

Cabarrus County

meeting the needs
of residents and business owners
to provide a better quality of life
for all who live
and work in Cabarrus County, NC



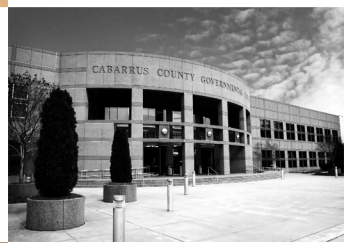
Comprehensive Annual Financial Report

For the Year ended June 30, 2012

Social



Environment



Sustainable



Economic



Community



Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the year ended June 30, 2012

Prepared by
Cabarrus County Finance

Pamela S. Dubois
Deputy County Manager



**Cabarrus County, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012**

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Introductory Section



Finance Department

October 31, 2012

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

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Cabarrus (the County) for the fiscal year ended June 30, 2012.

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

The County's financial statements have been audited by Martin Starnes & Associates, CPA, PA, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2012, are presented fairly in all material respects with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the County

The County, incorporated in 1792, is located in the Piedmont section of the State of North Carolina and is bordered on the north by Rowan and Iredell counties, on the east by Stanly County, on the south by Union county and on the west by Mecklenburg County; it comprises approximately 230,400 acres. There are seven municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, Locust and Stanfield are smaller municipalities in the County. The County serves a population of 174,294. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the County Manager on or before the end of February each year. The County Manager uses these requests as the starting point for developing a proposed budget. The Board of Commissioners is required by law to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., law enforcement). The County Manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund. He may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners except as specified in the budget ordinance related to budget shortfalls, and approved change orders. The manager and finance director may also transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the County Manager or Finance Director may adjust budgets to match, including grants that require a county match for which funds are available. The County Manager may reduce revenue projections consistent with prevailing economic conditions, and also reduce expenditures correspondingly. The County Manager is authorized to transfer from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvements Plan for the current fiscal year. The Manager, Finance Director, or designee may adjust debt financing from estimated projections to actual funds received. Any other changes require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Exhibit 5 as part of the basic financial statements for the governmental funds. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the special revenue funds and the capital projects funds).

Factors Affecting Financial Condition

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

Local Economy. The County is one of six counties located in the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (*Charlotte MSA*), which consists of Anson, Cabarrus, Gaston, Mecklenburg and Union Counties in North Carolina and York County in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the largest metropolitan area in the Carolinas and its population growth is one of the fastest in the southeast.

Historically, the County's economy was primarily dependent on the textile industry, but the County's proximity to Charlotte and access to major interstate highways have helped diversify the County's economy through investments in manufacturing, retail, warehousing and distribution, research and entertainment. These investments have helped to offset the downturns in the textile industry.

A summary of significant recent developments in these industries follows.

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

Other manufacturing facilities produce a wide variety of goods for national and international distribution. The following are just a few examples of these industries. Corning, Inc.'s fiber optics facility in southeastern Cabarrus County has recently expanded and officials expect continued growth as the fiber optic market improves globally. S&D Coffee and Tea, headquartered in Concord, is the nation's largest custom coffee roaster and the largest blender of iced tea for the food services industry in the United States. Celgard is an international developer of lithium battery separators. Locally, the company produces lithium-ion batteries for electric drive vehicles.

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

Warehousing and Distribution. The distribution, warehousing, and shipping industry is another growing sector of the County's economy, as the County continues to be a cost-effective alternative for Charlotte area distributors. This industry benefits from the County's proximity to the City of Charlotte (a regional trucking and manufacturing center with a major commercial international airport) and from access to Interstate 85, which has seven existing interchanges in the County. Examples of companies building or expanding distribution centers in the County include: SP Richards, a subsidiary of Genuine Parts Co. is a leading distributor of office supplies and business products, opened a new 200,000 square-foot distribution center off Glen Afton Boulevard in Kannapolis. Bonded Logistics Inc, a third-party distribution center, opened a 127,000 square-foot facility in Concord. Distribution Technologies opened a facility dedicated to Wal-Mart Stores Inc. and invested \$1.7 million into renovating and rehabilitating the outdated property. Other large distribution centers include The StanleyWorks, Sysco, SaddleCreek Corp. and Novant Health.

Research. The North Carolina Research Campus (NCRC), located in the City of Kannapolis, focuses on the advancement of nutrition, agriculture and human health. Scientists from universities, industry, government and non-profit organizations are discovering ways to promote healthy lifestyles and to prevent, treat and cure diseases.

To facilitate the development and finance needed public improvements, the City of Kannapolis has created the North Carolina Research Campus Financing District (*Development District*), pursuant to the State's project development financing act. This district is comprised of approximately 863 acres within the County and Rowan County. The Development District was created to finance infrastructure within and around the Development District to support NCRC. The boundaries of the Development District were created to capture the area in which such infrastructure is needed. NCRC is approximately 240 acres within the Development District. The development plan for the Development District contemplates that, when completed, NCRC will include more than 2 million square feet of office and laboratory space, 600,000 square feet of new retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units.

The City of Kannapolis issued \$35 million in limited obligation bonds (*Kannapolis Bonds*) to finance public infrastructure in the Development District. Pursuant to an Interlocal Agreement between the County and the City of Kannapolis executed in connection with the issuance of the Kannapolis Bonds, the County has agreed to pay a portion of its incremental ad valorem tax revenues actually collected in the Development District to the City to be used for the payment of not more than half of the annual

payments of principal and interest due on the Kannapolis Bonds. These payments begin in FY 2013 and end in FY 2027, range (subject to a “Maximum County Contribution” ceiling) from a low of \$1,421,804 in FY 2013 to a high of \$1,513,677 in FY 2021, and total \$22,523,021.

Entertainment. Cabarrus County is loaded with attractions and amenities. At any given time you may encounter major sporting events, world-renowned NASCAR races, top-flight golf courses, cultural attractions, performing arts, and major entertainers. Exit 49 off Interstate 85 is the center of the entertainment district. The corridor is anchored on one side by Concord Mills Mall the number one shopping destination in the Carolina’s and the massive Charlotte Motor Speedway (CMS) the host to NASCAR racing on the other end. In between these two venues you will find more than 3,000 hotel rooms and over 40 restaurants.

Nearly every major hotel chain is represented along the boulevard including Embassy Suites Golf Resort & Spa with 308 guest rooms and the Concord Convention Center and Great Wolf Lodge with 402 all-suite guest rooms and the largest indoor water park in North Carolina.

Motorsports. Another example of the County’s diverse economy is Charlotte Motor Speedway, a major motorsports facility which regularly hosts events that can draw over 167,000 people and impacts the economy by \$400 million per year. The CMS complex encompasses over 2,000 acres and includes a 1.5 mile superspeedway, state-of-the-art four lane zMax Dragway and clay oval Dirt Track. Recent expansions at CMS include additions to grandstand seating, a new infield media center, and the world’s largest HDTV screen.

The County is home to several motorsports companies that benefit from being near CMS, including most of the NASCAR Sprint Cup teams such as Earnhardt Ganassi Racing, Richard Petty Motorsports, Roush Fenway Racing, Hendrick Motorsports, Stewart-Haas Racing, JTG Daugherty Racing, and Wood Brothers Racing. Other motorsports businesses located here are Concord Speedway, NASCAR Research & Development, World Racing Group, Motorsports Radio Network, Performance Racing Network, Curb Museum of Motorsports and over 200 other motorsports-related businesses.

Retail. Concord Mills Mall, is located on approximately 165 acres at Exit 49 off Interstate 85. The 1.4 million square foot facility has over 200 stores, like Bass pro Shops Outdoor World and a 24-screen AMC theater. The mall cost approximately \$240 million to complete and is generating an estimated \$300 million annually in retail sales. Concord Mills Mall is the State’s largest tourism attraction and continues to create additional spin-off retail development on adjacent properties. Projects that have been built nearby include Wal-Mart Superstore, Lowe’s Home Improvement, and Academy Sports+Outdoor. The area has become a primary retail center for the entire Metropolitan Statistical Area.

Other retail centers of note include Carolina Mall, a smaller community mall with over 50 stores; Afton Ridge anchored by a Target Superstore, other major retailers and restaurants and nearby Afton Village, a mixed-use development that includes shops and restaurants along with residential homes and condos. The Depot at Gibson Mill is a large antique and designer mall with over 550 vendors. Historic Downtown Concord offers a wide variety of unique specialty shops, restaurants and galleries.

Concord Regional Airport. The City of Concord owns and operates this general aviation reliever airport on approximately 850 acres adjacent to Interstate 85. This facility, known as the “Home to NASCAR’s Air Force”, since so many of the race teams and organizations are located nearby and use the airport, is the 4th busiest in the state with 200 flights per day. The Airport is equipped with a 7,400-foot runway with full instrument approach, which is large enough to land a Boeing 737. There are approximately 170 aircraft based at the airport with an estimated total value of \$160 million.

The City has proposed constructing additional conventional hangar space to accommodate the demand for aircraft basing at Concord Regional Airport. Additional basing will increase revenues from storage and fuel sales.

Industrial and Business Parks. A variety of industrial and business parks located throughout the County have provided additional focus points for economic development. For companies investigating new operations or expansions in the Charlotte area, these parks provide alternatives to sites in Charlotte or Mecklenburg County. Following are brief descriptions of several of these parks.

International Business Park. This diversified 500 acre commercial and industrial business park is located along Interstate 85 at Exit 55. The Park is currently home to 30 companies, including five international firms and four Fortune 500 firms. Newer additions to the park include Celgard, Bonded Logistics and PreGel America. Two speculative industrial/logistics type buildings are planned for this development and should be underway by 2014.

Afton Glen. Located just off Interstate 85 at Exit 54, this mixed-use development includes a thriving retail component as well as sites suited for office and institutional uses. Multiple parcels are available and high quality road and sidewalk infrastructure is in place.

River Oaks Corporate Center. A campus style development located on 150 acres of land at the corner of Poplar Tent and Derita Roads in Concord near Concord Regional Airport. The master plan can accommodate 50,000 to 1.5 million square feet of logistics and manufacturing space.

Midland Multimodal Industrial Park. Aberdeen Carolina & Western Railway and a Raleigh development company have plans to build a 125-acre business park. At full build out the park would contain 4 million square feet of distribution and light industrial space with companies employing more than 1,000 workers.

Z-Max Industrial Park. Z-Max Industrial Park offers a rail served site with excellent highway access. The site is served by major utilities and is home to motorsports related businesses, including US Legend Cars International.

The County's prior rapid growth, largely attributable to the County's position in the Charlotte metropolitan region, slowed as a result of the global recession, but is expected to resume, albeit at a slower pace, as the global economy recovers. The County believes that its short-range and long-range planning has provided the necessary infrastructure to accommodate anticipated growth, and the County cooperates with its municipalities in economic recruiting and development efforts. The Cabarrus Economic Development Corporation (CEDC), which operates with a full-time staff, serves as the primary recruiting and marketing entity. The structure greatly enhances efforts in business retention and expansion, entrepreneurship and new business recruitment. Given these changes, combined with the availability of sites within commercial and industrial parks with all municipal services available located near major highways and interstates, the County expects continued strong economic development in the area. The CEDC has been accredited by the International Economic Development Council which is an independent verification of the status of the organization. The CEDC is one of only 24 economic development organizations worldwide which have been accredited by the International Economic Development Council.

The following table lists the 10 largest manufacturing and non-manufacturing employers in the County as of 2012:

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

Source: Cabarrus County Economic Development Corporation (2012)

Long-term financial planning

The County's operating budget (which is comprised of the General Fund, Cabarrus Arena and Events Center Fund, Landfill Operations Fund, 911 Emergency Telephone Fund, Health Insurance Fund and Fire District Fund) for the fiscal year ending June 30, 2013 totals \$211,408,859 with a tax rate of \$0.70 per \$100 of assessed value, based on a total valuation of \$18,400,470,359. The valuation decreased 12% from the prior year due to the reduction in property values caused by the recession.

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

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

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

Relevant Financial Policies

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

The County will maintain an undesignated fund balance that exceeds eight percent (8%) in accordance with North Carolina Local Government Commission's (LGC) recommendation. For a County our size, a recommended target goal of fifteen percent (15%) should be maintained. These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate the need for short-term borrowing, assist in maintaining an investment-grade bond rating, and sustain operations during unanticipated emergencies and disasters.

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

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

Major initiatives

The County passed a ¼ cent sales tax referendum on May 17, 2011, which authorized the levy of an additional ¼ cent sales tax. This additional ¼ cent sales tax, which became effective on October 1, 2011, generated \$4,022,348 dollars in revenues in FY 2012 (surpassing the budget by nearly a million dollars.) Collections of this additional ¼ cent sales tax will be used to pay debt service on indebtedness issued for schools.

On August 31, 2011, the County refinanced all of the eligible 2002 and 2003 Certificates of Participation debt. The savings over the remaining 12 years totals \$1,977,275 or 4.94%. The overall yield is now 2.89%. The County will experience this savings over the next 12 years at an amount of approximately \$81,000 up to \$176,000 per year.

The Board of Commissioners' initiative to build a sustainable community continues to be their top priority. Efforts to maximize county tax dollars by reducing our energy use, natural resource consumption, and the conservation of valuable agricultural land and environmentally sensitive areas have become the norm instead of the exception. The County's Planning and Zoning Commission, the Food Policy Council, and the Council for a Sustainable Local Economy have worked very hard over the last year to update our land use plans and ordinances; educate our citizens about the nutritional value, availability, and financial benefits of a robust local food economy; and to identify existing and potential barriers to starting or sustaining a business in Cabarrus County.

In addition, Economic Development and Improved Community Relationships have been identified as initiatives that are also very important when building a sustainable community. As a result, several projects are underway and should prove very beneficial to the County and its municipalities. The following is a list of a few of these projects:

1. Cabarrus County, Concord and Kannapolis increased funding to the Cabarrus County Economic Development Corporation to enhance our ability to attract, create, and nurture businesses in the county. This additional funding will allow for two new projects to get started:
 - a. The revision of our Small Business and Entrepreneurial Plan. This plan will provide much needed assistance and resources to these sectors of our community as they look to create, expand, or relocate in Cabarrus County.
 - b. The creation of Youth Entrepreneurs Academy will provide middle and high school students the opportunity to participate in a "shark tank" like experience. It will give them the tools to think like an entrepreneur and the practical knowledge to bring those ideas together and create small, medium, and large businesses in Cabarrus County.
2. Efforts to improve relationships with our community partners, both public and private, are well underway.
 - a. County and City management teams have met to discuss goals for economic development, land use regulations, sharing and/or consolidation of services, and public information.
 - b. County management has become more involved in the activities of our Economic Development Corporation and the Regional Chamber of Commerce. By doing so, we have created relationships that will allow us to "keep our hands on the pulse" of the business community and hopefully assist them to create and sustain businesses here in Cabarrus County.
 - c. The Board of Commissioners has reached out to our local school systems and the community college to better understand their issues and needs. This has resulted in the creation of a new Basic Law Enforcement and Corrections Training Facility now located within our Sheriff's Administration Building. In addition, the County's Information Technology staff is working very closely with the IT staff of the Cabarrus and Kannapolis City school systems to find efficiencies in services and funding while creating a secure and redundant system that meets the needs of each agency.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cabarrus County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. This was the twenty-seventh consecutive year that Cabarrus County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2011. In order to qualify for the Distinguished Budget Presentation Award, the county's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide, and a communications device. This was the fourteenth year that Cabarrus County has received this prestigious award.

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

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

Respectfully submitted,



Michael K. Downs
County Manager



Pamela S. Dubois
Deputy County Manager/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cabarrus County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

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



Linda C. Sandison

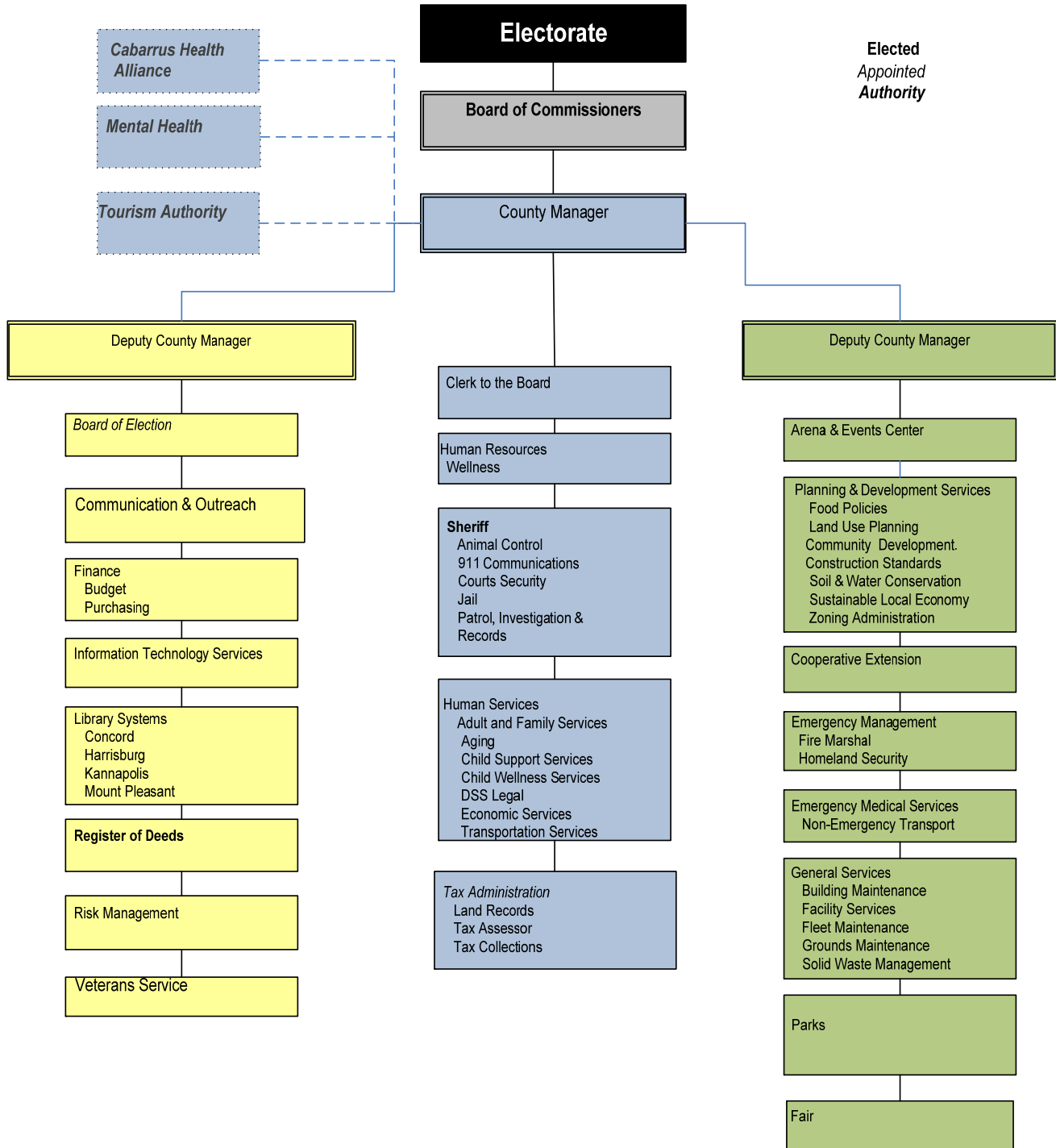
President

Jeffrey R. Emer

Executive Director

Introduction

Cabarrus County Organizational Chart



Board of County Commissioners

Chair Elizabeth F Poole.
Vice-Chair Larry M. Burrage
Commissioner H. Jay White, Sr
Commissioner Robert W. Carruth
Commissioner Christopher A. Measmer

Other Elected Officials

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

County Manager Michael K. Downs
Deputy County Manager Pamela S. Dubois
Deputy County Manager Jonathan B. Marshall

Clerk to the Board G. Kay Honeycutt

County Department Heads

Aging Michael L. Murphy
Planning and Development Kelly F. Sifford
Cooperative Extension Deborah G. Bost
Elections Director Linda C. Grist
Emergency Management Robert S. Smith
Emergency Medical Services J. David Hampton, Jr.
Fair Kathleen M. Parker
Finance Director Pamela S. Dubois
General Services Kyle D. Bilafer
Human Resources Lundee L. Covington
Information Technology Services Deborah A. Brannan
Libraries Dana M. Eure
Parks Londa A. Strong
Social Services William B. Rose
Solid Waste Management Kevin P. Grant
SWCD-Watershed Dennis E. Testerman
Tax Administration Jeffery B. Weisner
Transportation Charles R. Bass
Veterans' Service Timothy J. Tereska

Tourism Authority, President/CEO Donna Carpenter



Financial Section

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

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Cabarrus County
Concord, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Cabarrus County, North Carolina's management. Our responsibility is to express opinion on these basic financial statements based on our audit. We did not audit the financial statements of the component unit, Cabarrus Health Alliance, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Cabarrus Health Alliance is based solely on the report of the 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. The financial statements of Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of the 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, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina as of June 30, 2012, the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 2012, on our consideration of Cabarrus County's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 assurance.

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Cabarrus County, North Carolina as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act and is also not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

 *Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 16, 2012

Management Discussion and Analysis

Management's Discussion and Analysis

As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

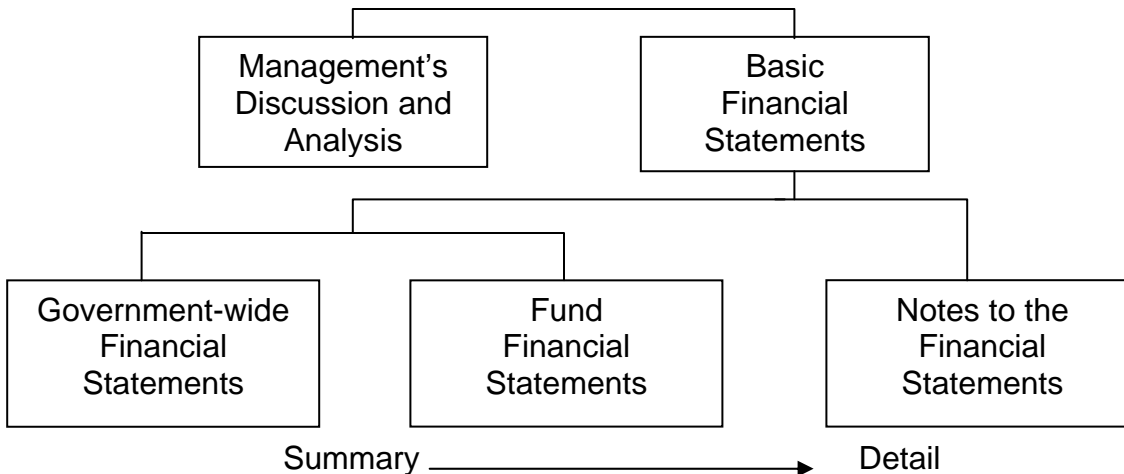
Financial Highlights

- The liabilities of Cabarrus County exceeded its assets at the close of the fiscal year by (\$61,446,567) (*net assets*).
- The total Net Assets of Governmental Activities (Exhibit 1) shows a deficit of \$65,093,245 a decrease of \$14,662,256 from the prior year's deficit of \$79,755,501. In accordance with North Carolina law, the County is financially responsible for funding school facilities and issuing any debt in connection with school facilities. These assets are not reflected in the County's financial statements as the law requires that school capital improvements are to be expensed on the books of the County; the capital asset is recorded by the school system. The effect of this accounting distorts net assets of the County creating a large deficit in unrestricted net assets. The Statement of Net Assets 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 \$107,209,329, after a net decrease in fund balance of \$19,063,604. Approximately 31.1 percent of this total amount, or \$33,349,366, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$45,700,553, or 22.0 percent of total general fund expenditures for the fiscal year.
- Cabarrus County's total debt decreased by \$37,419,086 or 9.0% during the current fiscal year. The key factors in this net decrease were the refunding of \$34,395,000 of Certificates of Participation (COPS) and the issuance of \$33,515,000 Limited Obligation Bonds (LOBS) The debt payments and refunding of COPS were greater than the new LOBS issuance by \$19,760,000. Large principal payments totaling \$6,965,000 of General Obligation debt and pay off of \$11,122,572 of installment financing debt also contributed to this decrease.
- 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 are intended to serve as an introduction to Cabarrus County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that is designed to enhance the reader's understanding of the financial condition of Cabarrus County.

Required Components of Annual Financial Report (Figure 1)



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

The two government-wide statements report the County's net assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. The only business-type activity fund is the Landfill operations. 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 General Statutes or the County's budget ordinance. All of the funds of Cabarrus County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Cabarrus County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 76 of this report.

Government-Wide Financial Analysis

While total net assets are often considered a useful indicator of a government's financial position, it does not adequately reflect the County's position. As noted above the liabilities of Cabarrus County exceeded the assets by \$61,446,567 at June 30, 2012. 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 \$285,580,925 at June 30, 2012 and totaled \$306,883,150 at June 30, 2011, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts net assets of the County, creating a large deficit in unrestricted net assets. Net Assets of \$127,581,945 at June 30, 2012 and \$115,035,476 at June 30, 2011 are invested in capital assets, net of any related outstanding debt of those assets. Capital assets include land, buildings, vehicles, equipment and other machinery used in providing services to residents. Also, net assets of \$32,502,357 at June 30, 2012 and \$46,892,224 at June 30, 2011 are reserved by law for specific purposes. The net decrease in the deficit unrestricted net assets, resulted from the refunding of debt and the early pay off of \$11,122,572 in installment financing. Net assets do not present the County's position regarding spending, this amount is presented in the governmental funds statements.

Cabarrus County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$135,599,333	\$ 151,949,043	\$3,649,292	\$3,494,731	\$139,248,625	\$155,443,774
Capital assets	217,058,330	218,925,235	3,601,643	3,978,432	220,659,973	222,903,667
Total assets	352,657,663	370,874,278	7,250,935	7,473,163	359,908,598	378,347,441
Long-term liabilities outstanding	372,652,226	404,936,029	3,314,716	3,472,758	375,966,942	408,408,787
Other liabilities	45,098,682	45,693,750	289,541	204,754	45,388,223	45,898,504
Total liabilities	417,750,908	450,629,779	3,604,257	3,677,512	421,355,165	454,307,291
Net assets						
Invested in capital assets, net						
of related debt	123,980,302	111,057,044	3,601,643	3,978,432	127,581,945	115,035,476
Restricted	32,502,357	46,892,224	-	-	32,502,357	46,892,224
Unrestricted	(221,575,904)	(237,704,769)	45,035	(272,454)	(221,530,869)	(237,977,223)
Total net assets	<u>\$ (65,093,245)</u>	<u>\$ (79,755,501)</u>	<u>\$3,646,678</u>	<u>\$3,705,978</u>	<u>\$ (61,446,567)</u>	<u>\$ (76,049,523)</u>

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

- 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, 2012 were \$9,353,305 over budget. This is primarily due to higher than expected sales tax collections and ambulance fee collections.
- The General Fund received \$3,267,346 in other financing sources from several capital project funds for projects that were completed during the year and had remaining unspent funds.

- The General Fund received \$7,926,722 in other financing sources from several capital project funds for payment of debt service.
- The General Fund had budgeted fund balance appropriated of \$15,281,401 that was not used during the fiscal year.
- County departments were conservative in their spending and General Fund expenses at June 30, 2012 were \$8,162,440 under budget. The Landfill Enterprise Fund operating expenses were \$541,144 under budget.

Cabarrus County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 15,905,002	\$ 15,997,636	\$ 704,647	\$ 858,132	\$ 16,609,649	\$ 16,855,768
Operating grants and contributions	21,601,948	20,569,505	-	21,368	21,601,948	20,590,873
Capital grants and contributions	1,974,421	544,096	-	23,740	1,974,421	567,836
General revenues:						
Property taxes	135,600,306	136,733,389	-	-	135,600,306	136,733,389
Local option sales tax	33,612,837	25,808,696	-	-	33,612,837	25,808,696
ABC revenues	86,842	188,594	-	-	86,842	188,594
Other taxes and licenses	752,711	642,337	350,141	343,908		
Investment earnings	691,973	1,019,648	8,495	8,205	700,468	1,027,853
Donations	382,368	221,538	-	-	382,368	
Miscellaneous	50,733	21,588	-	1,075	50,733	22,663
Total revenues	<u>210,659,141</u>	<u>201,747,027</u>	<u>1,063,283</u>	<u>1,256,428</u>	<u>210,619,572</u>	<u>201,795,672</u>
Expenses:						
General government	21,918,726	21,750,176	-	-	21,918,726	21,750,176
Public safety	39,222,178	36,043,142	-	-	39,222,178	36,043,142
Economic and physical development	3,892,813	3,128,710	-	-	3,892,813	3,128,710
Environmental protection	583,112	619,639	-	-	583,112	619,639
Human services	39,614,182	38,015,497	-	-	39,614,182	38,015,497
Education	66,152,595	77,221,156	-	-	66,152,595	77,221,156
Cultural and recreation	6,190,172	6,161,896	-	-	6,190,172	6,161,896
Interest on long-term debt	18,448,722	19,633,769	-	-	18,448,722	19,633,769
Landfill	-	-	1,096,968	1,312,509	1,096,968	1,312,509
Total expenses	<u>196,022,500</u>	<u>202,573,985</u>	<u>1,096,968</u>	<u>1,312,509</u>	<u>197,119,468</u>	<u>203,886,494</u>
Increase (decrease) in net assets before transfers	14,636,641	(826,958)	(33,685)	(56,081)	14,602,956	(883,039)
Transfers	25,615	-	(25,615)	-	-	-
Increase (decrease) in net assets	<u>14,662,256</u>	<u>(826,958)</u>	<u>(59,300)</u>	<u>(56,081)</u>	<u>14,602,956</u>	<u>(883,039)</u>
Net assets, July 1	<u>(79,755,501)</u>	<u>(78,928,543)</u>	<u>3,705,978</u>	<u>3,762,059</u>	<u>(76,049,523)</u>	<u>(75,166,484)</u>
Net assets, June 30	<u><u>\$ (65,093,245)</u></u>	<u><u>\$ (79,755,501)</u></u>	<u><u>\$ 3,646,678</u></u>	<u><u>\$ 3,705,978</u></u>	<u><u>\$ (61,446,567)</u></u>	<u><u>\$ (76,049,523)</u></u>

Governmental activities

Governmental activities increased Cabarrus County's net assets by \$14,662,256 or by 18.5%. Key elements of this net increase are as follows:

Operating grants and contributions experienced a \$1,032,443 or 5.0% increase from FY 11 to FY 12. This increase was primarily due to additional funding from the federal government for Social Service Crisis Intervention and Medicaid transportation services.

Capital grants and contributions experienced a net \$1,430,325 or 263% increase. During FY 12 Cabarrus County received \$1,713,555 of Lottery Proceeds for the payment of debt service for School Construction.

Property tax revenue decreased \$1,717,741 or by 1.3%. This decrease is due to the slow economic recovery and the unfavorable settlement of several large business tax appeals.

Local option sales tax increased \$7,804,141 a 30.2% increase. In October 2011, the County enacted an additional ¼ cent sales tax. For 8 months of FY 12 this new tax generated \$4,022,347 in revenues. FY 12 also experienced less sales tax refunds to nonprofit businesses than in the prior FY11 year. FY12 refunds were \$3,806,580 compared to FY11 refunds of \$6,983,645.

