanced Technology Center engineering, furniture and equipment, and Hickory Ridge Elementary School	3,536,545
From the Small Projects Capital Projects Fund to Construction and Renovations Capital Projects Fund for eastern Cabarrus land, Camp Spencer vending machine building, and water line replacement at Frank Liske Park	1,785,000
From the School Construction Debt Capital Projects Fund to the General Fund for debt service payments	2,028
From the School Construction Debt Capital Projects Fund to the Capital Reserve Capital Projects Fund for completed projects	1,750,700
From the School Construction Debt Capital Projects Fund to the School Construction Capital Projects Fund for new middle school	23,246
From the LOBS 2017 Capital Projects Fund to the Construction and Renovations Capital Projects Fund for the purchase of property for operations center	2,141,264
From the LOBS 2017 Capital Projects Fund to the School Construction Capital Projects Fund for new middle school	1,340,296
From the LOBS 2017 Capital Projects Fund to the General Fund for debt service payments	2,360
From the LOBS 2018 Capital Projects Fund to the General Fund for debt service payments	369
From the LOBS 2018 Capital Projects Fund to the School Construction Capital Projects Fund for new middle school	528,958
From the Public School Building Capital Projects Fund to the School Construction Capital Projects Fund for the purchase of mobile units for schools	50,000
From the Public School Building Capital Projects Fund to LOBS 2017 Capital Projects Fund for West Cabarrus High School	500,000
	<u>\$ 46,946,432</u>

#### D. Net Investment in Capital Assets

Governmental Activity, net investment in capital assets at June 30, 2019, are computed as follows:

Capital assets, net of accumulated depreciation		\$	207,303,364
Deferred outflows of resources			15,032,070
Less: capital debt			
Gross debt	\$	(402,433,263)	
School debt related to assets to which the County does not capitalize		338,535,739	
Unspent debt proceeds, non school related debt		<u>74,336</u>	(63,823,188)
Deferred outflows related to school debt			<u>(10,928,181)</u>
Net investment in capital assets		\$	<u>147,584,065</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, 2019 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, 2019 the balance of the County's ADM allocation account was \$3,434.

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, 2019 the Lottery fund had a disbursing account balance of \$2,871,184.

#### 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, 2019 the self-insured hospitalization / dental internal service fund had an unrestricted net position of \$4,381,278. 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, 2019 the workers' compensation / property liability internal service fund had a net position of \$5,621,219. 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.

### **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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$506,716 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 4855 Milestone Ave, Kannapolis, NC 28081.

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, Limited Obligation Bonds and Capital Leases to provide financing for new and restructured facilities. Of the 2013 Refunding General Obligation bonds issued, \$1,660,115 in debt is still outstanding. Of the 2018 Limited Obligation bond issued, \$15,140,000 in debt is still outstanding. Of the 2018 Capital Lease, \$620,000 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 \$2,930,215 to the community college for operating purposes and \$15,475,466 for capital outlay during the fiscal year ended June 30, 2019. In addition, the County made combined debt service principal payments of \$1,403,927 during the fiscal year on general obligation bonds, limited obligation bonds and capital leases 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, 2019. 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, 2019, occupancy taxes totaling \$5,140,688, 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, 2019. 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, 2019, \$1,261,741 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 \$55,359 to the Council during the fiscal year ended June 30, 2019. The County was the sub recipient of grants totaling \$846,927 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council.

**Note. 5 Effects of Adverse Event**

In December 2018, the County experienced an incident where an electronic funds transfer of \$2,504,601 intended as payment to an education construction vendor was erroneously sent to someone posed as a vendor. The County recovered \$851,518 through insurance and legal recourse. At June 30, 2019, the net expenditure of \$1,653,083 is included in education expenditures in the Limited Obligation Bonds 2017 Capital Projects Fund. On July 29, 2019, the Board of Commissioners approved a General Fund \$1,653,083 appropriation of fund balance to reimburse the Limited Obligation Bonds 2017 Capital Projects Fund.

# Required Supplemental Financial Data

---

This section contains additional information on the Local Government Employees' Retirement Plan, the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits-Retiree Health Plan as of June 30, 2019.

---

**TOTAL OPEB LIABILITY**

	2019	2018
Service Cost at the end of the year	\$ 2,459,190	\$ 2,650,570
Interest	1,448,147	1,215,771
Change in benefit terms	-	-
Difference between expected and actual experience	(309,710)	154,492
Changes of assumptions or other inputs	(1,458,547)	(2,423,124)
Benefits payments	(1,131,739)	(1,488,105)
<b>Net change in Total OPEB Liability</b>	<b>1,007,341</b>	<b>109,604</b>
<b>Total OPEB Liability - beginning</b>	<b>\$ 41,239,218</b>	<b>\$ 41,129,614</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 42,246,559</b>	<b>\$ 41,239,218</b>
 <b>Covered-employee payroll</b>	 <b>\$ 44,146,565</b>	 <b>\$ 44,146,565</b>
<b>Total OPEB Liability as a percentage of covered-employee payroll</b>	<b>95.70%</b>	<b>93.41%</b>

**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:

Fiscal Year	Rate
2019	3.89%
2018	3.56%

Cabarrus County, North Carolina  
Schedule of the County's Proportionate Share of the  
Net Pension Liability (Asset)  
Local Governmental Employee's Retirement System  
Last Six Fiscal Years (1), (2)

Exhibit 11

	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	0.778%	0.770%	0.778%	0.724%	0.740%	0.741%
County's proportionate share of the net pension liability (asset) \$	18,459,668	11,761,328	16,504,338	3,247,518	(4,362,472)	8,935,512
County's covered payroll	47,754,726	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	38.66%	25.26%	38.81%	8.12%	(10.94%)	23.34%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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



Cabarrus County, North Carolina  
Schedule of County Contributions  
Local Governmental Employee's Retirement System  
Last Six Fiscal Years (1)

Exhibit 12

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 4,097,992	\$ 3,674,201	\$ 3,472,475	\$ 2,903,772	\$ 2,855,518	\$ 2,836,414
Contributions in relation to the contractually required contribution	<u>4,097,992</u>	<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>	<u>\$ -</u>
County's covered payroll	\$ 51,620,898	\$ 47,754,726	\$ 46,557,398	\$ 42,520,688	\$ 39,999,294	\$ 39,888,050
Contributions as a percentage of covered-employee payroll	7.94%	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 Six Fiscal Years (1), (2)

---

Exhibit 13

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.280%	2.387%	2.399%	2.267%	2.143%	2.163%
County's proportionate share of the net pension liability (asset) \$	\$(377,711)	\$(407,500)	\$(448,487)	\$ (525,183)	\$(485,686)	\$(462,104)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

Cabarrus County, North Carolina  
Schedule of County Contributions  
Register of Deed's Supplemental Pension Fund  
Last Six Fiscal Years (1)

Exhibit 14

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,690	\$ 19,516	\$ 20,743	\$ 19,597	\$ 18,134	\$ 17,494
Contributions in relation to the contractually required contribution	<u>19,690</u>	<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>	<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, 2019

Exhibit 15

	2019	2018	2017
Beginning balance	\$ 7,160,865	\$ 6,676,726	\$ 6,532,773
Service Cost	289,280	249,707	283,709
Interest on the total pension liability	220,996	252,149	229,563
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	319,266	(145,794)	-
Changes of assumption or other inputs	(281,484)	416,835	(164,444)
Benefits payments	(334,661)	(288,758)	(204,875)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 7,374,262</u>	<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, 2019

Exhibit 16

---

	2019	2018	2017
Total pension liability	\$ 7,374,262	\$ 7,160,865	\$ 6,676,726
Covered payroll	9,482,279	9,441,196	10,335,413
Total pension liability as a percentage of covered payroll	77.77%	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, 2019

	Special Revenue Funds						Total Non-major 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	
Cash and cash equivalents	\$ 629,074	\$ 7,997	\$ 1,753,135	\$ 14,688	\$ 166,359	\$ 145,242	\$ 2,716,495
Accounts receivable	59,097	-	151,897	-	-	-	210,994
Interest receivable	329	-	985	-	89	79	1,482
Due from other governments	-	-	-	43,414	-	-	43,414
Prepaid items	-	-	17,812	-	-	-	17,812
Restricted cash	-	-	51,695	-	-	-	51,695
Total assets	<u>\$ 688,500</u>	<u>\$ 7,997</u>	<u>\$ 1,975,524</u>	<u>\$ 58,102</u>	<u>\$ 166,448</u>	<u>\$ 145,321</u>	<u>\$ 3,041,892</u>
Accounts payable and accrued liabilities	<u>\$ 174,809</u>	<u>\$ -</u>	<u>\$ 116,166</u>	<u>\$ 58,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 349,077</u>
Total liabilities	<u>174,809</u>	<u>-</u>	<u>116,166</u>	<u>58,102</u>	<u>-</u>	<u>-</u>	<u>349,077</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nonspendable							
Prepaid items	-	-	17,812	-	-	-	17,812
Restricted							
Stabilization by State statute	59,426	-	152,882	43,414	89	79	255,890
Register of Deeds Automation & Enhancement	-	-	-	-	-	-	-
Emergency Telephone 911	454,265	-	-	-	-	-	454,265
Sheriff & State Safety Programs	-	-	-	-	152,204	-	152,204
Community Development programs	-	7,997	-	-	-	-	7,997
Soil and Water Programs	-	-	-	-	-	-	-
Cabarrus Arena and Events Center	-	-	51,695	-	-	-	51,695
Library grants	-	-	-	-	-	-	-
Committed							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	14,155	-	14,155
Economic and physical development	-	-	-	-	-	-	-
Human services	-	-	-	-	-	145,242	145,242
Education	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Assigned							
General government	-	-	-	-	-	-	-
Culture and recreation	-	-	1,636,969	-	-	-	1,636,969
Unassigned	-	-	-	(43,414)	-	-	(43,414)
Total fund balances	<u>513,691</u>	<u>7,997</u>	<u>1,859,358</u>	<u>-</u>	<u>166,448</u>	<u>145,321</u>	<u>2,692,815</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 688,500</u>	<u>\$ 7,997</u>	<u>\$ 1,975,524</u>	<u>\$ 58,102</u>	<u>\$ 166,448</u>	<u>\$ 145,321</u>	<u>\$ 3,041,892</u>

Construction and Renovation Fund	School Construction Fund	School Construction Debt Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	Total Non-major Governmental Funds
\$ 17,203,074	\$ 6,005,352	\$ 434,765	\$ 9,113,808	\$ 1,543,433	\$ 24,970	\$ 34,325,402	\$ 37,041,897
3,222	-	-	25,064	-	-	28,286	239,280
-	-	-	5,001	1,496	15	6,512	7,994
-	-	-	-	-	-	-	43,414
-	-	-	-	-	-	-	17,812
-	-	1,988	-	391,557	-	393,545	445,240
<u>\$ 17,206,296</u>	<u>\$ 6,005,352</u>	<u>\$ 436,753</u>	<u>\$ 9,143,873</u>	<u>\$ 1,936,486</u>	<u>\$ 24,985</u>	<u>\$ 34,753,745</u>	<u>\$ 37,795,637</u>
\$ 478,922	\$ 137,581	\$ 91,975	\$ -	\$ 47,572	\$ 219	\$ 756,269	\$ 1,105,346
478,922	137,581	91,975	-	47,572	219	756,269	1,105,346
-	-	-	-	235,246	-	235,246	235,246
-	-	-	-	-	-	-	17,812
8,797,364	-	-	30,065	1,496	15	8,828,940	9,084,830
-	-	-	-	388,332	-	388,332	388,332
-	-	-	-	-	-	-	454,265
-	-	-	-	-	-	-	152,204
-	-	-	-	-	-	-	7,997
-	-	-	-	3,225	-	3,225	3,225
-	-	-	-	-	-	-	51,695
-	-	-	-	-	24,751	24,751	24,751
411,047	-	-	2,869,154	620	-	3,280,821	3,280,821
3,709,587	-	-	1,820,000	-	-	5,529,587	5,543,742
17,882	-	-	-	1,259,995	-	1,277,877	1,277,877
-	-	-	-	-	-	-	145,242
-	5,867,771	344,778	2,547,989	-	-	8,760,538	8,760,538
3,791,494	-	-	1,858,269	-	-	5,649,763	5,649,763
-	-	-	18,396	-	-	18,396	18,396
-	-	-	-	-	-	-	1,636,969
-	-	-	-	-	-	-	(43,414)
<u>16,727,374</u>	<u>5,867,771</u>	<u>344,778</u>	<u>9,143,873</u>	<u>1,653,668</u>	<u>24,766</u>	<u>33,762,230</u>	<u>36,455,045</u>
<u>\$ 17,206,296</u>	<u>\$ 6,005,352</u>	<u>\$ 436,753</u>	<u>\$ 9,143,873</u>	<u>\$ 1,936,486</u>	<u>\$ 24,985</u>	<u>\$ 34,753,745</u>	<u>\$ 37,795,637</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, 2019

	Special Revenue Funds						Total Non-major 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	
<b>REVENUES</b>							
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 4,734,067	\$ -	\$ -	\$ 4,734,067
Restricted Intergovernmental	709,164	192,347	-	-	37,553	-	939,064
Intergovernmental - Lottery	-	-	-	-	-	-	-
Program fees	-	37,295	350,287	-	2,598	-	390,180
Investment earnings	13,680	-	41,881	-	3,660	3,513	62,734
Donations	-	-	285,594	-	-	250	285,844
Miscellaneous	-	-	12,306	-	-	-	12,306
 Total revenues	 722,844	 229,642	 690,068	 4,734,067	 43,811	 3,763	 6,424,195
<b>EXPENDITURES</b>							
General Government	-	-	-	-	-	-	-
Public Safety	498,616	-	-	4,734,067	3,904	-	5,236,587
Economic and Physical Development	-	292,011	-	-	-	-	292,011
Environmental Protection	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-
Culture and Recreation	-	-	1,209,814	-	-	-	1,209,814
Capital Outlay	150,130	-	-	-	-	-	150,130
Debt Service:							
Principal Interest	56,213	-	-	-	-	-	56,213
Interest and fees	3,313	-	-	-	-	-	3,313
 Total expenditures	 708,272	 292,011	 1,209,814	 4,734,067	 3,904	 -	 6,948,068
 Excess (deficiency) of revenues over (under) expenditures	 14,572	 (62,369)	 (519,746)	 -	 39,907	 3,763	 (523,873)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfer in	-	-	832,993	-	-	-	832,993
Transfer (out)	-	-	-	-	-	-	-
 Total other financing sources (uses):	 -	 -	 832,993	 -	 -	 -	 832,993
 Net change in fund balances	 14,572	 (62,369)	 313,247	 -	 39,907	 3,763	 309,120
 Fund balance, July 1	 499,119	 70,366	 1,546,111	 -	 126,541	 141,558	 2,383,695
 Fund balance, June 30	 \$ 513,691	 \$ 7,997	 \$ 1,859,358	 \$ -	 \$ 166,448	 \$ 145,321	 \$ 2,692,815