General Government expenses increased \$987,725 or 3.7% due to individual small personnel and operating increases including an increased contribution to the pension trust fund and an increase in unemployment compensation.

Public Safety expenses increased \$3,179,036 or 8.8% primarily due to the operations and staffing of a new Jail Housing Unit which opened during FY 11 and had a full year of operations in FY 12.

Education expenses decreased \$11,068,561 (13.3%). During FY 11 two schools funded by COPS 2009 were under construction and almost complete at June 30, 2011. The majority of expenses for the school COPS construction projects were experienced prior to June 30, 2011. Qualified School Construction Bond projects began in FY12 and will continue for two years. \$5,817,525 has been expended to date for these projects.

Business-type activities

The County's Business-type activity, the Landfill, experienced a \$59,300 (1.6%) decrease in net assets. A transfer to the County Closure/Post Closure Liability reserve of \$957,917 was made in FY 10 as estimated by the County's third party Engineers. No transfer was estimated and recommended by the Engineers in FY 11 or FY 12.

Financial Analysis of the County's Funds

As noted earlier, Cabarrus County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's four major funds, as defined by GAAP for the fiscal year ended June 30, 2012, were the *General Fund*, the *Certificates of Participation 2009 Fund*, the *Qualified School Construction Bond Fund* and the *Landfill Fund*, with the last fund being accounted for as an Enterprise 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, 2012, Cabarrus County's total fund balance was \$76,033,235 of which \$63,143,734 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 30.5% of general fund expenditures, while total fund balance represents 36.7% of that same amount. Of the \$63,143,734 available fund balance, the County has committed \$6,606 (.01%) for General Government Tax Revaluation purposes, and has assigned \$17,436,575 (27.6%) for specific projects and obligations. Following the fund balance policy, \$30,040,080 (47.6%) of

the available fund balance has been set aside for working capital. This leaves \$15,660,473 (24.8%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2012, the governmental funds of Cabarrus County reported a combined fund balance of \$107,209,329, a \$19,063,604 (15.1%) decrease from last year.

The *General Fund* balance increased \$2,019,824. Property taxes are the largest revenue source. Though the collection rate slightly declined from the prior year, it remained relatively high, ending the year with a collection rate of 96.58%. Current year tax collections experienced several large unfavorable tax appeal settlements. However, delinquent property tax collections were favorable. Total property tax revenue was \$804,968 (.6%) over budget.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2012, sales taxes were collected in excess of anticipated amounts. Sales tax of \$33,607,519 was \$5,330,304 or 18.9% more than budgeted. One contributing factor to the increase in revenues was the decrease in the number of sales tax refunds that the County made to companies obtaining non-profit status in FY12 (\$3,806,580) as compared to FY 11 (\$6,983,645).

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 is beginning to slowly turn around as seen in the increase in revenues in these two areas. The permits and fees category saw an increase of \$987,064 or 39% more than budgeted.

The *Certificates of Participation 2009 Fund* balance decreased \$9,944,123 to \$5,909,508. Certificates of Participation were issued during the fiscal year ended June 30, 2010 in the amount of \$85,170,000 for the construction of four schools and the renovation and wing addition at a fifth school. The projects will span over several years and also include transfers from the Capital Projects Fund, Special Revenue Fund and Capital Reserve Fund. Total expenditures to date are \$92,900,627 of which \$9,949,879 were in FY 2012.

The *Qualified School Construction Bond Fund* balance decreased \$5,810,103. Certificates of Participation were issued during the fiscal year ended June 30, 2011 in the amount of \$14,637,157 for the planning, design, renovations and repairs of local schools. This project will span over three years. Expenditures began for the school projects in FY 12 and totaled \$5,817,525.

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 \$52,622,174, with \$47,230,250 related to the refunding of debt.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by \$9,029,433 (4.44%). Actual general fund expenditures and transfers out were less than *final budgetary* figures by \$8,271,792 (3.78%), thus eliminating the need to draw upon existing fund balance.

Major budget increases (decreases) during the year include:

- **Refinancing of Debt:** On August 31, 2011, the County refinanced all of the callable 2002 and 2003 bonds Certificates of Participation debt. The savings over the remaining 12 years totals \$1,977,275, 4.94%. The overall yield is 2.89 %. The County will experience this savings over the next 12 years at amounts ranging from \$81,000- \$176,000 per year. This transaction resulted in proceeds and premium in the amount of \$ 37,730,250 with a required disbursement to the Bond trustee in the amount of \$ 37,515,925.
- **Two American Reinvestment and Recovery Act (ARRA) Grants for Juvenile Crime Prevention:** A \$236,680 grant for gang violence prevention administered through Department of Juvenile Justice and Delinquency Prevention was budgeted and awarded to Cabarrus Health

Alliance and Boys and Girls Club. \$57,255 in additional ARRA funds for community development were also budgeted to provide funding for weatherizing homes of low-income families.

- **Contributions from Other Funds:** The budgeted \$846,800 contribution from the Capital Reserve fund to the General Fund was eliminated as the county moved this funding to the multi-year fund. \$2,514,100 in fund balance was re-appropriated from prior year for projects that were not completed in FY2011 and were on-going in FY2012. Fund balance was also appropriated for the following during the year: \$9,500,000 for debt payoff, \$ 380,000 for Rowan Cabarrus Community College, \$ 2,000,000 for the health insurance claims over the available resources, \$387,000 for 3 new ambulances, \$385,000 for the harvesting facility and \$ 115,301 for servers for the schools. \$ 136,716 in revenues from the 911 Emergency Fund were transferred and budgeted in the general fund to pay for a capital lease of 911 equipment.
- **Changes in funding for Health and Human Services:** \$111,305 was received from NC Division of Aging for the Title V Senior Community Employment Program. This additional funding provided for a position for Household Hazardous Waste (HHW) recycling for low income individuals age 55 years or older. \$984,147 additional funding was received from the federal government for Social Services Crisis Intervention Program. Funds are used for social service clients who are in need of emergency assistance to pay utilities. \$ 60,000 in additional Medicaid funds were budgeted to provide additional transportation services for Medicaid clients. Day care funds were reduced in the budget by \$ 380,235 and CAP funding was reduced \$ 650,000 to adjust to estimated actual amounts received.
- **Smart Start Grant** \$ 51,530 was budgeted as a new grant to the library for literacy for children.
- **State Criminal Alien Assistance Grant (SCAAP)** \$64,334 was budgeted in the sheriff's department for the grant to assist local law enforcement with illegal alien issues.

Proprietary Funds. Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The *Landfill Fund* is the County's sole Enterprise Fund. Net assets for the *Landfill Fund* decreased \$59,300 during the fiscal year ended June 30, 2012. Due to economic times, Landfill tipping fees decreased \$102,450 (12.7%) from the previous fiscal year.

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, 2012, totals \$220,659,973 (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 13 vehicles for the Sheriff's department, 2 vehicles for General Services, 1 vehicle for Emergency Services, 9 vehicles for Construction Standards, 2 vehicles for Zoning Administration and 2 for Parks and Recreation for a total of 29 vehicles.
- Purchased a forklift for General Services and a Biomass Gasification Crematory for Animal Services.
- Completed projects include building a storage building for the Arena, expansion of the Concord Library, a Paging Radio System for the Sheriff's Department, Frank Liske Park Amphitheatre ADA improvements and Emergency Management equipment and elevator upgrades for the Old Jail building and the Concord Library.
- Renovations for the 7th floor of the Sheriff's Administrative building and the Human Services building began.

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

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 24,009,781	\$ 24,009,781	\$ 490,447	\$ 490,447	\$ 24,500,228	\$ 24,500,228
Land Improvements	4,018,409	4,282,568	766,482	842,857	4,784,891	5,125,425
Buildings	85,153,259	87,103,964	1,092,111	1,124,715	86,245,370	88,228,679
Building Improvements	14,501,325	12,779,927	3,976	4,113	14,505,301	12,784,040
Equipment	4,543,432	4,586,849	19,820	42,426	4,563,252	4,629,275
Furniture and Fixtures	58,358	98,496	-	-	58,358	98,496
Vehicles	3,068,280	3,289,387	876,130	1,121,197	3,944,410	4,410,584
Reservoir	21,395,482	21,417,248	-	-	21,395,482	21,417,248
Construction in progress	60,310,004	61,357,015	352,677	352,677	60,662,681	61,709,692
Total	<u>\$ 217,058,330</u>	<u>\$ 218,925,235</u>	<u>\$ 3,601,643</u>	<u>\$ 3,978,432</u>	<u>\$ 220,659,973</u>	<u>\$ 222,903,667</u>

Additional information on the County's capital assets can be found in note 2 section E of the Basic Financial Statements.

Long-term Debt. As of June 30, 2012, Cabarrus County had total debt outstanding of \$376,781,107 of which includes General Obligation Bonds that are backed by the full faith and credit of the County and all other debt is covered by pledged collateral and is subject to appropriation.

Cabarrus County's Outstanding Debt
All Debt Funding Sources
Figure 5

	Governmental Activities	
	2012	2011
General obligation bonds	\$ 98,695,000	\$ 105,660,000
Capital lease obligations	3,531,107	3,102,621
Certificates of participation/Limited Obligation Bonds	274,555,000	294,315,000
Installment financing	-	11,122,572
Total	<u>\$ 376,781,107</u>	<u>\$ 414,200,193</u>

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 3rd consecutive year its Aa1 rating from Moody's and an AA+ rating from Fitch. For the 4th 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 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,303,548,780. Additional information regarding Cabarrus County's long-term obligations can be found beginning in note 2 section J of this report.

Economic Factors and Next Year's Budgets and Rates

Cabarrus County is a part of the Charlotte Metropolitan Statistical Area (MSA), which before the current economic downturn, has proved beneficial in that the County has continued to experience economic growth during national and state economic downturns. As a direct result of current economic conditions,

FY 2011 and FY 2012 have created fiscal challenges. Overall, the County has a fiscally strong bottom line, with a balanced diverse economy, and commitment to conservatism and strategic focus in its approach to evaluating both revenue and expenditures for fiscal solutions. The following key economic indicators reflect the current dynamics facing the County.

Indicator	Cabarrus County
Population, 2010	178,011
Population, 2000 Census	131,063
Population Change 2000 - 2010	35.8%
Unemployment, Annual Average 2011	10.1%
Per Capita Personal Income, 2010	\$33,926
Poverty, 2010	12.5%

Source: U.S. Census Bureau, Bureau of Economic Analysis and Employment Security Commission

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2013

Governmental Activities: The County's conservative financial management practices have positioned it to sustain services while keeping expenditures flat over the next five years. The County's five year financial plan freezes expenditures through 2016 and maintains a healthy fund balance. In developing the FY13 budget, the County was faced with a 12.3% reduction in tax values due to the recession and revaluation. The County adopted its FY13 budget of \$ 211,408,859 at 21.6 %, less than the FY 2012 amended budget. FY13 was a revaluation year and the revenue neutral tax rate was .72. The County's 2013 budget is based on a tax rate of \$0.70 per \$100 valuation (up from \$0.63 per \$100 in FY 2011).

A decline in the tax base and the reduction of one-time revenue sources reduced available revenues. Sales tax revenues and motor vehicle valuations have increased to help offset the reduction in property taxes.

The County budgeted \$7,307,518 in lottery proceeds for debt service payments, an increase of \$5,593,963.

Due to debt reductions in FY 2012, the debt service for FY 2013 declined by \$13 million.

There were some operational increases to the FY13 budget. Beginning in 2013, the County will begin paying towards its obligation to the City of Kannapolis \$1,400,000 which is for 50 % of the debt service on the improvements to the City of Kannapolis infrastructure and the construction of a new facility for the Cabarrus Health Alliance.

The 2013 budget adds a crime scene officer for the Sheriff's Department.

Lastly, the county passed a ¼ cent sales tax referendum on May 17, 2011. This new sales tax, effective October 2011 generated \$ 4,022,347 in FY 2012, a 32% increase over the 2012 budget and 1% more than the FY 2013 budget, (its first full fiscal year of enactment). Collections will be used to pay school debt service.

Business-type Activities: The Landfill Fund budget decreased 12% from FY2012 to FY2013 to \$1,148,000. Prior to FY 2012, the Landfill and Waste Reduction and Recycling programs constituted the Landfill Fund. Effective July 1, 2011, the Waste Reduction and Recycling programs were removed from the Landfill Fund and transferred to the General Fund.

There were revenue changes as well. Most significantly tipping fees budgeted decreased by 16%, all primarily related to the current economic conditions.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Department, Cabarrus County, 65 Church Street SE, Concord, NC 28027, (704) 920-2104.

Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Assets
June 30, 2012

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and cash equivalents	\$ 89,786,515	\$ 3,533,388	\$ 93,319,903	\$ 4,824,173
Receivables (net of allowance for uncollectibles):				
Accounts receivable	3,999,878	1,684	4,001,562	3,274,388
Customers	1,634,021	45,991	1,680,012	494,795
Interest	259,536	3,065	262,601	-
Property taxes	4,737,092	-	4,737,092	-
Due from other governments	7,263,931	65,164	7,329,095	423,115
Inventories	129,431	-	129,431	-
Prepaid items	187,921	-	187,921	70,326
Restricted cash and cash equivalents	18,598,820	-	18,598,820	-
Deferred charges	8,282,188	-	8,282,188	-
Notes Receivable	720,000	-	720,000	-
Capital Assets not being depreciated:				
Land	24,009,781	490,447	24,500,228	-
Construction in Progress	60,310,004	352,677	60,662,681	-
Capital Assets net of accumulated depreciation:				
Land Improvements	4,018,409	766,482	4,784,891	298,132
Buildings and Building Improvements	99,654,584	1,096,087	100,750,671	-
Reservoir	21,395,482	-	21,395,482	-
Furniture and Fixtures	58,358	-	58,358	224,660
Equipment	4,543,432	19,820	4,563,252	616,802
Vehicles and Motorized Equip	3,068,280	876,130	3,944,410	12,780
Total assets	352,657,663	7,250,935	359,908,598	10,239,171
Liabilities				
Accounts payable and other current liabilities	10,679,650	94,725	10,774,375	1,364,996
Unearned revenues	410,997	-	410,997	-
Accrued interest payable	5,185,862	-	5,185,862	-
Retainage payable	201,972	-	201,972	-
Long-term liabilities:				
Due within one year	28,620,201	194,816	28,815,017	510,214
Due in more than one year	372,652,226	3,314,716	375,966,942	546,461
Total long-term liabilities	401,272,427	3,509,532	404,781,959	1,056,675
Total liabilities	417,750,908	3,604,257	421,355,165	2,421,671
Net Assets				
Invested in Capital Assets, (net of related debt)	123,980,302	3,601,643	127,581,945	1,152,374
Restricted for :				
Stabilization by State Statute	13,326,761	-	13,326,761	3,757,601
General Government	212,608	-	212,608	-
Public Safety	2,445,968	-	2,445,968	-
Human Services	-	-	-	320,000
Education	16,513,134	-	16,513,134	-
Culture & Recreation	3,886	-	3,886	-
Unrestricted	(221,575,904)	45,035	(221,530,869)	2,587,525
Total net assets	\$ (65,093,245)	\$ 3,646,678	\$ (61,446,567)	\$ 7,817,500

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, 2012

Function/Program Activities	Net (Expense) Revenue and Changes in Net Assets				
	Program Revenues		Primary Government		Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government	\$ 21,918,726	\$ 2,576,452	\$ 750,094	\$ -	\$ (18,592,180)
Public safety	39,222,178	9,117,930	974,200	-	(29,130,048)
Econ. & physical development	3,892,813	36,062	999,754	-	(2,856,997)
Environmental protection	583,112	53,770	8,425	-	(520,917)
Human services	39,614,182	2,262,905	17,595,622	260,866	(19,494,789)
Education	66,152,595	793,610	743,081	1,713,555	(62,902,349)
Culture and recreation	6,190,172	1,064,273	530,772	-	(4,595,127)
Interest on long-term debt	18,448,722	-	-	-	(18,448,722)
Total governmental activities	<u>196,022,500</u>	<u>15,905,002</u>	<u>21,601,948</u>	<u>1,974,421</u>	<u>(156,541,129)</u>
Business-Type Activities:					
Solid Waste	1,096,968	704,647	-	-	(392,321)
Total business-type activities	<u>1,096,968</u>	<u>704,647</u>	<u>-</u>	<u>-</u>	<u>(392,321)</u>
Total primary government	<u>\$ 197,119,468</u>	<u>\$ 16,609,649</u>	<u>\$ 21,601,948</u>	<u>\$ 1,974,421</u>	<u>(156,933,450)</u>
Component Unit:					
Cabarrus Health Alliance	<u>\$ 23,482,772</u>	<u>\$ 6,998,473</u>	<u>\$ 7,575,516</u>	<u>\$ 8,220,193</u>	<u>(688,590)</u>
General Revenues:					
Property taxes					
Local option sales tax					
ABC revenues					
Other taxes and licenses					
Investment earnings					
Donations					
Miscellaneous					
Total general revenues excluding transfers					
Transfers					
Total general revenues and transfers					
Change in net assets					
Net assets - July 1					
Net assets - June 30					

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

Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2012

	Major			Non-Major	Total
	General	Certificates of Participation 2009	Qualified School Construction Bonds	Other Governmental Funds	Governmental Funds
<u>Assets</u>					
Cash and cash equivalents	\$ 69,111,179	\$ -	\$ -	\$ 16,558,360	\$ 85,669,539
Restricted cash	192	7,900,906	10,597,664	100,058	18,598,820
Receivables (net of allowance for uncollectibles)					
Accounts receivable	3,441,301	-	-	556,837	3,998,138
Customers	1,634,021	-	-	-	1,634,021
Property taxes	4,737,092	-	-	-	4,737,092
Interest	75,350	-	-	7,232	82,582
Due from other funds	1,910,110	-	-	-	1,910,110
Due from other governments	7,263,931	-	-	-	7,263,931
Prepaid items	69,378	-	-	200	69,578
Notes receivable	-	-	-	720,000	720,000
Inventories	129,431	-	-	-	129,431
Total assets	<u>\$ 88,371,985</u>	<u>\$ 7,900,906</u>	<u>\$ 10,597,664</u>	<u>\$ 17,942,687</u>	<u>\$ 124,813,242</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,554,924	\$ 50,856	\$ 1,661,978	\$ 1,441,963	\$ 8,709,721
Contract retainages	1,716	50,000	106,571	43,685	201,972
Due to other funds	-	1,890,742	-	19,368	1,910,110
Deferred revenue	6,371,113	-	-	-	6,371,113
Unearned revenue	410,997	-	-	-	410,997
Total liabilities	<u>12,338,750</u>	<u>1,991,598</u>	<u>1,768,549</u>	<u>1,505,016</u>	<u>17,603,913</u>
Fund Balances:					
Nonspendable:					
Inventories	129,431	-	-	-	129,431
Prepaid items	69,378	-	-	200	69,578
Notes receivable	-	-	-	648,000	648,000
Restricted:					
Stabilization by State Statute	12,690,692	-	-	636,069	13,326,761
General government	-	-	-	212,608	212,608
Public safety	-	-	-	2,445,968	2,445,968
Education	-	5,909,308	8,829,115	1,774,711	16,513,134
Culture & recreation	-	-	-	3,886	3,886
Committed:					
General government	6,606	-	-	1,550,117	1,556,723
Public safety	-	-	-	2,353,670	2,353,670
Economic & physical development	-	-	-	591,236	591,236
Environmental protection	-	-	-	34,955	34,955
Human services	-	-	-	1,223,834	1,223,834
Education	-	-	-	280,043	280,043
Culture & recreation	-	-	-	4,424,643	4,424,643
Assigned:					
General government	4,215,814	-	-	-	4,215,814
Public safety	611,494	-	-	66,418	677,912
Economic & physical development	2,014,800	-	-	-	2,014,800
Environmental protection	1,383,315	-	-	-	1,383,315
Human services	754,804	-	-	-	754,804
Education	8,169,011	-	-	-	8,169,011
Culture & recreation	287,337	-	-	483,337	770,674
Unassigned	45,700,553	-	-	(292,024)	45,408,529
Total fund balances	<u>76,033,235</u>	<u>5,909,308</u>	<u>8,829,115</u>	<u>16,437,671</u>	<u>107,209,329</u>
Total liabilities and fund balances	<u>\$ 88,371,985</u>	<u>\$ 7,900,906</u>	<u>\$ 10,597,664</u>	<u>\$ 17,942,687</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Government capital assets	262,870,637	
Less accumulated depreciation	(45,812,307)	217,058,330

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

Deferred Revenue		6,371,113
Debt Issuance Costs	9,610,224	
Current Year Amortization	(1,328,036)	8,282,188
Premium on Debt Issuance	(14,921,286)	
Current Year Amortization	2,221,746	(12,699,540)

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

2,269,491

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	(376,781,107)	
Accrued Interest	(5,011,269)	
Compensated Absences	(3,315,207)	
LEO Pension Obligation	(220,616)	
OPEB Obligation	(8,255,957)	(393,584,156)

Net assets of governmental activities \$ (65,093,245)

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

Cabarrus County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

Exhibit 4
Page 1 of 2

	Major			Non-Major	
	General	Certificates of Participation 2009	Qualified School Construction Bonds	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 131,847,712	\$ -	\$ -	\$ 2,941,761	\$ 134,789,473
Other taxes and licenses	34,360,229	-	-	-	34,360,229
Intergovernmental revenues	20,400,743	-	-	2,854,825	23,255,568
Permits and fees	3,506,244	-	-	2,283,683	5,789,927
Sales and services	10,073,950	-	-	-	10,073,950
Investment earnings	201,077	5,756	7,422	21,185	235,440
Donations	-	-	-	390,239	390,239
Miscellaneous	578,124	-	-	11,343	589,467
Total revenues	200,968,079	5,756	7,422	8,503,036	209,484,293
Expenditures:					
Current:					
General government	20,080,809	-	-	216,078	20,296,887
Public safety	30,424,838	-	-	3,271,559	33,696,397
Economic & physical development	3,404,876	-	-	389,284	3,794,160
Environmental protection	321,619	-	-	203,262	524,881
Human services	35,935,100	-	-	1,413,300	37,348,400
Education	56,336,935	4,091,468	5,817,525	43,977	66,289,905
Culture and recreation	3,350,015	-	-	1,498,564	4,848,579
Capital outlay:					
Land and land improvements	-	-	-	80,583	80,583
Building and building improvements	167,249	-	-	693,188	860,437
Equipment and furniture	127,098	-	-	930,810	1,057,908
Vehicles and motorized equipment	730,115	-	-	-	730,115
Construction in progress	290,864	-	-	1,447,121	1,737,985
Debt service:					
Principal retirement	37,142,398	-	-	-	37,142,398
Interest and fees	19,041,682	-	-	-	19,041,682
Total expenditures	207,353,598	4,091,468	5,817,525	10,187,726	227,450,317
Excess (deficiency) of revenues over (under) expenditures	(6,385,519)	(4,085,712)	(5,810,103)	(1,684,690)	(17,966,024)
Other financing sources (uses):					
Transfers in	11,271,581	-	-	5,012,146	16,283,727
Transfers out	(3,165,346)	(5,858,411)	-	(9,259,970)	(18,283,727)
Limited Obligation Bonds issued	33,515,000	-	-	-	33,515,000
Premium on Limited Obligation Bonds issued	4,215,250	-	-	-	4,215,250
Disbursement for Refunded COPS	(37,431,142)	-	-	-	(37,431,142)
Capital Lease Obligation issued	-	-	-	603,312	603,312
Total other financing sources (uses)	8,405,343	(5,858,411)	-	(3,644,512)	(1,097,580)
Net change in fund balances	2,019,824	(9,944,123)	(5,810,103)	(5,329,202)	(19,063,604)
Fund balance, July 1	74,013,411	15,853,431	14,639,218	21,766,873	126,272,933
Fund balance, June 30	\$ 76,033,235	\$ 5,909,308	\$ 8,829,115	\$ 16,437,671	\$ 107,209,329

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, 2012

Exhibit 4A
Page 2 of 2

Net change in fund balances-total governmental funds \$ (19,063,604)

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	4,467,028	
Less current year depreciation	<u>(6,302,501)</u>	(1,835,473)

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

Ambulance	(92,519)	
Property Tax	<u>810,833</u>	718,314

The effect of various miscellaneous transactions involving capital assets.

Donation of capital assets	25,615	
Disposal of capital assets, net book value	<u>(57,047)</u>	(31,432)

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

Debt proceeds	(38,333,562)	
Debt costs	413,915	
Amortization of current year debt premium	1,188,028	
Principal payments	37,142,398	
Disbursements for refunding	<u>37,431,142</u>	37,841,921

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	(164,498)	
LEO Pension Obligation	119,942	
OPEB Obligation	(1,693,390)	
Accrued Interest	515,112	
Amortization of current year debt costs	<u>(927,648)</u>	(2,150,482)

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

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

	<u>(816,988)</u>	<u>(816,988)</u>
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Changes in net assets of governmental activities

\$ 14,662,256

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

**Cabarrus County, North Carolina
General Fund**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2012**

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
Revenues:				
Ad Valorem Taxes:				
Taxes	\$ 130,497,744	\$ 130,497,744	\$ 131,118,395	\$ 620,651
Interest	545,000	545,000	729,317	184,317
Other Taxes and Licenses	28,977,215	28,977,215	34,360,229	5,383,014
Intergovernmental Revenues	18,482,632	19,524,912	20,400,743	875,831
Permits and Fees	2,514,500	2,519,180	3,506,244	987,064
Sales and Services	9,646,651	9,064,454	10,073,950	1,009,496
Investment Earnings	180,000	180,000	201,077	21,077
Miscellaneous	185,425	306,269	578,124	271,855
Total revenues	191,029,167	191,614,774	200,968,079	9,353,305
Expenditures:				
Current:				
General Government	23,312,927	22,864,559	20,619,784	2,244,775
Public Safety	30,982,392	32,296,959	30,933,465	1,363,494
Economic & Physical Development	3,021,907	3,862,142	3,404,876	457,266
Environmental Protection	305,221	346,211	321,619	24,592
Human Services	38,574,074	38,932,675	35,935,100	2,997,575
Education	56,436,584	56,936,668	56,336,935	599,733
Culture and Recreation	3,481,785	3,855,977	3,617,739	238,238
Debt service:				
Principal retirement	27,503,468	37,142,399	37,142,398	1
Interest and fees	19,016,648	19,278,448	19,041,682	236,766
Total expenditures	202,635,006	215,516,038	207,353,598	8,162,440
Excess (deficiency) of revenues over (under) expenditures	(11,605,839)	(23,901,264)	(6,385,519)	17,515,745
Other financing sources (uses):				
Transfers in	12,370,537	11,595,453	11,271,581	(323,872)
Transfers out	(764,698)	(3,274,698)	(3,165,346)	109,352
Limited Obligation Bonds issued	-	33,515,000	33,515,000	-
Premium on Limited Obligation Bonds issued	-	4,215,250	4,215,250	-
Disbursement for Refunded COPS	-	(37,431,142)	(37,431,142)	-
Fund balance appropriated	-	15,281,401	-	(15,281,401)
Total other financing sources (uses)	11,605,839	23,901,264	8,405,343	(15,495,921)
Net change in fund balance	\$ -	\$ -	2,019,824	\$ 2,019,824
Fund balance, July 1			74,013,411	
Fund balance, June 30			<u>\$ 76,033,235</u>	

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

Cabarrus County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,533,388	\$ 4,116,976
Receivables (net):		
Accounts	1,684	1,740
Customers	45,991	-
Due from other governments	65,164	-
Interest	3,065	2,361
Prepays	-	118,343
Total current assets	<u>3,649,292</u>	<u>4,239,420</u>
Capital assets:		
Land & land improvements	1,831,050	-
Construction in progress	352,677	-
Buildings & improvements	1,309,664	-
Vehicles and equipment	2,659,411	-
Less: Accumulated depreciation	<u>(2,551,159)</u>	<u>-</u>
Total capital assets (net)	<u>3,601,643</u>	<u>-</u>
Total assets	<u>7,250,935</u>	<u>4,239,420</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	94,725	83,551
Closure/postclosure costs payable	169,968	-
Compensated absences payable	24,848	-
Total current liabilities	<u>289,541</u>	<u>83,551</u>
Noncurrent liabilities:		
Amounts payable for future claims	-	1,886,378
Closure/postclosure costs payable	3,229,390	-
Compensated absences payable	6,212	-
Other postemployment benefits	79,114	-
Total noncurrent liabilities	<u>3,314,716</u>	<u>1,886,378</u>
Total liabilities	<u>3,604,257</u>	<u>1,969,929</u>
<u>Net Assets</u>		
Invested in capital assets	3,601,643	-
Unrestricted	<u>45,035</u>	<u>2,269,491</u>
Total net assets	<u>\$ 3,646,678</u>	<u>\$ 2,269,491</u>

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

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Operating revenues:		
Charges for sales and services:		
Tipping fees	\$ 704,647	\$ -
Insurance premiums/refunds	-	8,257,304
Total operating revenues	<u>704,647</u>	<u>8,257,304</u>
Operating expenses:		
Administration:		
Salary and benefits:		
Salaries and wages	209,495	-
FICA	5,870	-
Medicare	1,373	-
Group hospital insurance	35,459	-
Vision care	50	-
Retirement	7,285	-
Deferred compensation- 401K	5,239	-
Insurance and bonds	1,834	-
Total salaries and benefits	<u>266,605</u>	<u>-</u>
Operations:		
General and administrative:		
Administrative fees	-	1,710,650
Bank Service charges	2,019	-
Dues and subscriptions	283	-
Lights and power	4,567	-
Office supplies	1,397	-
Other operating cost	320	-
Telephone	1,671	-
Travel	512	-
Uniforms	3,461	-
Total general and administrative	<u>14,230</u>	<u>1,710,650</u>
Other operational expenses:		
Auto and truck maintenance	11,086	-
Building and ground maintenance	22,146	-
Building and equipment rental	36,190	-
Carolina Governmental Alliance	-	350,000
Claims	-	9,116,100
Contingency	2,182	-
Depreciation	351,174	-
Engineers	109,404	-
Fuel	58,355	-
Heavy equipment maintenance	48,805	-
Landfill disposal tax remittance	40,622	-

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Minor equipment maintenance	210	-
Minor office equipment	414	-
Permitting fees	6,875	-
Purchased service	96	-
Service contracts	2,368	-
Tire disposal	121,584	-
Tools and minor equipment	1,710	-
Waste disposal charges	2,912	-
Total other operational expenses	<u>816,133</u>	<u>9,466,100</u>
 Total operating expenses	 <u>1,096,968</u>	 <u>11,176,750</u>
 Operating income (loss)	 <u>(392,321)</u>	 <u>(2,919,446)</u>
 Nonoperating revenues:		
Early retiree reinsurance program (EERP)	-	96,067
Landfill disposal tax	40,622	-
Landfill state tax distribution	39,585	-
Solid waste franchise fee	50,000	-
Tire disposal fees	219,934	-
Investment earnings	8,495	6,391
Total nonoperating revenues	<u>358,636</u>	<u>102,458</u>
 Income or (loss) before nonoperating expenses and transfers	 (33,685)	 (2,816,988)
 Nonoperating expense - loss on disposal	 <u>(25,615)</u>	 <u>-</u>
 Transfers:		
Transfer in - General Fund	<u>-</u>	<u>2,000,000</u>
 Change in net assets	 (59,300)	 (816,988)
 Total net assets, July 1	 <u>3,705,978</u>	 <u>3,086,479</u>
 Total net assets, June 30	 <u><u>\$ 3,646,678</u></u>	 <u><u>\$ 2,269,491</u></u>

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

Cabarrus County, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 1,086,454	\$ 96,067
Cash received from departments	-	8,172,748
Cash paid to employees	(269,232)	-
Cash paid to suppliers for goods and services	(639,489)	(10,600,976)
Net cash used for operating activities	<u>177,733</u>	<u>(2,332,161)</u>
Cash flows from non-capital and related financing activities:		
Transfers from other funds	-	2,000,000
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,000,000</u>
Cash flows from investing activities:		
Interest received on investments	6,583	5,365
Net cash provided by investing activities	<u>6,583</u>	<u>5,365</u>
Net increase (decrease) in cash and cash equivalents	184,316	(326,796)
Cash and cash equivalents, July 1	<u>3,349,072</u>	<u>4,443,772</u>
Cash and cash equivalents, June 30	<u>\$ 3,533,388</u>	<u>\$ 4,116,976</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	<u>\$ (392,321)</u>	<u>\$ (2,919,446)</u>
Depreciation expense	351,174	-
Other non-operating items	366,491	96,067
(Increase) decrease in accounts receivable	(409)	(84,556)
(Increase) decrease in customers receivable	15,726	-
(Increase) decrease in prepaid rent	-	-
Increase (decrease) in accounts payable and accrued liabilities	5,051	575,774
Increase (decrease) in landfill closure and post closure care cost	(173,914)	-
Increase (decrease) in OPEB payable	7,487	-
Increase (decrease) in compensated absences payable	(1,552)	-
Total adjustments	<u>570,054</u>	<u>587,285</u>
Net cash provided by (used for) operating activities	<u>\$ 177,733</u>	<u>\$ (2,332,161)</u>
Non-cash capital and related financing activities:		
Nonoperating expense - loss on disposal	<u>\$ (25,615)</u>	<u>\$ -</u>

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

Cabarrus County, North Carolina
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Pension Trust Fund	Agency Funds
	<hr/>	<hr/>
<u>Assets</u>		
Cash and cash equivalents	\$ 751,603	\$ 747,068
Accounts receivable	-	12,675
Interest receivable	677	22
	<hr/>	<hr/>
Total assets	752,280	759,765
	<hr/>	<hr/>
<u>Liabilities</u>		
Accounts payable and accrued liabilities	9,093	42,200
Due to courts	-	7,464
Due to jail inmates	-	40,201
Due to municipalities	-	478,025
Due to program participants	-	77,348
Due to schools	-	105,311
Due to State of North Carolina	-	9,216
	<hr/>	<hr/>
Total liabilities	9,093	759,765
	<hr/>	<hr/>
<u>Net Assets</u>		
Assets held in trust for pension benefits	743,187	-
Assets held in trust for other purposes	-	-
	<hr/>	<hr/>
Total net assets	<u>\$ 743,187</u>	<u>\$ -</u>

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

Cabarrus County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

	Foster Care Scholarship Private Purpose Trust Fund	Pension Trust Fund
	<hr/>	<hr/>
Additions:		
Contributions	\$ -	\$ 551,536
Investment earnings	-	2,044
	<hr/>	<hr/>
Total additions	-	553,580
	<hr/>	<hr/>
Deductions:		
Awards and distributions	2,436	-
Pension plan benefits	-	247,729
	<hr/>	<hr/>
Total deductions	2,436	247,729
	<hr/>	<hr/>
Change in net assets	(2,436)	305,851
Net assets, July 1	2,436	437,336
	<hr/>	<hr/>
Net assets, June 30	\$ -	\$ 743,187
	<hr/> <hr/>	<hr/> <hr/>

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

Notes to the Financial Statements

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Cabarrus Development Corporation	Blended	The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County.	None Issued
Cabarrus County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance	Discrete	Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 th , 1998, the Cabarrus County Board by resolution authorized the transfer of powers, duties, and responsibilities to the Alliance for communicable disease control, environmental protection, and maintenance of vital records. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. Funding is flat based on adopted funding for FY 2009. The County funded the Alliance with \$4,242,711 or 26% of its total revenues for the fiscal year ended June 30, 2012. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 300 Mooresville Road Kannapolis, NC 28081

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

The **Qualified School Construction Bond Fund**. This fund accounts for planning, design, renovations and repairs of schools with Certificates of Participation. An interest subsidy payment will be received from the federal government for a majority of the interest paid.

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

The **Internal Service Fund** accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. Cabarrus County has two internal service funds, the Workers Compensation Fund and Self-Insured Hospitalization Fund. The Workers Compensation Fund was discontinued and the fund was closed as of June 30, 2012.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

The **Fiduciary Funds** account for assets held by the government in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the government under the terms of a formal trust agreement. Fiduciary funds include the following fund types:

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by a not-for-profit organization. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Foster Care Scholarship Fund accounts for assets where the interest and principal can be spent. The Foster Care Scholarship Private Purpose Trust Fund is used for the purpose of collecting and disbursing contributions and private donations received for special programs for Foster Children. This program was discontinued and the fund was closed as of June 30, 2012.

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

The *Agency Fund* is custodial in nature and does not involve the measurement of operating results. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The County maintains six agency funds, the Department of Social Services Agency Fund, the Charitable Campaign Agency Fund, the Undistributed Taxes Agency Fund, the Intergovernmental Agency Fund, the Jail Commissary Agency Fund and the Sheriff Civil 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 County employees contribute through annual one time giving and through payroll deductions for the purpose of distribution to charitable non-profit agencies in our area. One hundred percent of the money collected is distributed to the charitable non-profit agencies. The Undistributed Taxes Agency Fund is used to accumulate collected property taxes before they are distributed to local municipalities. The Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; accounts for the accumulation of the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina. The Jail Commissary Agency Fund is used to account for an inmates money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release. The Sheriff Civil Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiffs.

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

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

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

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

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

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
Notes to the Financial Statements
For the Year Ended June 30, 2012

Parks and Recreation Commission – collects and appropriates contributions and private donations received specifically for the Cabarrus County Parks and Recreation's programs and projects. This program was discontinued and the fund was closed as of June 30, 2012.

The **Capital Projects 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). In addition to the two major governmental funds, Certificates of Participation 2009 Fund and Qualified School Construction Bond Fund, reported above, the County maintains ten additional non-major capital project funds. Following are the non-major capital project funds and their uses:

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

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

School Construction – This fund accounts for planning, design, construction and/or renovation of schools with Certificates of Participation, Lottery proceeds and contributions from the General and Capital Reserve funds. The projects in this fund have been completed and the fund was closed as of June 30, 2012.

2009 School Construction – accounts for the construction and renovation of schools for the Cabarrus County School system through the use of non-debt Capital Reserve funds. The projects in this fund have been completed and the fund was closed as of June 30, 2012.

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

Utility – maintains funds for future County utility 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.

Adequate Facilities – through special legislative authority, collects and appropriates voluntary mitigation fees for school facilities, land, architect, improvements or furniture and fixtures at the direction of the Cabarrus County Board of Commissioners.

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.

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

C. Measurement Focus, Basis of Accounting

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

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

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Cabarrus County management evaluated converting revenue recognition to a 90 day period after year end due to the change in sales tax distribution in North Carolina. After careful evaluation, the conversion was immaterial in dollars and also would cause an interruption in the operations and business of meeting reporting deadlines within the County. Based on these two issues, Cabarrus County has elected to remain at the 60 day rule for all revenue recognition. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cabarrus County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements.

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

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

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Landfill Enterprise Fund, the Cabarrus Arena and Events Center Special Revenue Fund, the Fire District Special Revenue Fund, the Emergency Telephone Special Revenue Fund, and the Self-Insured Hospitalization Internal Service Fund. All annual appropriations lapse at the fiscal year-end.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

Project ordinances are adopted for the remaining special revenue funds and the capital projects funds. The County operates under a financial plan for the internal service fund, the Self-Insured Hospitalization Fund. The respective financial plans were adopted by the governing board at the time the County's budget ordinance was approved, as required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

The County Manager and/or Finance Director, 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 up to \$100,000 between functions of the same fund.
3. The County Manager may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners, except as specified below for budget shortfalls and change orders.
4. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order.
5. The County Manager is authorized to transfer funds from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvement Plan for the current fiscal year.
6. Additional authority is granted to the Finance Director or designee to transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance.
7. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Manager or Finance Officer may adjust budgets to match, including grants that require a County match for which funds are available.
8. The Manager, Finance Director, or designee may adjust debt financing from estimated projections to actual funds received.
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 award and execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.
11. The County Manager may execute contracts with outside agencies to properly document budgeted appropriations to such agencies where G.S. 153 A-248(b), 259, 449 and any similar statutes require such contracts.
12. The County Manager may reject formal bids when deemed appropriate and in the best interest of Cabarrus County pursuant to G.S. 143-129(a).
13. The County Manager may reduce revenue projections consistent with prevailing economic conditions, and also reduce expenditures correspondingly.

In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent the final authorized amounts as of June 30, 2012.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalent

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

The County, as well as the Health Alliance, pool their 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 Assets and the Governmental Balance Sheet. The amounts are considered restricted because their use is expressly prohibited except for the original purpose of which the funds were received.

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year, and are due on September 1; however, interest does not

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2011. 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 2011/12 fiscal year was \$0.63 per \$100 valuation.

5. Allowances for Doubtful Accounts

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 Alliance maintains no inventory.

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

7. Capital Assets

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

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

10. Net Assets/Fund Balances

Nets Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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.

Notes receivable – portion of fund balance that is not an available resource because it represents the long term portion of a note that will be collected in future fiscal years.

Restricted Fund Balance

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

Stabilization by State statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for General Government – 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.

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities such as sheriff, fire, EMS and E-911.

Restricted for Education – portion of fund balance restricted by revenue source to be used to support public education.

Restricted for Cultural and Recreational – portion of fund balance restricted by revenue source for use for parks, libraries, arts and other related activities.

Restricted fund balance at June 30, 2012 is as follows:

Purpose	General Fund	Certificates of Participation 2009 Fund	Qualified School Construction Bonds Fund	Other Governmental Funds
Stabilization by state statute	\$ 12,690,692	\$ -	\$ -	\$ 636,069
General government	-	-	-	212,608
Public safety	-	-	-	2,445,968
Education	-	5,909,308	8,829,115	1,774,711
Culture & recreation	-	-	-	3,886
	<u>\$ 12,690,692</u>	<u>\$ 5,909,308</u>	<u>\$ 8,829,115</u>	<u>\$ 5,073,242</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Cabarrus County's governing body (highest level of decision making authority, the Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

Committed for General Government – portion of fund balance committed by the governing board for Board of Elections, Register of Deeds, Tax Revaluation and other general government projects.

Committed for Public Safety – portion of fund balance committed by the governing board for old jail facility and courthouse improvement projects.

Committed for Economic & Physical Development – portion of fund balance committed by the governing board for economic incentives and projects.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

Committed for Environmental Protection – portion of fund balance committed by the governing board for soil and water projects.

Committed for Human Services – portion of fund balance committed by the governing board for Aging, Cooperative Extension and Social Service projects.

Committed for Education – portion of fund balance committed by the governing board for public school capital projects.

Committed for Culture & Recreation – portion of fund balance committed by the governing board for parks and arena capital improvements.

Purpose	General Fund	Other Governmental Funds
General government	\$ 6,606	\$ 1,550,117
Public safety	-	2,353,670
Economic & physical development	-	591,236
Environmental protection	-	34,955
Human services	-	1,223,834
Education	-	280,043
Culture & recreation	-	4,424,643
	<u>\$ 6,606</u>	<u>\$ 10,458,498</u>

Assigned Fund Balance

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

Assigned for General Government – portion of fund balance that is intended to be used for general government activities such as property tax appeals, potential litigation, funding of internal service funds and uncompleted prior year general government projects.

Assigned for Public Safety – portion of fund balance intended to be used for public safety related activities such as sheriff, fire and uncompleted prior year public safety projects.

Assigned for Economic and Physical Development – portion of fund balance intended to be used for uncompleted prior year economic development projects and economic incentives.

Assigned for Environmental Protection – portion of fund balance intended to be used for closure/postclosure landfill expenditures.

Assigned for Human Services – portion of fund intended to be used for uncompleted prior year aging, social services and transportation projects.

Assigned for Education – portion of fund balance intended to be used to support public education capital projects.

Assigned for Cultural and Recreational – portion of fund balance intended to be used for uncompleted prior year library and arena projects.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

Assigned fund balance at June 30, 2012 is as follows:

Purpose	Other	
	General Fund	Governmental Funds
General government	\$ 4,215,814	\$ -
Public safety	611,494	66,418
Economic & physical development	2,014,800	-
Environmental protection	1,383,315	-
Human services	754,804	-
Education	8,169,011	-
Culture & recreation	287,337	483,337
	<u>\$ 17,436,575</u>	<u>\$ 549,755</u>

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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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	\$76,033,235
Less:	
Inventories	129,431
Prepaid items	69,378
Stabilization by state statute	12,690,692
Committed for Tax Revaluation	6,606
Uncompleted FY 12 project assignments	2,165,297
One time funding project assignments	1,051,950
Internal Service Fund assignments	2,000,000
General Government assignments	3,880,000
Environmental Protection assignments	1,200,000
Human Services assignments	500,000
Education assignments	6,639,328
Working Capital/Fund Balance Policy	<u>30,040,080</u>
Fund Balance remaining for appropriation	<u><u>\$ 15,660,473</u></u>

Outstanding encumbrances represent amounts needed to pay commitments related to purchase orders and contracts that remain unperformed at year-end. Cabarrus County cancels all purchase orders at year end. Therefore, no outstanding encumbrances are reported in the financial statements.

F. Management Estimates

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

G. Other Resources

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

H. Comparative Data/Reclassifications

Comparative data for the prior years have been presented for individual funds in the fund financial statements, the Management Discussion and Analysis report, the Notes to the Financial Statements and Capital Assets Used in the Operation of Government Funds, in order to provide an understanding of the changes in the financial position and operations of the County. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2. Detailed Notes on All Funds

A. Deposits

All of the County's and its component unit's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

At June 30, 2012 the carrying amount of the County's bank deposits (including fiduciary funds) was \$29,117,492 and the bank balance was \$29,713,281. There was \$20,408,502 in an escrow account with a financial institution. Sufficient collateral was maintained at June 30, 2012 to secure the County's deposits. Of the bank balance, \$928,016 was covered by federal depository insurance; the balance was covered by collateral held by authorized escrow agents in the name of the County. At June 30, 2012, the County had \$7,200 of cash on hand.

At June 30, 2012, the carrying amount of the Alliance's bank deposits was \$1,125,919 and the bank balance was \$1,268,952. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Alliance's agent in the Alliance's name. At June 30, 2012, the Alliance had \$3,000 of cash on hand.

B. Investments

As of June 30, 2012 the County had the following investments and maturities

Investment Type	Fair Value	6 Months	6-12 Months	1-3 Years
Commercial Paper	\$ 32,883,511	\$ 32,883,511	\$ -	\$ -
NC Capital Management Trust				
Cash Portfolio	20,994,771	-	-	-
Term	5,003,916	-	-	-
Regions Sweep	5,002,002	-	-	-
	<u>\$ 63,884,200</u>	<u>\$ 32,883,511</u>	<u>\$ -</u>	<u>\$ -</u>

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

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2012, The County's investment in commercial paper were rated A-1+ by Standard & Poor's, F1+ by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2012.

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

Cabarrus County, North Carolina
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For the Year Ended June 30, 2012

the possession of an outside party. The County's formal policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do trust work in North Carolina who has an account with the Federal Reserve. Certificated securities shall be in the custody of the designated investment officer.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and agencies and authorized pools, Cabarrus County's investment policy does not allow for an investment in any one issuer in excess of 35% of the County's total investments. These investments are 10% of the County's total investments.

At June 30, 2012, the Cabarrus Health Alliance investments consisted of \$3,695,253 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Alliance has no policy on credit risk, custodial credit risk or interest rate risk.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>2-3 Years</u>	<u>4-7 Years</u>
NC Capital Management Trust - Cash Portfolio	\$ 3,695,253	\$ -	\$ -	\$ -
	<u>\$ 3,695,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 6,863,263	\$ 2,247,719	\$ 9,110,982
2009	7,126,992	1,692,661	8,819,653
2010	7,387,280	1,089,624	8,476,904
2011	7,627,445	438,578	8,066,023
Total	<u>\$ 29,004,980</u>	<u>\$ 5,468,582</u>	<u>\$ 34,473,562</u>

D. Receivables

1. Notes Receivable

On May 22, 2007 Midland Volunteer Fire and Rescue agreed to pay \$900,000 over a 10 year period at zero interest for the construction of a new fire station. The first payment of \$3,000 was due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 will be payable each month through June 1, 2017. A final balloon payment of \$360,000 is due on July 1, 2017 for total payments of \$900,000. The unpaid balance of the note at June 30, 2012 was \$720,000. The note receivable is being reported in the Capital Reserve Capital Projects Fund.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

2. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level for the Primary Government at June 30, 2012, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Related Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,443,041	\$ 1,775,051	\$ 7,263,931	\$ 7,860,329	\$ 20,342,352
Other Governmental	556,837	-	-	7,232	564,069
Total Receivables	3,999,878	1,775,051	7,263,931	7,867,561	20,906,421
Allowance for doubtful accounts	-	(141,030)	-	(2,870,933)	(3,011,963)
Total-governmental activities	<u>\$ 3,999,878</u>	<u>\$ 1,634,021</u>	<u>\$ 7,263,931</u>	<u>\$ 4,996,628</u>	<u>\$ 17,894,458</u>
Business-type activities:					
Landfill	\$ 1,684	\$ 63,286	\$ 65,164	\$ 3,065	\$ 133,199
Allowance for doubtful accounts		(17,295)			(17,295)
Total-business-type activities	<u>\$ 1,684</u>	<u>\$ 45,991</u>	<u>\$ 65,164</u>	<u>\$ 3,065</u>	<u>\$ 115,904</u>

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

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Local option sales	\$ 7,263,931	\$ -
Solid waste disposal tax	-	9,142
Scrap tire tax	-	56,022
	<u>\$ 7,263,931</u>	<u>\$ 65,164</u>

3. Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2012, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:				
General	\$ 3,274,388	\$ 652,639	\$ 423,115	\$ 4,350,142
Allowance for doubtful accounts	-	(157,844)	-	(157,844)
Total Receivables	<u>\$ 3,274,388</u>	<u>\$ 494,795</u>	<u>\$ 423,115</u>	<u>\$ 4,192,298</u>
Total-governmental activities	<u>\$ 3,274,388</u>	<u>\$ 494,795</u>	<u>\$ 423,115</u>	<u>\$ 4,192,298</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

E. Capital Assets

Capital asset activity for the year ended June 30, 2012:

1. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 24,009,781	\$ -	\$ -	\$ -	\$ 24,009,781
Construction in Progress	61,357,015	2,421,998	(12,557)	(3,456,452)	60,310,004
Total capital assets not being depreciated	<u>85,366,796</u>	<u>2,421,998</u>	<u>(12,557)</u>	<u>(3,456,452)</u>	<u>84,319,785</u>
Capital Assets being depreciated:					
Buildings	105,815,233	-	-	705,418	106,520,651
Building Improvements	15,974,062	257,007	-	1,895,025	18,126,094
Equipment	13,047,946	1,057,908	(19,996)	443,114	14,528,972
Furniture and Fixtures	821,892	-	-	-	821,892
Land Improvements	7,407,711	-	-	155,383	7,563,094
Vehicles	8,644,227	755,730	(411,050)	257,512	9,246,419
Reservoir	21,743,730	-	-	-	21,743,730
Total capital assets being depreciated	<u>173,454,801</u>	<u>2,070,645</u>	<u>(431,046)</u>	<u>3,456,452</u>	<u>178,550,852</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Less accumulated depreciation for:					
Buildings	18,711,269	2,656,123	-	-	21,367,392
Building Improvements	3,194,135	430,634	-	-	3,624,769
Equipment	8,461,097	1,544,439	(19,996)	-	9,985,540
Furniture and Fixtures	723,396	40,138	-	-	763,534
Land Improvements	3,125,143	419,542	-	-	3,544,685
Vehicles	5,354,840	1,189,859	(366,560)	-	6,178,139
Reservoir	326,482	21,766	-	-	348,248
Total accumulated depreciation	<u>39,896,362</u>	<u>6,302,501</u>	<u>(386,556)</u>	<u>-</u>	<u>45,812,307</u>
Total Capital Assets, being depreciated, net	<u>133,558,439</u>	<u>(4,231,856)</u>	<u>(44,490)</u>	<u>3,456,452</u>	<u>132,738,545</u>
Governmental Capital Assets, net	<u>\$ 218,925,235</u>	<u>\$ (1,809,858)</u>	<u>\$ (57,047)</u>	<u>\$ -</u>	<u>\$ 217,058,330</u>

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

Governmental activities:	
General Government	\$ 1,168,419
Public Safety	3,042,264
Environmental Protection	21,766
Economic & Physical Dev	27,737
Human Services	845,203
Culture & Recreation	1,197,112
Total depreciation expense - governmental activities	<u>\$ 6,302,501</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

Capital asset activity for the year ended June 30, 2012:

	<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	\$ 490,447	\$ -	\$ -	\$ -	\$ 490,447
Construction in Progress	352,677	-	-	-	352,677
Total Capital assets, not being depreciated:	<u>843,124</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>843,124</u>
Capital assets, being depreciated:					
Land Improvements	1,340,603	-	-	-	1,340,603
Vehicles	2,470,010	-	(25,615)	-	2,444,395
Equipment	215,016	-	-	-	215,016
Buildings	1,304,164	-	-	-	1,304,164
Building Improvements	5,500	-	-	-	5,500
Total Capital assets, being depreciated:	<u>5,335,293</u>	<u>-</u>	<u>(25,615)</u>	<u>-</u>	<u>5,309,678</u>
Less accumulated depreciation for:					
Land Improvements	497,746	76,375	-	-	574,121
Vehicles	1,348,813	237,382	(17,930)	-	1,568,265
Equipment	172,590	22,606	-	-	195,196
Buildings	179,449	32,604	-	-	212,053
Building Improvements	1,387	137	-	-	1,524
Total Accumulated Depreciation	<u>2,199,985</u>	<u>369,104</u>	<u>(17,930)</u>	<u>-</u>	<u>2,551,159</u>
Total Capital assets, being depreciated, net	<u>3,135,308</u>	<u>(369,104)</u>	<u>(7,685)</u>	<u>-</u>	<u>2,758,519</u>
Proprietary Capital assets, net	<u>\$ 3,978,432</u>	<u>\$ (369,104)</u>	<u>\$ (7,685)</u>	<u>\$ -</u>	<u>\$ 3,601,643</u>

2. Construction commitments

The government has active construction projects as of June 30, 2012. The projects include major equipment maintenance and roof replacement at seven schools, storm water improvements at one school and Court/Sheriff department renovation/improvements. At year-end, the government's commitments with contractors are as follows:

Project	Spent-To-Date	Remaining Commitment
Schools	\$ 10,648,927	\$ 2,016,019
Courts and Sheriff's Admin Renovation	<u>1,309,470</u>	<u>192,046</u>
	<u>\$ 11,958,397</u>	<u>\$ 2,208,065</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

3. Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2012, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and fixtures	\$ 168,486	\$ 236,486	\$(168,486)	\$ 236,486
Vehicles	478,077	-	-	478,077
Equipment	786,659	369,626	(81,755)	1,074,530
Land Improvements	600,505	-	-	600,505
Total capital assets being depreciated	<u>2,033,727</u>	<u>606,112</u>	<u>(250,241)</u>	<u>2,389,598</u>
Less accumulated depreciation:				
Furniture and fixtures	163,877	14,736	(166,787)	11,826
Vehicles	445,553	19,744	-	465,297
Equipment	436,844	102,165	(81,281)	457,728
Land Improvements	262,339	40,034	-	302,373
Total accumulated depreciation	<u>1,308,613</u>	<u>176,679</u>	<u>(248,068)</u>	<u>1,237,224</u>
Total governmental activities, being depreciated (net)	<u>\$ 725,114</u>	<u>\$ 429,433</u>	<u>\$ (2,173)</u>	<u>\$1,152,374</u>
Governmental Capital Assets, net	<u><u>\$ 725,114</u></u>	<u><u>\$ 429,433</u></u>	<u><u>\$ (2,173)</u></u>	<u><u>\$1,152,374</u></u>

F. Payables

Payables at the government-wide level for the Primary Government at June 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 4,758,871	\$ 2,300,621	\$ 465,361	\$ 7,524,853
Certificates of Participation 2009	50,856	-	-	50,856
Qualified School Const Bonds	1,661,978			1,661,978
Other Governmental	1,335,262	6,701	100,000	1,441,963
Total-governmental activities	<u><u>\$ 7,806,967</u></u>	<u><u>\$ 2,307,322</u></u>	<u><u>\$ 565,361</u></u>	<u><u>\$ 10,679,650</u></u>
Business-type activities				
Landfill	<u><u>\$ 90,531</u></u>	<u><u>\$ 4,194</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 94,725</u></u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2012, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 389,641	\$ 475,779	\$ 865,420
Capital Projects	499,576	-	499,576
Total-governmental activities	<u><u>\$ 889,217</u></u>	<u><u>\$ 475,779</u></u>	<u><u>\$1,364,996</u></u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012**

G. Closure and Postclosure Care Cost - Cabarrus County Landfill Facility

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports an annual capital reserve operating expense as an estimate of these closure and postclosure care costs. Actual Costs may be higher due to inflation, changes in technology, or changes in regulations. The \$3,399,358 reported as the landfill's closure and postclosure liability at June 30, 2012 represents a cumulative amount reported to-date. This amount is based on what it would cost to perform all closure and postclosure care in Fiscal Year 2012. The change in the closure/postclosure liability from FY 2011 to FY 2012 resulted in a net decrease of \$173,914. The decrease is due to the use of funds for the closure of the C&D over MSW portion of the Landfill and annual monitoring expenses as required by the NC Department of Natural Resources.

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

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

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 postclosure care requirements as of each balance sheet date. Governments that utilize the local government financial assurance test allow them to remain exempt from a set contribution schedule.

H. Deferred / Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 410,997
Taxes receivable, net (General)	4,737,092	-
Ambulance receivable, net (General)	1,634,021	-
Total	<u>\$ 6,371,113</u>	<u>\$ 410,997</u>

I. Leases

1. Capital Leases

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

On July 1, 2011 the County entered into a lease agreement as lessee for financing the acquisition of 911 Equipment. Payments consist of \$136,623 annually with an effective rate of 3.00%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception.

The assets acquired through a capital lease are as follows:

	Governmental Activities
County owned Asset:	
Equipment	\$ 603,312
Land	3,421,394
Less: Accumulated depreciation	<u>(4,058)</u>
Total	<u>\$ 4,020,648</u>

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

<u>Year Ending June 30</u>	Governmental Activities
2013	\$ 326,623
2014	326,623
2015	326,623
2016	326,623
2017	190,000
2018	190,000
2019	190,000
2020	190,000
2021	190,000
Next 5 Years	950,000
To Maturity	<u>2,280,000</u>
Total minimum lease payments	5,486,492
Less: amount representing interest	<u>(1,955,385)</u>
Present value of minimum lease payments	<u>\$3,531,107</u>

2. Operating Leases

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$971,227 for the year ended June 30, 2012. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2013	\$ 1,996,638
2014	1,086,221
2015	983,386
2016	983,386
2017	901,437
Total	<u>\$ 5,951,068</u>

J. Long-term Obligations

1. General Obligation Indebtedness

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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

The County's general obligation bonds payable at June 30, 2012 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$32,855,000 (March 15, 2004) Advanced Refunding Bonds due on August 1 and February 1 in installments through February 1, 2018; interest at 3.0 to 5.0 percent. The purpose of the debt is refunding prior debt for the construction of schools.	\$18,795,000
\$50,000,000 (March 1, 2005) School Series Bonds due on September 1 and March 1 in installments through March 1, 2025; interest at 3.0 to 5.0 percent. The purpose of the debt is for constructing and improving school facilities.	38,400,000
\$48,000,000 (September 1, 2006) Public Improvement Series Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 4.0 to 5.0 percent. The purpose of the debt is for the construction and improving Schools (\$44,640,000) and community college facilities (\$3,360,000).	<u>41,500,000</u>
	<u>\$98,695,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2012, for the County's general obligation bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 6,965,000	\$ 4,434,050
2014	7,655,000	4,118,550
2015	7,640,000	3,773,800
2016	7,630,000	3,391,800
2017	7,610,000	3,010,300
2018	7,495,000	2,629,800
2019	6,800,000	2,289,050
2020	6,800,000	2,017,050
2021	6,800,000	1,728,050
2022	6,800,000	1,439,050
To maturity	26,500,000	2,994,550
Total	<u>\$98,695,000</u>	<u>\$31,826,050</u>

At June 30, 2012 Cabarrus County had a legal debt margin of \$1,303,548,780.

2. Certificates of Participation

On August 15, 2002, the Cabarrus County Development Corporation issued \$26,390,000 in Certificates of Participation (COPS) to finance the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the Cabarrus Arena & Events Center. The 20-year COPS have interest rates ranging from 3.0% to 5.25%. Cabarrus County debt service is financed by property tax revenues. Annual payments of principal and interest range from approximately \$2,409,155 to \$1,396,500. Total principal and interest over the 20-year period will be \$38,718,153. On August 31, 2011, a portion of the original COPS 2002 were refunded as COPS 2011B. The balance of COPS 2002 will be \$2,764,738 over a 2 year period. Total principal balance due at June 30, 2012 was \$1,330,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

On July 15, 2003, the Cabarrus County Development Corporation issued \$40,770,000 in Certificates of Participation (COPS) Installment Contracts to finance the cost of acquiring real property, construction and equipping of two elementary schools, one middle school, expansion of two existing elementary school facilities and various real and personal property improvements. These 20-year COPS have interest rates ranging from 2.0% to 5.25%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,813,000 to \$2,129,000. Total principal and interest over a 20-year period will be \$61,223,879. On August 31, 2011, a portion of the original COPS 2003 were refunded as COPS 2011C. The balance of COPS 2003 will be \$4,292,700 over a 2 year period. Total principal balance due at June 30, 2012 was \$2,040,000.

On February 22, 2007, the Cabarrus County Development Corporation issued \$33,595,000 in Certificates of Participation (COPS) Installment contracts to finance the construction of a County owned sheriff administration facility. These 20-year COPS have interest rates ranging from 4.0% to 5.625%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,092,576 to \$1,744,093. Total principal and interest over a 20-year period will be \$49,537,033. Total principal balance due at June 30, 2012 was \$25,195,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$46,920,000 (2008A) Certificates of Participation (COPS) Installment contracts to finance the construction of a new high school. These 20 year COPS have interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$4,400,704 to \$2,447,594.

Total principal and interest over a 20-year period will be \$68,856,864. Total principal balance due at June 30, 2012 was \$37,530,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11 year COPS have interest rates ranging from 3.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,263,225 to \$1,485,750. Total principal and interest over an 11-year period will be \$20,655,550. Total principal balance due at June 30, 2012 was \$10,475,000.