---

**Capital Projects Funds**


---

Public School Building Fund	Construction and Renovations Fund	School Construction Fund	School Construction Debt Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	Total Non-major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 602,806	\$ -	\$ 602,806	\$ 5,336,873
-	-	-	-	3,000,000	119,928	-	3,119,928	4,058,992
2,500,000	-	-	-	-	-	-	2,500,000	2,500,000
-	100,391	-	-	-	1,304	-	101,695	491,875
-	-	-	36,162	271,258	73,503	1,913	382,836	445,570
-	31,000	-	-	285,594	-	-	316,594	602,438
-	589,024	-	-	-	-	-	589,024	601,330
<u>2,500,000</u>	<u>720,415</u>	<u>-</u>	<u>36,162</u>	<u>3,556,852</u>	<u>797,541</u>	<u>1,913</u>	<u>7,612,883</u>	<u>14,037,078</u>
-	78,750	-	-	-	92,396	-	171,146	171,146
-	221,947	-	-	-	-	-	221,947	5,458,534
-	-	-	-	-	-	-	-	292,011
-	-	-	-	-	833,335	-	833,335	833,335
-	-	694,679	2,657,200	-	-	-	3,351,879	3,351,879
-	112,814	-	-	-	-	97,171	209,985	1,419,799
-	6,510,229	-	-	-	-	-	6,510,229	6,660,359
-	-	-	-	-	-	-	-	56,213
-	-	-	-	-	-	-	-	3,313
<u>-</u>	<u>6,923,740</u>	<u>694,679</u>	<u>2,657,200</u>	<u>-</u>	<u>925,731</u>	<u>97,171</u>	<u>11,298,521</u>	<u>18,246,589</u>
<u>2,500,000</u>	<u>(6,203,325)</u>	<u>(694,679)</u>	<u>(2,621,038)</u>	<u>3,556,852</u>	<u>(128,190)</u>	<u>(95,258)</u>	<u>(3,685,638)</u>	<u>(4,209,511)</u>
-	17,792,761	5,462,500	-	14,054,442	-	-	37,309,703	38,142,696
(2,550,000)	-	-	(1,775,974)	(22,707,295)	(1,785,000)	-	(28,818,269)	(28,818,269)
<u>(2,550,000)</u>	<u>17,792,761</u>	<u>5,462,500</u>	<u>(1,775,974)</u>	<u>(8,652,853)</u>	<u>(1,785,000)</u>	<u>-</u>	<u>8,491,434</u>	<u>9,324,427</u>
(50,000)	11,589,436	4,767,821	(4,397,012)	(5,096,001)	(1,913,190)	(95,258)	4,805,796	5,114,916
50,000	5,137,938	1,099,950	4,741,790	14,239,874	3,566,858	120,024	28,956,434	31,340,129
<u>\$ -</u>	<u>\$ 16,727,374</u>	<u>\$ 5,867,771</u>	<u>\$ 344,778</u>	<u>\$ 9,143,873</u>	<u>\$ 1,653,668</u>	<u>\$ 24,766</u>	<u>\$ 33,762,230</u>	<u>\$ 36,455,045</u>



# 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, 2019

Schedule 3

	<b>Actual</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
Restricted intergovernmental:			
NC 911 fees	\$ 709,242	\$ 709,164	\$ (78)
Local contributions	80,122	-	(80,122)
Investment earnings	1,500	13,680	12,180
Total revenues	<u>790,864</u>	<u>722,844</u>	<u>(68,020)</u>
<b>EXPENDITURES</b>			
Public Safety:			
Operations	715,096	498,616	216,480
Capital Outlay	167,242	150,130	17,112
Debt service:			
Principal	56,213	56,213	-
Interest	3,313	3,313	-
Total expenditures	<u>941,864</u>	<u>708,272</u>	<u>233,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(151,000)</u>	<u>14,572</u>	<u>165,572</u>
Appropriated fund balance	<u>151,000</u>	<u>-</u>	<u>(151,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>14,572</u>	<u>\$ 14,572</u>
 Fund balance, July 1		<u>499,119</u>	
Fund balance, June 30		<u>\$ 513,691</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, 2019

Schedule 4

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
<b>Restricted intergovernmental:</b>				
CDBG program fees	\$ 42,352	\$ 42,352	\$ -	\$ 42,352
HOME Consortium Grants	294,300	98,411	192,347	290,758
HOME program revenues	44,495	7,200	37,295	44,495
Total Revenues	<u>381,147</u>	<u>147,963</u>	<u>229,642</u>	<u>377,605</u>
<b>EXPENDITURES</b>				
Economic and physical development:				
CDBG:				
Sub-contractor construction	42,021	28,402	4,910	33,312
Total CDBG	<u>42,021</u>	<u>28,402</u>	<u>4,910</u>	<u>33,312</u>
HOME Consortium:				
Consultants	17,006	6,104	8,073	14,177
Sub-contractor construction	397,120	118,091	279,028	397,119
Total HOME consortium	<u>414,126</u>	<u>124,195</u>	<u>287,101</u>	<u>411,296</u>
Total expenditures	<u>456,147</u>	<u>152,597</u>	<u>292,011</u>	<u>444,608</u>
Revenues over (under) expenditures	<u>(75,000)</u>	<u>(4,634)</u>	<u>(62,369)</u>	<u>(67,003)</u>
<b>OTHER FINANCING SOURCES</b>				
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>\$ 70,366</u>	<u>(62,369)</u>	<u>\$ 7,997</u>
Fund balance, July 1			<u>70,366</u>	
Fund balance, June 30			<u>\$ 7,997</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, 2019

Schedule 5

	<b>Actual</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>			
<b>Arena and Events Center:</b>			
Donations - Cabarrus Visitors Bureau	\$ 270,000	\$ 275,594	\$ 5,594
Investment earnings	-	16	16
Total Arena and Events Center	270,000	275,610	5,610
<b>County Fair:</b>			
Program fees	594,000	350,287	(243,713)
Investment earnings	4,156	41,865	37,709
Miscellaneous	17,000	12,306	(4,694)
Total County Fair	615,156	404,458	(210,698)
<b>Visitor Related Events:</b>			
Donations - Cabarrus Visitors Bureau	10,000	10,000	-
Total Visitor Related Events	10,000	10,000	-
Total revenues	895,156	690,068	(205,088)
<b>EXPENDITURES</b>			
Cultural and recreational:			
<b>Arena and Events Center</b>			
Management Company	772,000	473,166	298,834
Capital Outlay	-	-	-
Other operating expenses	330,993	250,148	80,845
Total Arena & Events Center	1,102,993	723,314	379,679
<b>County Fair:</b>			
Salaries and employee benefits	139,080	122,669	16,411
Other operating expenses	476,076	353,831	122,245
Total County Fair	615,156	476,500	138,656
<b>Visitor Related Events:</b>			
Total Visitor Related Events	10,000	10,000	-
Total expenditures	1,728,149	1,209,814	518,335
Revenues over (under) expenditures	(832,993)	(519,746)	313,247
<b>OTHER FINANCING SOURCES</b>			
Transfer in - General Fund	832,993	832,993	-
Fund Balance Appropriated	-	-	-
Total other financing sources	832,993	832,993	-
Net change in fund balance	\$ -	313,247	\$ 313,247
Fund balance, July 1		1,546,111	
Fund balance, June 30		\$ 1,859,358	

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, 2019

Schedule 6

	<b>Actual</b>	
	<b>Budget</b>	<b>Variance Positive (Negative)</b>
<b>REVENUES</b>		
Ad Valorem Taxes	\$ 4,772,362	\$ (38,295)
<b>EXPENDITURES</b>		
Public Safety	4,772,362	38,295
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, 2019

Schedule 7

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Federal Forfeiture Sharing	\$ 97,931	\$ 97,931	\$ -	\$ 97,931
Federal Forfeiture Sharing -Treasury	257,611	257,611	-	257,611
NC Substance Control Tax	428,658	396,971	37,553	434,524
Firing Range fees	32,012	29,413	2,598	32,011
Investment earnings:				
Federal Forfeiture sharing	7,395	7,127	435	7,562
Federal Forf sharing-Treasury	11,844	11,172	1,111	12,283
NC Substance Control Tax	56,716	55,518	1,939	57,457
Firing Range	581	460	175	635
Total revenues	<u>892,748</u>	<u>856,203</u>	<u>43,811</u>	<u>900,014</u>
<b>EXPENDITURES</b>				
Public Safety	648,198	449,034	3,904	452,938
Capital Outlay:				
Equipment	153,701	153,701	-	153,701
Vehicles	268,300	304,378	-	304,378
Total expenditures	<u>1,070,199</u>	<u>907,113</u>	<u>3,904</u>	<u>911,017</u>
Revenues (under) expenditures	<u>(177,451)</u>	<u>(50,910)</u>	<u>39,907</u>	<u>11,003</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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>\$ 126,541</u>	39,907	<u>\$ 166,448</u>
Fund balance, July 1			<u>126,541</u>	
Fund balance, June 30			<u>\$ 166,448</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, 2019

Schedule 8

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Contributions and private donations	\$ 195,118	\$ 194,127	\$ 250	\$ 194,377
Investment earnings	19,165	16,901	3,513	20,414
Total revenues	214,283	211,028	3,763	214,791
<b>EXPENDITURES</b>				
Human Services:				
Special Projects	214,283	69,470	-	69,470
Total expenditures	214,283	69,470	-	69,470
Net change in fund balance	\$ -	\$ 141,558	3,763	\$ 145,321
Fund balance, July 1			141,558	
Fund balance, June 30			\$ 145,321	

# 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.

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

**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.

## Public School Building Capital Projects Fund

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

From Inception and for the Year Ended June 30, 2019

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Intergovernmental				
Lottery Proceeds: State	\$ 8,150,000	\$ 5,650,000	\$ 2,500,000	\$ 8,150,000
Lottery Proceeds: Rowan County	300,000	-	-	-
Total revenues	8,450,000	5,650,000	2,500,000	8,150,000
<b>EXPENDITURES</b>				
Capital outlay - education:				
Rowan County projects	300,000	-	-	-
Total expenditures	300,000	-	-	-
Revenues over expenditures	8,150,000	5,650,000	2,500,000	8,150,000
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer (out) - General Fund	(6,000,000)	(4,000,000)	(2,000,000)	(6,000,000)
Transfer (out) - School Construction - CPF	(1,650,000)	(1,600,000)	(50,000)	(1,650,000)
Transfer (out) - LOBS 2017 - CPF	(500,000)	-	(500,000)	(500,000)
Total other financing sources (uses)	(8,150,000)	(5,600,000)	(2,550,000)	(8,150,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ 50,000</u>	(50,000)	<u>\$ -</u>
Fund balance, July 1			50,000	
Fund balance, June 30			<u>\$ -</u>	

Cabarrus County, North Carolina  
Construction and Renovations Capital Projects Fund  
Balances - Budget and Actual  
From Inception and for the Year Ended June 30, 2019

Schedule 10

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Contributions and private donations	\$ 148,035	\$ 117,036	\$ 31,000	\$ 148,036
Rental Fees	945,978	742,922	100,391	843,313
Sale of capital assets	1,012,442	423,417	589,024	1,012,441
PARTF Project Grant	350,000	350,000	-	350,000
Total revenues	2,456,455	1,633,375	720,415	2,353,790
<b>EXPENDITURES</b>				
<b>Improvement</b>				
General Government	629,488	243,100	78,750	321,850
Public Safety	1,883,280	802,275	221,947	1,024,222
Economic & Physical Development	100,000	-	-	-
Culture & Recreation	2,648,892	61,428	112,814	174,242
Education	1,244,001	1,244,001	-	1,244,001
Total Improvements	6,505,661	2,350,804	413,511	2,764,315
<b>Capital outlay</b>	29,572,215	9,973,293	6,510,229	16,483,522
Total expenditures	36,077,876	12,324,097	6,923,740	19,247,837
Revenues (under) expenditures	(33,621,421)	(10,690,722)	(6,203,325)	(16,894,047)
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Lease	4,596,394	4,596,394	-	4,596,394
Transfer in - General Fund	5,280,217	4,503,720	776,497	5,280,217
Transfer in - Capital Reserve Fund	19,818,546	6,728,546	13,090,000	19,818,546
Transfer in - LOBS 2017 Fund	2,141,264	-	2,141,264	2,141,264
Transfer in - Small Projects Fund	1,785,000	-	1,785,000	1,785,000
Total other financing sources	33,621,421	15,828,660	17,792,761	33,621,421
Net change in fund balance	\$ -	\$ 5,137,938	11,589,436	\$ 16,727,374
Fund balance, July 1			5,137,938	
Fund balance, June 30			\$ 16,727,374	

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, 2019

Schedule 11

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Education				
Other Improvements - Available	69,621	-	-	-
New Middle School	2,132,500	-	-	-
Multiple Schools Site Development	3,322,000	27,800	144,439	172,239
Carver Elementary School	1,617,288	1,430,513	186,775	1,617,288
RCCC Cabarrus Business Technical Center	389,021	252,490	136,531	389,021
Cox Mill Elementary School	23,537	21,990	1,547	23,537
Patriots Elementary School	122,100	122,100	-	122,100
JN Fries Middle School	300,000	58,724	222,987	281,711
AL Brown High School	500,000	-	2,400	2,400
Total expenditures	<u>8,476,067</u>	<u>1,913,617</u>	<u>694,679</u>	<u>2,608,296</u>
Revenues (under) expenditures	<u>(8,476,067)</u>	<u>(1,913,617)</u>	<u>(694,679)</u>	<u>(2,608,296)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfer in - Capital Projects Fund	4,055	4,055	-	4,055
Transfer in - School Debt Fund	23,246	-	23,246	23,246
Transfer in - LOBS 2017 Fund	1,340,296	-	1,340,296	1,340,296
Transfer in - LOBS 2018 Fund	528,958	-	528,958	528,958
Transfer in - Public School Building Fund	50,000	-	50,000	50,000
Transfer in - General Fund	49,047	49,047	-	49,047
Transfer in - Capital Reserve Fund	6,480,465	2,960,465	3,520,000	6,480,465
Total other financing sources	<u>8,476,067</u>	<u>3,013,567</u>	<u>5,462,500</u>	<u>8,476,067</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,099,950</u>	4,767,821	<u>\$ 5,867,771</u>
Fund balance, July 1			<u>1,099,950</u>	
Fund balance, June 30			<u>\$ 5,867,771</u>	



Cabarrus County, North Carolina  
School Construction Debt Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual  
From Inception and for the Fiscal Year Ended June 30, 2019

Schedule 12

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Interest on Investments	\$ 500,956	\$ 464,802	\$ 36,162	\$ 500,964
Total revenues	500,956	464,802	36,162	500,964
<b>EXPENDITURES</b>				
Education				
Royal Oaks Elementary School	23,835,178	21,528,004	2,307,174	23,835,178
Mt. Pleasant Middle School	33,374,308	33,374,307	-	33,374,307
Kannapolis Middle School	41,776,823	41,082,028	350,026	41,432,054
Legal Fees	740,370	740,370	-	740,370
Total expenditures	99,726,679	96,724,709	2,657,200	99,381,909
Revenues (under) expenditures	(99,225,723)	(96,259,907)	(2,621,038)	(98,880,945)
<b>OTHER FINANCING SOURCES (USES)</b>				
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 Fund	1,600,000	1,600,000	-	1,600,000
Transfer in - Capital Reserve Fund	13,121,802	13,121,802	-	13,121,802
Transfer in - General Fund	1,336,500	1,336,500	-	1,336,500
Transfer (out) - General Fund	(3,086)	(1,058)	(2,028)	(3,086)
Transfer (out) - Capital Reserve Fund	(1,750,700)	-	(1,750,700)	(1,750,700)
Transfer (out) - School Construction Fund	(23,246)	-	(23,246)	(23,246)
Total other financing sources	99,225,723	101,001,697	(1,775,974)	99,225,723
Net change in fund balance	\$ -	\$ 4,741,790	(4,397,012)	\$ 344,778
Fund balance, July 1			4,741,790	
Fund balance, June 30			\$ 344,778	

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, 2019

Schedule 13

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Contribution - Tourism Authority	\$ 1,678,771	\$ 1,411,675	\$ 285,594	\$ 1,697,269
Contribution - City of Concord	3,000,000	-	3,000,000	3,000,000
Investment earnings	835,142	612,345	271,258	883,603
Total revenues	5,513,913	2,024,020	3,556,852	5,580,872
<b>EXPENDITURES</b>				
Total expenditures	-	-	-	-
Revenues over expenditures	5,513,913	2,024,020	3,556,852	5,580,872
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in - General Fund	57,001,965	44,698,223	12,303,742	57,001,965
Transfer in - School Construction Fund	6,600	6,600	-	6,600
Transfer in - School Construction Debt Fund	1,750,700	-	1,750,700	1,750,700
Transfer in - LOBS 2017 Fund	331,709	331,709	-	331,709
Transfer (out) - Construction & Renovation Fund	(26,227,471)	(6,728,546)	(13,090,000)	(19,818,546)
Transfer (out) - School Construction Fund	(7,901,411)	(2,960,465)	(3,520,000)	(6,480,465)
Transfer (out) - School Construction Debt Fund	(13,241,802)	(13,121,802)	-	(13,121,802)
Transfer (out) - LOBS 2017 Fund	(9,291,915)	(6,509,665)	(2,560,750)	(9,070,415)
Transfer (out) - LOBS 2018 Fund	(7,942,288)	(3,500,200)	(3,536,545)	(7,036,745)
Total other financing sources (uses)	(5,513,913)	12,215,854	(8,652,853)	3,563,001
Net change in fund balance	\$ -	\$ 14,239,874	(5,096,001)	\$ 9,143,873
Fund balance, July 1			14,239,874	
Fund balance, June 30			\$ 9,143,873	

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, 2019

Schedule 14

	Project Authorization	Prior Years	Actual Current Year	Total to Date
<b>REVENUES</b>				
<b>Board of Elections:</b>				
Investment earnings	\$ 34,122	\$ 34,099	\$ 19	\$ 34,118
Total Board of Elections	34,122	34,099	19	34,118
<b>Register of Deeds:</b>				
Automation & enhancement fees	1,790,669	1,583,377	119,928	1,703,305
Investment earnings	59,351	44,728	12,417	57,145
Total Register of Deeds	1,850,020	1,628,105	132,345	1,760,450
<b>Soil &amp; Water:</b>				
Grants	724,563	534,225	-	534,225
Stewardship Fund	36,421	36,421	-	36,421
Deferred tax collections	406,704	375,000	31,704	406,704
Program fees	14,248	13,096	1,304	14,400
Contribution and donations	2,898	2,898	-	2,898
Investment earnings	1,693	1,693	-	1,693
Total Soil & Water	1,186,527	963,333	33,008	996,341
<b>Elma Lomax Incubator Farm:</b>				
Deferred tax collections	107,000	27,000	-	27,000
Total Elma Lomax Incubator Farm	107,000	27,000	-	27,000
<b>Local Agriculture Preservation:</b>				
Deferred tax collections	2,865,225	2,218,645	571,102	2,789,747
Investment earnings	96,417	40,756	61,067	101,823
Total Soil & Water	2,961,642	2,259,401	632,169	2,891,570
Total revenues	6,139,311	4,911,938	797,541	5,709,479
<b>EXPENDITURES</b>				
Operations:				
General Govt - Board of Elections	111,677	111,677	-	111,677
General Govt - Register of Deeds	1,927,525	1,357,227	92,396	1,449,623
Economic Development - Elma Lomax	107,000	27,000	-	27,000
Environmental Protection - Soil & Water	1,245,881	53,015	833,335	886,350
Environ Protect - Local Agric Preservat	1,165,443	-	-	-
Total Operations	4,557,526	1,548,919	925,731	2,474,650
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	4,711,848	1,703,241	925,731	2,628,972
Revenues over (under) expenditures	1,427,463	3,208,697	(128,190)	3,080,507
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in-General Fund	238,936	238,936	-	238,936
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	(1,791,399)	(5,775)	(1,785,000)	(1,790,775)
Total other financing sources (uses)	(1,427,463)	358,161	(1,785,000)	(1,426,839)
Net change in fund balance	\$ -	\$ 3,566,858	(1,913,190)	\$ 1,653,668
Fund balance, July 1			3,566,858	
Fund balance, June 30			<u>\$ 1,653,668</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, 2019

Schedule 15

	<b>Project Authorization</b>	<b>Prior Year</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Contributions and donations	\$ 935,089	\$ 935,089	\$ -	\$ 935,089
Investment earnings	204,622	201,011	1,913	202,924
Total revenues	1,139,711	1,136,100	1,913	1,138,013
<b>EXPENDITURES</b>				
Cultural and Recreation:				
Special Projects	113,627	3,585	97,171	100,756
Total expenditures	113,627	3,585	97,171	100,756
Revenues over expenditures	1,026,084	1,132,515	(95,258)	1,037,257
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in-General Fund	9,740	9,740	-	9,740
Transfer (out)-General Fund	(1,035,824)	(1,022,231)	-	(1,022,231)
Total other financing sources (uses)	(1,026,084)	(1,012,491)	-	(1,012,491)
Net change in fund balance	<u>\$ -</u>	<u>\$ 120,024</u>	(95,258)	<u>\$ 24,766</u>
Fund balance, July 1			120,024	
Fund balance, June 30			<u>\$ 24,766</u>	



# 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** 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** 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** is used to accumulate collected property taxes before they are distributed to local municipalities.

**Intergovernmental Agency** 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** is used to account for collections of civil writs from citizens prior to distribution to plaintiff.

**Jail Commissary Agency** 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, 2019

Schedule 16

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<b>Department of Social Services</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 137,487	\$ 266,140	\$ 268,093	\$ 135,534
Total	<u>\$ 137,487</u>	<u>\$ 266,140</u>	<u>\$ 268,093</u>	<u>\$ 135,534</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,736	\$ 248,961	\$ 241,460	\$ 10,237
Due to program participants	134,751	266,003	275,457	125,297
Total	<u>\$ 137,487</u>	<u>\$ 514,964</u>	<u>\$ 516,917</u>	<u>\$ 135,534</u>
<b>Charitable Campaign</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 5,415	\$ 37,601	\$ 20,931	\$ 22,085
Accounts receivable	684	673	686	671
Total	<u>\$ 6,099</u>	<u>\$ 38,274</u>	<u>\$ 21,617</u>	<u>\$ 22,756</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 19,299	\$ 19,299	\$ -
Due to program participants	6,099	36,926	20,269	22,756
Total	<u>\$ 6,099</u>	<u>\$ 56,225</u>	<u>\$ 39,568</u>	<u>\$ 22,756</u>
<b>Undistributed Taxes</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 211,093	\$ 253,353,115	\$ 253,236,899	\$ 327,309
Due from State DOT	788,103	829,358	788,103	829,358
Total	<u>\$ 999,196</u>	<u>\$ 254,182,473</u>	<u>\$ 254,025,002</u>	<u>\$ 1,156,667</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 90,320,256	\$ 90,318,969	\$ 1,287
Intergovernmental payable - Municipalities	999,196	338,938,085	338,781,901	1,155,380
Total	<u>\$ 999,196</u>	<u>\$ 429,258,341</u>	<u>\$ 429,100,870</u>	<u>\$ 1,156,667</u>
<b>Intergovernmental</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 85,778	\$ 1,628,324	\$ 1,649,843	\$ 64,259
Accounts receivable	250	4,763	968	4,045
Total	<u>\$ 86,028</u>	<u>\$ 1,633,087</u>	<u>\$ 1,650,811</u>	<u>\$ 68,304</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,650,849	\$ 1,650,358	\$ 491
Due to Schools - Fines & Forfeitures/State	86,028	1,631,431	1,649,646	67,813
Total	<u>\$ 86,028</u>	<u>\$ 3,282,280</u>	<u>\$ 3,300,004</u>	<u>\$ 68,304</u>
<b>Sheriff Civil Records</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 3,646	\$ 560,718	\$ 554,874	\$ 9,490
<b>Liabilities:</b>				
Accounts payable	\$ 1,371	\$ 556,435	\$ 554,874	\$ 2,932
Due to courts	2,275	559,426	555,143	6,558
Total	<u>\$ 3,646</u>	<u>\$ 1,115,861</u>	<u>\$ 1,110,017</u>	<u>\$ 9,490</u>
<b>Jail Commissary</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 52,020</u>	<u>\$ 379,959</u>	<u>\$ 392,355</u>	<u>\$ 39,624</u>
<b>Liabilities:</b>				
Due to jail inmates	52,020	719,344	731,740	39,624
Total	<u>\$ 52,020</u>	<u>\$ 719,344</u>	<u>\$ 731,740</u>	<u>\$ 39,624</u>
<b>Total All Agency Funds</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 495,439	\$ 256,225,857	\$ 256,122,995	\$ 598,301
Accounts receivable	934	5,436	1,654	4,716
Due from State DOT	788,103	829,358	788,103	829,358
Total	<u>\$ 1,284,476</u>	<u>\$ 257,060,651</u>	<u>\$ 256,912,752</u>	<u>\$ 1,432,375</u>
<b>Liabilities:</b>				
Accounts payable	\$ 4,107	\$ 92,795,800	\$ 92,784,960	\$ 14,947
Due to courts	2,275	559,426	555,143	6,558
Due to jail inmates	52,020	719,344	731,740	39,624
Due to municipalities	999,196	338,938,085	338,781,901	1,155,380
Due to program participants	140,850	302,929	295,726	148,053
Due to schools	86,028	1,631,431	1,649,646	67,813
Total	<u>\$ 1,284,476</u>	<u>\$ 434,947,015</u>	<u>\$ 434,799,116</u>	<u>\$ 1,432,375</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.

	Workers' Compensation and Property Liability Fund	Hospitalization Dental Fund	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,278,891	\$ 5,890,005	\$ 12,168,896
Interest receivable	3,341	2,863	6,204
Prepaid expenses	-	263,991	263,991
Total assets	6,282,232	6,156,859	12,439,091
Capital assets:			
Vehicles and equipment	29,664	-	29,664
Less: Accumulated depreciation	(7,910)	-	(7,910)
Total capital assets (net)	21,754		21,754
Total assets	6,303,986	6,156,859	12,460,845
<b>LIABILITIES</b>			
Accounts payable	-	109,717	109,717
Amounts payable for future claims	682,767	1,665,864	2,348,631
Total liabilities	682,767	1,775,581	2,458,348
<b>NET POSITION</b>			
Net Invested in Capital Assets	21,754	-	21,754
Unrestricted	5,599,465	4,381,278	9,980,743
<b>Total Net Position</b>	<b>\$ 5,621,219</b>	<b>\$ 4,381,278</b>	<b>\$ 10,002,497</b>

	<b>Workers' Compensation and Property Liability Fund</b>	<b>Hospitalization Dental Fund</b>	<b>Total</b>
<b>Operating revenues:</b>			
Insurance premiums	\$ 2,236,252	\$ 11,147,233	\$ 13,383,485
Program fees	-	36,471	36,471
Insurance refunds	150,624	390,665	541,289
Total operating revenues	2,386,876	11,574,369	13,961,245
<b>Operating expenses:</b>			
Depreciation	5,932	-	5,932
General administrative and other	690,611	2,092,483	2,783,094
Claims	966,589	9,567,794	10,534,383
Total operating expenses	1,663,132	11,660,277	13,323,409
Operating income (loss)	723,744	(85,908)	637,836
<b>Nonoperating revenues:</b>			
Investment earnings	141,302	127,694	268,996
Total nonoperating revenues	141,302	127,694	268,996
Income before contributions	865,046	41,786	906,832
<b>Transfers:</b>			
Transfers out - General Fund	(201,684)	-	(201,684)
Change in net position	663,362	41,786	705,148
Net position, July 1	4,957,857	4,339,492	9,297,349
Net position, June 30	\$ 5,621,219	\$ 4,381,278	\$ 10,002,497

## Self Insured Workers Compensation and Liability Internal Service Fund

## Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)

For the Fiscal Year Ended June 30, 2019

	2019		
	Financial Plan	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Liability:</b>			
Operating revenues:			
Insurance premiums	\$ 953,000	\$ 994,548	\$ 41,548
Insurance refunds	70,000	148,975	78,975
Total operating revenues	1,023,000	1,143,523	120,523
Nonoperating revenues:			
Investment earnings	20,000	141,302	121,302
Total nonoperating revenues	20,000	141,302	121,302
<b>Workers Compensation</b>			
Operating revenues:			
Insurance premiums	1,284,715	1,241,704	(43,011)
Insurance refunds	-	1,649	1,649
Total operating revenues	1,284,715	1,243,353	(41,362)
Total revenues	2,327,715	2,528,178	200,463
<b>Expenditures:</b>			
<b>Liability:</b>			
General and administrative - Premiums	516,065	487,217	28,848
Claims	308,251	96,885	211,366
Consultants	17,000	17,000	-
Total liability	841,316	601,102	240,214
<b>Workers Compensation</b>			
General and administrative - Premiums	151,450	151,434	16
Purchases Services	11,350	7,460	3,890
Claims	1,094,415	869,704	224,711
Consultant	27,500	27,500	-
Total workers compensation	1,284,715	1,056,098	228,617
Total expenditures	2,126,031	1,657,200	468,831
Revenues over (under) expenditures	201,684	870,978	669,294
<b>Transfers:</b>			
Transfers out - General Fund	(201,684)	(201,684)	-
Revenues and transfers over (under) expenditures	-	669,294	669,294
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital Outlay	-	-	-
Depreciation	-	(5,932)	(5,932)
Total reconciling items	-	(5,932)	(5,932)
Change in net position	\$ -	\$ 663,362	\$ 663,362

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, 2019

Schedule 20

	<b>2019</b>		<b>Variance</b>
	<b><u>Financial</u></b>	<b><u>Actual</u></b>	<b><u>Favorable</u></b>
	<b><u>Plan</u></b>		<b><u>(Unfavorable)</u></b>
<b>Revenues:</b>			
<b>Hospitalization:</b>			
Operating revenues:			
Insurance premiums	\$ 10,513,633	\$ 10,699,533	\$ 185,900
Insurance refunds	390,664	390,665	1
Program fees	36,000	36,471	471
Total operating revenues	<u>10,940,297</u>	<u>11,126,669</u>	<u>186,372</u>
<b>Dental:</b>			
Operating revenues:			
Insurance premiums	<u>435,000</u>	<u>447,700</u>	<u>12,700</u>
Total operating revenues	<u>435,000</u>	<u>447,700</u>	<u>12,700</u>
Nonoperating revenues:			
Investment earnings	<u>25,000</u>	<u>127,694</u>	<u>102,694</u>
Total nonoperating revenues	<u>25,000</u>	<u>127,694</u>	<u>102,694</u>
Total revenues	<u>11,400,297</u>	<u>11,702,063</u>	<u>301,766</u>
<b>Expenditures:</b>			
<b>Hospitalization:</b>			
General and administrative	2,079,170	2,030,401	48,769
Claims	<u>9,483,669</u>	<u>9,218,871</u>	<u>264,798</u>
Total hospitalization	<u>11,562,839</u>	<u>11,249,272</u>	<u>313,567</u>
<b>Dental:</b>			
General and administrative	62,100	62,082	18
Claims	<u>372,900</u>	<u>348,923</u>	<u>23,977</u>
Total dental	<u>435,000</u>	<u>411,005</u>	<u>23,995</u>
Total expenditures	<u>11,997,839</u>	<u>11,660,277</u>	<u>337,562</u>
Revenues over (under) expenditures	<u>(597,542)</u>	<u>41,786</u>	<u>639,328</u>
Fund Balance Appropriated	<u>597,542</u>	<u>-</u>	<u>597,542</u>
Revenues over expenditures	<u>\$ -</u>	<u>41,786</u>	<u>\$ 41,786</u>
Change in net position		<u>\$ 41,786</u>	

Cabarrus County, North Carolina  
Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2019