On December 1, 2008, The Cabarrus County Development Corporation issued \$58,810,000 (2008C) Certificates of Participation (COPS) Installment contracts to provide funds to (a) pay the costs of construction of a residential tower to house County inmates and related improvements and (b) pay certain expenses incurred in connection with the execution and delivery of the 2008C Certificates. These 20 year COPS have interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$5,941,494 to \$1,404,961. Total principal and interest over a 20 year period will be \$90,944,756. Total principal balance due at June 30, 2012 was \$52,610,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide funds (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing new public school facilities and expanding and renovating existing public school facilities, equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. These 20 year COPS have interest rates ranging from 3.0% to 5.0%. Annual payments of principal and interest range from approximately \$8,702,669 to \$1,818,515. Total principal and interest over a 20 year period will be \$129,871,859. Total principal balance due at June 30, 2012 was \$80,435,000.

On September 22, 2010 the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction 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. Annual payments of principal and interest range from approximately \$2,809,100 to \$518,150. Total principal and interest over a 11-year period will be \$23,761,150. Total principal balance due at June 30, 2012 was \$16,820,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

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 2 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 was 5.43%. The second bullet will have a net interest cost to the County of .07% while the County will have no interest cost in the first bullet. The principal on this debt is deferred for five years with the first principal payment due on 4/1/2016. 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. Annual payments of principal and interest range from approximately \$748,098 to \$2,106,225. 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 \$14,712,880. Total principal balance due at June 30, 2012 was \$14,635,000.

On August 31, 2011 the Cabarrus County Development Corporation issued \$11,735,000 (2011B) Limited Obligation Bonds (LOBS) contracts to refund \$11,970,000 of the 2002 COPS issued for the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. These 11 year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$202,256 to \$1,861,200. Total principal and interest over a 11-year period will be \$14,988,756. Total principal balance due at June 30, 2012 was \$11,735,000.

On August 31, 2011 the Cabarrus County Development Corporation issued \$21,780,000 (2011C) Limited Obligation Bonds (LOBS) contracts to refund \$22,425,000 of the 2003 COPS issued for the cost of acquiring real property, construction and equipping of two elementary schools, one 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. Annual payments of principal and interest range from approximately \$480,934 to \$3,059,475. Total principal and interest over a 13-year period will be \$29,779,084. Total principal balance due at June 30, 2012 was \$21,750,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2012 for the County's Certificates of Participation/Limited Obligation Bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 18,820,000	\$ 12,787,836
2014	18,700,000	12,012,985
2015	18,630,000	11,223,398
2016	19,895,000	10,432,660
2017	19,835,000	9,615,098
2018	19,755,000	8,784,985
2019	19,685,000	7,931,722
2020	18,225,000	7,042,522
2021	18,185,000	6,247,735
2022	16,385,000	5,430,129
Next 5 Years	68,455,000	15,268,236
To maturity	17,985,000	1,271,494
Total	<u>\$274,555,000</u>	<u>\$108,048,800</u>

3. Installment Financing

On April 12, 2005, Cabarrus County executed an installment financing contract with RBC Centura. The contract is for \$4.4 million for the construction of the County owned Rowan-Cabarrus Community College (RCCC) business center and the construction of a parking lot and design cost of Building 3000 which is owned by RCCC. The terms of the contract stipulate semi-annual payments of principal and interest from approximately \$388,000 to \$317,000 for seven years with the first payment due on October 12, 2005 and the final payment due on April 12, 2012. The annual interest rate is fixed at 3.54%. The principal balance due at June 30, 2012 was \$0.

Cabarrus County, North Carolina
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For the Year Ended June 30, 2012

On October 4, 2006 Cabarrus County executed an installment financing contract with Fifth Third Bank (formerly First Charter Bank). The contract is for \$15,000,000 for the construction of a Jail Annex and site development work in the Justice Complex. The terms of the contract stipulate semi-annual payments of \$500,000 for the first year starting in April 2007 and commencing October 2021. The fixed interest rate was 4.31% the first year and 4.44% the next 14 years. The rate was renegotiated in March 2007 to 4.19% over the term of the entire loan. The Board of Commissioners decided that due to declining interest rates to pay off the loan on March 30, 2012. The final payment was \$10,000,000 in principal and \$203,588 in interest. Total principal balance due at June 30, 2012 was \$0.

4. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 105,660,000	\$ -	\$ 6,965,000	\$ 98,695,000	\$ 6,965,000
Plus: Premiums on issuance	2,241,510	-	316,164	1,925,346	-
Total General Obligation Bonds	107,901,510	-	7,281,164	100,620,346	6,965,000
Certificates of Participation/ Limited Obligation Bonds	294,315,000	33,515,000	53,275,000	274,555,000	18,820,000
Plus: Premiums on issuance	8,464,526	4,215,250	1,905,582	10,774,194	-
Total Certificates of Participation/ Limited Obligation Bonds	302,779,526	37,730,250	55,180,582	285,329,194	18,820,000
Capital Leases	3,102,621	603,312	174,826	3,531,107	183,035
Installment Financing	11,122,572	-	11,122,572	-	-
Compensated absences	3,150,709	2,138,716	1,974,218	3,315,207	2,652,166
Other postemployment benefits	6,562,567	3,064,792	1,371,402	8,255,957	-
Unfunded Pension Cost	340,558	431,594	551,536	220,616	-
Total governmental activities	<u>\$ 434,960,063</u>	<u>\$ 43,968,664</u>	<u>\$ 77,656,300</u>	<u>\$ 401,272,427</u>	<u>\$ 28,620,201</u>
Business-type activities					
Compensated absences	\$ 32,613	\$ 18,841	\$ 20,394	\$ 31,060	\$ 24,848
Other postemployment benefits	71,627	7,487	-	79,114	-
Landfill Closure/Post-Closure	3,573,272	-	173,914	3,399,358	169,968
Total business-type activities	<u>\$ 3,677,512</u>	<u>\$ 26,328</u>	<u>\$ 194,308</u>	<u>\$ 3,509,532</u>	<u>\$ 194,816</u>

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	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Discretely presented component unit:					
Compensated absences	\$ 547,243	\$ 472,832	\$ (499,448)	\$ 520,627	\$ 510,214
OPEB obligation	450,287	149,482	(63,721)	536,048	-
Total discretely presented component unit	<u>\$ 997,530</u>	<u>\$ 622,314</u>	<u>\$ (563,169)</u>	<u>\$ 1,056,675</u>	<u>\$ 510,214</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.

5. Capital Assets, Net of Related Debt

Governmental Activity capital assets, net of related debt at June 30, 2012, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 217,058,330
Less: capital debt	
Gross debt	(389,480,648)
School debt related to assets to which the County does not capitalize	296,402,561
Unspent debt proceeds, non school related debt	<u>59</u>
Capital assets, net of related debt	<u>\$ 123,980,302</u>

6. Advance Refundings

On March 15, 2004, the County issued \$32,855,000 of general obligation advance refunding revenue bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 1997 School Bonds dated February 1, 1997 and stated to mature on February 1 in the years 2008 to 2018 inclusive. The refunding debt was issued at a net interest cost of 3.276524%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2011, is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 14 years by \$1,588,396 and resulted in an economic loss of \$436,981. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$3,756,746 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2012 was \$1,507,196.

On January 31, 2008, the Cabarrus County Development Corporation issued Refunding Certificates of Participation, Series 2008B in the aggregate principal amount of \$18,745,000. A portion of the proceeds of the 2008B Certificates are to be applied to advance refund the Refunded Obligations. The refunded debt consists of the County's series 1999 Installment Payment Revenue Bonds dated June 16, 1999 and stated to mature on June 30, 2019. The refunding debt was issued at a net interest cost of 3.241996%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2011 is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 11 years by \$1,143,169 and resulted in an economic gain of \$428,256. As required by GASB Statement 23, the difference

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$958,846 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2012 was \$573,858.

On September 22, 2010 the Cabarrus County Development Corporation issued \$18,920,000 of refunding Certificates of Participation to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 2001 Certificates of Participation (COPS) dated March 1, 2001 and stated to mature on April 1st in the years 2001 through 2021. The refunding debt was issued at a net interest cost of 2.449267%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2011 is \$0. This refunding was undertaken to reduce total debt service payments over the following 11 years by approximately \$215,123 annually and resulted in total cash flow savings of \$2,366,350 which on a net present value basis is \$261,808 (.1794089% of the bonds refunded). As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$902,811 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2012 was \$738,666.

On August 31, 2011 the Cabarrus County Development Corporation issued \$11,735,000 of refunding Limited Obligation Bonds (LOBS) to provide resources to purchase U.S. government securities that were placed into an irrevocable trust of the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of a portion of the County's series 2002 Certificates of Participation (COPS) dated August 15, 2002 and stated to mature on February 1, 2022. The refunding debt was issued at a net interest cost of 2.810781%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Government activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2012 is \$11,970,000. This refunding was undertaken to reduce total debt service payments over the following 11 years by \$971,244 resulted in a present value cash flow savings of \$850,233. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$734,611 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2012 was \$667,830.

On August 31, 2011 the Cabarrus County Development Corporation issued \$21,780,000 of refunding Limited Obligation Bonds (LOBS) to provide resources to purchase U.S. government securities that were placed into an irrevocable trust of the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of a portion (\$22,425,000) of the County's series 2003 Certificates of Participation (COPS) dated July 15, 2003 and stated to mature on February 1, 2024. The refunding debt was issued at a net interest cost of 3.214133%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2012 is \$22,425,000. This refunding was undertaken to reduce total debt service payments over the following 13 years by 1,006,031 resulted in a present value cash flow savings of \$846,417. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$1,752,985 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2012 was \$1,618,140.

K. Conduit Debt Obligations

Cabarrus County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2012, there were one series of industrial revenue bond outstanding, with an aggregate principal amount of \$6,500,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

L. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

The composition of interfund balances as of June 30, 2012 is as follows:

	Transfers In		Total Transfers Out	
	<u>General</u>	<u>Non Major</u>	<u>Internal Service</u>	
General	\$ -	\$ 1,165,346	\$ 2,000,000	\$ 3,165,346
Certificates of Part 2009	5,858,411	-	-	5,858,411
Non-Major	5,413,170	3,846,800	-	9,259,970
Landfill Enterprise Fund	25,615	-	-	25,615
Total	<u>\$ 11,297,196</u>	<u>\$ 5,012,146</u>	<u>\$ 2,000,000</u>	<u>\$ 18,309,342</u>

Transfers to and from other funds at June 30, 2012 consists of the following:

To the General Fund from the Parks & Recreation Special Revenue Fund for the completion/close out of the Special Revenue Fund.	\$93
To the General Fund from the Small Project Capital Projects Fund for the completion/close out of the HAVA Stop Grant program.	7,246
To the General Fund from the Emergency Telephone System Special Revenue Fund for debt service payment.	136,623
To the General Fund from the Emergency Telephone System Special Revenue Fund for the salary and benefits of a GIS mapping employee.	77,513
To the General Fund from the Justice Center Construction Capital Projects Fund for debt service payment.	213,208
To the General Fund from the Justice Center Construction Capital Projects Fund for completion/close out of the Housing Unit project.	785,821
To the General Fund from the Construction and Renovation Capital Projects Fund for the completion/close out of the Mini Governmental Complex project.	1,738,723
To the General Fund from the School Construction Capital Projects Fund for the completion/close out of school projects.	584,691

**Cabarrus County, North Carolina
Notes to the Financial Statements
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To the General Fund from the 2009 School Construction Capital Projects Fund for debt service payments.	4,925
To the General Fund from the 2009 School Construction Capital Projects Fund for completion/close out of school projects.	150,772
To the General Fund from the Certificates of Participation 2009 Capital Projects Fund for debt service payments.	5,858,411
To the General Fund from the Public School Building Capital Projects Fund for debt service payments.	1,713,555
To the General Fund from the Landfill Enterprise Fund for the donation of a vehicle.	25,615
To the Construction and Renovation Capital Projects fund from the Capital Reserve Fund for improvements and renovations to several County owned buildings.	3,846,800
To the Construction and Renovation Capital Projects Fund from the General Fund for renovations to the Kannapolis Library.	50,000
To the Community Development Special Revenue fund from the General Fund for Community Development projects.	30,000
To the Cabarrus Arena and Events Center Special Revenue Fund From the General Fund for the operations of the facility	625,346
To the Small Projects Capital Project Fund from the General Fund for the construction of a Harvest Facility	460,000
To the Self Insured Hospitalization Internal Service Fund from the General Fund for the payment of claims	<u>2,000,000</u>
Total	<u>\$ 18,309,342</u>

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2012 the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

N. Public School Building Capital Fund

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

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

The corporate income taxes deposited into the Fund are allocated to the County on the basis of its average daily membership (ADM) as determined by the North Carolina State Board of Education. The Office of State Budget and Management established and maintains an ADM allocation account for the County. At June 30, 2012 the balance of the County's ADM allocation account was \$125. The County must match this balance on the basis of one dollar for every three dollars of state funds for financing the school unit's facilities capital needs. The local school technology plan does not require a County match. After approving a school capital project authorized by the Act, the Office of State Budget and Management will transfer funds from the County's ADM allocation account to its disbursing account maintained with the State Treasurer. At that time, the ADM allocation transferred is considered to be "available" and is recognized in the Public School Building Capital Fund as intergovernmental revenue. At June 30, 2012 the County's disbursing account had a \$0 balance.

O. Benefit payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medical assistance	\$97,108,550	\$55,316,944
Temporary assistance to needy families	706,930	-
Special assistance to adults	-	1,142,077
Refugee	4,912	-
Adoption assistance	591,198	157,347
Total	<u>\$98,411,590</u>	<u>\$56,616,368</u>

P. Internal Service

The County has two internal service funds for self-insured hospitalization insurance and workers compensation. The self-insured hospitalization insurance fund accumulates premiums and pays all claims and related expenses health insurance activities. The Workers Compensation fund previously handled the premiums and the claims for workers compensation prior to transferring the majority of the liability to the Carolina Governmental Alliance, Inc. during FY2011. In early FY2012, the remaining \$350,000 of the liability was transferred and the fund was closed. At June 30, 2012, the workers compensation internal service fund had an unrestricted net asset balance of \$0 and the self-insured hospitalization internal service fund had an unrestricted net asset balance of \$2,269,491. In the basic financial statements, the net assets and activities have been allocated to all governmental fund types, and business types as applicable. This surplus is being retained for anticipated future catastrophic losses.

Note 3. Other Information

1. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a liability program which is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation. The County retains the first \$350,000 in liability claims and claims expenses which are payable by the Carolina Governmental Alliance, Inc. Excess liability insurance above the \$350,000 retention is purchased up to a total limit of \$2,000,000 per occurrence and \$5,000,000 aggregate.

The property insurance program is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation. Excess property insurance above a \$25,000 deductible is purchased based on estimated replacement values, submitted to the Excess Property Company each year.

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On July 1, 1994, the County chose to establish a Workers Compensation Fund (an internal service fund) for risk associated with the workers compensation plan. The Workers Compensation Fund is where assets are set aside for claim settlements. The risk retention for Workers' Compensation is \$400,000 per occurrence. The County has purchased excess workers compensation insurance for claims in excess of that amount.

On June 30, 2011, the County transferred the workers compensation program to the Carolina Governmental Alliance, Inc., a governmental corporation. The change was to streamline the administration of both the liability and the workers compensation programs by placing them both under the same corporation. The remaining liability was transferred during FY 2012.

On July 1, 2004, the County chose to establish a Self-Insured Health Insurance Fund (an internal service fund) for risk associated with the health insurance plan. The Health Insurance Fund is where assets are set aside for claim settlements. A premium is charged to each fund that accounts for full-time employees plus this benefit is also offered to retired employees who meet specific criteria. The total charge to each fund is based on actual calculated cost which includes but 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 \$100,000 with an aggregate stop loss of 125%. This coverage is for claims incurred and paid in 12 months. The benefits covered are Medical MH/SA Pharmacy and Vision.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. The current claims liability for fiscal year ended June 30, 2012 is shown at right.

<u>Self-Insured Health Insurance</u>		
	<u>6/30/2012</u>	<u>6/30/2011</u>
Unpaid claims, beginning of fiscal year	\$1,305,556	\$ 1,235,482
Incurred claims	9,202,869	6,594,192
Claim payments	<u>(8,622,047)</u>	<u>(6,524,118)</u>
Unpaid claims, end of fiscal year	<u>\$1,886,378</u>	<u>\$1,305,556</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Director of Finance and Tax 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. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

2. Contingent Liabilities

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

At June 30, 2011, the County was a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government. Two of the lawsuits are described below.

Charlotte Motor Speedway, LLC and Speedway Motorsports, Inc. vs. City of Concord and County of Cabarrus, there is no litigation pending or, to the best of the County's knowledge, threatened, against or affecting the County

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which could have a material adverse impact on the County's condition, financial or otherwise. In *Charlotte Motor Speedway*, the plaintiffs originally filed suit in September 2009 against the City of Concord and the County alleging that the City of Concord and the County had entered into an economic development agreement in November 2007 to provide \$80 million for the financing, design and construction of road, pedestrian, utility and noise attenuation projects, and that the plaintiffs had relied upon that agreement in undertaking certain construction projects. The plaintiffs requested, among other things, specific performance of the agreement or damages in an unspecified amount caused by the misrepresentation by the City and County of their ability to fund the \$80 million in economic incentives.

The City and the County filed motions to dismiss this lawsuit, based primarily on the position that no agreement compliant with the mandatory economic development statutes was ever effectuated. Shortly before a scheduled hearing on these motions in June 2010, this lawsuit was voluntarily dismissed without prejudice by the plaintiffs. By voluntarily dismissing the lawsuit, the plaintiffs preserved their ability to re-file the lawsuit within one year of such dismissal. Shortly before the expiration of the re-filing deadline, the plaintiffs once again filed suit against the City and the County in May 2011. In late June 2011, the City and the plaintiffs settled the lawsuit as to each other at a cost estimated to be worth \$2.8 million. The plaintiffs then amended their complaint, maintaining the same allegations and requests for relief, and simply deleting the City as a defendant. The County has not yet filed an answer to this amended complaint, but intends to do so in a timely fashion. The County believes that it has meritorious defenses to this lawsuit, and intends to defend itself vigorously. If it is found liable for all or a portion of the alleged damages or determines that it would be to its advantage to engage in settlement negotiations, the County could use a portion of its current undesignated fund balance to pay at least a portion of such damages or settlement. The County can also bring the City back into the lawsuit for indemnity or contribution.

The County is the appellant in three cases consolidated and heard before the North Carolina Court of Appeals captioned *Lanvale Properties, LLC and Cabarrus County Building Industry Association vs. County of Cabarrus and City of Locust*; *Mardan IV v. County of Cabarrus*; and *Craft Development, LLC vs. County of Cabarrus*. In these cases, the plaintiff developers brought actions against the County challenging the validity of the County's adequate public facilities ordinance ("APFO"), which the Board had adopted in 1998 as part of its zoning and subdivision regulations in order to assist the County in determining whether to issue or deny development permits. Under the APFO, County planners would determine if public school facilities were adequate to serve the proposed development. If the Board determined that the public school facilities were adequate to support the proposed development, the proposal would be approved as proposed. If the Board determined that the public school facilities were presently inadequate to support the proposed development, then the Board could either deny the application or, alternatively, subject the proposal to conditions designed to mitigate the impact on school capacity. These conditions include deferring the proposed development, phasing the development, reducing the scope of the development, requiring the developer to construct school facilities, requiring the developer to pay a fee per residential unit (also known as a "voluntary mitigation payment," or "VMP"), or imposing other reasonable conditions.

The plaintiff developers in the litigation mentioned above brought similar complaints against the County requesting, among other things, a declaratory judgment that the County lacked authority to adopt the APFO and that the APFO was invalid. The trial court concluded that the County had no statutory authority for the enactment of the APFO under its general zoning and subdivision powers, and the Court of Appeals affirmed this decision on September 7, 2010. The County appealed the Court of Appeals decision to the North Carolina Supreme Court, and a hearing has been granted, but the County cannot predict whether its appeal ultimately will be successful or, even if its appeal were to be successful, whether it would prevail if these cases were remanded to the trial court.

In a separate lawsuit currently pending in Cabarrus County Superior Court but stayed by court order pending the outcome of the above cases, certain developers have demanded that the County refund all fees paid by the plaintiffs pursuant to the APFO, including but not limited to VMPs. Although the County has a number of defenses to such claims, including the fact that each developer agreed to pay the VMP in order to proceed immediately with their projects, if the County does not prevail in this lawsuit, the County cannot predict whether it will be required to refund all or a portion of the approximately \$8.4 million in VMPs collected since the adoption of the APFO, plus interest, to the affected developers and other interested parties. Although the County has not expressly budgeted funds to make this payment, a portion of the County's current undesignated fund balance could be used if such a payment were necessary. The County does not believe that use of such undesignated fund balance monies would have a material adverse impact on its condition, financial or otherwise.

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3. Joint Ventures

The County participates in a joint venture to operate Piedmont Behavioral Health (PBH) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2012. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,021 to PBH to supplement its activities. Complete financial statements for PBH can be obtained from PBH's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2006 General Obligation bonds issued, \$2,680,208 in debt is still outstanding. In March 2005, the County issued installment financing for the up fit of the old school administration building which will house the new RCCC Business Center. The total financed cost of the up fit totaled \$4,358,000. The County has leased this facility to RCCC for \$1 per year. This debt was paid off as of June 30, 2012. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,889,254 to the community college for operating purposes and \$480,000 for capital outlay during the fiscal year ended June 30, 2012. In addition, the County made debt service payments of \$857,409 during the fiscal year on general obligation bonds and installment financing issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2012. Complete financial statements for the community college may be obtained from the community college's administrative offices at I-85 at Jake Alexander Boulevard South, Salisbury, NC 28145.

4. Jointly Governed Organization

The County in conjunction with 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.

Cabarrus County in conjunction with Rowan County has organized the Carolina Governmental Alliance to establish an excess liability, property and workers compensation deductible fund for member agencies and administer funds to pay any excess liability claims and deductible amounts that the member agencies may legally be required to pay based on the coverage provisions of the fund and to do all things necessary to carry out these purposes.

5. Other Employment Benefits

The County and the Alliance have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employee's Retirement System (Death Benefit Plan), a State administered plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Annually, the State sets the County's and the Alliance's monthly contribution rates for death benefits. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not the County, the

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For the Year Ended June 30, 2012

County and the Alliance do not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the County made contributions to the State for death benefits of \$36,600 and the Alliance made no contribution. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08%, and .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

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

6. Other Postemployment Benefits (OPEB) – Healthcare Benefits

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

The following schedule became effective on July 1, 1997:

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

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

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

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

Membership of the plan consisted of the following at December 31, 2011 the date of the latest actuarial valuation:

Retirees receiving benefits	92
Active Plan Members:	
General Employees	639
Law Enforcement	189
Total	<u>920</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Retirees are required to pay for dependent coverage. The County contributions are financed on a pay as you go

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

basis. In the future, employees and retirees may be required to participate in premiums for basic group health and life insurance plans. The plan was established and may be amended by the Board of Commissioners.

The current Annual Required Contribution rate is 8.85 % of annual covered payroll (5.76% normal cost and 3.09% accrued liability). The County contributed \$1,371,402 or 3.9% of annual covered payroll for the current fiscal year. The County is self insured for healthcare coverage. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 2.7% and 1.2% of covered payroll. Contributions of \$50 per month were made by employees and retirees who currently use tobacco products and have not signed a non use tobacco certification. These contributions were \$47,300 for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$966,850.

Summary of Significant Accounting Policies. Postemployment expenditures for former employees are made from the General Fund. This fund is maintained on a modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

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

	2012
Annual Required Contribution	\$ 3,060,420
Interest on Net OPEB Obligation	265,368
Adjustment to annual required contribution	<u>(253,509)</u>
Annual OPEB cost (expense)	3,072,279
Contributions made	<u>(1,371,402)</u>
Increase (decrease) in net OPEB obligation	1,700,877
Net OPEB obligation, beginning of year	<u>6,634,194</u>
Net OPEB obligation, end of year	<u><u>\$ 8,335,071</u></u>

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

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$1,850,169	28%	\$1,341,176
2009	\$2,156,844	27%	\$2,912,737
2010	\$2,529,209	27%	\$4,765,234
2011	\$2,525,090	26%	\$6,634,194
2012	\$3,072,279	44.6%	\$8,335,071

Funded Status and Funding Progress. As of December 31, 2011 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus the unfunded actuarial accrued liability (UAAL) was \$27,978,569. The covered payroll (annual payroll of active employees covered by the plan) was \$34,588,322 and the ratio of the UAAL to the covered payroll was 80.9%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011 was 30 years.

7. Pension Plan and Benefit Obligations

a. Local Governmental Employees' Retirement System

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

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the Alliance are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.96% and 7.05% respectively, of annual covered payroll. For the Alliance, the current rate for employees is 6.94% of annual covered payroll. The contribution requirements of members and of Cabarrus County and the Alliance are established and may be amended by the North Carolina General Assembly. The rates have been amended effective October 1, 2011 and thereafter for several years due to the loss in the market value which occurred in the fall of 2008. The County's contribution to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$2,737,358, \$2,378,176 and \$1,822,022, respectively. The Alliance's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010, were \$548,773, \$554,377 and \$466,969 respectively. The contributions made by the County and the Alliance equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. Cabarrus County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the County's report as a pension trust fund. A separate audit report was not issued for the plan.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	18
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	198
Total	<u>216</u>

Summary of Significant Accounting Policies:

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. The County transfers the contribution in a subsequent year following notification by the actuary of the amount. For the current year, the County contributed \$551,536 or 6.28% of annual covered payroll. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the fiscal year ended June 30, 2012 was determined as part of the December 31, 2010 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2010 was 10 years.

Annual Pension Cost and Net Pension Obligation. The County's annual pension cost and net pension obligation to the Separation Allowance for fiscal year ending June 30, 2012 are shown at right:

Annual required contribution	\$ 451,644
Interest on net pension obligation	17,028
Adjustment to annual required contribution	<u>(37,078)</u>
Annual pension cost	431,594
Contributions made	<u>(551,536)</u>
Increase in net pension obligation	119,942
Net pension obligation beginning of year	340,558
Net pension obligation end of year	<u>\$ 220,616</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

3 Year Trend Information			
<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/2010	\$405,103	87.34%	\$212,897
6/30/2011	539,726	76.35%	340,558
6/30/2012	431,594	127.79%	220,616

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 25.57 percent funded. The actuarial accrued liability for benefits was \$3,402,919, and the actuarial value of assets was \$870,274, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,532,645. The covered payroll (annual payroll of active employees covered by the plan) was \$8,788,658 and the ratio of the UAAL to the covered payroll was 28.82 percent.

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

c. Supplemental Retirement Income Plan (401k)

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan also provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provision to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund 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, 2012 were \$2,613,144 which consisted of \$1,950,198 from the County and \$663,036 from the employees. In February 2009, the Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Alliance employees made contributions of \$252,288 for the year ended June 30, 2012.

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Cabarrus County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2012

amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$17,501.

8. Effects of Subsequent Events

On August 24, 2012, the County's Adequate Public Facilities Ordinance (APFO) was declared invalid by the North Carolina Supreme Court. APFO fees were collected from residential developers to help mitigate the cost of building schools. The settlement of this case is still pending, however, the County has Assigned Fund Balance in the amount of \$6,639,328 (fees collected but already spent on the construction of schools). The APFO fund still holds \$1,776,248 (collected but unspent), therefore funds are available to cover possible refunds to customers.



Required Supplemental Financial Data

This section contains additional information on the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits-Retiree Health Plan as of June 30, 2012.

**Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Valuation Date (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2002	\$ 142,612	\$ 2,362,390	\$ 2,219,778	6.04%	\$ 5,076,155	43.73%
12/31/2003	56,515	2,403,560	2,347,045	2.35%	5,122,396	45.82%
12/31/2004	149,833	2,527,863	2,378,030	5.93%	5,690,981	41.79%
12/31/2005	265,718	2,275,330	2,009,612	11.68%	6,569,172	30.59%
12/31/2006	341,866	2,398,871	2,057,005	14.25%	6,715,791	30.63%
12/31/2007	377,233	2,436,234	2,059,001	15.48%	7,277,196	28.29%
12/31/2008	33,566	2,504,422	2,470,856	1.34%	8,025,050	30.79%
12/31/2009	106,199	3,494,890	3,388,691	3.04%	8,217,096	41.24%
12/31/2010	588,157	3,178,770	2,590,613	18.50%	8,514,139	30.43%
12/31/2011	870,274	3,402,919	2,532,645	25.57%	8,788,658	28.82%

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

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2003	\$ 195,574	\$ 179,465	92%
2004	358,891	322,574	90%
2005	377,815	358,891	95%
2006	392,503	377,815	96%
2007	340,536	392,503	115%
2008	350,675	340,536	97%
2009	353,811	350,675	99%
2010	412,065	353,811	86%
2011	551,536	412,065	75%
2012	451,644	551,536	122%

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

Valuation date	12/31/2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Cost-of-living adjustments	N/A

*Includes inflation at 3.00%

Cabarrus County, North Carolina
Other Post Employment Benefits (OPEB)
Required Supplementary Information
Schedule of Funding Progress
June 30, 2012

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

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

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2008	\$ 1,850,169	\$ 508,993	27.5%
2009	2,156,844	585,283	27.1%
2010	2,513,177	676,712	26.9%
2011	2,513,177	656,130	26.1%
2012	3,060,420	1,371,402	44.8%

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

Valuation date	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of Ultimate trend rate	2018

*Includes inflation at 3.00%

Other Supplemental Information

Combining Statements for Non-Major Funds

Special Revenue Funds

Capital Projects Funds

Fiduciary Funds

Cabarrus County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

Schedule 1

	Special Revenue							Capital Projects									
	<i>Emergency Telephone System Fund</i>	<i>Community Development Grant Fund</i>	<i>Cabarrus Arena and Events Center Fund</i>	<i>Fire Districts Fund</i>	<i>Sheriff Department Fund</i>	<i>Department of Aging</i>	<i>Subtotal</i>	<i>Public School Building Fund</i>	<i>Justice Center Construction Fund</i>	<i>Construction & Renovation Fund</i>	<i>Capital Reserve Fund</i>	<i>Utility Fund</i>	<i>Small Projects Fund</i>	<i>Adequate Facilities Fund</i>	<i>Cannon Memorial Library Fund</i>	<i>Subtotal</i>	<i>Total Nonmajor Governmental Funds</i>
<u>Assets</u>																	
Cash and cash equivalents	\$ 548,512	\$ -	\$ 675,466	\$ 42,944	\$ 343,192	\$ 119,804	\$ 1,729,918	\$ -	\$ 2,424,632	\$ 5,821,700	\$ 4,085,602	\$ 23,687	\$ 694,224	\$ 1,774,711	\$ 3,886	\$ 14,828,442	\$ 16,558,360
Accounts receivable	52,674	63,989	25	-	-	-	116,688	-	-	168,317	-	-	271,832	-	-	440,149	556,837
Interest receivable	589	-	574	-	301	104	1,568	-	-	-	3,557	20	546	1,537	4	5,664	7,232
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	200	-	-	200	200
Notes receivable	-	-	-	-	-	-	-	-	-	-	720,000	-	-	-	-	720,000	720,000
Restricted cash	-	-	100,000	-	-	-	100,000	-	58	-	-	-	-	-	-	58	100,058
Total assets	<u>\$ 601,775</u>	<u>\$ 63,989</u>	<u>\$ 776,065</u>	<u>\$ 42,944</u>	<u>\$ 343,493</u>	<u>\$ 119,908</u>	<u>\$ 1,948,174</u>	<u>\$ -</u>	<u>\$ 2,424,690</u>	<u>\$ 5,990,017</u>	<u>\$ 4,809,159</u>	<u>\$ 23,707</u>	<u>\$ 966,802</u>	<u>\$ 1,776,248</u>	<u>\$ 3,890</u>	<u>\$ 15,994,513</u>	<u>\$ 17,942,687</u>
<u>Liabilities</u>																	
Accounts payable and accrued liabilities	\$ 28,055	\$ 78	\$ 292,129	\$ 42,944	\$ 424	\$ -	\$ 363,630	\$ -	\$ 803,012	\$ 146,311	\$ -	\$ -	\$ 129,010	\$ -	\$ -	\$ 1,078,333	\$ 1,441,963
Contract retainages	-	-	-	-	-	-	-	-	38,935	-	-	-	4,750	-	-	43,685	43,685
Due to other funds	-	19,368	-	-	-	-	19,368	-	-	-	-	-	-	-	-	-	19,368
Total liabilities	<u>28,055</u>	<u>19,446</u>	<u>292,129</u>	<u>42,944</u>	<u>424</u>	<u>-</u>	<u>382,998</u>	<u>-</u>	<u>841,947</u>	<u>146,311</u>	<u>-</u>	<u>-</u>	<u>133,760</u>	<u>-</u>	<u>-</u>	<u>1,122,018</u>	<u>1,505,016</u>
<u>Fund balances:</u>																	
Nonspendable:																	
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	200	-	-	200	200
Notes receivable	-	-	-	-	-	-	-	-	-	-	648,000	-	-	-	-	648,000	648,000
Restricted:																	
Stabilization by																	
State Statute	53,263	63,989	599	-	301	104	118,256	-	-	168,317	75,557	20	272,378	1,537	4	517,813	636,069
General Government	-	-	-	-	-	-	-	-	-	-	-	-	212,608	-	-	212,608	212,608
Public safety	520,457	-	-	-	342,768	-	863,225	-	1,582,743	-	-	-	-	-	-	1,582,743	2,445,968
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	1,774,711	-	1,774,711	1,774,711
Culture & recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,886	3,886	3,886
Committed:							-										
General government	-	-	-	-	-	-	-	-	-	857,312	674,875	-	17,930	-	-	1,550,117	1,550,117
Public safety	-	-	-	-	-	-	-	-	-	2,218,670	135,000	-	-	-	-	2,353,670	2,353,670
Economic & phy dev	-	-	-	-	-	-	-	-	-	-	-	23,687	567,549	-	-	591,236	591,236
Environ protection	-	-	-	-	-	-	-	-	-	-	-	-	34,955	-	-	34,955	34,955
Human services	-	-	-	-	-	119,804	119,804	-	-	904,030	200,000	-	-	-	-	1,104,030	1,223,834
Education	-	-	-	-	-	-	-	-	-	-	280,043	-	-	-	-	280,043	280,043
Culture & recreation	-	-	-	-	-	-	-	-	-	1,628,959	2,795,684	-	-	-	-	4,424,643	4,424,643
Assigned:																	
Public safety	-	-	-	-	-	-	-	-	-	66,418	-	-	-	-	-	66,418	66,418
Culture & recreation	-	-	483,337	-	-	-	483,337	-	-	-	-	-	-	-	-	-	483,337
Unassigned	-	(19,446)	-	-	-	-	(19,446)	-	-	-	-	-	(272,578)	-	-	(272,578)	(292,024)
Total fund balances	<u>573,720</u>	<u>44,543</u>	<u>483,936</u>	<u>-</u>	<u>343,069</u>	<u>119,908</u>	<u>1,565,176</u>	<u>-</u>	<u>1,582,743</u>	<u>5,843,706</u>	<u>4,809,159</u>	<u>23,707</u>	<u>833,042</u>	<u>1,776,248</u>	<u>3,890</u>	<u>14,872,495</u>	<u>16,437,671</u>
Total liabilities and fund balances	<u>\$ 601,775</u>	<u>\$ 63,989</u>	<u>\$ 776,065</u>	<u>\$ 42,944</u>	<u>\$ 343,493</u>	<u>\$ 119,908</u>	<u>\$ 1,948,174</u>	<u>\$ -</u>	<u>\$ 2,424,690</u>	<u>\$ 5,990,017</u>	<u>\$ 4,809,159</u>	<u>\$ 23,707</u>	<u>\$ 966,802</u>	<u>\$ 1,776,248</u>	<u>\$ 3,890</u>	<u>\$ 15,994,513</u>	<u>\$ 17,942,687</u>

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

Schedule 2

	Special Revenue								Capital Projects											
	<i>Emergency Telephone System Fund</i>	<i>Community Development Grant Fund</i>	<i>Cabarrus Arena and Events Center Fund</i>	<i>Fire Districts Fund</i>	<i>Sheriff Department Fund</i>	<i>Department of Aging Fund</i>	<i>Parks and Recreation Commission Fund</i>	<i>Subtotal</i>	<i>Public School Building Fund</i>	<i>Justice Center Construction Fund</i>	<i>Construction & Renovation Fund</i>	<i>School Construction Fund</i>	<i>2009 School Construction Fund</i>	<i>Capital Reserve Fund</i>	<i>Utility Fund</i>	<i>Small Projects Fund</i>	<i>Adequate Facilities Fund</i>	<i>Canon Memorial Library Fund</i>	<i>Subtotal</i>	<i>Total Nonmajor Governmental Funds</i>
Revenues:																				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 2,706,584	\$ -	\$ -	\$ -	\$ 2,706,584	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,177	\$ -	\$ -	\$ 235,177	\$ 2,941,761
Home consortium	-	48,283	-	-	-	-	-	48,283	-	-	-	-	-	-	-	-	-	-	-	48,283
State grant-Scattered site rehabilitation	-	199,306	-	-	-	-	-	199,306	-	-	-	-	-	-	-	-	-	-	-	199,306
Intergovernmental	-	-	-	-	10,529	-	-	10,529	-	-	-	-	-	-	-	883,152	-	-	883,152	893,681
Intergovernmental - Lottery	-	-	-	-	-	-	-	-	1,713,555	-	-	-	-	-	-	-	-	-	1,713,555	1,713,555
Program fees	-	-	615,594	-	3,313	-	-	618,907	-	-	234,735	-	-	-	-	4,345	793,610	-	1,032,690	1,651,597
Telephone subscriber fees	632,086	-	-	-	-	-	-	632,086	-	-	-	-	-	-	-	-	-	-	-	632,086
Investment earnings	1,776	-	1,774	-	856	293	-	4,699	-	272	-	-	-	10,603	35	1,593	3,983	-	16,486	21,185
Donations	-	-	191,184	-	-	6,170	-	197,354	-	-	-	-	-	191,184	-	300	-	1,401	192,885	390,239
Miscellaneous	-	-	11,343	-	-	-	-	11,343	-	-	-	-	-	-	-	-	-	-	-	11,343
Total revenues	633,862	247,589	819,895	2,706,584	14,698	6,463	-	4,429,091	1,713,555	272	234,735	-	-	201,787	35	1,124,567	797,593	1,401	4,073,945	8,503,036
Expenditures:																				
General Government	-	-	-	-	-	-	-	-	-	-	127,646	-	-	-	-	88,432	-	-	216,078	216,078
Public Safety	304,527	-	-	2,706,584	20,209	-	-	3,031,320	-	25,213	215,026	-	-	-	-	-	-	-	240,239	3,271,559
Economic and Physical Development	-	257,859	-	-	-	-	-	257,859	-	-	-	-	-	-	-	131,425	-	-	131,425	389,284
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,081	199,181	-	-	203,262	203,262
Human Services	-	-	-	-	-	280	-	280	-	-	-	-	-	-	-	1,413,020	-	-	1,413,020	1,413,300
Education	-	-	-	-	-	-	-	-	5,498	-	-	5,000	15,335	-	-	-	18,144	-	43,977	43,977
Culture and Recreation	-	-	1,474,898	-	-	-	859	1,475,757	-	-	22,643	-	-	-	-	-	-	164	22,807	1,498,564
Capital outlay:																				
Land and Land Improvements	-	-	-	-	-	-	-	-	-	-	80,583	-	-	-	-	-	-	-	80,583	80,583
Building and Building Improvements	-	-	-	-	-	-	-	-	-	-	693,188	-	-	-	-	-	-	-	693,188	693,188
Equipment and Furniture	924,401	-	-	-	-	-	-	924,401	-	-	6,409	-	-	-	-	-	-	-	6,409	930,810
Vehicles and Motorized Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction in Progress	-	-	-	-	-	-	-	-	-	1,345,838	101,283	-	-	-	-	-	-	-	1,447,121	1,447,121
Total expenditures	1,228,928	257,859	1,474,898	2,706,584	20,209	280	859	5,689,617	5,498	1,371,051	1,246,778	5,000	15,335	-	4,081	1,832,058	18,144	164	4,498,109	10,187,726
Excess (deficiency) of revenues over (under) expenditures	(595,066)	(10,270)	(655,003)	-	(5,511)	6,183	(859)	(1,260,526)	1,708,057	(1,370,779)	(1,012,043)	(5,000)	(15,335)	201,787	(4,046)	(707,491)	779,449	1,237	(424,164)	(1,684,690)
Other financing sources (uses):																				
Transfer in	-	30,000	625,346	-	-	-	-	655,346	-	-	3,896,800	-	-	-	-	460,000	-	-	4,356,800	5,012,146
Transfer (out)	(214,136)	-	-	-	-	-	(93)	(214,229)	(1,713,555)	(999,029)	(1,738,723)	(584,691)	(155,697)	(3,846,800)	-	(7,246)	-	-	(9,045,741)	(9,259,970)
Capital Lease Obligation issued	603,312	-	-	-	-	-	-	603,312	-	-	-	-	-	-	-	-	-	-	-	603,312
Total other financing sources (uses):	389,176	30,000	625,346	-	-	-	(93)	1,044,429	(1,713,555)	(999,029)	2,158,077	(584,691)	(155,697)	(3,846,800)	-	452,754	-	-	(4,688,941)	(3,644,512)
Net change in fund balances	(205,890)	19,730	(29,657)	-	(5,511)	6,183	(952)	(216,097)	(5,498)	(2,369,808)	1,146,034	(589,691)	(171,032)	(3,645,013)	(4,046)	(254,737)	779,449	1,237	(5,113,105)	(5,329,202)
Fund balance, July 1	779,610	24,813	513,593	-	348,580	113,725	952	1,781,273	5,498	3,952,551	4,697,672	589,691	171,032	8,454,172	27,753	1,087,779	996,799	2,653	19,985,600	21,766,873
Fund balance, June 30	\$ 573,720	\$ 44,543	\$ 483,936	\$ -	\$ 343,069	\$ 119,908	\$ -	\$ 1,565,176	\$ -	\$ 1,582,743	\$ 5,843,706	\$ -	\$ -	\$ 4,809,159	\$ 23,707	\$ 833,042	\$ 1,776,248	\$ 3,890	\$ 14,872,495	\$ 16,437,671

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.

Parks and Recreation Commission – collects and appropriates contributions and private donations received specifically for the Cabarrus County Parks and Recreation's 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, 2012

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variable Favorable (Unfavorable)</u>
Revenues:			
Telephone subscriber fees	\$ 632,086	\$ 632,086	\$ -
Investment earnings	2,000	1,776	(224)
Total revenues	<u>634,086</u>	<u>633,862</u>	<u>(224)</u>
Expenditures:			
Public Safety:			
Telephone	79,313	151,609	(72,296)
Furniture	63	63	-
Software maintenance	62,102	62,102	-
Hardware maintenance	196,412	59,789	136,623
Training	4,060	4,060	-
Capital outlay - equipment	681,312	680,951	361
S.L. 2010-158 expenditures:			
Telephone	26,904	26,904	-
Capital outlay - equipment	276,653	243,450	33,203
Total expenditures	<u>1,326,819</u>	<u>1,228,928</u>	<u>97,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(692,733)</u>	<u>(595,066)</u>	<u>97,667</u>
Other financing sources (uses):			
Capital Lease Obligation issued	603,312	603,312	-
Transfer (out)-General Fund	(214,136)	(214,136)	-
Fund Balance Appropriated	303,557	-	303,557
Total other financing sources (uses)	<u>692,733</u>	<u>389,176</u>	<u>303,557</u>
Net change in fund balance	<u>\$ -</u>	<u>(205,890)</u>	<u>\$ (205,890)</u>
Fund balance, July 1		<u>779,610</u>	
Fund balance, June 30		<u>\$ 573,720</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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Home consortium	\$ 258,604	\$ 120,870	\$ 48,283	\$ 169,153
Scattered site rehabilitation 10-C	400,000	-	199,306	199,306
Scattered site program revenues	10,000	10,000	-	10,000
	<u>668,604</u>	<u>130,870</u>	<u>247,589</u>	<u>378,459</u>
Total revenues				
Expenditures:				
Economic and physical development:				
Home Consortium:				
Consultants	14,638	6,506	3,087	9,593
Sub-contractor construction	313,966	138,846	56,171	195,017
Total home consortium	<u>328,604</u>	<u>145,352</u>	<u>59,258</u>	<u>204,610</u>
Scattered site rehabilitation:				
Consultants	50,000	705	15,456	16,161
Sub-contractor construction	320,000	-	170,835	170,835
Urgent repair	40,000	-	12,310	12,310
Total scattered site rehabilitation	<u>410,000</u>	<u>705</u>	<u>198,601</u>	<u>199,306</u>
	<u>738,604</u>	<u>146,057</u>	<u>257,859</u>	<u>403,916</u>
Total expenditures				
Revenues over (under) expenditures	<u>(70,000)</u>	<u>(15,187)</u>	<u>(10,270)</u>	<u>(25,457)</u>
Other financing sources:				
Transfer in - General Fund	<u>70,000</u>	<u>40,000</u>	<u>30,000</u>	<u>70,000</u>
Total other financing sources	<u>70,000</u>	<u>40,000</u>	<u>30,000</u>	<u>70,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 24,813</u>	19,730	<u>\$ 44,543</u>
Fund balance, July 1			<u>24,813</u>	
Fund balance, June 30			<u>\$ 44,543</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, 2012

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
County Fair:			
Program fees	\$ 642,286	\$ 615,594	\$ (26,692)
Investment earnings	1,500	1,774	274
Donations - Tourism Authority	100,000	100,000	-
Miscellaneous	10,500	11,343	843
Total County Fair	<u>754,286</u>	<u>728,711</u>	<u>(25,575)</u>
Tourism:			
Donations - Tourism Authority	<u>75,000</u>	<u>91,184</u>	<u>16,184</u>
Total revenues	<u>829,286</u>	<u>819,895</u>	<u>(9,391)</u>
Expenditures:			
Cultural and recreational:			
Arena and Events Center:			
Management Company	734,698	625,346	109,352
Event expense	75,000	-	75,000
Other operating expenses	265,597	256,517	9,080
Total arena and events center	<u>1,075,295</u>	<u>881,863</u>	<u>193,432</u>
County Fair:			
Salaries and employee benefits	131,878	131,853	25
Other operating expenses	482,408	461,182	21,226
Total county fair	<u>614,286</u>	<u>593,035</u>	<u>21,251</u>
Total expenditures	<u>1,689,581</u>	<u>1,474,898</u>	<u>214,683</u>
Revenues over (under) expenditures	<u>(860,295)</u>	<u>(655,003)</u>	<u>205,292</u>
Other financing sources:			
Transfer in - General Fund	734,698	625,346	109,352
Fund Balance Appropriated	125,597	-	125,597
Total other financing sources	<u>860,295</u>	<u>625,346</u>	<u>234,949</u>
Net change in fund balance	<u>\$ -</u>	<u>(29,657)</u>	<u>\$ (29,657)</u>
Fund balance, July 1		<u>513,593</u>	
Fund balance, June 30		<u>\$ 483,936</u>	

Cabarrus County, North Carolina
Fire Districts Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2012

	<u>Actual</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Revenues:			
Property tax collections	\$ 2,731,427	\$ 2,706,584	\$ (24,843)
Total revenues	<u>2,731,427</u>	<u>2,706,584</u>	<u>(24,843)</u>
Expenditures:			
Public Safety	<u>2,731,427</u>	<u>2,706,584</u>	<u>24,843</u>
Total expenditures	<u>2,731,427</u>	<u>2,706,584</u>	<u>24,843</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1		<u>-</u>	
Fund balance, June 30		<u>\$ -</u>	

Cabarrus County, North Carolina
Sheriff's Department Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2012

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Federal Forfeiture Sharing	\$ 99,923	\$ 99,922	\$ -	\$ 99,922
Federal Forfeiture Sharing -Treasury	253,930	253,929	-	253,929
NC Substance Control Tax	321,193	300,451	10,529	310,980
Firing Range fees	8,000	5,426	3,313	8,739
Investment earnings:			-	
Federal Forfeiture sharing	17,000	16,382	288	16,670
NC Substance Control Tax	54,015	52,231	559	52,790
Firing Range	425	173	9	182
Total revenues	<u>754,486</u>	<u>728,514</u>	<u>14,698</u>	<u>743,212</u>
Expenditures:				
Public Safety	622,413	247,862	20,209	268,071
Capital Outlay:				
Vehicles	<u>309,524</u>	<u>309,524</u>	<u>-</u>	<u>309,524</u>
Total expenditures	<u>931,937</u>	<u>557,386</u>	<u>20,209</u>	<u>577,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,451)</u>	<u>171,128</u>	<u>(5,511)</u>	<u>165,617</u>
Other financing sources (uses):				
Transfer in-General Fund	285,138	285,139	-	285,139
Transfer (out)-General Fund	<u>(107,687)</u>	<u>(107,687)</u>	<u>-</u>	<u>(107,687)</u>
Total other financing sources (uses)	<u>177,451</u>	<u>177,452</u>	<u>-</u>	<u>177,452</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 348,580</u>	<u>(5,511)</u>	<u>\$ 343,069</u>
Fund balance, July 1			<u>348,580</u>	
Fund balance, June 30			<u>\$ 343,069</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, 2012

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and private donations	\$ 173,996	\$ 169,275	\$ 6,170	\$ 175,445
Investment earnings	<u>13,855</u>	<u>13,015</u>	<u>293</u>	<u>13,308</u>
Total revenues	<u>187,851</u>	<u>182,290</u>	<u>6,463</u>	<u>188,753</u>
Expenditures:				
Human Services:				
Special Projects	<u>187,851</u>	<u>68,565</u>	<u>280</u>	<u>68,845</u>
Total expenditures	<u>187,851</u>	<u>68,565</u>	<u>280</u>	<u>68,845</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 113,725</u>	6,183	<u>\$ 119,908</u>
Fund balance, July 1			<u>113,725</u>	
Fund balance, June 30			<u>\$ 119,908</u>	

Cabarrus County, North Carolina
Parks and Recreation Commission 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, 2012

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and private donations	\$ 9,573	\$ 9,573	\$ -	\$ 9,573
Investment earnings	3,584	3,589	-	3,589
Total revenues	13,157	13,162	-	13,162
Expenditures:				
Culture and Recreation:				
Special Projects	13,064	12,210	859	13,069
Total expenditures	13,064	12,210	859	13,069
Excess (deficiency) of revenues over (under) expenditures	93	952	(859)	93
Other financing sources (uses):				
Transfer out - General Fund	(93)	-	(93)	-
Net change in fund balance	\$ -	\$ 952	(952)	\$ -
Fund balance, July 1			952	
Fund balance, June 30			\$ -	



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.

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

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

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

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

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

Utility – maintains funds for future County utility 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.

Adequate Facilities – through special legislative authority, collects and appropriates voluntary mitigation fees for school facilities, land, architect, improvements or furniture and fixtures at the direction of the Cabarrus County Board of Commissioners.

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

Cabarrus County, North Carolina
Public School Building Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental - State:				
Public School Funds	\$ 2,897,042	\$ 2,897,042	\$ -	\$ 2,897,042
Lottery Proceeds	6,173,306	4,459,751	1,713,555	6,173,306
Lottery Proceeds - Rowan County	128,500	128,500	-	128,500
Total revenues	9,198,848	7,485,293	1,713,555	9,198,848
Expenditures:				
Capital outlay - education:				
Cabarrus County Schools	620,619	620,619	-	620,619
Kannapolis City Schools	104,149	98,651	5,498	104,149
Rowan County	128,500	128,500	-	128,500
Total expenditures	853,268	847,770	5,498	853,268
Excess (deficiency) of revenues over (under) expenditures	8,345,580	6,637,523	1,708,057	8,345,580
Other financing sources (uses):				
Transfer in - General Fund	724,768	724,768	-	724,768
Transfer (out) - General Fund	(1,713,555)	-	(1,713,555)	(1,713,555)
Transfer (out) - Capital Projects Fund	(7,356,793)	(7,356,793)	-	(7,356,793)
Total other financing sources (uses)	(8,345,580)	(6,632,025)	(1,713,555)	(8,345,580)
Net change in fund balance	\$ -	\$ 5,498	(5,498)	\$ -
Fund balance, July 1			5,498	
Fund balance, June 30			\$ -	

Cabarrus County, North Carolina
Justice Center Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 2,215,834	\$ 2,219,893	\$ 272	\$ 2,220,165
Total revenues	2,215,834	2,219,893	272	2,220,165
Expenditures:				
Public Safety	143,346	118,131	25,213	143,344
Arbitrage	131,722	131,722	-	131,722
Capital outlay				
Land	4,252,965	4,252,965	-	4,252,965
Jail Annex	16,341,871	16,341,871	-	16,341,871
Sheriff's Administration Building	37,102,007	37,102,007	-	37,102,007
Jail Housing Unit	58,920,884	58,496,576	97,337	58,593,913
7th Floor Sheriff's Admin Renovation	2,500,000	-	1,248,501	1,248,501
Total Capital outlay	119,117,727	116,193,419	1,345,838	117,539,257
Total expenditures	119,392,795	116,443,272	1,371,051	117,814,323
Excess (deficiency) of revenues over (under) expenditures	(117,176,961)	(114,223,379)	(1,370,779)	(115,594,158)
Other financing sources (uses):				
Issuance of debt-Installment Financing	15,000,000	15,000,000	-	15,000,000
Issuance of debt-Certificates of Participation	92,405,000	92,405,000	-	92,405,000
Premium on issuance of Certificates of Participation	1,280,966	1,280,966	-	1,280,966
Transfer in - Capital Reserve Fund	6,458,772	6,458,772	-	6,458,772
Transfer in - General Fund	6,076,843	6,076,843	-	6,076,843
Transfer (out) - Capital Reserve Fund	(1,649,458)	(1,649,458)	-	(1,649,458)
Transfer (out) - General Fund	(2,395,162)	(1,396,193)	(999,029)	(2,395,222)
Total other financing sources (uses)	117,176,961	118,175,930	(999,029)	117,176,901
Net change in fund balance	\$ -	\$ 3,952,551	(2,369,808)	\$ 1,582,743
Fund balance, July 1			3,952,551	
Fund balance, June 30			\$ 1,582,743	

Cabarrus County, North Carolina
Construction and Renovations Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Donations				
Local government	\$ 300,000	\$ 300,000	\$ -	\$ 300,000
Private	300,000	300,000	-	300,000
Rental Fees	-	-	234,735	234,735
Total revenues	600,000	600,000	234,735	834,735
Expenditures:				
Improvement				
General Government				
Board of Commissioners				
Engineering Study	9,600	9,600	-	9,600
Governmental Office Complex	344,877	244,877	63,103	307,980
Board of Elections	137,300	72,757	64,543	137,300
Public Safety				
Jail	79,216	-	79,216	79,216
Emergency Management	745,134	197,300	135,810	333,110
Culture & Recreation				
Arena	96,800	-	22,643	22,643
Total Improvements	1,412,927	524,534	365,315	889,849
Capital Outlay:				
Land and Land Improvements				
<i>Culture & Recreation</i>				
Frank Liske Park	1,693,299	1,612,716	80,583	1,693,299
Building and Building Improvements				
<i>General Government</i>				
Board of Elections	2,820,058	1,589,246	603,430	2,192,676
<i>Public Safety</i>				
Jail	1,920,784	-	89,758	89,758
<i>Culture & Recreation</i>				
Wallace Park	3,421,394	3,421,394	-	3,421,394
Equipment and Furniture				
<i>General Government</i>				
Board of Elections	6,409	-	6,409	6,409
<i>Public Safety</i>				
Emergency Management	2,070,504	2,070,504	-	2,070,504
Construction in Progress				
<i>Public Safety</i>				
Emergency Management	443,114	443,114	-	443,114
<i>Human Services</i>				
Social Services	1,193,033	-	95,970	95,970
<i>Culture & Recreation</i>				
Wallace Park	1,810,000	324,265	5,313	329,578
Library	50,000	-	-	-
Total Capital Outlay	15,428,595	9,461,239	881,463	10,342,702
Total expenditures	16,841,522	9,985,773	1,246,778	11,232,551
Excess (deficiency) of revenues over (under) expenditures	(16,241,522)	(9,385,773)	(1,012,043)	(10,397,816)
Other financing sources (uses):				
Lease Financing issued	3,421,394	3,421,394	-	3,421,394
Transfer in - General Fund	3,618,798	3,568,798	50,000	3,618,798
Transfer in - Capital Reserve Fund	10,940,053	7,093,253	3,846,800	10,940,053
Transfer out - General Fund	(1,738,723)	-	(1,738,723)	(1,738,723)
Total other financing sources (uses)	16,241,522	14,083,445	2,158,077	16,241,522
Net change in fund balance	\$ -	\$ 4,697,672	1,146,034	\$ 5,843,706
Fund balance, July 1			4,697,672	
Fund balance, June 30			\$ 5,843,706	

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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 924,202	\$ 924,202	\$ -	\$ 924,202
Total revenues	924,202	924,202	-	924,202
Expenditures:				
Cost of Debt Issuance	1,159,875	1,159,875	-	1,159,875
Capital outlay - education				
AT Allen Elementary Renovations	484,299	484,299	-	484,299
Cox Mill High	44,449,787	44,449,787	-	44,449,787
Bus Garage	8,566,521	8,566,521	-	8,566,521
Hickory Ridge Middle	4,016,850	4,016,850	-	4,016,850
Patriots Elementary	468,965	468,965	-	468,965
Northwest Elementary	3,500	3,500	-	3,500
Mt Pleasant Middle	-	-	-	-
A L Brown High Addition	945,640	940,640	5,000	945,640
New Kannapols School	2,883,828	2,883,828	-	2,883,828
Total Capital outlay	61,819,390	61,814,390	5,000	61,819,390
Total expenditures	62,979,265	62,974,265	5,000	62,979,265
Excess (deficiency) of revenues over (under) expenditures	(62,055,063)	(62,050,063)	(5,000)	(62,055,063)
Other financing sources (uses):				
Issuance of debt - Installment Financing	7,305,000	7,305,000	-	7,305,000
Issuance of debt - Certificates of Participation	65,665,000	65,665,000	-	65,665,000
Premium on issuance of Certificates of Participation	2,596,482	2,596,482	-	2,596,482
Transfer in - General Fund	3,518,638	3,518,638	-	3,518,638
Transfer in - Capital Projects Fund	3,471,563	3,471,563	-	3,471,563
Transfer in - Special Revenue Fund	1,000,000	1,000,000	-	1,000,000
Transfer in - Capital Reserve Fund	7,246,362	7,246,362	-	7,246,362
Transfer (out) - General Fund	(1,560,183)	(975,492)	(584,691)	(1,560,183)
Transfer (out) - Capital Reserve Fund	(223,189)	(223,189)	-	(223,189)
Transfer (out) - Special Revenue Fund	(700,764)	(700,764)	-	(700,764)
Disbursement for Refunding Installment Financing	(7,305,000)	(7,305,000)	-	(7,305,000)
Disbursement to escrow agent	(18,958,846)	(18,958,846)	-	(18,958,846)
Total other financing sources (uses)	62,055,063	62,639,754	(584,691)	62,055,063
Net change in fund balance	\$ -	\$ 589,691	(589,691)	\$ -
Fund balance, July 1			589,691	
Fund balance, June 30			\$ -	

Cabarrus County, North Carolina
2009 School Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 1,888	\$ 1,888	\$ -	\$ 1,888
Total revenues	<u>1,888</u>	<u>1,888</u>	<u>-</u>	<u>1,888</u>
Expenditures:				
Education - Legal	177,553	177,553	-	177,553
Capital outlay - education				
AT Allen Elementary	977,685	977,685	-	977,685
Charles E. Boger Elementary Addition	1,594,874	1,579,539	15,335	1,594,874
Carl A. Furr Elementary Addition	1,750,776	1,750,776	-	1,750,776
Hickory Ridge Middle	478,427	478,427	-	478,427
Patriots Elementary	1,845,888	1,845,888	-	1,845,888
Mt. Pleasant Middle	53,685	53,685	-	53,685
Harold E. Winkler Middle	2,857,680	2,857,680	-	2,857,680
Total Capital outlay	<u>9,559,015</u>	<u>9,543,680</u>	<u>15,335</u>	<u>9,559,015</u>
Total expenditures	<u>9,736,568</u>	<u>9,721,233</u>	<u>15,335</u>	<u>9,736,568</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,734,680)</u>	<u>(9,719,345)</u>	<u>(15,335)</u>	<u>(9,734,680)</u>
Other financing sources (uses):				
Transfer in - Capital Reserve Fund	10,090,377	10,090,377	-	10,090,377
Transfer (out) - General Fund	(155,697)	-	(155,697)	(155,697)
Transfer (out) - Capital Project Fund	(200,000)	(200,000)	-	(200,000)
Total other financing sources (uses)	<u>9,734,680</u>	<u>9,890,377</u>	<u>(155,697)</u>	<u>9,734,680</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 171,032</u>	<u>(171,032)</u>	<u>\$ -</u>
Fund balance, July 1			<u>171,032</u>	
Fund balance, June 30			<u>\$ -</u>	

Cabarrus County, North Carolina
Capital Reserve Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Contribution - Tourism Authority	\$ 175,000	\$ -	\$ 191,184	\$ 191,184
Investment earnings	269,142	266,915	10,603	277,518
Total revenues	444,142	266,915	201,787	468,702
Expenditures:				
Education:				
Rowan Cabarrus Community College	280,043	-	-	-
Building improvements	4,329,556	-	-	-
Total expenditures	4,609,599	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(4,165,457)	266,915	201,787	468,702
Other financing sources (uses):				
Transfer in - General Fund	33,460,841	33,460,841	-	33,460,841
Transfer (out) - General Fund	(3,057,005)	(3,057,005)	-	(3,057,005)
Transfer (out) - Capital Project Fund	(25,838,379)	(21,816,579)	(3,846,800)	(25,663,379)
Transfer (out) - Special Revenue Fund	(400,000)	(400,000)	-	(400,000)
Total other financing sources (uses)	4,165,457	8,187,257	(3,846,800)	4,340,457
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,454,172</u>	(3,645,013)	<u>\$ 4,809,159</u>
Fund balance, July 1			8,454,172	
Fund balance, June 30			<u>\$ 4,809,159</u>	

Cabarrus County, North Carolina
Utility 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, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Assessment fees	\$ 598,904	\$ 598,904	\$ -	\$ 598,904
Investment earnings	95,299	95,029	35	95,064
Total revenues	<u>694,203</u>	<u>693,933</u>	<u>35</u>	<u>693,968</u>
Expenditures:				
Environmental Protection:				
Urgent Repair	73,983	61,040	4,081	65,121
Water line improvements	<u>620,220</u>	<u>605,140</u>	<u>-</u>	<u>605,140</u>
Total expenditures	<u>694,203</u>	<u>666,180</u>	<u>4,081</u>	<u>670,261</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,753</u>	(4,046)	<u>\$ 23,707</u>
Fund balance, July 1			<u>27,753</u>	
Fund balance, June 30			<u>\$ 23,707</u>	