Schedule 21

	<b>Workers' Compensation and Property Liability Fund</b>	<b>Hospitalization Dental Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ -	\$ 4,671	\$ 4,671
Cash received from departments	-	-	-
Cash paid to employees	2,386,876	11,583,428	13,970,304
Cash paid to suppliers for goods and services	(1,775,611)	(11,531,758)	(13,307,370)
Net cash provided (used) for operating activities	611,265	56,341	667,605
<b>Cash flows from noncapital financing:</b>			
Transfer out	(201,684)	-	(201,684)
<b>Cash flows from investing activities:</b>			
Interest received on investments	147,960	133,953	281,914
Net cash provided by investing activities	147,960	133,953	281,914
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>557,541</b>	<b>190,294</b>	<b>747,835</b>
Cash and cash equivalents, July 1	5,721,350	5,699,711	11,421,061
Cash and cash equivalents, June 30	\$ 6,278,891	\$ 5,890,005	\$ 12,168,896
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ 723,744	\$ (85,908)	\$ 637,836
Depreciation expense	5,933	-	5,932
(Increase) decrease in accounts receivable and prepaid expenses	-	13,730	13,730
Increase (decrease) in accounts payable and accrued liabilities	(118,412)	128,519	10,107
Total adjustments	(112,479)	142,249	29,769
Net cash provided by (used for) operating activities	\$ 611,265	\$ 56,341	\$ 667,605



# 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.

**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, 2019

Schedule 22

<u>Fiscal Year Ended June 30,</u>	<u>Uncollected Balance June 30, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2019	\$ -	\$ 168,213,676	\$ 167,031,329	\$ 1,182,347
2018	1,705,024		937,556	767,468
2017	392,769		189,145	203,624
2016	261,425		92,944	168,481
2015	210,656		47,726	162,930
2014	176,202		28,835	147,367
2013	243,664		19,626	224,038
2012	175,585		15,012	160,573
2011	221,819		11,693	210,126
2010	132,881		11,897	120,984
2009	108,702		108,702	-
	<u>\$ 3,628,727</u>	<u>\$ 168,213,676</u>	<u>\$ 168,494,465</u>	<u>3,347,938</u>
Less: Allowance for uncollectible accounts:				
General Fund				<u>(1,714,976)</u>
Ad valorem taxes receivable (net):				
General Fund				<u>\$ 1,632,962</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 167,935,513
Penalties collected on ad valorem taxes - Agency Fund				322,816
Total ad valorem taxes and penalties				<u>168,258,329</u>
Reconciling items:				
Deferred taxes				500,668
Interest collected				(540,363)
Taxes written-off				137,275
Release of prior year taxes				74,292
Collection of tax previously written-off				(4,026)
NCVTS refunds				68,290
Total reconciling items				<u>236,136</u>
Total collections and credits				<u>\$ 168,494,465</u>

Cabarrus County, North Carolina  
Analysis of Current Tax Levy  
County-Wide Levy  
For the Fiscal Year Ended June 30, 2019

Schedule 23  
Page 1 of 3

	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	\$ 23,055,717,298	0.7200	\$ 165,885,783	\$ 150,896,481	\$ 14,989,302
Penalties	-		156,058	156,058	-
Total	23,055,717,298		166,041,841	151,052,539	14,989,302
Discoveries:					
Current year taxes	99,406,201	0.7200	714,507	705,058	9,449
Prior year taxes			1,673,755	1,673,755	-
Penalties	-		223,356	223,356	-
Total	99,406,201		2,611,618	2,602,169	9,449
Releases	(46,551,752)		(439,783)	(439,342)	(441)
Total property valuation	<u>\$ 23,108,571,747</u>				
Net levy			168,213,676	153,215,366	14,998,310
Uncollected taxes at June 30, 2019			1,182,347	1,182,347	-
Current year's taxes collected			<u>\$ 167,031,329</u>	<u>\$ 152,033,019</u>	<u>\$ 14,998,310</u>
Current levy collection percentage			<u>99.30%</u>	<u>99.23%</u>	<u>100.00%</u>

**Secondary market disclosures:**

Assessed valuation:

Assessment ratio <sup>1</sup>	100%
Real property	\$ 18,654,406,653
Personal property	4,034,155,194
Public service companies <sup>2</sup>	<u>420,009,900</u>
Total assessed valuation	\$ 23,108,571,747
Tax rate per \$100	<u>0.7200</u>
Levy (includes discoveries, releases and abatements) <sup>3</sup>	<u>\$ 168,213,676</u>

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

Fire protection districts <sup>4</sup>	<u>\$ 4,317,977</u>
--	---------------------

<sup>1</sup> Percentage of appraised value has been established by statute.

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

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

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

**Secondary market disclosures (continued):**

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Corning, Incorporated	Fiber optics manufacturer	\$ 353,495,441	1.53%
Castle & Cooke North Carolina, LLC / David H Murdock	Land developer	293,425,169	1.27%
Mall at Concord Mills LP	Shopping center	230,877,688	1.00%
Charlotte Motor Speedway, Incorporated	Auto racing	218,958,570	0.95%
Celgard LLC	Battery manufacturer	176,326,992	0.76%
Duke Energy Corporation	Public service company	135,433,105	0.59%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	105,935,419	0.46%
Weinstein Properties	Property management	101,646,310	0.44%
Hendricks Automotive	Auto racing	96,689,044	0.42%
Silverman	Real Estate	88,614,973	0.38%
Totals		<u>\$ 1,801,402,711</u>	<u>7.80%</u>

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

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
<b>Ad Valorem Taxes:</b>			
Taxes - Current	\$ 162,850,608	\$ 166,119,655	\$ 3,269,047
Taxes - Delinquent	1,203,000	1,275,495	72,495
Interest	474,000	540,363	66,363
Total	164,527,608	167,935,513	3,407,905
<b>Local Option Sales Taxes:</b>			
Sales tax - one cent	17,537,784	19,112,932	1,575,148
Sales tax - half cent (40)	9,675,450	10,625,756	950,306
Sales tax - half cent (42)	11,032,145	12,063,162	1,031,017
Sales tax - half cent (44)	-	(270)	(270)
Sales tax - half cent (46)	8,035,108	8,845,020	809,912
Sales tax fire districts	1,100,000	1,104,008	4,008
Total	47,380,487	51,750,608	4,370,121
<b>Other Taxes:</b>			
Franchise fees	528,000	513,477	(14,523)
Gross receipts tax	216,000	250,358	34,358
Heavy equipment tax	75,000	95,885	20,885
Disposal Tax on White Goods	75,000	43,629	(31,371)
Total	894,000	903,349	9,349
<b>Intergovernmental Revenues:</b>			
Federal and state grants	18,245,577	18,031,291	(214,286)
Court facilities fees	350,000	337,765	(12,235)
ABC profit distribution	100,000	147,027	47,027
Other intergovernmental	3,023,300	3,360,116	336,816
Total	21,718,877	21,876,199	157,322
<b>Permits and Fees:</b>			
Inspection fees	3,897,000	3,432,614	(464,386)
Register of deeds	2,756,354	3,025,833	269,479
Other permits	327,545	382,212	54,667
Total	6,980,899	6,840,659	(140,240)
<b>Sales and Services:</b>			
Rental fees	55,600	55,194	(406)
Ambulance fees	6,005,283	6,290,078	284,795
Jail fees	1,590,785	1,689,154	98,369
Library fees	108,000	120,619	12,619
Recreation fees	803,623	674,465	(129,158)
Human services	135,765	184,917	49,152
Transportation	984,000	1,117,315	133,315
Tax collection fees	270,000	287,342	17,342
Other sales and services	3,094,595	2,981,860	(112,735)
Total	13,047,651	13,400,944	353,293
<b>Investment Earnings:</b>			
Interest on investments	1,129,758	2,430,003	1,300,245
Total	1,129,758	2,430,003	1,300,245
<b>Miscellaneous:</b>			
Private contributions and donations	380,511	381,156	645
Sale of materials and capital assets	35,000	37,813	2,813
Gain (Loss) on Foreclosures	-	25,697	25,697
Other	139,307	116,956	(22,351)
Total	554,818	561,622	6,804
<b>Total revenues</b>	<b>256,234,098</b>	<b>265,698,897</b>	<b>9,464,799</b>

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES</b>			
<b>General Government</b>			
Board of Commissioners			
Personal services	374,388	363,986	10,402
Operations	687,605	654,018	33,587
Total	1,061,993	1,018,004	43,989
County Manager			
Personal services	1,190,951	1,197,900	(6,949)
Operations	68,927	61,856	7,071
Total	1,259,878	1,259,756	122
Communications & Outreach			
Personal services	490,867	487,132	3,735
Operations	186,784	155,080	31,704
Total	677,651	642,212	35,439
Human Resources			
Personal services	745,819	736,853	8,966
Operations	230,863	192,578	38,285
Capital outlay	18,210	18,210	-
Total	994,892	947,641	47,251
Tax Collector			
Personal services	562,114	560,414	1,700
Operations	516,689	518,188	(1,499)
Total	1,078,803	1,078,602	201
Tax Administration			
Personal services	2,135,822	2,068,505	67,317
Operations	227,753	196,586	31,167
Total	2,363,575	2,265,091	98,484
Board of Elections			
Personal services	733,264	504,485	228,779
Operations	212,254	196,003	16,251
Total	945,518	700,488	245,030
Register of Deeds			
Personal services	519,984	516,464	3,520
Operations	83,171	80,527	2,644
Total	603,155	596,991	6,164
Finance			
Personal services	1,008,232	906,010	102,222
Operations	126,179	110,429	15,750
Total	1,134,411	1,016,439	117,972
Information Technology Services			
Personal services	2,526,195	2,362,745	163,450
Operations	3,692,043	3,365,898	326,145
Capital outlay	9,741	(24,944)	34,685
Total	6,227,979	5,703,699	524,280
Grounds Maintenance			
Personal services	551,548	542,375	9,173
Operations	1,340,759	1,076,530	264,229
Capital outlay	203,433	143,251	60,182
Total	2,095,740	1,762,156	333,584
Infrastructure and Asset Management			
Personal services	456,108	455,843	265
Operations	1,387,865	1,251,634	136,231
Total	1,843,973	1,707,477	136,496

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Street Sign Maintenance			
Personal services	115,667	110,676	4,991
Operations	54,367	45,726	8,641
Total	170,034	156,402	13,632
Building Maintenance			
Personal services	800,709	735,004	65,705
Operations	2,626,508	2,170,479	456,029
Total	3,427,217	2,905,483	521,734
Facility Services			
Personal services	1,314,520	1,224,008	90,512
Operations	342,197	284,017	58,180
Capital outlay	6,300	6,213	87
Total	1,663,017	1,514,238	148,779
Fleet Maintenance			
Personal services	421,431	421,389	42
Operations	52,850	40,331	12,519
Capital outlay	350,375	298,472	51,903
Total	824,656	760,192	64,464
Other General Government			
Other benefits	640,953	641,213	(260)
Unemployment compensation	13,487	13,469	18
Contingency	149,239	-	149,239
Other Operations	148,828	135,155	13,673
Total	952,507	789,837	162,670
<b>Total General Government</b>	<b>27,324,999</b>	<b>24,824,708</b>	<b>2,500,291</b>
<b>Public Safety</b>			
County Sheriff			
Personal services	11,953,481	11,968,917	(15,436)
Operations	2,132,376	1,941,739	190,637
Capital outlay	1,239,380	698,770	540,610
Total	15,325,237	14,609,426	715,811
Jail			
Personal services	9,952,536	9,866,565	85,971
Operations	2,062,809	1,985,700	77,109
Capital Outlay	45,857	980	44,877
Total	12,061,202	11,853,245	207,957
Animal Control			
Personal services	681,373	687,323	(5,950)
Operations	93,984	86,265	7,719
Capital Outlay	71,000	68,934	2,066
Total	846,357	842,522	3,835
Animal Shelter			
Personal services	416,487	383,426	33,061
Operations	104,755	100,715	4,040
Total	521,242	484,141	37,101
Courts			
Personal services	32,754	28,443	4,311
Operations	245,264	176,166	69,098
Total	278,018	204,609	73,409
Construction Standards			
Personal services	2,297,665	2,216,191	81,474
Operations	356,462	259,472	96,990
Total	2,654,127	2,475,663	178,464

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Emergency Management</b>			
Personal services	253,565	260,372	(6,807)
Operations	72,765	62,069	10,696
Total	326,330	322,441	3,889
<b>Fire Department</b>			
Personal services	697,475	674,424	23,051
Operations	370,626	363,236	7,390
Total	1,068,101	1,037,660	30,441
<b>Emergency Medical Services</b>			
Personal services	7,941,532	7,526,183	415,349
Operations	1,529,013	1,477,788	51,225
Capital outlay	650,920	478,459	172,461
Total	10,121,465	9,482,430	639,035
<b>Other Public Safety</b>			
Personal services (LEO Retirees)	435,299	420,944	14,355
Operations (LEO Retirees)	1,300	1,920	(620)
Juvenile Crime Prevention Council	367,211	356,825	10,386
Medical Examiner	122,500	128,550	(6,050)
Forester	95,714	70,550	25,164
Fire District	1,100,000	1,106,959	(6,959)
Other Operations	9,000	8,430	570
Capital outlay	691,142	652,796	38,346
Total	2,822,166	2,746,974	75,192
<b>Total Public Safety</b>	<b>46,024,245</b>	<b>44,059,111</b>	<b>1,965,134</b>
<b>Economic and Physical Development</b>			
<b>Planning and Development Services</b>			
Personal services	538,793	536,448	2,345
Operations	70,093	59,109	10,984
Capital outlay	12,450	5,790	6,660
Total	621,336	601,347	19,989
<b>Community Development</b>			
Personal services	203,365	196,320	7,045
Operations	494,067	351,397	142,670
Total	697,432	547,717	149,715
<b>Soil &amp; Water Conservation</b>			
Personal services	206,307	192,287	14,020
Operations	37,833	22,601	15,232
Capital outlay	2,175	1,989	186
Total	246,315	216,877	29,438
<b>Zoning Administration</b>			
Personal services	221,025	223,123	(2,098)
Operations	13,557	12,011	1,546
Total	234,582	235,134	(552)
<b>Economic Development</b>			
Personal services	397,282	355,959	41,323
Total	397,282	355,959	41,323
<b>Economic Development Incentives</b>			
S & D Coffee	488,000	464,177	23,823
Pepsi Bottling Ventures	90,000	-	90,000
Sea Life	27,842	27,842	-
Hotel Concord	21,000	21,000	-
4540 Fortune Ave LLC	25,000	-	25,000
iTek Graphics inc.	25,000	-	25,000
Silverman Group	54,000	-	54,000
SunCap2	179,000	-	179,000



Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
Fed Ex	160,000	-	160,000
Intertape Polymer Group	281,000	-	281,000
Total	1,350,842	513,019	837,823
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	1,512,429	1,512,429	-
Total	1,977,429	1,977,429	-
<b>Total Economic and Physical Development</b>	<b>5,525,218</b>	<b>4,447,482</b>	<b>1,077,736</b>
<b>Environmental Protection</b>			
Waste Reduction/Recycling			
Personal services	243,279	229,404	13,875
Operations	387,967	304,330	83,637
Total	631,246	533,734	97,512
<b>Total Environmental Protection</b>	<b>631,246</b>	<b>533,734</b>	<b>97,512</b>
<b>Human Services</b>			
Veterans Services			
Personal services	271,441	270,074	1,367
Operations	11,668	7,940	3,728
Total	283,109	278,014	5,095
Transportation			
Personal services	1,548,027	1,530,512	17,515
Operations	659,185	526,141	133,044
Capital outlay	312,250	106,802	205,448
Total	2,519,462	2,163,455	356,007
Cooperative Extension			
Personal services	355,844	346,488	9,356
Operations	62,312	51,487	10,825
Total	418,156	397,975	20,181
HS - Administration Operations			
Personal services	1,971,197	1,843,413	127,784
Operations	2,254,104	1,957,660	296,444
Total	4,225,301	3,801,073	424,228
HS - Economic Family Support Services			
Personal services	1,139,717	1,108,759	30,958
Operations	1,464,206	1,136,900	327,306
Total	2,603,923	2,245,659	358,264
HS - Child Welfare			
Personal services	6,366,303	6,159,506	206,797
Operations	2,320,774	2,050,098	270,676
Total	8,687,077	8,209,604	477,473
HS - Child Support Services			
Personal services	1,579,473	1,566,726	12,747
Operations	285,423	253,511	31,912
Total	1,864,896	1,820,237	44,659
HS - Economic Services			
Personal services	7,088,926	6,765,565	323,361
Operations	1,149,872	1,056,340	93,532
Total	8,238,798	7,821,905	416,893
HS - Adult and Family Services			
Personal services	1,646,007	1,612,079	33,928