Cabarrus County, North Carolina
Small Projects Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2012

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Board of Elections:				
HAVA Title I grants	\$ 18,015	\$ 18,015	\$ -	\$ 18,015
Investment earnings	30,206	30,590	351	30,941
Total Board of Elections	<u>48,221</u>	<u>48,605</u>	<u>351</u>	<u>48,956</u>
Commerce:				
NC Tobacco Trust Grant	75,000	-	17,598	17,598
Total Commerce	<u></u>	<u></u>	<u></u>	<u></u>
Cooperative Extension:				
State Agricultural Grant	675,000	100,777	574,223	675,000
Contributions and donations	-	-	-	-
Investment earnings	208	134	114	248
Total Cooperative Extension	<u>675,208</u>	<u>100,911</u>	<u>574,337</u>	<u>675,248</u>
Elma Lomax Incubator Farm:				
Contributions and donations	154,029	152,600	-	152,600
Deferred tax collections	82,498	81,487	235,177	316,664
Program fees	4,185	-	2,556	2,556
Investment earnings	6,566	6,450	688	7,138
Total Lomax Incubator Farm	<u>247,278</u>	<u>240,537</u>	<u>238,421</u>	<u>478,958</u>
Register of Deeds:				
Automation & enhancement fees	983,643	779,103	103,009	882,112
Investment earnings	37,303	35,826	436	36,262
Total Register of Deeds	<u>1,020,946</u>	<u>814,929</u>	<u>103,445</u>	<u>918,374</u>
Soil & Water:				
NC Clean Water Management Grant	521,833	-	188,322	188,322
Clear Creek Grant	35,000	35,000	-	35,000
Contributions and donations	2,550	2,250	300	2,550
EEP contract	16,900	2,400	825	3,225
Program fees	5,975	3,974	964	4,938
Investment earnings	1,700	1,483	4	1,487
Total Soil & Water	<u>583,958</u>	<u>45,107</u>	<u>190,415</u>	<u>235,522</u>
Total revenues	<u>2,650,611</u>	<u>1,250,089</u>	<u>1,124,567</u>	<u>2,374,656</u>
Expenditures:				
Operations:				
General Govt - Board of Elections	414,485	15,003	34,398	49,401
General Govt - Register of Deeds	917,993	729,236	54,034	783,270
Economic Development - Commerce	75,000	-	17,567	17,567
Economic Development - Elma Lomax	540,079	25,748	113,858	139,606
Environmental Protection - Soil & Water	579,983	1,386	199,181	200,567
Human Services - Cooperative Extension	1,478,516	309,654	1,413,020	1,722,674
Total Operations	<u>4,006,056</u>	<u>1,081,027</u>	<u>1,832,058</u>	<u>2,913,085</u>
Capital Outlay:				
Land and Land Improvements	11,130	11,131	-	11,131
Equipment and Furniture	62,737	46,710	-	46,710
Vehicles and Motorized Equipment	24,974	24,974	-	24,974
Total Capital Outlay	<u>98,841</u>	<u>82,815</u>	<u>-</u>	<u>82,815</u>
Total expenditures	<u>4,104,897</u>	<u>1,163,842</u>	<u>1,832,058</u>	<u>2,995,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,454,286)</u>	<u>86,247</u>	<u>(707,491)</u>	<u>(621,244)</u>
Other Financing Sources (Uses):				
Transfer in-General Fund	911,532	451,532	460,000	911,532
Transfer out-General Fund	(7,246)	-	(7,246)	(7,246)
Transfer in-Capital Reserve Fund	550,000	550,000	-	550,000
Total other financing sources (uses)	<u>1,454,286</u>	<u>1,001,532</u>	<u>452,754</u>	<u>1,454,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,087,779</u>	<u>(254,737)</u>	<u>\$ 833,042</u>
Fund balance, July 1			1,087,779	
Fund balance, June 30			<u>\$ 833,042</u>	

Cabarrus County, North Carolina
Adequate Facilities 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, 2012

			<u>Actual</u>	
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Adequate facilities fees	\$ 8,419,775	\$ 7,094,506	\$ 793,610	\$ 7,888,116
Investment earnings	245,986	241,892	3,983	245,875
Total revenues	8,665,761	7,336,398	797,593	8,133,991
Expenditures:				
Education	2,570,098	243,936	18,144	262,080
Excess (deficiency) of revenues over (under) expenditures	6,095,663	7,092,462	779,449	7,871,911
Other financing sources (uses):				
Transfer in-General Fund	97,750	97,750	-	97,750
Transfer in-Capital Projects Fund	700,764	700,764	-	700,764
Transfer in-Capital Reserve Fund	445,915	445,915	-	445,915
Transfer (out)-Capital Projects Fund	(7,340,092)	(7,340,092)	-	(7,340,092)
Total other financing sources (uses)	(6,095,663)	(6,095,663)	-	(6,095,663)
Net change in fund balance	\$ -	\$ 996,799	779,449	\$ 1,776,248
Fund balance, July 1			996,799	
Fund balance, June 30			\$ 1,776,248	

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, 2012

		Actual		
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and donations	\$ 763,621	\$ 762,229	\$ 1,401	\$ 763,630
Investment earnings	198,352	198,016	-	198,016
Total revenues	961,973	960,245	1,401	961,646
Expenditures:				
Cultural and Recreation:				
Special Projects	3,585	3,585	164	3,749
Total expenditures	3,585	3,585	164	3,749
Excess (deficiency) of revenues over (under) expenditures	958,388	956,660	1,237	957,897
Other financing sources (uses):				
Transfer (out)-General Fund	(958,388)	(954,007)	-	(954,007)
Total other financing sources (uses)	(958,388)	(954,007)	-	(954,007)
Net change in fund balance	\$ -	\$ 2,653	1,237	\$ 3,890
Fund balance, July 1			2,653	
Fund balance, June 30			\$ 3,890	

Fiduciary Funds

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

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

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

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

Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; accounts for the accumulation of the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; 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 Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiff.

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

Cabarrus County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Deductions	Balance June 30, 2012
<u>Department of Social Services</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 61,838	\$ 244,879	\$ 227,007	\$ 79,710
Interest receivable	11	11	-	22
Total	<u>\$ 61,849</u>	<u>\$ 244,890</u>	<u>\$ 227,007</u>	<u>\$ 79,732</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,100	\$ 217,697	\$ 212,735	\$ 7,062
Due to program participants	59,749	243,476	230,555	72,670
Total	<u>\$ 61,849</u>	<u>\$ 461,173</u>	<u>\$ 443,290</u>	<u>\$ 79,732</u>
<u>Charitable Campaign</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 28,084	\$ 65,781	\$ 64,135	\$ 29,730
Accounts receivable	2,211	2,130	2,211	2,130
Total	<u>\$ 30,295</u>	<u>\$ 67,911</u>	<u>\$ 66,346</u>	<u>\$ 31,860</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 92,945	\$ 65,763	\$ 27,182
Due to program participants	30,295	63,470	89,087	4,678
Total	<u>\$ 30,295</u>	<u>\$ 156,415</u>	<u>\$ 154,850</u>	<u>\$ 31,860</u>
<u>Undistributed Taxes</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 534,700	\$ 182,153,940	\$ 182,210,615	\$ 478,025
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 26,451,026	\$ 26,451,026	\$ -
Intergovernmental payable - Municipalities	534,700	199,817,889	199,874,564	478,025
Total	<u>\$ 534,700</u>	<u>\$ 226,268,915</u>	<u>\$ 226,325,590</u>	<u>\$ 478,025</u>
<u>Intergovernmental</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 155,706	\$ 1,984,950	\$ 2,028,752	\$ 111,904
Accounts receivable	10,512	10,544	10,511	10,545
Total	<u>\$ 166,218</u>	<u>\$ 1,995,494</u>	<u>\$ 2,039,263</u>	<u>\$ 122,449</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 1,774,561	\$ 1,766,639	\$ 7,922
Due to Schools - Fines & Forfeitures	153,897	1,588,713	1,637,299	105,311
Due to State of NC Register of Deeds Deed of Trust	2,605	117,291	119,896	-
Due to State of NC Department of Motor Vehicles	9,716	158,487	158,987	9,216
Total	<u>\$ 166,218</u>	<u>\$ 3,639,052</u>	<u>\$ 3,682,821</u>	<u>\$ 122,449</u>
<u>Sheriff Civil Records</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 4,485	\$ 865,184	\$ 862,171	\$ 7,498
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 867,654	\$ 867,620	\$ 34
Due to courts	4,485	864,634	861,655	7,464
Total	<u>\$ 4,485</u>	<u>\$ 1,732,288</u>	<u>\$ 1,729,275</u>	<u>\$ 7,498</u>
<u>Jail Commissary</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 26,177	\$ 455,494	\$ 441,470	\$ 40,201
<u>Liabilities:</u>				
Due to jail inmates	26,177	455,494	441,470	40,201
Total	<u>\$ 26,177</u>	<u>\$ 455,494</u>	<u>\$ 441,470</u>	<u>\$ 40,201</u>
<u>Total All Agency Funds</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 810,990	\$ 185,770,228	\$ 185,834,150	\$ 747,068
Accounts receivable	12,723	12,674	12,722	12,675
Interest receivable	11	11	-	22
Total	<u>\$ 823,724</u>	<u>\$ 185,782,913</u>	<u>\$ 185,846,872</u>	<u>\$ 759,765</u>
<u>Liabilities:</u>				
Accounts payable	\$ 2,100	\$ 29,403,883	\$ 29,363,783	\$ 42,200
Due to courts	4,485	864,634	861,655	7,464
Due to jail inmates	26,177	455,494	441,470	40,201
Due to municipalities	534,700	199,817,889	199,874,564	478,025
Due to program participants	90,044	306,946	319,642	77,348
Due to schools	153,897	1,588,713	1,637,299	105,311
Due to State of NC Register of Deeds Deed of Trust Fur	2,605	117,291	119,896	-
Due to State of NC Department of Motor Vehicles	9,716	158,487	158,987	9,216
Total	<u>\$ 823,724</u>	<u>\$ 232,713,337</u>	<u>\$ 232,777,296</u>	<u>\$ 759,765</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 Fund was established as a self-insurance fund to accumulate claim reserves and to pay claims and administrative fees from workman's compensation liability.

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

Cabarrus County, North Carolina
Internal Service Fund
Statement of Net Assets
June 30, 2012

	Self-Insured Hospitalization Fund
<u>Assets</u>	
Cash and cash equivalents	\$ 4,116,976
Accounts receivable	1,740
Interest receivable	2,361
Prepaid expenses	<u>118,343</u>
Total assets	<u>4,239,420</u>
<u>Liabilities</u>	
Accounts payable	83,551
Amounts payable for future claims	<u>1,886,378</u>
Total liabilities	<u>1,969,929</u>
<u>Net assets</u>	
Unrestricted	<u>2,269,491</u>
Total Net Assets	<u><u>\$ 2,269,491</u></u>

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets
For the Year Ended June 30, 2012

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Operating revenues:			
Insurance premiums	\$ -	\$ 8,137,288	\$ 8,137,288
Insurance refunds	-	120,016	120,016
Total operating revenues	-	8,257,304	8,257,304
Operating expenses:			
General and administrative	-	1,710,650	1,710,650
Claims	350,000	9,116,100	9,466,100
Total operating expenses	350,000	10,826,750	11,176,750
Operating income (loss)	(350,000)	(2,569,446)	(2,919,446)
Nonoperating revenues:			
Early retiree reinsurance program grant (ERRP)	-	96,067	96,067
Investment earnings	-	6,391	6,391
Total nonoperating revenues	-	102,458	102,458
Income (loss) before transfers	(350,000)	(2,466,988)	(2,816,988)
Transfers:			
Transfers in - General Fund	-	2,000,000	2,000,000
Total transfers	-	2,000,000	2,000,000
Change in net assets	(350,000)	(466,988)	(816,988)
Net assets, July 1	350,000	2,736,479	3,086,479
Net assets, June 30	\$ -	\$ 2,269,491	\$ 2,269,491

Cabarrus County, North Carolina
Workers Compensation Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Insurance premiums	\$ -	\$ -	\$ -
Nonoperating revenues:			
Investment earnings	-	-	-
Total revenues	-	-	-
Expenditures:			
General and administrative	-	-	-
Claims	350,000	350,000	-
Total expenditures	350,000	350,000	-
Revenues over (under) expenditures	(350,000)	(350,000)	-
Transfers:			
Transfers in - General Fund	-	-	-
Revenues and transfers over (under) expenditures	(350,000)	(350,000)	-
Fund Balance Appropriated	350,000	-	(350,000)
Revenues over (under) expenditures	<u>\$ -</u>	(350,000)	<u>\$ (350,000)</u>
Change in net assets		<u>\$ (350,000)</u>	

Cabarrus County, North Carolina
Self Insured Hospitalization Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2012

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Insurance premiums	\$ 8,094,389	\$ 8,137,288	\$ 42,899
Insurance refunds	119,341	120,016	675
Total operating revenues	<u>8,213,730</u>	<u>8,257,304</u>	<u>43,574</u>
Nonoperating revenues:			
Early retiree reinsurance program grant (ERRP)	96,066	96,067	1
Investment earnings	10,500	6,391	(4,109)
Total nonoperating revenues	<u>106,566</u>	<u>102,458</u>	<u>(4,108)</u>
Total revenues	<u>8,320,296</u>	<u>8,359,762</u>	<u>39,466</u>
Expenditures:			
General and administrative	1,738,968	1,710,650	28,318
Claims	9,073,787	9,116,100	(42,313)
Total expenditures	<u>10,812,755</u>	<u>10,826,750</u>	<u>(13,995)</u>
Revenues over (under) expenditures	<u>(2,492,459)</u>	<u>(2,466,988)</u>	<u>25,471</u>
Transfers:			
Transfers in - General Fund	<u>2,000,000</u>	<u>2,000,000</u>	<u>-</u>
Revenues and transfers over (under) expenditures	<u>(492,459)</u>	<u>(466,988)</u>	<u>25,471</u>
Fund Balance Appropriated	<u>492,459</u>	<u>-</u>	<u>(492,459)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(466,988)</u>	<u>\$ (466,988)</u>
Change in net assets		<u>\$ (466,988)</u>	

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2012

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Cash flows from operating activities:			
Cash received from departments	\$ -	\$ 8,172,748	\$ 8,172,748
Cash paid to suppliers for goods and services	(350,000)	(10,250,976)	(10,600,976)
Net cash provided (used) by operating activities	(350,000)	(2,078,228)	(2,428,228)
Cash flows from non-capital related financing activities:			
Other nonoperating revenues	-	96,067	96,067
Transfers from other funds	-	2,000,000	2,000,000
Net cash provided (used) by non-capital financing activities	-	2,096,067	2,096,067
Cash flows from investing activities:			
Interest received on investments	-	5,365	5,365
Net cash provided (used) by investing activities	-	5,365	5,365
Net increase (decrease) in cash and cash equivalents	(350,000)	23,204	(326,796)
Cash and cash equivalents - July 1	350,000	4,093,772	4,443,772
Cash and cash equivalents - June 30	<u>\$ -</u>	<u>\$ 4,116,976</u>	<u>\$ 4,116,976</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (350,000)	\$ (2,569,446)	\$ (2,919,446)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable and prepaid expenses	-	(84,556)	(84,556)
Increase in accounts payable and accrued liabilities	-	575,774	575,774
Total adjustments	-	491,218	491,218
Net cash provided (used) by operating activities	<u>\$ (350,000)</u>	<u>\$ (2,078,228)</u>	<u>\$ (2,428,228)</u>



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.

Certificates of Participation Capital Projects Fund is a major fund that accounts for planning, design, construction and/or renovation of schools with Certificates of Participation, Lottery proceeds and contributions from the Special Revenue and Capital Reserve funds.

Qualified School Construction Bond Capital Projects Fund is a major fund that accounts for planning, design, renovations and repairs of schools with Certificates of Participation. An interest subsidy payment will be received from the federal government for a majority of the interest paid.

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

Cabarrus County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2012

Fiscal Year Ended June 30	Uncollected Balance June 30, 2011	Additions	Collections and Credits	Uncollected Balance June 30, 2012
2012	\$ -	\$ 133,179,605	\$ 128,622,399	\$ 4,557,206
2011	3,764,132	-	2,442,438	1,321,694
2010	1,150,540	-	446,477	704,063
2009	485,737	-	102,644	383,093
2008	255,974	-	136,885	119,089
2007	112,547	-	7,125	105,422
2006	106,760	-	8,194	98,566
2005	75,014	-	2,809	72,205
2004	87,714	-	3,089	84,625
2003	163,802	-	1,740	162,062
2002	<u>65,125</u>	<u>-</u>	<u>65,125</u>	<u>-</u>
	<u>\$ 6,267,345</u>	<u>\$ 133,179,605</u>	<u>\$ 131,838,925</u>	<u>\$ 7,608,025</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(2,870,933)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 4,737,092</u>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 131,118,395
Penalties collected on ad valorem taxes - Agency Fund				218,872
Reconciling items:				
Taxes written off				191,950
Abatements				107,110
Collections of taxes over 10 years old				(3,415)
Deferred Taxes				<u>206,013</u>
Total reconciling items				<u>501,658</u>
Total collections and credits				<u>\$ 131,838,925</u>

Cabarrus County, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2012

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 20,672,459,029	0.63	\$130,234,713	\$124,626,101	\$5,608,612
Motor vehicles taxed at prior year's rate	523,988,952	0.63	3,300,548	-	3,300,548
Penalties	-		109,253	109,253	-
Total	21,196,447,981		133,644,514	124,735,354	8,909,160
Discoveries					
Current year taxes					
Current year's rate	56,703,920	0.63	357,148	312,862	44,286
Prior year's rate	5,025,800		31,576	-	31,576
Prior year taxes	-		618,568	618,568	-
Penalties	-		142,862	142,862	-
Total	61,729,720		1,150,154	1,074,292	75,862
Abatements					
Current year's rate	(244,890,880)		(1,542,647)	(1,473,022)	(69,625)
Prior year's rate	(9,163,235)		(57,728)	-	(57,728)
Penalties	-		(14,688)	(14,688)	-
Total	(254,054,115)		(1,615,063)	(1,487,710)	(127,353)
Total property valuation	<u><u>\$ 21,004,123,586</u></u>				
Net levy			133,179,605	124,321,936	8,857,669
Uncollected taxes at June 30, 2012 (Schedule 26)			4,557,206	3,670,111	887,095
Current year's taxes collected (Schedule 26)			<u><u>\$ 128,622,399</u></u>	<u><u>\$ 120,651,825</u></u>	<u><u>\$ 7,970,574</u></u>
Current year collection percentage			96.58%	97.05%	89.99%

**Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2012**

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio ¹	100%
Real Property	\$ 18,049,710,020
Personal Property	2,668,575,911
Public Service Companies ²	<u>285,837,655</u>

Total Assessed Valuation	<u><u>\$ 21,004,123,586</u></u>
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Tax Rate per \$100	0.63
Levy ³	\$ 133,179,605

In addition to the County-wide rate, the following lists the levy by the County on behalf of fire protection districts for the fiscal year ended June 30, 2012:

Fire Protection Districts ⁴	\$ 2,519,523
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¹ Percentage of appraised value has been established by statute

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

³ The levy includes penalties

⁴ Excludes motor vehicle taxes

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes - Current	\$ 128,593,744	\$ 128,199,584	\$ (394,160)
Taxes - Delinquent	1,904,000	2,918,811	1,014,811
Interest	545,000	729,317	184,317
Total	<u>131,042,744</u>	<u>131,847,712</u>	<u>804,968</u>
Local Option Sales Taxes:			
Sales tax - one cent	11,287,239	13,651,330	2,364,091
Sales tax - half cent (40)	6,461,354	7,062,414	601,060
Sales tax - half cent (42)	6,982,210	8,182,115	1,199,905
Sales tax - half cent (44)	-	131,022	131,022
Sales tax - half cent (46)	3,036,000	4,022,347	986,347
Sales tax fire districts	510,412	558,291	47,879
Total	<u>28,277,215</u>	<u>33,607,519</u>	<u>5,330,304</u>
Other Taxes:			
Franchise fees	550,000	557,870	7,870
Gross receipts tax	100,000	128,537	28,537
Heavy equipment tax	5,000	10,363	5,363
Disposal Tax on White Goods	45,000	55,940	10,940
Total	<u>700,000</u>	<u>752,710</u>	<u>52,710</u>
Intergovernmental Revenues:			
Federal and state grants	19,022,912	19,854,276	831,364
Court facilities fees	415,000	360,341	(54,659)
ABC profit distribution	65,000	86,843	21,843
Other intergovernmental	22,000	99,283	77,283
Total	<u>19,524,912</u>	<u>20,400,743</u>	<u>875,831</u>
Permits and Fees:			
Inspection fees	1,155,400	1,739,366	583,966
Register of deeds	1,257,950	1,606,363	348,413
Other permits	105,830	160,515	54,685
Total	<u>2,519,180</u>	<u>3,506,244</u>	<u>987,064</u>
Sales and Services:			
Rental fees	45,000	43,567	(1,433)
Ambulance fees	3,756,500	4,531,711	775,211
Jail fees	299,000	432,771	133,771
Library fees	148,685	134,231	(14,454)
Recreation fees	247,950	314,449	66,499
Social services	1,729,839	1,412,271	(317,568)
Tax collection fees	331,839	396,341	64,502
Other sales and services	2,505,641	2,808,609	302,968
Total	<u>9,064,454</u>	<u>10,073,950</u>	<u>1,009,496</u>
Investment Earnings:			
Interest on investments	180,000	201,077	21,077
Total	<u>180,000</u>	<u>201,077</u>	<u>21,077</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous:			
Private contributions and donations	245,194	508,154	262,960
Sale of materials and capital assets	50,000	43,279	(6,721)
Other	11,075	26,691	15,616
Total	<u>306,269</u>	<u>578,124</u>	<u>271,855</u>
Total revenues	<u>191,614,774</u>	<u>200,968,079</u>	<u>9,353,305</u>
Expenditures:			
General Government			
Board of Commissioners			
Personal services	216,622	216,606	16
Operations	139,758	113,320	26,438
Total	<u>356,380</u>	<u>329,926</u>	<u>26,454</u>
Legal Department			
Personal services	319,520	306,527	12,993
Operations	712,851	631,309	81,542
Total	<u>1,032,371</u>	<u>937,836</u>	<u>94,535</u>
County Manager			
Personal services	785,865	786,480	(615)
Operations	81,610	79,773	1,837
Total	<u>867,475</u>	<u>866,253</u>	<u>1,222</u>
Communications & Outreach			
Personal services	260,195	260,703	(508)
Operations	56,158	41,091	15,067
Total	<u>316,353</u>	<u>301,794</u>	<u>14,559</u>
Human Resources			
Personal services	452,027	451,388	639
Operations	164,366	110,158	54,208
Total	<u>616,393</u>	<u>561,546</u>	<u>54,847</u>
Tax Collector			
Personal services	505,589	499,307	6,282
Operations	395,826	377,977	17,849
Total	<u>901,415</u>	<u>877,284</u>	<u>24,131</u>
Tax Administration			
Personal services	1,885,926	1,859,255	26,671
Operations	435,459	256,745	178,714
Total	<u>2,321,385</u>	<u>2,116,000</u>	<u>205,385</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Board of Elections			
Personal services	464,640	435,883	28,757
Operations	394,553	176,492	218,061
Total	<u>859,193</u>	<u>612,375</u>	<u>246,818</u>
Register of Deeds			
Personal services	393,706	393,086	620
Operations	118,540	115,082	3,458
Total	<u>512,246</u>	<u>508,168</u>	<u>4,078</u>
Finance			
Personal services	789,063	789,453	(390)
Operations	145,896	126,081	19,815
Total	<u>934,959</u>	<u>915,534</u>	<u>19,425</u>
Information Technology Services			
Personal services	1,679,155	1,679,109	46
Operations	1,902,051	1,781,047	121,004
Capital outlay	30,304	15,628	14,676
Total	<u>3,611,510</u>	<u>3,475,784</u>	<u>135,726</u>
Capital Improvement Projects			
Operations	18,814	15,533	3,281
Capital outlay	439,245	407,044	32,201
Total	<u>458,059</u>	<u>422,577</u>	<u>35,482</u>
Grounds Maintenance			
Personal services	410,119	404,765	5,354
Operations	829,250	692,282	136,968
Total	<u>1,239,369</u>	<u>1,097,047</u>	<u>142,322</u>
General Services Administration			
Personal services	384,261	383,318	943
Operations	1,356,249	1,109,883	246,366
Total	<u>1,740,510</u>	<u>1,493,201</u>	<u>247,309</u>
Street Sign Maintenance			
Personal services	112,438	112,878	(440)
Operations	52,617	44,828	7,789
Total	<u>165,055</u>	<u>157,706</u>	<u>7,349</u>
Building Maintenance			
Personal services	650,265	616,698	33,567
Operations	2,051,510	1,746,777	304,733
Capital outlay	9,800	9,500	300
Total	<u>2,711,575</u>	<u>2,372,975</u>	<u>338,600</u>
Facility Services			
Personal services	977,379	963,978	13,401
Operations	325,662	254,306	71,356
Total	<u>1,303,041</u>	<u>1,218,284</u>	<u>84,757</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fleet Maintenance			
Personal services	298,176	297,184	992
Operations	31,755	(72,275)	104,030
Capital outlay	459,679	445,143	14,536
Total	<u>789,610</u>	<u>670,052</u>	<u>119,558</u>
Other General Government			
Salary Adjustments	120,829	-	120,829
Other benefits	696,000	696,000	-
Insurance settlements	50,000	-	50,000
Building Rental	83,591	49,353	34,238
Unemployment compensation	386,000	386,537	(537)
Contingency	237,686	-	237,686
Contribution to Pension Trust Fund	551,536	551,536	-
APFO reimbursement	2,018	2,016	2
Total	<u>2,127,660</u>	<u>1,685,442</u>	<u>442,218</u>
Total General Government	<u>22,864,559</u>	<u>20,619,784</u>	<u>2,244,775</u>
Public Safety			
County Sheriff			
Personal services	8,833,098	8,669,394	163,704
Operations	1,540,791	1,365,545	175,246
Capital outlay	350,050	283,174	66,876
Total	<u>10,723,939</u>	<u>10,318,113</u>	<u>405,826</u>
Jail			
Personal services	8,068,674	7,951,716	116,958
Operations	2,168,462	2,113,270	55,192
Capital Outlay	23,500	23,366	134
Total	<u>10,260,636</u>	<u>10,088,352</u>	<u>172,284</u>
Animal Control			
Personal services	620,329	617,338	2,991
Operations	137,370	119,707	17,663
Capital Outlay	90,000	77,550	12,450
Total	<u>847,699</u>	<u>814,595</u>	<u>33,104</u>
Courts			
Personal services	40,064	25,046	15,018
Operations	505,043	370,669	134,374
Total	<u>545,107</u>	<u>395,715</u>	<u>149,392</u>
Construction Standards			
Personal services	1,033,957	942,393	91,564
Operations	175,801	124,170	51,631
Total	<u>1,209,758</u>	<u>1,066,563</u>	<u>143,195</u>
Emergency Management			
Personal services	356,030	356,356	(326)
Operations	611,432	503,767	107,665
Capital Outlay	190,000	136,263	53,737
Total	<u>1,157,462</u>	<u>996,386</u>	<u>161,076</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Emergency Medical Services			
Personal services	4,968,119	4,919,137	48,982
Operations	931,992	962,326	(30,334)
Capital outlay	394,512	7,512	387,000
First Responder	5,000	4,787	213
Cabarrus Rescue	23,334	23,333	1
Total	<u>6,322,957</u>	<u>5,917,095</u>	<u>405,862</u>
Other Public Safety			
Teen Court Resolve Program	56,265	56,638	(373)
Criminal Justice Partnership	131,347	128,652	2,695
Medical Examiner	76,000	55,500	20,500
Forester	68,630	64,176	4,454
DDJDP Gang Prevention	236,680	329,572	(92,892)
Monarch	88,746	82,496	6,250
Project Challenge	61,321	61,321	-
Fire District	510,412	558,291	(47,879)
Total	<u>1,229,401</u>	<u>1,336,646</u>	<u>(107,245)</u>
Total Public Safety	<u>32,296,959</u>	<u>30,933,465</u>	<u>1,363,494</u>
Economic and Physical Develop			
Commerce			
Personal services	421,024	406,704	14,320
Operations	56,207	42,772	13,435
Total	<u>477,231</u>	<u>449,476</u>	<u>27,755</u>
Community Development			
Personal services	208,800	206,571	2,229
Operations	434,032	371,965	62,067
Capital outlay	651	-	651
Total	<u>643,483</u>	<u>578,536</u>	<u>64,947</u>
Soil & Water Conservation			
Personal services	190,547	190,036	511
Operations	33,735	28,080	5,655
Capital Outlay	14,800	-	14,800
Total	<u>239,082</u>	<u>218,116</u>	<u>20,966</u>
Zoning Administration			
Personal services	198,206	198,628	(422)
Operations	19,140	13,501	5,639
Total	<u>217,346</u>	<u>212,129</u>	<u>5,217</u>
Economic Development Incentive			
Cabarrus Plastics	21,000	20,104	896
ST Motorsports	35,000	32,800	2,200
Golden Gait	13,000	12,132	868
ACN	47,000	46,567	433
Flyright	14,000	12,677	1,323
PreGel	161,000	155,266	5,734
Shoe Show	102,000	75,727	26,273
Wind Shear	193,000	186,868	6,132
Great Wolf Lodge	1,094,000	994,014	99,986

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Saddle Creek	137,000	-	137,000
JRH Vehicle Investments	30,000	-	30,000
Sabco Racing	166,000	138,464	27,536
Total	<u>2,013,000</u>	<u>1,674,619</u>	<u>338,381</u>
Other Economic and Physical Development			
JHE Production Group (Nextel Cup Race)	10,000	10,000	-
Economic Development Corp	262,000	262,000	-
Total	<u>272,000</u>	<u>272,000</u>	<u>-</u>
Total Economic and Physical	<u>3,862,142</u>	<u>3,404,876</u>	<u>457,266</u>
Environmental Protection			
Waste Reduction/Recycling			
Personal services	190,744	191,474	(730)
Operations	155,467	130,145	25,322
Total	<u>346,211</u>	<u>321,619</u>	<u>24,592</u>
Total Environmental Protection	<u>346,211</u>	<u>321,619</u>	<u>24,592</u>
Human Services			
Veterans Services			
Personal services	216,278	210,604	5,674
Operations	11,813	10,595	1,218
Total	<u>228,091</u>	<u>221,199</u>	<u>6,892</u>
Transportation			
Personal services	1,248,394	1,226,054	22,340
Operations	1,361,013	1,264,310	96,703
Capital outlay	199,774	-	199,774
Total	<u>2,809,181</u>	<u>2,490,364</u>	<u>318,817</u>
Cooperative Extension			
Personal services	292,268	271,524	20,744
Operations	69,777	57,343	12,434
Total	<u>362,045</u>	<u>328,867</u>	<u>33,178</u>
4 H Summer Fling			
Operations	8,500	2,687	5,813
Total	<u>8,500</u>	<u>2,687</u>	<u>5,813</u>
DSS - Administration Operations			
Personal services	718,784	696,005	22,779
Operations	1,124,419	1,026,272	98,147
Total	<u>1,843,203</u>	<u>1,722,277</u>	<u>120,926</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
DSS - Public Assistance			
Special assistance to adults	1,295,000	1,152,856	142,144
Medicaid assistance	-	(258)	258
Aid to the blind	25,000	5,438	19,562
Veterinarian services	44,000	43,510	490
Total	<u>1,364,000</u>	<u>1,201,546</u>	<u>162,454</u>
DSS - Child Welfare			
Personal services	4,762,164	4,605,459	156,705
Operations	539,820	391,378	148,442
Total	<u>5,301,984</u>	<u>4,996,837</u>	<u>305,147</u>
DSS - Child Support Services			
Personal services	1,201,312	1,192,354	8,958
Operations	73,226	57,948	15,278
Total	<u>1,274,538</u>	<u>1,250,302</u>	<u>24,236</u>
DSS - Economic Services			
Personal services	5,199,695	4,894,443	305,252
Operations	133,897	110,064	23,833
Total	<u>5,333,592</u>	<u>5,004,507</u>	<u>329,085</u>
DSS - CAP Program			
Personal services	1,423,920	1,340,166	83,754
Operations	208,780	170,581	38,199
Total	<u>1,632,700</u>	<u>1,510,747</u>	<u>121,953</u>
DSS - Adult and Family Services			
Personal services	2,581,914	2,559,577	22,337
Operations	76,254	66,812	9,442
Total	<u>2,658,168</u>	<u>2,626,389</u>	<u>31,779</u>
DSS - Emergency Assistance			
General assistance	76,000	53,068	22,932
LIEAP Energy Asst Program	223,461	223,461	-
AFDC emergency assistance	305,000	118,162	186,838
TANF domestic violence	27,883	25,872	2,011
Crisis Intervention Program	1,023,697	503,205	520,492
Total	<u>1,656,041</u>	<u>923,768</u>	<u>732,273</u>
DSS - Foster care			
Special needs kids	80,765	21,797	58,968
Arts and Culture Outreach	2,000	1,908	92
AFDC child state foster care	1,130,505	871,861	258,644
Adoption assistance	500,000	425,731	74,269
IV-E waiver	35,000	27,078	7,922
Total	<u>1,748,270</u>	<u>1,348,375</u>	<u>399,895</u>
DSS - Child Day care			
Operations (Daycare - children)	5,386,268	5,356,923	29,345
Total	<u>5,386,268</u>	<u>5,356,923</u>	<u>29,345</u>
DSS - Adult Day care			
Operations (Daycare - adults)	72,572	72,660	(88)
Total	<u>72,572</u>	<u>72,660</u>	<u>(88)</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Aging - Nutrition Title III			
Personal services	165,411	157,044	8,367
Operations	331,620	331,118	502
Total	<u>497,031</u>	<u>488,162</u>	<u>8,869</u>
Aging - Senior Services			
Personal services	1,088,554	1,011,466	77,088
Operations	486,788	258,067	228,721
Total	<u>1,575,342</u>	<u>1,269,533</u>	<u>305,809</u>
Aging - In Home Aide Services			
Personal services	61,044	11,868	49,176
Operations	160,425	153,032	7,393
Total	<u>221,469</u>	<u>164,900</u>	<u>56,569</u>
Other Human Services			
Operations	52,948	48,325	4,623
Public Health Authority	4,242,711	4,242,711	-
Mental Health Center	614,021	614,021	-
Cabarrus Community Care Clinic	50,000	50,000	-
Total	<u>4,959,680</u>	<u>4,955,057</u>	<u>4,623</u>
Total Human Services	<u>38,932,675</u>	<u>35,935,100</u>	<u>2,997,575</u>
Education			
Schools - Current Expense			
Cabarrus County Schools	46,786,276	46,786,276	-
Kannapolis City Schools	6,501,054	6,501,054	-
Rowan Cabarrus Community College	1,889,254	1,889,254	-
Total	<u>55,176,584</u>	<u>55,176,584</u>	<u>-</u>
Schools - Capital Outlay			
Cabarrus County Schools	1,110,000	1,017,263	92,737
Cabarrus County - Technology	115,301	93,088	22,213
Kannapolis City Schools	50,000	50,000	-
Rowan Cabarrus Community College	484,783	-	484,783
Total	<u>1,760,084</u>	<u>1,160,351</u>	<u>599,733</u>
Total Education	<u>56,936,668</u>	<u>56,336,935</u>	<u>599,733</u>
Culture & Recreation			
Park Operations			
Personal services	809,630	797,244	12,386
Operations	346,864	302,545	44,319
Capital outlay	154,846	67,892	86,954
Total	<u>1,311,340</u>	<u>1,167,681</u>	<u>143,659</u>
Kannapolis Library			
Personal services	397,207	397,589	(382)
Operations	106,393	102,295	4,098
Total	<u>503,600</u>	<u>499,884</u>	<u>3,716</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Mt Pleasant Library			
Personal services	115,763	115,956	(193)
Operations	46,141	31,309	14,832
Total	<u>161,904</u>	<u>147,265</u>	<u>14,639</u>
Harrisburg Library			
Personal services	219,339	214,669	4,670
Operations	116,653	110,300	6,353
Total	<u>335,992</u>	<u>324,969</u>	<u>11,023</u>
Concord Library			
Personal services	1,150,706	1,121,900	28,806
Operations	311,435	275,040	36,395
Total	<u>1,462,141</u>	<u>1,396,940</u>	<u>65,201</u>
Other Culture and Recreation			
Special Olympics	55,000	55,000	-
Cabarrus Arts Council	26,000	26,000	-
Total	<u>81,000</u>	<u>81,000</u>	<u>-</u>
Total Culture & Recreation	<u><u>3,855,977</u></u>	<u><u>3,617,739</u></u>	<u><u>238,238</u></u>
Debt Service			
Principle:			
Bonds			
Public schools	6,784,856	6,784,856	-
Community college	96,275	96,275	-
County- water and sewer	83,869	83,869	-
Certificates of Participation/ Limited Obligation Bonds			
Public schools	13,095,850	13,095,850	-
County buildings	5,784,150	5,784,150	-
Installment Financing			
Community college	622,572	622,572	-
County buildings	10,500,000	10,500,000	-
Lease Financing			
Equipment	108,931	108,931	-
Land	65,896	65,895	1
Total	<u>37,142,399</u>	<u>37,142,398</u>	<u>1</u>
Interest and Fees:			
Bonds	4,715,392	4,715,390	2
Certificates of Participation/ Limited Obligation Bonds	13,630,264	13,423,800	206,464

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2012

	Final Budget	Actual	Variance Positive (Negative)
Installment Financing	446,887	440,634	6,253
Lease Financing	151,797	151,797	-
Bank service charges	334,108	310,061	24,047
Total	<u>19,278,448</u>	<u>19,041,682</u>	<u>236,766</u>
Total Debt Service	<u>56,420,847</u>	<u>56,184,080</u>	<u>236,767</u>
Total expenditures	<u>215,516,038</u>	<u>207,353,598</u>	<u>8,162,440</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,901,264)</u>	<u>(6,385,519)</u>	<u>17,515,745</u>
Other financing sources (uses)			
Transfers in:			
From Special Revenue	93	93	-
From Emergency Telephone Fund	214,136	214,136	-
From Capital Projects Fund	3,809,334	3,485,386	(323,948)
From Capital Projects Fund-Lottery	1,713,555	1,713,555	-
From Cert of Participation 2009 Fund	5,858,335	5,858,411	76
Total	<u>11,595,453</u>	<u>11,271,581</u>	<u>(323,872)</u>
Transfers (out):			
To Community Dev Grant Fund	(30,000)	(30,000)	-
To Capital Projects Fund	(510,000)	(510,000)	-
To Cabarrus Arena & Events Fund	(734,698)	(625,346)	109,352
To Internal Service Fund	(2,000,000)	(2,000,000)	-
Total	<u>(3,274,698)</u>	<u>(3,165,346)</u>	<u>109,352</u>
Total net transfers	8,320,755	8,106,235	(214,520)
Proceeds from Limited Obligation Bonds	33,515,000	33,515,000	-
Premium from Limited Obligation Bonds	4,215,250	4,215,250	-
Disbursements for Refunded COPS	(37,431,142)	(37,431,142)	-
Total	<u>299,108</u>	<u>299,108</u>	<u>-</u>
Fund balance appropriated	<u>15,281,401</u>	<u>-</u>	<u>(15,281,401)</u>
Total other financing sources (uses)	<u>23,901,264</u>	<u>8,405,343</u>	<u>(15,495,921)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,019,824</u>	<u>\$ 2,019,824</u>
Fund balance, July 1		<u>74,013,411</u>	
Fund balance, June 30		<u>\$ 76,033,235</u>	

Cabarrus County, North Carolina
Certificates of Participation 2009 Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 165,576	\$ 161,877	\$ 5,756	\$ 167,633
Total revenues	165,576	161,877	5,756	167,633
Expenditures:				
Cost of Debt Issuance	576,148	576,148	-	576,148
Education				
AT Allen Elementary	13,816,627	13,668,195	148,404	13,816,599
Hickory Ridge Middle	21,357,637	21,228,723	128,914	21,357,637
Patriots Elementary	12,569,278	12,463,458	105,820	12,569,278
Harold E. Winkler Middle	23,171,817	21,145,860	2,025,957	23,171,817
Raging Ridge Road	1,379,600	-	40,164	40,164
A L Brown High Addition/Renovation	10,449,533	8,082,180	1,642,209	9,724,389
Total Capital outlay	82,744,492	76,588,416	4,091,468	80,679,884
Total expenditures	83,320,640	77,164,564	4,091,468	81,256,032
Excess (deficiency) of revenues over (under) expenditures	(83,155,064)	(77,002,687)	(4,085,712)	(81,088,399)
Other financing sources (uses):				
Issuance of debt - Certificates of Participation	85,170,000	85,170,000	-	85,170,000
Premium on issuance of Certificates of Participation	2,292,584	2,292,584	-	2,292,584
Transfer in - Capital Projects Fund	5,639,943	5,639,943	-	5,639,943
Transfer in - Special Revenue Fund	5,115,855	5,115,855	-	5,115,855
Transfer in - Capital Reserve Fund	423,920	423,920	-	423,920
Transfer (out) - General Fund	(15,487,238)	(5,786,184)	(5,858,411)	(11,644,595)
Total other financing sources (uses)	83,155,064	92,856,118	(5,858,411)	86,997,707
Net change in fund balance	\$ -	\$ 15,853,431	(9,944,123)	\$ 5,909,308
Fund balance, July 1			15,853,431	
Fund balance, June 30			\$ 5,909,308	

Cabarrus County, North Carolina
Qualified School Construction Bond Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2012

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 2,061	\$ 7,422	\$ 9,483
Total revenues	-	2,061	7,422	9,483
Expenditures:				
Education				
Concord Middle	200,000	-	195,826	195,826
Winecoff Elementary	125,000	-	4,597	4,597
Concord High	1,872,451	-	1,200,106	1,200,106
Central Cabarrus High	1,951,163	-	1,131,279	1,131,279
Northwest High	3,457,597	-	618,113	618,113
Mt. Pleasant Elementary	685,957	-	399,698	399,698
Northwest Middle	416,695	-	169,660	169,660
J M Robinson High	325,000	-	302,666	302,666
Hickory Ridge High	-	-	-	-
Mt. Pleasant Middle	664,648	-	241,001	241,001
Beverly Hills Elementary	170,181	-	168,200	168,200
Coltrane Webb Elementary	124,181	-	80,156	80,156
Mt. Pleasant High	6,530	-	2,962	2,962
JN Fries Middle	455,000	-	281,159	281,159
R Brown McAllister Elementary	72,608	-	71,905	71,905
Performance Learning Center	200,000	-	197,394	197,394
Various Cabarrus County Schools	375,846	-	27,176	27,176
Forest Park Elementary	125,000	-	5,200	5,200
Kannapolis Intermediate	2,700,000	-	702,040	702,040
Fred L. Wilson Elementary	50,000	-	6,500	6,500
A L Brown High	494,300	-	40,400	40,400
Jackson Park Elementary	75,000	-	6,400	6,400
Woodrow Wilson Elementary	90,000	-	8,000	8,000
Contra Expense - Sales Tax	-	-	(42,913)	(42,913)
Total expenditures	14,637,157	-	5,817,525	5,817,525
Excess (deficiency) of revenues over (under) expenditures	(14,637,157)	2,061	(5,810,103)	(5,808,042)
Other financing sources (uses):				
Issuance of debt - Certificates of Participation	14,637,157	14,635,000	-	14,635,000
Premium on issuance of Certificates of Participation	-	2,157	-	2,157
Total other financing sources (uses)	14,637,157	14,637,157	-	14,637,157
Net change in fund balance	\$ -	14,639,218	(5,810,103)	\$ 8,829,115
Fund balance, July 1			14,639,218	
Fund balance, June 30			\$ 8,829,115	

Cabarrus County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2012

	2012		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 1,000,000	\$ 704,647	\$ (295,353)
Total operating revenues	<u>1,000,000</u>	<u>704,647</u>	<u>(295,353)</u>
Nonoperating revenues:			
Landfill disposal tax	60,000	40,622	(19,378)
Landfill state tax distribution	35,000	39,585	4,585
Solid waste franchise fee	30,000	50,000	20,000
Tire disposal fees	180,000	219,934	39,934
Investment earnings	-	8,495	8,495
Total nonoperating revenues	<u>305,000</u>	<u>358,636</u>	<u>53,636</u>
Total revenues	<u>1,305,000</u>	<u>1,063,283</u>	<u>(241,717)</u>
Expenditures:			
Landfill Administration:			
Salaries and wages	217,141	211,047	6,094
FICA	9,367	5,870	3,497
Medicare	2,192	1,373	819
Group hospital insurance	27,972	27,972	-
Vision Care	84	50	34
Retirement	11,148	7,285	3,863
Deferred compensation- 401K	8,009	5,239	2,770
Insurance and bonds	2,805	1,834	971
Total salaries and benefits	<u>278,718</u>	<u>260,670</u>	<u>18,048</u>
Landfill Operations:			
General and administrative:			
Advertising	750	-	750
Bank service charges	2,000	2,019	(19)
Dues and subscriptions	600	283	317
Lights and power	5,000	4,567	433
Office supplies	1,500	1,397	103
Printing and binding	500	-	500
Other operating cost	-	320	(320)
Telephone	2,328	1,671	657
Travel	2,500	512	1,988
Uniforms	5,000	3,461	1,539
Total general and administrative	<u>20,178</u>	<u>14,230</u>	<u>5,948</u>

**Cabarrus County, North Carolina
Landfill Fund**

Schedule 31
Page 2 of 2

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2012**

	2012		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Other operating expenditures:			
Auto and truck maintenance	12,200	11,086	1,114
Building and ground maintenance	22,200	22,146	54
Building and equipment rental	38,000	36,190	1,810
Capital reserve	505,204	-	505,204
Contingency	2,200	2,182	18
Engineers	112,000	109,404	2,596
Fuel	60,000	58,355	1,645
Heavy equipment maintenance	70,800	48,805	21,995
Landfill disposal tax remittance	45,000	40,622	4,378
Minor equipment maintenance	1,500	210	1,290
Minor office equipment	1,500	414	1,086
Permitting fees	8,000	6,875	1,125
Purchased service	-	96	(96)
Service contracts	2,500	2,368	132
Tire disposal	120,000	121,584	(1,584)
Tools and minor equipment	2,000	1,710	290
Waste disposal charges	3,000	2,913	87
Total other operating expenditures	<u>1,006,104</u>	<u>464,960</u>	<u>541,144</u>
Capital outlay:			
Equipment and furniture	-	25,615	(25,615)
Total capital outlay	<u>-</u>	<u>25,615</u>	<u>(25,615)</u>
Total expenditures	<u>1,305,000</u>	<u>765,475</u>	<u>539,525</u>
Revenues over (under) expenditures	-	297,808	297,808
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures and fund balance appropriated	<u>\$ -</u>	<u>297,808</u>	<u>\$ 297,808</u>

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

Reconciling items:	
Capital outlay	25,615
Nonoperating expense - loss on disposal	(25,615)
Depreciation	(351,173)
Decrease in accrued vacation pay	1,552
Increase in other postemployment benefits	(7,487)
Total reconciling items	<u>(357,108)</u>
Change in net assets	<u>\$ (59,300)</u>



Statistical Section

Statistical Section

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

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

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

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

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

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

Ratios of General Bonded Debt Outstanding	Table 9
Ratios of Outstanding Debt by Type	Table 10
Legal Debt Margin Information	Table 11

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

Demographic and Economic Statistics	Table 12
Principal Employers	Table 13

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

Full-time Equivalent County Government Employees by Function/Program	Table 14
Operating Indicators by Functional Area	Table 15
Capital Asset Statistics by Function/Program	Table 16

Table 1

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 64,806,360	\$ 68,856,046	\$ 74,031,102	\$ 82,805,711	\$ 59,636,476	\$ 91,564,956	\$ 108,046,560	\$ 108,911,093	\$ 111,057,044	\$ 123,980,302
Restricted	4,028,057	18,378,252	52,946,050	16,737,437	52,443,535	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357
Unrestricted	(70,410,717)	(105,277,167)	(146,958,567)	(123,873,156)	(154,540,784)	(209,510,459)	(215,569,630)	(245,337,483)	(237,704,769)	(221,575,904)
Total governmental activities net assets	\$ (1,576,300)	\$ (18,042,869)	\$ (19,981,415)	\$ (24,330,007)	\$ (42,460,773)	\$ (44,099,788)	\$ (48,421,348)	\$ (78,928,543)	\$ (79,755,501)	\$ (65,093,245)
Business-type activities										
Invested in capital assets, net of related debt	\$ 1,270,593	\$ 1,190,916	\$ 1,209,699	\$ 1,655,812	\$ 3,502,753	\$ 3,856,424	\$ 4,174,313	\$ 4,048,802	\$ 3,978,432	\$ 3,601,643
Unrestricted	545,115	603,687	849,946	2,272,566	1,335,551	957,349	604,100	(286,743)	(272,454)	45,035
Total business-type activities net assets	\$ 1,815,708	\$ 1,794,603	\$ 2,059,645	\$ 3,928,378	\$ 4,838,304	\$ 4,813,773	\$ 4,778,413	\$ 3,762,059	\$ 3,705,978	\$ 3,646,678
Primary government										
Invested in capital assets, net of related debt	\$ 66,076,953	\$ 70,046,962	\$ 75,240,801	\$ 84,461,523	\$ 63,139,229	\$ 95,421,380	\$ 112,220,873	\$ 112,959,895	\$ 115,035,476	\$ 127,581,945
Restricted	4,028,057	18,378,252	52,946,050	16,737,437	65,446,629	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357
Unrestricted	(69,865,602)	(104,673,480)	(146,108,621)	(121,600,589)	(166,208,327)	(208,553,110)	(214,965,530)	(245,624,226)	(237,977,223)	(221,530,869)
Total primary government net assets	\$ 239,408	\$ (16,248,266)	\$ (17,921,770)	\$ (20,401,629)	\$ (37,622,469)	\$ (39,286,015)	\$ (43,642,935)	\$ (75,166,484)	\$ (76,049,523)	\$ (61,446,567)
Component Unit										
Invested in capital assets, net of related debt	\$ 161,734	\$ 949,138	\$ 872,124	\$ 947,632	\$ 844,904	\$ 991,163	\$ 980,806	\$ 1,561,575	\$ 725,114	\$ 1,152,374
Restricted	-	-	-	-	-	-	-	-	2,936,461	4,077,601
Unrestricted	4,655,140	3,786,122	4,300,572	4,624,630	5,083,418	4,726,508	4,267,097	6,469,292	4,428,335	2,587,525
Total component unit net assets	\$ 4,816,874	\$ 4,735,260	\$ 5,172,696	\$ 5,572,262	\$ 5,928,322	\$ 5,717,671	\$ 5,247,903	\$ 8,030,867	\$ 8,089,910	\$ 7,817,500

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$ 12,762,198	\$ 12,564,092	\$ 12,976,891	\$ 13,908,538	\$ 15,788,662	\$ 18,415,916	\$ 19,804,610	\$ 20,931,001	\$ 21,750,176	\$ 21,918,726
Public safety	16,030,860	19,807,590	20,681,029	23,207,497	24,259,457	27,859,820	29,872,453	31,944,942	36,043,142	39,222,178
Economic and physical development	10,659,585	7,258,534	7,745,150	6,735,574	3,470,790	5,120,325	3,546,315	3,207,792	3,128,710	3,892,813
Environmental protection	204,931	219,513	192,211	222,730	239,353	273,920	251,712	541,463	619,639	583,112
Human Services	30,033,672	34,862,587	35,904,657	39,736,884	39,793,446	42,113,299	41,846,320	40,925,099	38,015,497	39,614,182
Education	40,328,224	61,013,168	57,069,508	78,415,888	102,678,574	80,456,701	96,464,947	118,863,929	77,221,156	66,152,595
Cultural and recreation	5,844,119	9,395,261	5,772,746	5,650,717	7,357,984	7,750,422	6,401,250	6,771,004	6,161,896	6,190,172
Interest on long term debt	6,973,760	8,104,861	7,611,271	9,511,646	13,076,276	13,267,793	15,302,702	19,753,394	19,633,769	18,448,722
Total governmental activities	122,837,549	153,245,616	147,953,463	177,389,494	206,666,542	195,258,196	213,493,309	242,938,624	202,573,985	196,022,500
Business-type activities:										
Solid Waste	1,181,335	981,479	783,288	1,279,280	1,223,462	1,746,268	1,733,185	2,333,383	1,312,509	1,096,968
Total primary government expenses	\$ 124,018,884	\$ 154,227,095	\$ 148,736,751	\$ 178,668,774	\$ 207,890,004	\$ 197,004,464	\$ 215,226,494	\$ 245,272,007	\$ 203,886,494	\$ 197,119,466
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 3,122,674	\$ 3,281,449	\$ 3,660,427	\$ 4,597,003	\$ 4,442,084	\$ 4,253,175	\$ 2,764,580	\$ 2,450,708	\$ 2,253,561	\$ 2,576,452
Public safety	5,053,837	6,386,306	6,890,180	9,175,195	9,079,190	9,009,527	7,227,219	8,759,169	8,883,156	9,117,930
Economic and physical development	430,931	259,266	314,608	310,922	371,374	361,302	142,332	72,730	52,364	36,062
Environmental protection	-	84,002	146,500	221,000	139	1,668	647	593	928	53,770
Human Services	3,317,505	3,994,034	4,746,262	4,039,973	3,718,235	3,627,327	3,501,902	3,400,337	3,189,986	2,262,905
Education	159,425	189,341	152,931	502,358	1,522,931	2,854,128	793,590	754,640	477,517	793,610
Cultural and recreation	290,026	2,003,983	1,891,717	826,679	929,183	1,013,966	1,036,875	1,004,898	1,140,124	1,064,273
Operating grants and contributions:										
General government	518,096	271,344	322,081	315,347	773,179	559,742	337,714	274,343	1,286,545	750,094
Public safety	1,298,131	911,270	1,262,641	1,614,568	1,527,390	1,227,341	974,186	1,201,549	906,658	974,200
Economic and physical development	1,077,441	212,556	85,095	547,291	277,739	186,901	452,379	729,427	953,047	999,754
Environmental protection	162,688	26,766	554,584	27,395	45,969	64,835	38,813	31,090	32,085	8,425
Human Services	11,825,031	14,221,389	15,121,257	15,792,994	15,317,430	17,305,815	18,827,015	19,244,360	16,857,848	17,595,622
Education	861,391	-	240,000	336,000	185,289	259,232	128,465	-	-	743,081
Cultural and recreation	1,619,139	367,508	333,393	416,018	464,587	1,356,447	615,998	425,927	533,322	530,772
Capital grants and contributions:										
General government	-	134,073	121,038	133,458	-	-	-	-	-	-
Public safety	-	-	95,413	136,457	-	-	-	-	-	-
Human Services	-	-	-	-	2,648,767	1,388,593	663,564	268,010	285,158	260,866
Education	-	-	-	-	41,303,486	43,768,050	956,939	6,149,845	258,938	1,713,555
Total governmental activities program revenues	29,596,890	32,313,371	35,974,537	38,992,658	41,303,486	43,768,050	38,462,218	44,767,626	37,111,237	39,481,371
Business-type activities:										
Charges for Services - Solid Waste	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,187,527	858,132	704,647
Operating grants and contributions - Solid Waste	-	-	-	-	-	-	-	44,655	21,368	-
Capital grants and contributions - Solid Waste	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,232,182	903,240	704,647
Total primary government program revenues	\$ 30,747,638	\$ 33,124,414	\$ 36,864,661	\$ 41,860,790	\$ 42,819,499	\$ 45,242,292	\$ 40,027,659	\$ 45,999,808	\$ 38,014,477	\$ 40,186,018
Net (Expense)/Revenue										
Governmental activities	\$ (83,240,659)	\$ (120,932,245)	\$ (111,978,926)	\$ (136,396,836)	\$ (165,363,056)	\$ (151,490,146)	\$ (175,031,091)	(198,170,998)	(165,462,748)	(156,541,129)
Business-type activities	(30,587)	(142,891)	107,236	1,588,852	292,551	(272,026)	(167,744)	(1,101,201)	(409,269)	(392,321)
Total primary government net (expense)/revenue	\$ (83,271,246)	\$ (121,075,136)	\$ (111,871,690)	\$ (136,807,984)	\$ (165,070,505)	\$ (151,762,172)	\$ (175,198,835)	\$ (199,272,199)	\$ (165,872,017)	\$ (156,933,450)

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 65,292,668	\$ 68,549,403	\$ 77,219,366	\$ 95,534,274	\$ 99,451,423	\$ 105,322,403	\$ 134,629,314	\$ 137,488,091	\$ 136,733,389	\$ 135,600,306
Local option sales tax	19,372,554	26,003,425	27,334,895	30,744,974	36,438,842	37,721,273	31,568,865	28,461,637	25,808,696	33,612,837
Motor Fuel tax										
ABC revenues	74,235	45,333	51,417	58,183	64,956	69,902	241,932	66,789	188,594	86,842
Other taxes and licenses	460,618	488,804	82,895	93,482	102,456	109,062	770,064	669,221	642,337	752,711
Occupancy tax	845,727	881,194	1,000,379	1,118,527	1,504,586	2,110,664	-	-	-	-
Unrestricted investment earnings	1,444,301	1,229,112	1,952,130	4,381,530	6,481,368	6,672,098	2,657,376	813,582	1,019,648	691,973
Restricted investment earnings	-	-	-	-	-	-	-	-	-	-
Donations	1,020,215	7,241,902	2,226,102	1,971,309	3,011,479	135,546	150,663	131,590	221,538	382,368
Insurance Proceeds	4,807	2,207	2,651	21,671	43,954	118,826	-	-	-	-
State and local reimbursements	82,995	54,296	170,545	124,294	133,226	33,755	691,317	32,893	21,588	50,733
Miscellaneous	-	-	-	-	-	-	-	-	-	25,615
Transfers In/Out	-	-	-	-	-	-	-	-	-	-
Total governmental activities:	<u>\$ 88,598,320</u>	<u>\$ 104,485,676</u>	<u>\$ 110,040,380</u>	<u>\$ 134,048,244</u>	<u>\$ 147,232,290</u>	<u>\$ 152,293,529</u>	<u>\$ 170,709,531</u>	<u>\$ 167,663,803</u>	<u>\$ 164,635,790</u>	<u>\$ 171,203,385</u>
Business-type activities:										
Other taxes and licenses	50,561	51,720	55,792	45,086	62,122	31,096	34,405	55,074	343,908	350,141
Unrestricted investment earnings	93,218	69,476	102,014	234,795	271,539	212,399	74,925	10,630	8,205	8,495
Donations	-	590	-	-	-	-	-	-	-	-
Miscellaneous	7,600	-	-	-	283,714	4,000	23,054	19,143	1,075	-
Transfers In/Out	-	-	-	-	-	-	-	-	-	(25,615)
Total business-type activities	<u>\$ 151,379</u>	<u>\$ 121,786</u>	<u>\$ 157,806</u>	<u>\$ 279,881</u>	<u>\$ 617,375</u>	<u>\$ 247,495</u>	<u>\$ 132,384</u>	<u>\$ 84,847</u>	<u>\$ 353,188</u>	<u>\$ 333,021</u>
Total primary government	<u>\$ 88,749,699</u>	<u>\$ 104,587,462</u>	<u>\$ 110,198,186</u>	<u>\$ 134,328,125</u>	<u>\$ 147,849,665</u>	<u>\$ 152,541,024</u>	<u>\$ 170,841,915</u>	<u>\$ 167,748,650</u>	<u>\$ 164,988,978</u>	<u>\$ 171,536,406</u>
Change in Net Assets										
Governmental activities	\$ (4,642,339)	\$ (16,486,569)	\$ (1,938,546)	\$ (4,348,592)	\$ (18,130,766)	\$ 803,383	\$ (4,321,560)	\$ (30,507,195)	\$ (826,958)	\$ 14,662,256
Business-type activities	120,792	(21,105)	285,042	1,888,733	909,926	(24,531)	(35,360)	(1,016,354)	(56,081)	(59,300)
Total primary government	<u>\$ (4,521,547)</u>	<u>\$ (16,487,674)</u>	<u>\$ (1,673,504)</u>	<u>\$ (2,479,859)</u>	<u>\$ (17,220,840)</u>	<u>\$ 778,852</u>	<u>\$ (4,356,920)</u>	<u>\$ (31,523,549)</u>	<u>\$ (883,039)</u>	<u>\$ 14,602,956</u>
Component Unit										
Expenses										
Component Unit:										
Cabarrus Health Alliance	\$ 11,906,631	\$ 12,748,740	\$ 14,046,391	\$ 15,597,483	\$ 16,594,547	\$ 17,838,450	\$ 19,945,407	\$ 17,292,485	\$ 19,678,636	\$ 23,482,772
Program Revenues										
Component Unit:										
Charges for Services	\$ 6,965,875	\$ 5,988,698	\$ 7,989,146	\$ 8,922,023	\$ 9,704,379	\$ 9,562,940	\$ 10,182,604	\$ 8,552,866	\$ 6,887,656	\$ 6,998,473
Operating grants and contributions	6,773,673	6,536,489	6,383,107	6,913,912	7,056,193	7,886,241	9,285,721	8,217,449	4,147,720	7,575,516
Capital grants and contributions	-	-	-	-	-	-	-	-	8,530,342	8,220,193
Total component unit	<u>\$ 13,739,548</u>	<u>\$ 12,505,187</u>	<u>\$ 14,372,253</u>	<u>\$ 15,835,935</u>	<u>\$ 16,760,572</u>	<u>\$ 17,449,181</u>	<u>\$ 19,468,325</u>	<u>\$ 16,770,315</u>	<u>\$ 19,565,718</u>	<u>\$ 22,794,182</u>
Net (Expense)/Revenue										
Component Unit:										
Net (Expense)/Revenue	\$ 1,832,917	\$ (243,553)	\$ 325,862	\$ 238,452	\$ 166,025	\$ (389,269)	\$ (477,082)	\$ (522,170)	\$ (112,918)	\$ (688,590)
Total component unit	<u>\$ 1,832,917</u>	<u>\$ (243,553)</u>	<u>\$ 325,862</u>	<u>\$ 238,452</u>	<u>\$ 166,025</u>	<u>\$ (389,269)</u>	<u>\$ (477,082)</u>	<u>\$ (522,170)</u>	<u>\$ (112,918)</u>	<u>\$ (688,590)</u>
General Revenues and Other Changes in Net Assets										
Component Unit:										
General Revenues										
Local option sales tax	\$ -	\$ -	\$ -	\$ 119,917	\$ 154,179	\$ 127,386	\$ 42,147	\$ 7,630	\$ -	\$ 2,176
Unrestricted investment earnings	33,497	28,771	59,796	41,197	35,856	51,232	79,643	42,616	167,482	414,004
Miscellaneous	40,925	133,168	51,779	41,197	35,856	178,618	121,790	50,246	171,961	416,180
Total General Revenues	<u>74,422</u>	<u>161,939</u>	<u>111,575</u>	<u>161,114</u>	<u>190,035</u>	<u>178,618</u>	<u>121,790</u>	<u>100,492</u>	<u>239,443</u>	<u>522,360</u>
Special Item	-	-	-	-	-	-	-	2,859,108	-	-
Total component unit activities	<u>\$ 74,422</u>	<u>\$ 161,939</u>	<u>\$ 111,575</u>	<u>\$ 161,114</u>	<u>\$ 190,035</u>	<u>\$ 178,618</u>	<u>\$ 121,790</u>	<u>\$ 2,968,590</u>	<u>\$ 239,443</u>	<u>\$ 522,360</u>
Change in Net Assets										
Component Unit:										
Changes in Net Assets	\$ 1,907,339	\$ (81,614)	\$ 437,437	\$ 399,566	\$ 356,060	\$ (210,651)	\$ (355,292)	\$ 2,387,184	\$ 59,043	\$ (272,410)
Total component unit	<u>\$ 1,907,339</u>	<u>\$ (81,614)</u>	<u>\$ 437,437</u>	<u>\$ 399,566</u>	<u>\$ 356,060</u>	<u>\$ (210,651)</u>	<u>\$ (355,292)</u>	<u>\$ 2,387,184</u>	<u>\$ 59,043</u>	<u>\$ (272,410)</u>