## General Fund

## Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Operations	224,664	189,741	34,923
Total	1,870,671	1,801,820	68,851
HS Aging - Nutrition Title III			
Personal services	234,245	218,413	15,832
Operations	276,855	217,463	59,392
Total	511,100	435,876	75,224
HS Aging - Senior Services			
Personal services	291,776	289,642	2,134
Operations	415,589	338,384	77,205
Total	707,365	628,026	79,339
Other Human Services			
Veterinarian Services-Spay	5,000	4,295	705
Boys and Girls Club	50,000	50,000	-
YMCA	250,000	250,000	-
Public Health Authority	7,035,312	7,035,312	-
Mental Health Center	586,716	553,994	32,722
Total	7,927,028	7,893,601	33,427
<b>Total Human Services</b>	<b>39,856,886</b>	<b>37,497,245</b>	<b>2,359,641</b>
<b>Education</b>			
Schools - Current Expense			
Cabarrus County Schools	67,161,223	67,161,223	-
Kannapolis City Schools	8,544,460	8,544,460	-
Rowan Cabarrus Community College	2,930,215	2,930,215	-
Total	78,635,898	78,635,898	-
Schools - Capital Outlay			
Cabarrus County Schools	1,162,724	1,087,124	75,600
Kannapolis City Schools	205,834	193,832	12,002
Rowan Cabarrus Community College	30,000	30,000	-
Total	1,398,558	1,310,956	87,602
Schools - Other			
Cabarrus County Schools	118,241	118,241	-
<b>Total Education</b>	<b>80,152,697</b>	<b>80,065,095</b>	<b>87,602</b>
<b>Culture &amp; Recreation</b>			
Active Living and Parks - Operations			
Personal services	1,240,683	1,217,167	23,516
Operations	358,558	326,953	31,605
Capital outlay	70,602	64,194	6,408
Total	1,669,843	1,608,314	61,529
Active Living and Parks - Senior Centers			
Personal services	470,466	448,294	22,172
Operations	247,152	226,611	20,541
Capital outlay	55,500	-	55,500
Total	773,118	674,905	98,213
Library System			
Personal services	2,749,598	2,660,693	88,905
Operations	666,776	627,187	39,589
Total	3,416,374	3,287,880	128,494
Other Culture and Recreation			
Cabarrus Arts Council	26,000	26,000	-
Total	26,000	26,000	-
<b>Total Culture &amp; Recreation</b>	<b>5,885,335</b>	<b>5,597,099</b>	<b>288,236</b>

## General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2019

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Debt Service</b>			
Principal:			
Bonds			
Public schools	6,171,073	6,171,073	-
Community college	208,927	208,927	-
Certificates of Participation/ Limited Obligation Bonds			
Public schools	25,347,375	25,347,375	-
County buildings	7,027,625	7,027,625	-
Notes Payable	91,465	91,465	-
Lease Financing			
Equipment	274,483	274,483	-
Land	445,714	445,714	-
Total	<u>39,566,662</u>	<u>39,566,662</u>	<u>-</u>
Interest and Fees:			
Bonds	2,208,788	2,208,788	-
Certificates of Participation/ Limited Obligation Bonds	13,171,750	13,171,750	-
Lease Financing	132,694	132,694	-
Bond issuance costs	49,700	26,541	23,159
Total	<u>15,562,932</u>	<u>15,539,773</u>	<u>23,159</u>
<b>Total Debt Service</b>	<u>55,129,594</u>	<u>55,106,435</u>	<u>23,159</u>
<b>Total expenditures</b>	<u>260,530,220</u>	<u>252,130,909</u>	<u>8,399,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,296,122)</u>	<u>13,567,988</u>	<u>17,864,110</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
<b>Transfers in:</b>			
From Public School Building Fund	2,000,000	2,000,000	-
From LOBS 2017 Fund	-	2,360	2,360
From LOBS 2018 Fund	-	369	369
From School Construction Debt Fund	-	2,028	2,028
From Internal Service Fund	201,684	201,684	-
Total	<u>2,201,684</u>	<u>2,206,441</u>	<u>4,757</u>
<b>Transfers (out):</b>			
To Cabarrus Arena & Events Fund	(832,993)	(832,993)	-
To Construction and Renovation Fund	(776,497)	(776,497)	-
To Capital Reserve Fund	(12,303,742)	(12,303,742)	-
Total	<u>(13,913,232)</u>	<u>(13,913,232)</u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(11,711,548)</u>	<u>(11,706,791)</u>	<u>4,757</u>
Lease Proceeds	691,142	652,796	(38,346)
Fund balance appropriated	<u>15,316,528</u>	<u>-</u>	<u>(15,316,528)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>2,513,993</u>	<u>\$ 2,513,993</u>
Fund Balance, June 30		\$ 84,041,648	
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>\$ 87,885,641</u>	

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 Fiscal Year Ended June 30, 2019

Schedule 25

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
<b>REVENUES</b>				
Interest on Investments	\$ 1,080,508	\$ 619,439	\$ 722,288	\$ 1,341,727
<b>EXPENDITURES</b>				
Legal Fees	741,339	741,339	-	741,339
<b>Education</b>				
Performance Learning Center	3,813,115	1,427,895	2,383,416	3,811,311
West Cabarrus High School	76,070,495	30,485,671	30,394,570	60,880,241
Total Education	79,883,610	31,913,566	32,777,986	64,691,552
<b>Capital Outlay:</b>				
Downtown Parking Deck				
Land Acquisition	262,630	262,630	-	262,630
Downtown Parking Deck Asset	13,321,220	4,938,998	7,842,376	12,781,374
Total Capital Outlay	13,583,850	5,201,628	7,842,376	13,044,004
Total Expenditures	94,208,799	37,856,533	40,620,362	78,476,895
Revenues (under) expenditures	(93,128,291)	(37,237,094)	(39,898,074)	(77,135,168)
<b>OTHER FINANCING SOURCES (USES)</b>				
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 - Capital Reserve Fund	9,070,415	6,509,665	2,560,750	9,070,415
Transfer in - Construction and Renovation Fund	2,246,000	2,246,000	-	2,246,000
Transfer in - School Construction Fund	4,933,803	4,933,803	-	4,933,803
Transfer in - Public School Capital Fund	500,000	-	500,000	500,000
Transfer (out) - Capital Reserve Fund	(331,709)	(331,709)	-	(331,709)
Transfer (out) - Construction & Renovation Fund	(2,141,264)	-	(2,141,264)	(2,141,264)
Transfer (out) - School Construction Fund	(1,340,296)	-	(1,340,296)	(1,340,296)
Transfer (out) - General Fund	(537)	-	(2,360)	(2,360)
Total other financing sources	93,128,291	93,549,638	(423,170)	93,126,468
Net change in fund balance	\$ -	\$ 56,312,544	(40,321,244)	\$ 15,991,300
Fund balance, July 1			56,312,544	
Fund balance, June 30			\$ 15,991,300	

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 Fiscal Year Ended June 30, 2019

Schedule 26

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual Current Year</b>	<b>Total to Date</b>
<b>REVENUES</b>				
Interest on Investments	\$ 220,851	\$ 36,916	\$ 192,992	\$ 229,908
<b>EXPENDITURES</b>				
Hickory Ridge Elementary	34,718,713	3,700,764	16,758,528	20,459,292
RCCC Advanced Technology Center	16,586,941	1,933,041	13,722,935	15,655,976
RCCC Land	1,721,000	135,000	1,586,000	1,721,000
Mount Pleasant High School - HVAC	3,821,766	72,250	886,020	958,270
Multiple School Mobile Units	2,095,676	168,235	1,927,441	2,095,676
JN Fries - HVAC	3,466,446	46,750	542,092	588,842
Legal Fees	416,293	416,158	135	416,293
Total expenditures	62,826,835	6,472,198	35,423,151	41,895,349
Revenues (under) expenditures	(62,605,984)	(6,435,282)	(35,230,159)	(41,665,441)
<b>OTHER FINANCING SOURCES</b>				
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	7,036,745	3,500,200	3,536,545	7,036,745
Transfer in - School Construction Fund - CPF	517,197	517,197	-	517,197
Transfer out - General Fund	-	-	(369)	(369)
Transfer out - School Construction Fund CPF	(528,958)	-	(528,958)	(528,958)
Total other financing sources	62,605,984	59,598,397	3,007,218	62,605,615
Net change in fund balance	\$ -	\$ 53,163,115	(32,222,941)	\$ 20,940,174
Fund balance, July 1			53,163,115	
Fund balance, June 30			\$ 20,940,174	

## Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)

For the Fiscal Year Ended June 30, 2019

	<b>2019</b>		<b>Variance</b>
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Favorable</u></b> <b><u>(Unfavorable)</u></b>
<b>Revenues:</b>			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 663,000	\$ 780,049	\$ 117,049
Items for sale	98,707	123,520	24,813
Waste disposal fee	117,181	104,006	(13,175)
Total operating revenues	<u>878,888</u>	<u>1,007,575</u>	<u>128,687</u>
Nonoperating revenues:			
Landfill disposal tax	34,000	39,029	5,029
Landfill state tax distribution	40,000	50,170	10,170
Solid waste franchise fee	30,000	30,000	-
Tire disposal fees	250,000	285,496	35,496
Investment earnings	38,390	140,327	101,937
Total nonoperating revenues	<u>392,390</u>	<u>545,022</u>	<u>152,632</u>
Total revenues	<u>1,271,278</u>	<u>1,552,597</u>	<u>281,319</u>
<b>Expenditures:</b>			
Landfill Administration:			
Salaries and wages	239,843	240,564	(721)
FICA	14,127	13,910	217
Medicare	3,306	3,253	53
Group hospital insurance	43,230	41,519	1,711
Vision Care	116	113	3
Retirement	18,615	18,833	(218)
Deferred compensation- 401K	11,945	12,028	(83)
Workers' Compensation	17,407	17,872	(465)
Life Insurance	182	178	4
Insurance and bonds	4,176	4,208	(32)
Total salaries and benefits	<u>352,947</u>	<u>352,478</u>	<u>469</u>
Landfill Operations:			
General and administrative:			
Dues and subscriptions	700	441	259
Lights and power	6,000	6,126	(126)
Office supplies	2,200	2,119	81
Other operating cost	320	-	320
Telephone	1,836	1,404	432
Travel	4,000	896	3,104
Uniforms	4,750	4,106	644
Total general and administrative	<u>19,806</u>	<u>15,092</u>	<u>4,714</u>

## Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)

For the Fiscal Year Ended June 30, 2019

	2019		Variance
	Budget	Actual	Favorable (Unfavorable)
Other operating expenditures:			
Auto and truck maintenance	17,100	11,325	5,775
Safety training and equipment	500	467	33
Building and ground maintenance	22,000	18,137	3,863
Capital reserve	227,068	-	227,068
Engineers	30,000	13,488	16,512
Equipment and furniture	6,000	6,000	-
Fuel	63,750	40,572	23,178
Heavy equipment maintenance	54,000	39,125	14,875
Landfill disposal tax remittance	34,000	38,195	(4,195)
Minor equipment maintenance	2,000	828	1,172
Permitting fees	10,000	8,600	1,400
Mulch purchased services	135,282	123,640	11,642
Tire disposal	250,000	146,254	103,746
Tools and minor equipment	1,500	1,236	264
Waste disposal charges	81,900	64,572	17,328
Total other operating expenditures	935,100	512,439	422,661
Total expenditures	1,307,853	880,009	427,844
Revenues over (under) expenditures	(36,575)	672,588	709,163
Net Position Appropriated	36,575	-	(36,575)
Revenues and appropriated net position over (under) expenditures	\$ -	672,588	\$ 672,588
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Capital Outlays		6,000	
Depreciation		(152,245)	
(Increase) in net pension liability		(25,454)	
Increase in deferred outflows of resources - pensions		20,840	
Decrease in deferred inflows of resources - pensions		1,000	
Increase in compensated absences payable		(1,988)	
Increase in deferred outflows of resources - OPEB		75	
(Increase) in deferred inflows of resources - OPEB		(4,876)	
(Increase) in OPEB liability		(3,828)	
Total reconciling items		(160,476)	
Change in net position		\$ 512,112	





# 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)

Table 1

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 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	\$ 147,594,065
Restricted	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	34,418,834
Unrestricted	(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)	(250,738,117)
Total governmental activities net position	\$ (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)	\$ (68,735,218)
Business-type activities										
Net investment in capital assets	\$ 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	\$ 2,399,580
Unrestricted	(286,743)	(272,454)	45,035	343,174	724,114	1,005,864	694,368	832,692	1,385,260	2,043,617
Total business-type activities net position	\$ 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	\$ 4,443,197
Primary government										
Net investment in capital assets	\$ 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	\$ 149,983,645
Restricted	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	34,418,834
Unrestricted	(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)	(248,694,500)
Total primary government net position	\$ (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)	\$ (64,292,021)
Component Unit										
Net investment in capital assets	\$ 1,561,575	\$ 725,114	\$ 1,152,374	\$ 959,140	\$ 771,532	\$ 698,177	\$ 591,994	\$ 415,038	\$ 454,265	\$ 332,666
Restricted	-	2,936,461	4,077,601	982,679	900,338	1,768,998	2,079,353	2,496,308	889,823	3,097,700
Unrestricted	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	3,509,305
Total component unit net position	\$ 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	\$ 6,939,671

Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental activities:</b>										
General government	\$ 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	\$ 26,373,901
Public safety	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	53,570,795
Economic and physical development	3,207,792	3,128,710	3,892,813	4,073,657	4,132,477	4,056,316	4,657,763	4,556,125	6,448,102	4,765,182
Environmental protection	541,463	619,639	583,412	547,558	259,725	457,082	396,644	654,645	509,267	1,371,094
Human Services	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	38,699,195
Education	118,863,929	77,221,156	66,152,595	63,146,646	65,435,585	71,063,433	96,042,477	144,685,606	141,487,058	151,618,111
Cultural and recreation	6,771,004	6,161,896	6,577,413	7,465,525	7,370,579	6,526,629	7,593,910	8,177,430	8,474,373	8,013,339
Interest on long term debt	19,753,394	19,633,769	19,108,759	17,898,970	16,436,391	14,504,045	13,448,868	13,271,582	13,488,064	14,222,496
Total governmental activities	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	298,634,113
<b>Business-type activities:</b>										
Solid Waste	2,333,383	1,312,509	1,096,968	957,890	823,069	833,661	1,673,170	866,076	778,768	1,040,485
Total primary government expenses	\$ 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	\$ 299,674,598
<b>Program Revenues</b>										
<b>Governmental activities</b>										
Charges for services:										
General government	\$ 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	\$ 4,129,231
Public safety	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	14,464,132
Economic and physical development	72,730	52,364	36,062	46,169	76,791	53,589	137,487	458,680	500,476	555,219
Environmental protection	593	928	53,770	42,172	63,757	54,978	28,143	45,345	56,403	37,958
Human Services	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	1,352,953
Education	754,640	477,517	793,610	33,170	-	-	-	-	-	-
Cultural and recreation	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	1,042,956
Operating grants and contributions:										
General government	274,343	1,286,545	750,094	1,243,161	796,903	1,400,995	5,538,601	1,956,333	2,482,082	6,310,981
Public safety	1,201,549	906,658	974,200	783,970	1,039,695	1,990,379	1,735,870	1,669,713	1,902,528	1,823,435
Economic and physical development	729,427	953,047	999,754	593,672	483,393	671,151	671,661	689,873	1,148,056	577,179
Environmental protection	31,090	32,085	8,425	6,912	7,373	8,808	11,054	12,263	9,690	13,414
Human Services	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	15,184,450
Education	-	743,081	770,920	770,920	786,774	714,643	847,822	717,727	718,883	721,581
Cultural and recreation	425,927	533,322	530,772	1,184,367	1,183,120	1,050,281	1,125,669	1,352,324	1,176,367	1,145,331
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	38,619	29,504	-
Human Services	268,010	285,158	260,866	329,566	357,278	352,184	423,803	305,137	112,585	222,423
Education	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	2,500,000
Cultural and recreation	-	-	-	-	-	-	150,000	-	-	-
Total governmental activities program revenues	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	50,081,243
<b>Business-type activities:</b>										
Charges for Services - Solid Waste	1,187,527	858,132	704,647	674,272	691,618	682,265	741,644	676,295	812,407	1,007,575
Operating grants and contributions - Solid Waste	44,655	21,368	-	-	-	-	-	-	-	-
Capital grants and contributions - Solid Waste	-	23,740	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,232,182	903,240	704,647	674,272	691,618	682,265	741,644	676,295	812,407	1,007,575
Total primary government program revenues	\$ 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	\$ 51,088,818
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (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)	\$ (248,552,870)
Business-type activities	(1,101,201)	(409,269)	(392,321)	(283,618)	(131,451)	(151,396)	(931,526)	(189,781)	33,639	(32,910)
Total primary government net (expense)/revenue	\$ (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)	\$ (248,585,780)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes	\$ 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	\$ 173,109,015
Local option sales tax	28,461,637	25,608,696	33,612,837	36,890,472	36,209,579	42,572,756	44,145,980	47,584,589	47,725,592	51,750,608
ABC revenues	66,789	188,594	86,842	90,926	155,755	90,185	99,766	128,382	122,995	147,027
Other taxes and licenses	669,221	642,337	752,711	760,314	754,194	796,167	844,478	897,888	950,776	903,349
Unrestricted investment earnings	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	4,056,689
Donations	131,590	221,538	-	-	-	-	-	-	-	-
Miscellaneous	32,893	21,588	-	-	-	-	-	-	-	-
Transfers In/Out	-	-	25,615	122,200	-	-	-	-	-	-
Total governmental activities:	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	229,966,688
Business-type activities:										
Other taxes and licenses	55,074	343,908	350,141	313,218	300,666	315,597	338,457	360,626	375,397	404,695
Unrestricted investment earnings	10,630	8,205	8,495	9,381	11,298	4,909	14,706	32,258	55,092	140,327
Miscellaneous	19,143	1,075	-	-	-	-	-	-	-	-
Transfers In/Out	-	-	(25,615)	(122,200)	-	-	-	-	-	-
Total business-type activities	84,847	353,188	333,021	200,399	311,964	320,506	353,163	392,884	430,489	545,022
Total primary government	\$ 167,748,650	\$ 164,988,978	\$ 171,763,342	\$ 173,674,095	\$ 181,735,791	\$ 188,666,257	\$ 193,789,303	\$ 204,588,571	\$ 212,742,586	\$ 230,511,710
<b>Change in Net Position</b>										
Governmental activities	\$ (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)	\$ (18,586,182)
Business-type activities	(1,016,354)	(56,081)	(59,300)	(83,219)	180,513	169,110	(578,363)	203,103	464,128	512,112
Total primary government	\$ (31,523,549)	\$ (33,591,289)	\$ 5,908,273	\$ 28,947,676	\$ 21,324,908	\$ 37,994,423	\$ 16,525,535	\$ (30,103,488)	\$ (21,286,799)	\$ (18,074,070)
<b>Expenses</b>										
Component Unit:										
Cabarrus Health Alliance	\$ 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	\$ 24,187,548
<b>Program Revenues</b>										
Component Unit:										
Charges for Services	\$ 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	\$ 11,637,379
Operating grants and contributions	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	12,014,864
Capital grants and contributions	-	4,147,720	8,220,193	87,418	-	-	-	-	-	-
Total component unit	\$ 16,770,315	\$ 19,565,718	\$ 22,794,182	\$ 16,666,099	\$ 17,237,308	\$ 18,669,416	\$ 20,550,899	\$ 23,692,429	\$ 23,583,482	\$ 23,652,243
<b>Net (Expense)   Revenue</b>										
Component Unit:										
Total component unit	\$ (522,170)	\$ (112,918)	\$ (688,590)	\$ (1,425,127)	\$ (611,566)	\$ 392,795	\$ 644,590	\$ 483,767	\$ (96,796)	\$ (535,305)
<b>General Revenues and Other Changes in Net Position</b>										
Component Unit:										
General Revenues										
Unrestricted investment earnings	\$ 7,630	\$ 4,479	\$ 2,176	\$ 12,948	\$ 2,033	\$ 6,283	\$ 18,393	\$ 34,710	\$ 95,743	\$ 180,096
Miscellaneous	42,616	167,482	414,004	842,073	816,247	21,333	47,652	60,005	55,723	46,364
Total General Revenues	50,246	171,961	416,180	855,021	818,280	27,616	66,045	94,715	151,466	226,460
Special Item	2,859,108	-	-	-	-	-	-	-	-	-
Total component unit	\$ 2,909,354	\$ 171,961	\$ 416,180	\$ 855,021	\$ 818,280	\$ 27,616	\$ 66,045	\$ 94,715	\$ 151,466	\$ 226,460
<b>Change in Net Position</b>										
Component Unit:										
Total component unit	\$ 2,387,184	\$ 59,043	\$ (272,410) #	\$ (570,106)	\$ 206,712	\$ 420,411	\$ 710,635	\$ 578,482	\$ 54,670	\$ (308,845)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 10,877,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	54,778,125	-	-	-	-	-	-	-	-	-
Nonspendable	-	67,302	198,809	383,680	231,522	244,553	359,001	383,345	557,448	261,337
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	24,251,535
Committed	-	-	6,606	-	-	172,493	4,912,643	7,975,354	4,175,361	4,484,945
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	6,006,806
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	52,881,018
Total General Fund	\$ 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	\$ 87,885,641
All Other Governmental Funds										
Reserved	\$ 57,497,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	11,127,623	-	-	-	-	-	-	-	-	-
Nonspendable	-	720,000	648,200	-	-	510,000	-	-	-	17,812
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	47,098,773
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	24,657,983
Assigned	-	459,881	549,755	594,899	758,630	797,361	3,202,731	6,411,469	1,446,067	1,655,365
Unassigned	-	(5,440)	(292,024)	-	(34,772)	(55,116)	(287,944)	(57,671)	(5,167,699)	(43,414)
Total all other governmental funds	\$ 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	\$ 73,386,519

## Note:

The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011. Fiscal year 2010 is presented in the format prior to the implementation of GASB 54.

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

Table 4

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem taxes	\$ 136,532,544	\$ 136,169,662	\$ 134,789,473	\$ 134,153,049	\$ 140,937,488	\$ 139,912,235	\$ 146,665,438	\$ 157,805,766	\$ 161,348,060	\$ 173,272,386
Other taxes and licenses	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	52,653,957
Intergovernmental	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	28,435,191
Permits and fees	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	6,840,659
Sales and services	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	13,892,819
Investment earnings	429,465	261,016	235,440	266,534	277,771	211,522	476,243	976,381	1,933,054	3,790,853
Donations	108,709	186,638	390,239	628,598	649,853	506,259	696,118	559,896	571,705	602,438
Miscellaneous	462,114	514,504	589,467	1,039,992	487,090	444,037	1,078,357	386,890	1,099,121	1,162,952
Total Revenues	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	280,651,255
Expenditures										
General Government	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	24,833,675
Public Safety	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	47,306,560
Economic & Phy Dev	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	4,739,493
Environmental Prot.	472,943	519,010	524,881	537,717	222,128	399,128	377,117	610,380	438,565	1,332,525
Human Services	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	37,390,443
Education	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	151,618,111
Culture and recreation	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	6,902,789
Capital Outlay	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	17,131,454
Debt Service:										
Principal	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	38,292,875
Interest	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	15,543,086
Total Expenditures	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	345,091,011
Excess of revenues over (under) expenditures	(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)	(64,439,756)
Other Financing Sources (Uses)										
Lease Financing Issued	-	-	-	-	-	-	-	-	-	652,796
Transfers in	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	46,946,432
Transfers out	(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)	(46,744,748)
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	-	-	-	-	-	-	-	-	-	-
Issuance of Installment Financings	87,462,584	35,800,860	-	-	-	-	-	-	-	-
Issuance of lease	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	85,462,584	13,978,049	(1,097,580)	306,580	-	590,052	84,944,452	841,553	930,000	-
Net change in fund balances	\$ 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	\$ (63,585,276)
Debt service as a percentage of noncapital expenditures	14.98%	19.85%	25.20%	21.30%	19.24%	19.46%	16.14%	14.93%	15.97%	16.42%

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 <sup>(2)</sup>	Total Assessed Valuation	County Total Direct Tax Rate <sup>(3)</sup>
2010	\$ 18,048,592,567	\$ 3,003,442,173	\$ 277,653,397	\$ 21,329,688,137	0.6300
2011	18,223,093,062	2,751,158,382	271,487,306	21,245,738,750	0.6300
2012	18,049,710,020	2,668,575,911	285,837,655	21,004,123,586	0.6300
2013 <sup>(1)</sup>	15,623,512,935	2,774,393,931	297,917,351	18,695,824,217	0.7000
2014	15,779,588,588	3,581,199,304	304,841,483	19,665,629,375	0.7000
2015	16,133,208,737	3,251,500,679	311,870,162	19,696,579,578	0.7000
2016	16,451,336,581	3,452,698,898	377,571,137	20,281,606,616	0.7000
2017 <sup>(1)</sup>	17,490,495,184	3,673,234,986	381,343,745	21,545,073,915	0.7000
2018	18,030,699,506	3,874,032,498	407,469,337	22,312,201,341	0.7000
2019	18,654,406,653	4,034,155,194	420,009,900	23,108,571,747	0.7200

Notes:

<sup>(1)</sup> Cabarrus County typically reassesses property every four years. Increases or decreases in value are due to revaluation

<sup>(2)</sup> Public service companies' valuations are provided to the County by the North Carolina Department of Revenue and include both real and personal property

<sup>(3)</sup> The County total direct tax rate is per \$100 of assessed valuation



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

Table 6

		Year Taxes are Payable									
		2010 <sup>(1)</sup>	2011	2012	2013 <sup>(1)</sup>	2014	2015	2016	2017 <sup>(1)</sup>	2018	2019
<b>County Total Direct Rate<sup>(2)</sup></b>	\$	0.6300	\$ 0.6300	\$ 0.6300	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7200
<b>Fire Protection Districts<sup>(3)</sup></b>		0.0525	0.0528	0.0616	0.0616	0.0651	0.0651	0.0722	0.0751	0.0848	0.0947
<b>Municipal Rates: <sup>(4)</sup></b>											
Concord		0.4200	0.4200	0.4200	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800	0.4800
Kannapolis		0.4900	0.4900	0.4900	0.5600	0.5600	0.6000	0.6300	0.6300	0.6300	0.6300
Harrisburg		0.1250	0.1250	0.1350	0.1585	0.1585	0.1585	0.1585	0.1585	0.1585	0.3550
Mt. Pleasant		0.4400	0.4400	0.4400	0.5050	0.5050	0.5050	0.5050	0.5050	0.5050	0.5050
Midland		0.1400	0.1400	0.1400	0.1600	0.2000	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:

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

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

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

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

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

Table 7

Taxpayer	Type of Business	Fiscal Year 2019			Fiscal Year 2010		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Corning, Incorporated	Fiber optics manufacturer	\$ 353,495,441	1	1.53%	\$ 106,407,007	6	0.50%
Castle & Cooke North Carolina, LLC / David H Murdock	Land developer	293,425,169	2	1.27%	329,531,717	3	1.54%
Mall at Concord Mills LP	Shopping center	230,877,688	3	1.00%	240,953,415	4	1.13%
Charlotte Motor Speedway, Incorporated	Auto racing	218,958,570	4	0.95%	342,697,845	2	1.61%
Celgard LLC	Battery manufacturer	176,326,992	5	0.76%			
Duke Energy Corporation	Public service company	135,433,105	6	0.59%	97,201,489	7	0.46%
Great Wolf Lodge of the Carolinas	Amusement park/hospitality	105,935,419	7	0.46%	62,258,448	9	0.29%
Weinstein Properties	Property management	101,646,310	8	0.44%			
Hendricks Automotive	Auto racing	96,689,044	9	0.42%	123,165,628	5	0.58%
Silverman	Real Estate	88,614,973	10	0.38%			
DNP IMS America Corporation	Thermal transfer printing	-	-	-			
Phillip Morris, Incorporated	Cigarette manufacturer	-	-	-	940,533,809	1	4.41%
Concord Telephone Company	Public service company	-	-	-			
Christenbury Farms Inc	Land developer	-	-	-			
JQH-Concord Development LLC	Hospitality	-	-	-	68,675,083	8	0.32%
Totals		\$ 1,801,402,711		7.80%	\$ 2,311,424,441		10.84%

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
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%	937,556	156,735,058	99.51%
2019	166,041,841	2,611,618	(439,783)	168,213,676	167,031,329	100.60%	-	167,031,329	99.30%

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

Table 9

Fiscal Year	General Obligation Bonds <sup>(1)</sup>	Percentage of Actual Taxable Value of Property <sup>(2)</sup>	Per Capita <sup>(3)</sup>
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
2019	50,318,541	0.22%	238

Notes:

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

<sup>(2)</sup> See Table 5 for total assessed value of property

<sup>(3)</sup> See Table 13 for population data

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

Fiscal Year	Governmental Activities						
	Certificates						
	General Obligation Bonds <sup>(1)</sup>	Of Participation/Limited Obligation Bonds	Installment Financing <sup>(3)</sup>	Notes Payable	Capital Leases <sup>(3)</sup>	Total Primary Government	Per Capita <sup>(2)</sup>
2010	115,122,677	301,846,620	12,869,731	-	11,913	432,996,785	2,425
2011	107,901,510	302,779,526	14,225,193	-	-	424,906,229	2,350
2012	100,620,346	285,329,194	3,036,726	-	494,381	389,480,647	2,119
2013	100,138,753	265,437,062	2,968,195	-	379,877	368,923,887	1,979
2014	91,115,506	245,865,197	2,896,923	-	259,514	340,137,140	1,817
2015	82,447,259	238,439,690	2,822,780	457,323	132,994	324,300,065	1,688
2016	73,900,237	301,695,995	2,745,710	365,858	-	378,707,800	1,925
2017	65,546,821	276,304,369	3,166,929	274,393	334,814	345,627,326	1,715
2018	57,460,041	380,726,387	3,909,320	182,928	334,814	442,613,490	2,140
2019	50,318,541	347,902,739	3,407,393	91,463	713,127	402,433,263	1,904

Notes:

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

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

\* Calendar year 2018 personal income is not yet available to calculate the percentage of personal income for fiscal year 2018

<sup>(3)</sup> Fiscal years 2018 and prior have been restated

Cabarrus County, North Carolina  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2019

Table 11

Governmental Unit <sup>(1)</sup>	Outstanding Debt <sup>(2)</sup>	Estimated Percentage Applicable <sup>(3)</sup>	Amount Applicable to Primary Government
City of Concord	\$ 25,442,936	50.23%	\$ 12,778,848
City of Kannapolis	60,240,295	17.91%	10,787,461
Town of Harrisburg	8,222,787	9.66%	794,452
Town of Mt. Pleasant	1,020,129	0.64%	6,576
City of Locust	1,900,283	0.26%	4,881
Town of Midland	632,360	1.91%	12,090
Subtotal, overlapping debt			24,384,309
Cabarrus County direct debt			377,541,983
Total direct and overlapping debt			\$ 401,926,292

Notes:

<sup>(1)</sup> Overlapping governments are those that coincide, at least in part, with geographic boundaries within the County.

This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Cabarrus County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>(2)</sup> Total outstanding Governmental activities debt is provided by each governmental unit.

<sup>(3)</sup> The percentage of the overlapping debt is calculated by dividing the governmental unit's assessed valuation by the County's assessed valuation (overlapping portion of the government's revenue base / total revenue base of the overlapping government).

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

Table 12

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property	\$ 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	\$ 23,108,571,747
Debt Limit, 8% of Assessed Value (Statutory Limitation)	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	1,848,685,740
Debt applicable to debt limitations:										
Total Bonded Debt	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	44,290,000
Total Installment Payment Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Notes Payable	-	-	-	-	-	457,323	365,858	274,393	182,928	91,463
Total Capital Leases	11,913	-	494,381	379,877	259,514	133,013	-	334,814	334,814	713,127
Total Installment Financing	16,015,575	14,225,193	3,036,726	2,968,195	2,896,923	2,822,780	2,745,710	3,166,929	3,909,320	3,407,393
Total Certificates of Participation/ Limited Obligation Bonds	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	329,040,000
Total debt applicable to limitations	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	377,541,983
Legal debt limit	\$ 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	\$ 1,471,143,757
Total net debt applicable to the limit as a percentage of debt limit	\$ 1,282,792,563 24.82%	\$ 1,285,458,907 24.37%	\$ 1,303,548,780 22.42%	\$ 1,148,192,865 23.23%	\$ 1,252,663,913 20.36%	\$ 1,266,263,250 19.64%	\$ 1,267,826,961 21.86%	\$ 1,399,594,777 18.80%	\$ 1,369,794,045 23.26%	\$ 1,471,143,757 20.42%

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

Year	Population <sup>(1)</sup>	Personal Income <sup>(2)</sup>	Per Capita Personal Income <sup>(2)</sup>	Public School Enrollment <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>	Number of Building Inspections Performed <sup>(5)</sup>
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	9,085,784	43,920	36,669	3.90%	57,485
2018	206,872	*	*	33,877	3.80%	61,400
2019	211,342	*	*	32,955	4.00% **	64,131

\* Information not yet available. Information for calendar year 2018 will be available November 16, 2019.

\*\*Fiscal Year 2019 is as of June 30, 2019

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.



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

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Atrium Health (formerly Carolinas HealthCare)	4,259	1	4.08%	4,500	1	5.33%
Cabarrus County Schools	3,775	2	3.62%	3,800	3	4.50%
Amazon	2,350	3	2.25%			
S&D Coffee and Tea	1,239	4	1.19%			
Wal-Mart	1,200	5	1.15%			
Cabarrus County Government	1,169	6	1.12%	975	4	1.15%
City of Concord	1,016	7	0.97%	925	5	1.09%
Shoe Show	1,000	8	0.96%	700	9	0.83%
Kannapolis City Schools	801	9	0.77%	750	8	0.89%
Corning	650	10	0.62%			
Concord Mills Mall				4,000	2	4.73%
Tele Tech (formerly Connexions or Optum)				900	6	1.07%
State of North Carolina				771	7	0.91%
Hendricks Motorsports				500	10	0.59%
Total	17,459		16.73%	17,821		21.09%

Source:

NC Employment Security Commission, Cabarrus County Economic Development Corporation and FY 2010 CAFR

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	161	165	166	159	161	168	171	176	180	190
Cultural and Recreation	48	51	51	60	62	68	69	71	74	76
Public Safety	344	421	419	421	445	453	472	496	505	514
Economic and physical development	12	12	15	16	16	15	18	19	19	19
Human Services	307	313	297	289	299	302	308	317	330	340
Environmental Protection	11	11	8	7	5	7	7	7	8	9
Total	883	973	956	952	988	1,013	1,045	1,086	1,116	1,148

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	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government									
Tax Collection Rate	97.45%	97.20%	96.58%	96.67%	96.33%	97.32%	98.19%	99.05%	98.92%
Land Records Recorded <sup>(1)</sup>	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	841,916	697,539	681,192	701,278	699,884	668,249	675,234	771,850	812,539
Acres of Park Land-Developed/Undeveloped	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)	7.57	7.50	7.13	7.50	7.35	6.41	6.48	6.52	7.28
Detention Center Average Daily Population	275	350	358	367	369	326	285	336	347
Animals Picked Up (Animal Shelter)	3,982	3,800	3,505	3,408	2,817	2,865	2,955	2,596	2,685
Building Inspections Completed	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	6	7	7	7	7	7.2	7.5
Economic & Physical Development									
Construction Permits Issued <sup>(4)</sup>	-	9,558	10,350	10,119	13,695	15,217	16,971	16,183	18,152
Zoning Permits Issued <sup>(4)</sup>	-	307	295	313	367	450	444	536	538
Human Services									
Veteran /Dependent Contacts	12,138	12,119	9,901	9,950	9,312	9,477	9,610	9,852	10,241
Human Service Transportation Trips <sup>(2)</sup>	85,692	81,844	86,316	74,839	82,123	87,544	92,402	81,353	74,158
Family Medicaid Cases	14,460	15,884	16,039	17,659	17,553	9,805	18,662	17,197	17,197
Adult Medicaid Cases <sup>(3)</sup>	5,565	6,019	6,101	6,273	6,483	7,090	10,817	8,326	7,234
WFFA (formerly AFDC)	266	254	263	275	304	193	273	235	203
Child Protective Service Reports Investigated	1,488	1,537	2,955	2,389	1,224	1,217	1,748	1,185	1,953
Adoptions Completed	10	7	1	3	3	12	16	10	7
Food Stamp Cases	8,391	10,497	11,652	11,700	11,900	11,288	11,450	12,150	9,564
Adult Protective Services Reports	225	189	226	199	181	388	380	388	411
Environmental Protection									
Tons of MSW and C&D Waste Managed	28,818	24,969	21,454	17,876	17,756	16,511	16,126	15,327	16,845
Tons of Recyclable Materials Collected	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	\$1,597.64	\$ 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	\$ 59.60	\$ 32.59	\$ 32.20	\$ 110.89	\$ 90.93	\$ 58.27	\$ 137.18	\$ 182.14	\$ 129.36
Per Pupil Debt Service Funding	\$ 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: <sup>(1)</sup> Data is Calendar Year from Register of Deeds Department

<sup>(2)</sup> County Department Starting in 2004, previously under DSS and private contractor

<sup>(3)</sup> Social Security began managing SSI medicaid cases in 1998; Medicaid income limits changed to 100% of poverty 2001

<sup>(4)</sup> New measure beginning 2011

- Data Not Available, \* Estimate

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Parks <sup>(1)</sup></b>										
Park facility	5	5	5	5	5	5	5	6	6	6
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	23	24	24	24	24	28	28	29	29	29
Softball fields	8	8	8	8	8	8	8	8	8	4
Playgrounds	8	10	10	10	10	10	10	11	11	13
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	7	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
<b>Fire protection <sup>(1)</sup></b>										
Stations <sup>(2)</sup>	11	10	10	10	11	11	11	11	11	11
<b>Sheriff <sup>(1)</sup></b>										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	5	5	5	5	5	5	5
Patrol units	117	118	118	135	145	181	170	173	202	214

**Notes:**

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

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

# Compliance Section

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

The Board of County Commissioners  
Cabarrus County  
Concord, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 25, 2019. 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. 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 one other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying *Schedule of Findings and Questioned Costs* as item 2019-001.

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

Raleigh, North Carolina  
October 25, 2019

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

The 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, 2019. 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; the audit 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, 2019.



## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Uniform Guidance and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2019-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control over compliance, described in the accompanying *Schedule of Findings and Questioned Costs* as items 2019-002, 2019-003, 2019-004 and 2019-005 that we consider to be significant deficiencies.

Cabarrus County's response to the internal control over compliance findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. Cabarrus County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Elliott Davis, PLLC*

Raleigh, North Carolina  
October 25, 2019

**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, 2019. 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, 2019.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying *Schedule of Findings and Questioned Costs* as item 2019-004. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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 a 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 a 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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2019-002, 2019-003, 2019-004 and 2019-005 that we consider to be significant deficiencies.

Cabarrus County's response to the internal control over compliance finding identified in our audit is described in the accompanying *Schedule of Findings and Questioned Costs*. Cabarrus County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Raleigh, North Carolina  
October 25, 2019

**Cabarrus County, North Carolina**  
***Schedule of Findings and Questioned Costs***  
***For the year ended June 30, 2019***

---

**I. SUMMARY OF AUDITOR'S RESULTS**

***Financial Statements***

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: 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 with 2 CFR 200.516(a): ☒ Yes ☐ No

Identification of major federal programs:

CFDA Number

93.563

93.558

93.778

Name of Federal Program or Cluster

Child Support Enforcement

Temporary Assistance for Needy Families

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:

Public School Building Capital Fund

NC Clean Water Management Trust Fund

Other major state programs include Medical Assistance Program (Medicaid Cluster) which has a state match on the federal programs. Therefore, these programs have been included in the list of major federal programs above.

---

**Cabarrus County, North Carolina**  
***Schedule of Findings and Questioned Costs***  
***For the year ended June 30, 2019***

---

**II. FINANCIAL STATEMENT FINDINGS**

**Finding 2019-001, Vendor Payment Adverse Event**

**Criteria:** Local governments are at risk of financial loss resulting from social engineering attacks.

**Condition:** During fiscal year 2019, the County discovered and reported that an electronic funds transfer of \$2,504,601 intended as payment to an education construction vendor was erroneously sent to a malicious actor.

**Effect:** The County recovered \$851,518 through insurance recovery and legal recourse. At June 30, 2019, the net expenditure of \$1,653,083 is included in education expenditures in the Limited Obligation Bonds 2017 Capital Projects Fund. On July 29, 2019, the Board of Commissioners approved a General Fund \$1,653,083 appropriation of fund balance to reimburse the Limited Obligation Bonds 2017 Capital Projects Fund.

**Cause:** The County was targeted by a malicious actor posing as a vendor who provided erroneous payment information.

**Recommendation:** In order to prevent future occurrences, management has informed us that the County has implemented a redesigned vendor authentication process based on the evaluation and recommendations of an external consultant. We concur with this course of action.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2019-002, Significant Deficiencies over Eligibility**

**Information on the federal program:** Medicaid Cluster (Medicaid), CFDA 93.778, U.S. Department of Health and Human Services, passed through the N.C. Department of Health and Human Services, Division of Medical Assistance.

**Criteria or specific requirement:** Per the North Carolina Medicaid Assistance Program (Medicaid; Title XIX) Compliance Supplement and the DSS manuals (Aged, Blind and Disabled manual, Family and Children Medicaid manual and the Integrated Policy manual), case files for individuals or families receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- verifications of date of birth
- verifications of United States citizenship
- accurate record of household members and relationships
- verification of social security number
- verification of real property ownership
- accurate computation of countable income
- verification of earned income
- verification of unearned income
- social security status

---

**Cabarrus County, North Carolina**  
***Schedule of Findings and Questioned Costs***  
***For the year ended June 30, 2019***

---

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, continued**  
**Finding 2019-002, Significant Deficiencies over Eligibility, continued**

**Conditions:** We noted that in two instances the case file did not contain evidence to verify the individual's date of birth. In two instances, the casefile did not contain evidence that SOLIQ was completed or manual documentation obtained to verify the individuals citizenship/ alien status. In one instance, the case record did not contain evidence that the household and relationship information to verify household composition. In two instances, the Employment Security Commission (ESC) OVS was not completed to verify the individual's earned income. In two instances, SOLQ OVS/ OLV, Bendex OVS/OLV, SDX OVS, ESC OVS, and ACTS OVS were not completed to verify the individual's unearned income. In two instances, the case record did not contain evidence that the State Online Query OVS (SOLQ) was completed to verify the individual's Social Security Number (SSN). In one instance, the case record did not contain an appropriate income conversion and computation in accordance with policy manuals. In two instances, the total countable income was not recorded accurately into NC FAST based upon documentation in the case record. In one instance, the case record did not contain eligibility reviews for an individual who no longer receives SSI.

**Context:** We sampled 93 payments from a total population of 2,026,496 payments made to the participants during the fiscal year. We noted the above condition in 5 of the 93 case files inspected for applicable payments.

**Effect:** Case files not containing all required documentation results in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

**Cause:** The County did not retain required documentation in case files at the time eligibility was determined.

**Recommendation:** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

**Finding 2019-003, Significant Deficiencies over Eligibility**

**Information on the federal program:** Temporary Assistance for Needy Families (TANF), CFDA 93.558, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.

**Criteria or specific requirement:** Per the North Carolina TANF Program (Work First Program) Compliance Supplement and the DSS manuals, case files for individuals receiving assistance are required to retain documentation to evidence appropriate eligibility determination, including:

- verification of law enforcement search

**Condition:** We noted that in one instance the case file did not contain evidence to verify the individual's law enforcement search.



---

## Cabarrus County, North Carolina

### *Schedule of Findings and Questioned Costs*

*For the year ended June 30, 2019*

---

#### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, continued

##### Finding 2019-003, Significant Deficiencies over Eligibility, continued

**Context:** We sampled 93 payments from a total population of 5,355 payments made to the participants during the fiscal year. We noted the above condition in 1 of the 93 case files inspected for applicable payments.

**Effect:** Case files not containing all required documentation results in a risk that the County could provide services to individuals not eligible to receive such services or that such services could be denied to eligible individuals. Subsequent to being notified that required documentation had not been retained in case files, the County was able obtain documentation to substantiate that the applicants tested were eligible to receive benefits.

**Cause:** The County did not retain required documentation in case files at the time eligibility was determined.

**Recommendation:** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend the County review and amend current policy and procedures in place to ensure that all eligibility determination documentation is completed and retained by the County.

##### Finding 2019-004, Significant Deficiency over Eligibility and Non-Material Noncompliance

**Information on the federal program:** Temporary Assistance for Needy Families (TANF), CFDA 93.558, U.S. Department of Health and Human Services, passed through the N.C Department of Health and Human Services, Division of Social Services.

**Criteria or specific requirement:** Per the North Carolina TANF Program (Work First Program) Compliance Supplement and the DSS manuals, the family's net earned and unearned income are deducted from the Need Standard for the number of assistance unit members. The payment is one-half the difference.

**Conditions:** We noted that in two instances a families monthly benefit check was larger than the calculated standard payment amount they should have received.

**Questioned cost:** The known questioned cost was \$100.

**Context:** We sampled 93 payments from a total population of 5,355 payments made to the participants during the fiscal year. We noted the above condition in 2 of the 93 case files inspected for applicable payments. The families received benefits that where considered ineligible for a one to six month period.

**Effect:** Individuals received larger monthly benefit payments than allowed. The known questioned cost was \$100.

**Cause:** Countable income was incorrectly recorded in NCFAS resulting in an inaccurate needs calculation.

**Recommendation:** We recommend that the County train and monitor employees on the eligibility determination process. We also recommend that caseworkers understand how the benefits are calculated and determined and that the appropriate amounts are used to calculate benefits.

---

## Cabarrus County, North Carolina

### *Schedule of Findings and Questioned Costs*

*For the year ended June 30, 2019*

---

#### III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS, continued

##### Finding 2019-005, Significant Deficiency over Allowable Costs

**Information on the state program:** DSS Crosscutting, U.S. Department of Health and Human Services, Child Support Enforcement, CFDA 93.563, Temporary Assistance for Needy Families, CFDA 93.558, Medicaid Cluster, 93.778..

**Criteria or specific requirement:** Per the North Carolina DSS Crosscutting Supplement and the DSS Services Information System Policy, all employees who provide direct client services during the month must maintain day sheets and report 100% of the employee's time.

**Conditions:** We noted one instance where a County Human Services employee, who provides direct client services, did not report 100% of their time for the month.

**Context:** We inspected the day sheets of 46 employees supporting the time recorded on Part I of the DSS-1571 for the months of July 2018, October 2018, and May 2019 and noted the condition above in one instance.

**Effect:** Day sheets not containing all required employee time results in a risk that the County could request reimbursement for wages that are not allowable for reimbursement. Subsequent to being notified that required documentation had not been retained, the County was able to provide documentation to substantiate that the employee had worked the appropriate amount of hours for reimbursement.

**Cause:** The County did not have adequate internal controls in place related to the submission and approval of employee's time to ensure its completeness.

**Recommendation:** We recommend that the County implement or revise policies and procedures in place over DSS 1571 - Part I to ensure that 100% of all employee time is recorded on Day Sheets prior to the approval reimbursement.

#### IV. STATE AWARD FINDINGS AND QUESTIONED COSTS

Findings 2019-002, 2019-003, 2019-004, and 2019-005 as listed in Section III *Federal Award Findings and Questioned Costs* are also considered to be state award findings.



## Finance Department

---

### **Section II – Financial Statement Findings, Responses and Questioned Costs**

#### **Finding: 2019-001 – Vendor Payment Adverse Event**

**Cause:** A malicious actor posing as a vendor who provided erroneous payment information targeted the County.

**Name of Contact Person:** Susan Fearrington, Finance Director

**Corrective Action/Management's Response:** Management implemented a redesigned vendor authentication process based on evaluation and recommendations of an external consultant. On September 30, 2019, a contract was executed to authenticate vendors with a third party.

**Proposed Completion Date:** Full implementation of this process is expected to take place prior to June 30, 2020.

### **Section III – Federal Award Findings, Responses and Questioned Costs**

#### **Finding: 2019-002 – Significant Deficiencies over Eligibility**

**Cause:** The County did not retain required documentation in case files at the time eligibility was determined.

**Name of Contact Person:** Michelle Kremer, DHS Program Administrator

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. Refresher trainings will be conducted to address the deficiencies cited. Updated checklists will be shared with staff and are recommended for use in completing both applications and reviews of Medicaid eligibility, which include required documentation and other deficiencies cited. Second party review tools were updated to ensure internal controls are in place to address the deficiencies cited.

**Proposed Completion Date:** The refresher trainings will be completed by January 31, 2020. Both the checklists and second party review tools were implemented in September 1, 2019 and follow the state Medicaid second party view tool (DMA-7078).

### **Section III – Federal Award Findings, Responses and Questioned Costs (continued)**

#### **Finding: 2019-003 – Significant Deficiencies over Eligibility**

**Cause:** The County did not retain required documentation in case files at the time eligibility was determined.

**Name of Contact Person:** Diane Gridley, DHS Program Administrator

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. Caseworker level audits utilizing an eligibility checklist are required upon case completion. This is tested in the second party review process. Refresher training will be conducted on the requirements of the checklist of items.

**Proposed Completion Date:** Training will be completed by January 31, 2020.

#### **Finding: 2019-004 – Significant Deficiency over Eligibility and Non-Material Compliance**

**Cause:** Countable income was incorrectly recorded in NCFAS resulting in an inaccurate needs calculation.

**Name of Contact Person:** Diane Gridley, DHS Program Administrator

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. Caseworker level audits utilizing an eligibility checklist are required upon case completion. This is tested in the second party review process. Refresher training will be conducted on the requirements of the checklist of items.

**Proposed Completion Date:** Training will be completed by January 31, 2020.

#### **Finding: 2019-005-Significant Deficiency over Allowable Costs**

**Cause:** The County did not have adequate internal controls in place related to the submission and approval of employee's time to ensure its completeness.

**Name of Contact Person:** Dana Pastores, DHS Business Services Manager

**Corrective Action/Management's Response:** Management concurs with the condition, context, and recommendations. County will revise and implement policies and procedures for monitoring daysheet entries. Security officer will note required number of minutes for the month on home page of daysheet program. Daysheet monitoring has been incorporated as a County performance measure for FY 2020 to ensure compliance. Refresher daysheet training was conducted August 2019 and refreshers will continue throughout the fiscal year with all divisions.

**Proposed Completion Date:** June 30, 2020



## Finance Department

---

### *Summary Schedule of Prior Audit Findings For the year ended June 30, 2019*

---

None noted.

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

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 Sub recipients	Local Expenditures
<b>FEDERAL AWARDS</b>						
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through N.C. Department of Health and Human Services: Division of Social Services:						
Administration:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
State Administrative Matching Grants						
for the Supplemental Nutrition Assistance Program						
Total Supplemental Nutrition Assistance Program	10.561	WC302	\$ 1,641,580	\$ -	-	\$ 1,641,580
			1,641,580	-	-	1,641,580
Total U.S. Department of Agriculture			1,641,580	-	-	1,641,580
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program	16.738		3,956	-	-	-
State Criminal Alien Assistance Program	16.606		32,951	-	-	-
Total U.S. Dept. of Justice			36,907	-	-	-
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed-through the N.C. Department of Transportation: State and Community Highway Safety Program						
Federal Transit Grants	20.600	PT-20-06.28	4,506	-	-	795
Formula Grants for Rural Areas - Administrative	20.509	19-CT-042	106,764	6,672	-	20,019
Formula Grants for Rural Areas - Capital	20.509	19-CT-042	25,783	70,904	-	-
Formula Grants for Rural Areas - Capital	20.507	19-90-042	136,686	-	-	-
Total U.S. Department of Transportation			273,739	77,576	-	20,814
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed-through N.C. Dept. of Public Safety: Division of Emergency Management						
Emergency Management Performance Grant	97.042	EMA-2018-EP-00007	80,399	-	-	80,399
Total U.S. Department of Homeland Security			80,399	-	-	80,399
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Division of Aging and Adult Services						
Passed through Centralina Council of Governments:						
National Family Caregiver Support, Title III, Part E	93.052	FY19 Region F County 013	41,535	2,651	-	4,909
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	FY19 Region F County 013	4,475	790	-	-

CABARRUS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Fiscal Year Ended June 30, 2019

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 Sub recipients	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	FY19 Region F County 013	110,331	19,470	-	15,542
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers:						
Transportation Grant	93.044	FY19 Region F County 013	142,524	25,151	-	16,767
Adult Day Services	93.044	FY19 Region F County 013	104,123	18,375	-	13,610
In-Home Aide I&II	93.044	FY19 Region F County 013	136,774	24,137	-	17,879
Housing   Housing Improvement	93.044	FY19 Region F County 013	43,421	7,662	-	5,676
Senior Center Operations Grant	93.044	FY19 Region F County 013	76,093	13,428	-	9,947
Nutrition Services Incentive Program	93.053	FY19 Region F County 013	21,863	-	-	-
Senior Center Operations Grant   General Purpose			-	7,128	-	-
Total Aging Cluster (Note 3)			635,129	115,351	-	79,421
Total Division of Aging and Adult Services			681,139	118,792	-	84,330
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) Services:	93.558	1902NCTANF	154,274	-	-	222,021
Temporary Assistance Needy Families (TANF)	93.558	1902NCTANF	1,471,040	-	-	1,163,141
Total TANF Cluster			1,625,314	-	-	1,385,163
Child Support Enforcement - Section IV-D Administration	93.563	WC302	1,539,859	-	-	793,261
Low-Income Home Energy Assistance						
Administration	93.568	19B1NCLIEA	97,621	-	-	-
Energy Assistance	93.568	19B1NCLIEA	415,200	-	-	-
Crisis Intervention Program	93.568	19B1NCLIEA	593,752	-	-	-
Total Low-Income Energy Assistance			1,106,573	-	-	-
Passed through NCDHHS NC Department of Environmental Quality						
Weatherization Assistance for Low Income Persons	93.568		156,586	-	-	-
Heating and Air Repair and Replacement Program	93.568		91,423	-	-	-
Total Dept of Environmental Quality			248,009	-	-	-

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

<b>Grantor/Pass Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>State/Pass Through Grantor's Number</b>	<b>Federal Direct and Pass Through Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Sub recipients</b>	<b>Local Expenditures</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
Stephanie Tubbs Jones Child Welfare Services Program						
Permanency Planning - Families for Kids	93.645	G1901NCCWSS	39,196	-	-	13,065
Chafee Foster Care Independence Program						
Administration	93.674	G1901NC1420	16,431	4,108	-	-
Direct Benefit Payment	93.674	G1901NC1420	5,563	-	-	-
Total Chafee Foster Care Independence Program			21,994	4,108	-	-
Promoting Safe and Stable Families	93.556	G1901NCFPSS	29,728	-	-	-
Social Service Block Grant (SSGB) - In Home Services						
Adult Day Care (Division of Adult and Aging Services)	93.667	G1901NCSOSR	26,584	24,411	-	7,285
In-Home Services	93.667	G1901NCSOSR	105,099	5,814	-	13,267
Adult Protective Services	93.667	G1901NCSOSR	3,328	-	-	1,109
Child Protective Services - TANF to SSBG	93.667	G1901NCSOSR	201,785	-	-	-
Social Services Block Grant Administration	93.667	G1901NCSOSR	393,496	-	-	131,165
Total Social Services Block Grant (SSBG) In Home Services			730,292	30,225	-	152,826
Total Division of Social Services - Other Programs			5,340,965	34,333	-	2,344,315
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care and Adoption Cluster:						
Foster Care Title IV - E Administration	93.658	1901NCFOST	33,225	-	-	33,225
Foster Care Title IV - E Child Protective Services	93.658	1901NCFOST	150,585	90,064	-	124,801
Foster Care Title IV - E Foster Care and Training	93.658	1901NCFOST	12,172	-	-	4,057
Foster Care Title IV - E Foster Care and Off Training	93.658	1901NCFOST	386,880	-	-	386,880
Direct Benefit Payment:						
Foster Care Title IV - E Foster Care	93.658	1901NCFOST	299,344	126,032	-	86,082
Adoption Assistance- Training	93.659	WC302	44,053	-	-	44,053
Adoption Assistance	93.659	WC302	175,574	-	-	319,857
Total Foster Care and Adoption Cluster (Note 3)			1,101,833	216,096	-	998,955
Passed Through N.C. Department of Health and Human Services:						
Subsidized Child Care:						
Child Care Development Fund Cluster:						
Division of Social Services:						
Administration	93.596	WC302	223,029	-	-	-
Division of Child Development:						
Child Care Development Block Grant	93.575	G19701NCCCDF	15,077	-	-	-
Total Child Care Development Fund Cluster			238,106	-	-	-
Total Subsidized Child Care Cluster (Note 3)			238,106	-	-	-



**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Fiscal Year Ended June 30, 2019

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 Sub recipients	Local Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</b>						
Division of Social Services:						
Medicaid Cluster:						
Medical Assistance Program	93.778	WC302	4,882,518	-	-	1,730,975
Medical Assistance Program	93.778	WC302	52,886	8,027	-	44,859
Total Medicaid Cluster			4,935,404	8,027	-	1,775,834
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice Admin	93.767	WC302	289,576	-	-	-
Total U.S. Department of Health and Human Services			12,587,023	377,248	-	5,203,434
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Passed-through N.C. Department of Commerce						
HOME Investment Program	14.239	2015 HOME Grant	94,683	-	-	25,000
HOME Investment Program	14.239	2016 HOME Grant	97,663	-	-	25,000
Total U.S. Department of Housing and Urban Development			192,346	-	-	50,000
<b>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>						
Passed-Through N.C. Department of Natural and Cultural Resources						
Grants to States - LSTA EZ Grant	45.310		31,188	-	-	-
<b>U.S. DEPARTMENT OF ENERGY</b>						
Passed Through N.C. Department of Environmental Quality						
Weatherization Assistance for Low-Income Persons	81.042	DEEE0007939	54,617	-	-	-
Total U.S. Department of Energy			54,617	-	-	-
<b>TOTAL FEDERAL AWARDS</b>			14,897,799	454,824	-	6,996,227
<b>STATE AWARDS</b>						
<b>N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
Division of Social Services:						
AFDC Incentives		XXXX	-	1,249	-	-
Child Welfare/CPS/CS		XXXX	-	72,509	-	-
County Funded Programs		XXXX	-	-	-	3,016,810
Non-Allocating County Cost		XXXX	-	-	-	2,244,237
Work First Non Reimbursement		XXXX	-	-	-	697,974
Total Division of Social Services			-	73,758	-	5,959,021
Total N. C. Department of Health and Human Services			-	73,758	-	5,959,021

**CABARRUS COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2019**

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 Sub recipients	Local Expenditures
<b>N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY</b>						
Division of Waste Management:						
Electronics Recycling Management Funds		XXXX	-	13,415	-	-
White Goods Management Program		XXXX	-	43,629	-	-
Scrap Tire Program		XXXX	-	285,498	-	-
Solid Waste Disposal		XXXX	-	24,848	-	-
Total Division of Waste Management			-	367,390	-	-
Soil and Water Conservation		XXXX	-	3,600	-	-
Soil and Water Conservation - Water Quality Cost Share Grant		XXXX	-	26,820	-	186,456
Total NC Department of Environmental Quality and Natural Resources			-	397,810	-	186,456
<b>N.C. DEPARTMENT OF PUBLIC SAFETY</b>						
Division of Juvenile Justice and Delinquency Prevention:						
Juvenile Crime Prevention Programs:						
ACS Shift Mentoring		XXXX	-	37,750	37,750	-
Positive Parenting		XXXX	-	64,000	64,000	-
Fostering Solutions		XXXX	-	47,237	47,237	-
Sex Offender		XXXX	-	8,561	8,561	-
Shift Mentoring		XXXX	-	73,050	73,050	-
Teen Court		XXXX	-	54,600	54,600	-
Teen Court Resolve Program		XXXX	-	71,628	71,628	-
Cabarrus County:						
JCPC Certification		XXXX	-	15,500	15,500	-
Total N.C. Department of Public Safety			-	372,326	372,326	-
<b>N.C. DEPARTMENT OF INSURANCE</b>						
Division of Seniors Health Insurance Information Program						
SHIIP Grant		XXXX	-	12,748	-	-
Total N.C. Department of Insurance			-	12,748	-	-
<b>N.C. DEPARTMENT OF CULTURAL AND NATURAL RESOURCES</b>						
N.C. Clean Water Management Trust Fund:						
Suther Wet Prairie Significant Natural Heritage Area			-	531,000	-	249,000
Division of State Library			-	195,541	-	2,695,533
State Aid to Libraries			-	726,541	-	2,944,533
Total N.C. Department of Cultural and Natural Resources		DCR-4	-			
<b>N.C. DEPARTMENT OF ADMINISTRATION</b>						
Veterans Service Grant			-	2,216	-	275,797
Total N.C. Department of Administration			-	2,216	-	275,797

CABARRUS COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
For the Fiscal Year Ended June 30, 2019

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 Sub recipients	Local Expenditures
<b>N.C. DEPARTMENT OF TRANSPORTATION</b>						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Elderly and Disabled Transportation Assistance Program (E&DTAP)		DOT-16CL	-	98,626	-	-
ROAP Work First Transitional - Employment		DOT-16CL	-	4,306	-	-
ROAP Rural General Public Program (RGP)		DOT-16CL	-	64,431	-	7,159
Total ROAP Cluster			-	167,363	-	7,159
Transit Development Capital Grant			-	12,300	-	-
Total N.C. Department of Transportation		17-DG-050	-	179,663	-	7,159
<b>N.C. DEPARTMENT OF PUBLIC INSTRUCTION</b>						
Public School Building Capital Fund			-	2,500,000	-	-
Lottery proceeds			-	2,500,000	-	-
Total N.C. Department of Public Instruction			-	4,265,062	372,326	9,372,966
<b>TOTAL STATE AWARDS</b>						
<b>TOTAL FEDERAL AND STATE AWARDS</b>			\$ 14,897,799	\$ 4,719,886	\$ 372,326	\$ 16,369,193

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