Table 3

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 13,529,358	\$ 8,332,006	\$ 8,634,927	\$ 9,017,755	\$ 10,505,737	\$ 10,988,446	\$ 9,862,420	\$ 10,877,813	\$ -	\$ -
Unreserved	28,715,984	28,388,930	30,458,561	38,887,879	40,205,758	36,636,176	41,476,373	54,776,125	-	-
Nonspendable	-	-	-	-	-	-	-	-	67,302	198,809
Restricted	-	-	-	-	-	-	-	-	10,190,775	12,690,692
Committed	-	-	-	-	-	-	-	-	-	6,606
Assigned	-	-	-	-	-	-	-	-	16,955,100	17,436,575
Unassigned	-	-	-	-	-	-	-	-	46,800,234	45,700,553
Total General Fund	<u>\$ 42,245,342</u>	<u>\$36,720,936</u>	<u>\$ 39,093,488</u>	<u>\$ 47,905,634</u>	<u>\$ 50,711,495</u>	<u>\$ 47,624,622</u>	<u>\$ 51,338,793</u>	<u>\$ 65,655,938</u>	<u>\$ 74,013,411</u>	<u>\$ 76,033,235</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 59,101,722	\$ 57,497,847	\$ -	\$ -
Unreserved	13,740,007	28,635,927	61,792,055	25,305,788	65,446,629	73,845,715	13,983,470	11,127,623	-	-
Nonspendable	-	-	-	-	-	-	-	-	720,000	648,200
Restricted	-	-	-	-	-	-	-	-	36,701,449	19,811,665
Committed	-	-	-	-	-	-	-	-	14,383,632	10,458,498
Assigned	-	-	-	-	-	-	-	-	459,881	549,755
Unassigned	-	-	-	-	-	-	-	-	(5,440)	(292,024)
Total all other governmental funds	<u>\$ 13,740,007</u>	<u>\$28,635,927</u>	<u>\$ 61,792,055</u>	<u>\$ 25,305,788</u>	<u>\$ 65,446,629</u>	<u>\$ 73,845,715</u>	<u>\$ 73,085,192</u>	<u>\$ 68,625,470</u>	<u>\$ 52,259,522</u>	<u>\$ 31,176,094</u>

Table 4

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Ad valorem taxes	\$ 65,166,610	\$ 67,659,707	\$ 77,285,740	\$ 95,211,029	\$ 99,627,797	\$ 105,594,464	\$ 134,848,876	\$ 136,532,544	\$ 136,169,662	\$ 134,789,473
Other taxes and licenses	20,396,110	26,116,355	30,084,437	32,433,678	38,452,888	40,552,308	32,338,928	29,130,858	26,451,032	34,360,229
Intergovernmental	15,144,163	15,401,818	17,679,696	19,054,779	20,695,684	21,592,591	23,107,472	28,022,905	20,763,435	23,255,568
Permits and fees	5,767,348	6,757,143	7,377,224	8,688,379	9,851,011	10,643,086	5,975,694	5,267,543	4,753,093	5,789,927
Sales and services	8,231,613	8,993,922	10,014,895	10,353,563	9,595,669	10,165,675	9,680,365	10,600,602	10,310,115	10,073,950
Investment earnings	2,026,545	1,080,669	1,750,899	4,062,175	6,131,009	6,330,248	2,356,043	429,465	261,016	235,440
Donations	1,020,215	3,625,914	2,192,353	1,224,022	744,972	643,402	286,433	108,709	186,638	390,239
Miscellaneous	660,822	865,910	951,030	503,786	932,086	537,043	1,949,592	462,114	514,504	589,467
Total Revenues	118,413,426	130,501,438	147,336,274	171,531,411	186,031,116	196,058,817	210,543,403	210,554,740	199,409,495	209,484,293
Expenditures										
General Government	11,999,137	11,719,519	12,362,680	13,258,206	15,075,679	16,845,197	18,450,904	19,084,912	19,342,247	20,296,887
Public Safety	14,891,070	18,647,725	20,233,673	22,481,393	23,503,592	25,580,475	28,583,439	29,201,271	31,114,290	33,696,397
Economic & Phy Dev	10,647,501	7,255,578	7,758,270	6,746,563	3,451,435	5,024,745	3,427,600	3,166,913	3,071,760	3,794,160
Environmental Prot.	186,441	191,748	194,450	200,993	203,049	200,561	217,384	472,943	519,010	524,881
Human Services	30,009,274	34,655,431	36,045,006	39,700,879	39,343,438	40,873,762	41,077,166	39,418,305	35,904,789	37,348,400
Education	40,370,249	61,333,173	57,161,753	78,415,898	103,022,790	81,520,236	96,353,775	119,462,406	77,464,219	66,289,905
Culture and recreation	5,636,000	7,347,154	5,589,207	5,423,095	6,496,945	6,568,340	5,819,871	5,567,673	4,811,274	4,848,579
Capital Outlay	9,852,799	2,711,692	5,490,401	8,068,026	26,150,524	32,614,235	40,813,607	31,860,649	6,521,906	4,467,028
Debt Service:										
Principal	11,590,073	11,715,965	13,897,112	15,259,056	14,113,550	17,539,175	20,067,615	20,133,541	22,937,295	37,142,398
Interest	7,129,965	8,113,282	7,799,042	9,651,423	10,489,591	13,282,514	15,371,972	17,991,288	19,709,229	19,041,682
Total Expenditures	142,312,509	163,691,267	166,531,594	199,205,532	241,850,593	240,049,240	270,183,333	286,159,901	221,396,019	227,450,317
Excess of revenues over (under) expenditures	(23,899,083)	(33,189,829)	(19,195,320)	(27,674,121)	(55,819,477)	(43,990,423)	(59,639,930)	(75,605,161)	(21,986,524)	(17,966,024)
Other Financing Sources (Uses)										
Transfers in	11,887,550	3,022,700	5,919,013	13,450,819	32,604,840	25,556,744	29,233,852	23,142,651	7,542,255	16,283,727
Transfers out	(11,887,550)	(3,022,700)	(5,919,013)	(13,450,819)	(32,604,840)	(25,556,744)	(29,233,852)	(25,142,651)	(8,462,255)	(18,283,727)
Limited Obligation Bonds Issued	-	-	-	-	-	-	-	-	-	37,730,250
Issuance of Bonds	-	53,912,762	50,366,000	-	48,562,851	-	-	-	-	-
Disbursements for Debt Instruments	-	(17,701,986)	-	-	-	(7,305,000)	-	-	(20,902,811)	(37,431,142)
Disbursements to Escrow Agent	-	(35,866,931)	-	-	-	(18,958,846)	-	-	-	-
Issuance of Certificates of Participation	26,390,000	42,217,498	-	-	34,513,782	68,261,482	59,172,184	87,462,584	35,800,860	-
Issuance of Installment Financings	-	-	4,358,000	-	15,000,000	7,305,000	-	-	-	-
Issuance of lease	-	-	-	-	689,546	-	3,421,394	-	-	603,312
Total other financing sources (uses)	26,390,000	42,561,343	54,724,000	(27,674,121)	98,766,179	49,302,636	62,593,578	85,462,584	13,978,049	(1,097,580)
Net change in fund balances	\$ 2,490,917	\$ 9,371,514	\$ 35,528,680	\$ (27,674,121)	\$ 42,946,702	\$ 5,312,213	\$ 2,953,648	\$ 9,857,423	\$ (8,008,475)	\$ (19,063,604)
Debt service as a percentage of noncapital expenditures	13.98%	12.32%	13.47%	13.03%	11.41%	14.86%	15.45%	14.98%	19.85%	25.20%

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

Fiscal Year		Real Property		Personal Property	Public Service Companies (2)		Total Assessed Value		County Total Direct Tax Rate (3)
2003	\$	8,290,673,831	\$	2,960,367,957	\$	237,380,457	\$	11,488,422,245	\$ 0.56
2004		8,660,862,061		2,813,292,526		215,793,981		11,689,948,568	0.56
2005 (1)		10,969,232,437		2,788,181,358		237,231,648		13,994,645,443	0.53
2006		11,554,183,728		2,946,103,615		237,558,497		14,737,845,840	0.63
2007		12,162,097,563		2,912,297,937		260,410,470		15,334,805,970	0.6289
2008		12,931,725,951		3,074,778,582		261,754,744		16,268,259,277	0.63
2009 (1)		17,454,001,994		3,137,459,615		280,507,618		20,871,969,227	0.63
2010		18,048,592,567		3,003,442,173		277,653,397		21,329,688,137	0.63
2011		18,223,093,062		2,751,158,382		271,487,306		21,245,738,750	0.63
2012		18,049,710,020		2,668,575,911		285,837,655		21,004,123,586	0.63

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

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

(3) Per \$100 of value.

Table 6

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

		Year Taxes Are Payable									
		2003	2004	2005 (1)	2006	2007	2008	2009 (1)	2010	2011	2012
County Total Direct Rate (3)	\$	0.560	\$ 0.560	\$ 0.530	\$ 0.630	\$ 0.629	\$ 0.630	\$ 0.630	\$ 0.630	\$ 0.630	\$ 0.630
Fire Protection Districts (4)	\$	0.050	\$ 0.050	\$ 0.049	\$ 0.051	\$ 0.053	\$ 0.053	\$ 0.053	\$ 0.053	\$ 0.049	\$ 0.051
Municipality Rates:											
Concord	\$	0.45	\$ 0.45	\$ 0.43	\$ 0.43	\$ 0.4475	\$ 0.4475	\$ 0.42	\$ 0.42	\$ 0.42	\$ 0.42
Kannapolis	0.53	0.53	0.53	0.497	0.497	0.497	0.497	0.49	0.49	0.49	0.49
Harrisburg	0.135	0.135	0.135	0.135	0.135	0.135	0.135	0.125	0.125	0.125	0.135
Mt. Pleasant	0.42	0.42	0.42	0.42	0.44	0.44	0.44	0.44	0.44	0.44	0.44
Midland	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.14	0.14	0.14	0.14
Locust	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Stanfield (2)	0.38	0.38	0.38	0.38	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) Real property was revalued on January 1.
- (2) The State reversed annexation of this municipality beginning with fiscal year 2006
- (3) All taxable property is subject to the county-wide tax. The County has one rate for all County properties
- (4) Most property in the unincorporated areas is subject to one of sixteen special fire district taxes. The fire protection districts' direct rate is a combined rate as the impact of each individual fire district is considered insignificant. The average tax rate for the districts is recorded above.

Table 7

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

Taxpayer	Type of Business	Fiscal Year 2012			Fiscal Year 2003		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Charlotte Motor Speedway, Inc.	Auto Racing	\$ 342,615,098	1	1.63%	\$ 135,715,819	5	1.18%
Castle & Cooke, et al David H Murdock	Land Developer	339,268,757	2	1.62%			
Concord Mills LTD Partnership	Shopping Center	239,396,552	3	1.14%	159,323,718	4	1.39%
Phillip Morris INC.	Cigarette Mfg	195,000,000	4	0.93%	1,077,366,380	1	9.38%
Great Wolf of the Carolinas	Amusement Water Park	134,617,193	5	0.64%			
Corning, Inc	Fiber Optics Mfg	134,312,630	6	0.64%	457,452,706	2	3.98%
Hendricks Motorsports Inc	Auto Racing	110,728,525	7	0.53%			
Duke Energy Corp	Public Service Co	95,256,991	8	0.45%	64,533,194	7	0.56%
Walmart/Sams	Retail	68,245,948	9	0.32%			
JQH-Concord Development LLC	Hotel	66,684,496	10	0.32%			
Fieldcrest Cannon, Inc	Textiles				167,261,793	3	1.46%
CTC/CT Communications	Public Service Co				87,312,953	6	0.76%
Pass & Seymour/Legrand	Electronics				41,378,186	8	0.36%
Owens Corning	Bushings Fabricator				39,919,129	9	0.35%
Bell/Sysco Food Services, Inc.	Food Supplier				34,632,708	10	0.30%
Totals		<u>\$ 1,726,126,190</u>		8.22%	<u>\$ 2,264,896,586</u>		19.71%

Source: Cabarrus County Tax Department

Table 8

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)		Discoveries	Abatements	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Original Levy				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2003	\$ 64,433,348		\$ 2,331,839	\$ (1,546,291)	\$ 65,218,896	\$ 63,501,156	97.37%	\$ 1,555,678	\$ 65,056,834	99.75%
2004	66,077,761		1,185,407	(803,896)	66,459,272	64,155,827	96.53%	2,218,820	66,374,647	99.87%
2005	74,893,721		724,786	(898,376)	74,720,131	73,001,727	97.70%	1,646,199	74,647,926	99.90%
2006	92,892,138		762,582	(849,390)	92,805,330	90,824,656	97.87%	1,882,108	92,706,764	99.89%
2007	97,095,301		1,250,243	(855,526)	97,490,018	95,699,309	98.16%	1,394,826	97,094,135	99.59%
2008	102,936,378		929,435	(605,617)	103,260,196	101,560,468	98.35%	1,580,639	103,141,107	99.88%
2009	132,180,385		1,954,310	(1,315,618)	132,819,077	130,244,108	98.06%	2,191,876	132,435,984	99.71%
2010	135,474,421		1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	2,743,199	134,527,345	99.48%
2011	134,263,178		770,711	(535,353)	134,498,536	130,734,404	97.20%	2,442,438	133,176,842	99.02%
2012	133,644,514		1,150,154	(1,615,063)	133,179,605	128,622,399	96.58%	-	128,622,399	96.58%

Source: Cabarrus County Finance Department

Table 9

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2003	\$ 56,145,000	0.49%	403
2004	52,495,000	0.45%	368
2005	97,805,000	0.70%	675
2006	91,845,000	0.62%	618
2007	133,980,000	0.87%	864
2008	126,895,000	0.78%	780
2009	119,835,000	0.57%	711
2010	112,565,000	0.53%	654
2011	105,660,000	0.50%	594
2012	98,695,000	0.47%	544

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

(1) See Table 12 for population data.

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

Table 10

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

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates Of Participation/ Limited Obligation Bonds			Installment Payment Revenue Bonds	Installment Financing	Capital Leases	Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
		Obligation Bonds								
2003	\$ 56,145,000	\$ 61,340,000	\$ 24,000,000	\$ -	\$ 6,344,560	\$ 147,829,560	1,060	3.59%		
2004	52,495,000	98,765,000	22,500,000	-	4,123,595	177,883,595	1,249	4.24%		
2005	97,805,000	93,380,000	21,000,000	4,358,000	1,801,483	218,344,483	1,506	4.90%		
2006	91,845,000	88,005,000	19,500,000	3,735,427	-	203,085,427	1,366	4.23%		
2007	133,980,000	116,220,000	18,000,000	17,612,855	443,568	286,256,423	1,845	5.55%		
2008	126,895,000	173,165,000	-	15,990,286	331,964	316,382,250	1,944	5.70%		
2009	119,835,000	220,885,000	-	14,367,714	3,458,315	358,546,029	2,127	6.03%		
2010	112,565,000	294,990,000	-	12,745,143	3,282,345	423,582,488	2,460	7.22%		
2011	105,660,000	294,315,000	-	11,122,572	3,102,621	414,200,193	2,327	6.84%		
2012	98,695,000	274,555,000	-	-	3,531,107	376,781,107	2,076	*		

* Information not yet available

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

(1) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2011 personal income not available to calculate fiscal year 2012.

Table 11

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Assessed Value of Property	\$ 11,488,422,245	\$ 11,889,948,568	\$ 13,994,645,443	\$ 14,737,845,840	\$ 15,334,805,970	\$ 16,268,259,277	\$ 20,871,969,227	\$ 21,329,688,137	\$ 21,245,738,750	\$ 21,004,123,586
Debt Limit, 8% of Assessed Value (Statutory Limitation)	919,073,780	935,195,885	1,119,571,635	1,179,027,667	1,226,784,478	1,301,460,742	1,669,757,538	1,706,375,051	1,699,659,100	1,680,329,887
Debt applicable to debt limitations:										
Total Bonded Debt	56,145,000	52,495,000	97,805,000	91,845,000	133,980,000	126,895,000	119,835,000	112,565,000	105,660,000	98,695,000
Total Installment Payment Revenue Bonds	24,000,000	22,500,000	21,000,000	19,500,000	18,000,000	-	-	-	-	-
Total Capital Leases	6,344,560	4,123,595	1,801,483	-	443,568	331,964	3,458,315	3,282,345	3,102,621	3,531,107
Total Installment Financing	-	-	4,358,000	3,735,427	17,612,855	15,990,286	14,367,714	12,745,143	11,122,572	-
Total Certificates of Participation/ Limited Obligation Bonds	61,340,000	98,765,000	93,380,000	88,005,000	116,220,000	173,165,000	220,885,000	294,990,000	294,315,000	274,555,000
Total debt applicable to limitations	147,829,560	177,883,595	218,344,483	203,085,427	286,256,423	316,382,250	358,546,029	423,582,488	414,200,193	376,781,107
Legal debt limit	\$ 771,244,220	\$ 757,312,290	\$ 901,227,152	\$ 975,942,240	\$ 940,528,055	\$ 985,078,492	\$ 1,311,211,509	\$ 1,282,792,563	\$ 1,285,458,907	\$ 1,303,548,780
Total net debt applicable to the limit as a percentage of debt limit	16.08%	19.02%	19.50%	17.22%	23.33%	24.31%	21.47%	24.82%	24.37%	22.42%

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

Table 12

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2003	139,411	\$ 4,116,291	\$ 29,499	24,328	7.30%	46,325
2004	142,476	4,199,579	29,431	26,229	6.20%	48,795
2005	144,956	4,441,339	30,752	27,138	4.60%	51,464
2006	148,682	4,752,216	31,871	28,582	4.10%	65,340
2007	155,159	5,157,773	33,161	30,507	4.40%	68,755
2008	162,740	5,551,258	34,099	32,219	5.80%	57,339
2009	168,559	5,946,765	35,280	32,781	11.20%	16,529
2010	172,223	5,869,800	34,083	33,014	11.40%	18,890
2011	178,011	6,057,692	33,926	34,096	10.10%	23,241
2012	180,468	*	*	34,588	9.20% **	26,565

* Information not yet available.

**Fiscal Year 2012 is as of June 30, 2012

Notes:

- (1) US Census Bureau. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis, U. S. Department of Commerce. Figures are for the prior calendar year
- (3) Public Schools of North Carolina/State Board of Education reported the County Official Statements
- (4) N. C. Employment Security Commission, Annual Average for prior calendar year.
- (5) Total number of inspections performed by Cabarrus County Inspections Department. Does not include inspections by municipalities.

Table 13

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

<u>Employer</u>	<u>2012</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Carolinas Medical Ctr - Northeast	4,500	1	5.59%	3,700	3	5.15%
Concord Mills Mall	4,000	2	4.97%	4,000	2	5.56%
Cabarrus County Schools	3,800	3	4.72%	2,500	5	3.48%
Cabarrus County	975	4	1.21%	804	8	1.12%
City of Concord	936	5	1.16%	838	7	1.17%
Connexions	900	6	1.12%	-	-	-
State of North Carolina	771	7	0.96%	-	-	-
Kannapolis City Schools	750	8	0.93%	693	9	0.96%
Shoe Show	700	9	0.87%	-	-	-
S & D Coffee and Tea	575	10	0.71%	-	-	-
Pillowtex/Fieldcrest Cannon, Inc.	-	-	-	4,200	1	5.84%
Philip Morris	-	-	-	2,600	4	3.62%
Carolina Mall	-	-	-	850	6	1.18%
CT Communications	-	-	-	670	10	0.93%
<hr/>						
Total	<u>17,907</u>		<u>22.24%</u>	<u>20,855</u>		<u>29.00%</u>

Source: NC Employment Security Commission, Cabarrus County EDC and the LOBS 2011 Cabarrus County
Official Statement

Table 14

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	160	160	153	156	162	173	178	161	165	166
Cultural and Recreation	76	77	79	57	59	64	65	48	51	51
Public Safety	237	241	272	274	297	314	347	344	421	419
Economic & Phy. Development	18	15	15	16	16	17	17	12	12	15
Human Services	205	227	246	267	289	303	310	307	313	297
Environmental Protection	11	11	11	11	12	12	12	11	11	8
Total	707	731	776	781	835	883	929	883	973	956

Source: County Finance Department

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

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

Table 15

<u>Functional Area</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Tax Collection Rate	97.37%	96.53%	97.70%	97.87%	98.16%	98.35%	98.06%	97.45%	97.20%	94.45%
Land Records Recorded ¹	53,611	43,283	45,742	48,762	46,376	37,329	32,256	28,410	28,238	28,000 *
Culture & Recreation										
Circulation of Library Materials-All Branches	559,599	615,167	692,244	748,537	789,453	781,606	882,322	841,916	697,539	720,000 *
Acres of Park Land-Developed/Undeveloped	411/67	411/67	411/67	411/67	411/67	411/67	329/252	347/343	381/310	381/310
Public Safety										
Sheriff Response Time (Emergency Calls)	7.07	6.58	7.53	7.00	8.20	8.00	9.25	7.57	7.50	8.00
Detention Center Average Daily Population	195	202.3	212	216	220	220	253	275	350	375
Animals Picked Up	5,020	5,259	4,946	4,980	4,513	4,500	3,982	3,982	3,800	3,900 *
Building Inspections Completed	46,325	48,795	51,464	65,340	68,755	57,339	42,610	46,871	22,410	26,565
EMS Average Response Time Countywide	7.37	7.49	7.69	7.20	7.03	7.03	7.29	7.02	7.01	7.00 *
Economic & Physical Development										
Construction Permits Issued ⁴	-	-	-	-	-	-	-	-	9,558	10,350
Zoning Permits Issued ⁴	-	-	-	-	-	-	-	-	307	295
Human Services										
Veteran /Dependent Contacts	7,094	8,978	7,205	7,802	9,132	9,950	10,750	12,138	12,119	10,450
Human Service Transportation Trips ²	90,120	112,286	116,818	85,713	85,721	96,696	82,404	85,692	81,844	90,000
Family Medicaid Cases	6,836	8,355	8,969	10,049	10,779	11,794	13,727	14,460	15,884	16,039
Adult Medicaid Cases ³	4,219	4,379	4,746	4,858	5,045	5,216	5,380	5,565	6,019	6,101
WFFA (formerly AFDC)	385	534	487	316	315	289	290	266	254	263
Child Protective Service Reports Investigated	1,202	1,212	1,426	1,897	1,697	1,602	1,476	1,488	1,537	2,955
Adoptions Completed	20	0	59	0	15	43	18	10	7	1
Food Stamp Cases	3,346	4,350	4,950	5,358	5,456	5,890	6,880	8,391	10,497	11,652
Adult Protective Services Reports	160	135	114	131	170	232	210	225	189	226
Environmental Protection										
Tons of MSW and C&D Waste Managed	31,622	25,570	32,049	159,106	68,950	54,488	44,354	28,818	24,969	21,360
Tons of Recyclable Materials Collected	1,526	2,275	2,007	1,710	1,687	1,800	2,500	3,284	3,498	4,250 *
Education										
Per Pupil Current Expense Funding	\$1,186.78	\$1,186.78	\$1,204.58	\$1,292.01	\$1,328.78	\$1,443.91	\$1,541.14	\$1,541.14	\$1,597.64	\$1,598.54
Per Pupil Capital Outlay Funding	\$0.00	\$52.95	\$56.78	\$89.74	\$140.36	\$127.23	\$124.36	\$59.60	\$32.59	\$37.80
Per Pupil Debt Service Funding	\$691.78	\$620.53	\$717.20	\$796.37	\$683.18	\$705.68	\$845.19	\$835.51	\$877.37	\$1,008.56

Source: County Departments

Notes:

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

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

Function/Program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Parks (1)										
Park facility	4	4	4	4	4	4	5	5	5	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	18	20	20	20	20	21	21	23	24	24
Softball fields	8	8	8	8	8	8	8	8	8	8
Playgrounds	7	7	7	7	7	8	8	8	10	10
Soccer Fields	12	12	12	12	12	12	11	11	11	11
Camping cabins	-	4	4	4	4	6	6	6	6	6
Tent sites	-	7	7	7	7	6	6	7	7	7
Bathhouse for campgrounds	-	1	1	1	1	1	1	1	1	1
Swimming Pool	-	-	-	-	-	-	1	1	1	1
Pool Bathhouse	-	-	-	-	-	-	1	1	1	1
Fire protection (1)										
Stations	14	14	14	14	14	11	11	11	10	10 (2)
Sheriff (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	4	4	4	5	5	5	5	5	5
Patrol units	104	65	65	65	65	94	113	117	118	118 (3)

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

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

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



Compliance Section

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

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

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

Board of Commissioners
Cabarrus County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2012, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 16, 2012. 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. The financial statements of the Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cabarrus County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

October 16, 2012

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

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

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

Independent Auditors' Report

Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cabarrus County's major federal programs for the year ended June 30, 2012. Cabarrus County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

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

In our opinion, Cabarrus County complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cabarrus County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabarrus County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 16, 2012

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

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

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

Independent Auditors' Report

Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cabarrus County's major State programs for the year ended June 30, 2012. Cabarrus County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

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

In our opinion, Cabarrus County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Cabarrus County's internal control over compliance with requirements that could have a direct and material effect on a major State program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal controls over compliance in accordance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabarrus County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 16, 2012

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unqualified
Internal control over financial reporting:	
• Material weakness identified	No
• Significant deficiency identified	None reported
Non-compliance material to financial statements noted	No

Federal Awards

Internal control over major federal programs:	
• Material weakness identified	No
• Significant deficiency identified	None reported
Type of auditors' report issued on compliance for major federal programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133	No

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

1. Summary of Auditors' Results (Continued)

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.778, 93.777, 93.775, 93.720
TANF Cluster	93.558, 93.714, 93.716
Child Care Development Fund Cluster	93.575, 93.596
Aging Cluster	93.044, 93.045, 93.053, 93.705, 93.707
Foster Care – Title IV-E Administration/Foster Care IVE	93.658
Adoption Assistance – Title IV-E Adoption Direct Benefit Payments	93.659

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
--	--------------------

Auditee qualified as low-risk auditee?	No
--	----

State Awards

Internal control over major State programs:

- | | |
|-------------------------------------|---------------|
| • Material weakness identified | No |
| • Significant deficiency identified | None reported |

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

Identification of major State programs:

<u>Program Name</u>
Title XIX Medicaid
Subsidized Child Care Cluster
Aging Cluster
NC Lottery Fund
Child Welfare Adoption Subsidy-Direct Benefit Payments (Foster Care)
2008 Agricultural Development & Farmland Preservation Grant

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2012

2. Financial Statements Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

CABARRUS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012

None reported.

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
Passed Through N.C. Department of Health and Human Services: Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program (SNAP):					
State Administrative Matching Grants					
for Supplemental Nutrition Assistance Program	10.561		\$ 1,121,935	\$ -	\$ 1,122,309
Total Supplemental Nutrition Assistance Program			1,121,935	-	1,122,309
Passed through Centralina Council of Governments:					
Food Distribution Elderly Nutrition Program - USDA Supplement	10.570		19,881	-	-
Total U.S. Department of Agriculture			1,141,816	-	1,122,309
<u>U.S. Department of Health and Human Services</u>					
Administration on Aging:					
Passed through Centralina Council of Governments:					
Title III-E Caregiver Grant	93.052		79,735	5,089	-
Title V Revenues	17.235		152,118		
Consumer Directed Services Grant	93.779		8,582	36,587	-
Aging Cluster:					
Nutrition Project for the Elderly Title III-C1	93.045		145,696	6,622	-
Title III-B (Access):					
Transportation Grant	93.044		64,249	59,307	-
Information case Assistant	93.044		31,445	29,026	-
Title III-B (In-Home):					
Adult Day Services	93.044		44,119	108,014	-
In-Home Aide I & II	93.044		53,256	67,780	-
Housing/Home Improvement	93.044		11,494	28,142	-
Senior Center Operations Grant			-	36,713	-
Total Aging Cluster			350,259	335,604	-
Total Administration on Aging			590,694	377,280	-
Passed Through N.C. Department of Health and Human Services: Division of Social Services:					
Administration:					
Temporary Assistance Needy Families (WorkFirst)	93.558		258,068	-	250,718
Services:					
Temporary Assistance Needy Families (WorkFirst)	93.558		1,346,825	-	1,310,878

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Direct Benefit Payments:					
Temporary Assistance Needed Families	93.558		706,930	-	-
Refugee Assistance	93.566		4,912	-	-
AFDC Payments and Penalties	93.560		(771)	(212)	(212)
Family Preservation	93.556		3,508	-	-
TANF - Domestic Violence	93.558		21,793	-	-
Child Support Enforcement	93.563		1,133,086	(185)	583,711
Child Support Incentive Recovery	93.563		-	-	-
Crisis Intervention Program	93.568		507,628	-	-
Low Income Energy Assistance	93.568		330,128	-	-
Permanency Planning - Child Welfare Services	93.645		25,119	19,217	14,779
Family Violence Prevention	93.671		2,205	-	735
Independent Living Initiative/LINKS	93.674		20,476	-	-
Adult Day Care	93.667		30,542	33,036	9,083
In-Home Services	93.667		108,928	-	15,561
Social Services Block Grant Administration	93.667		384,521	40,275	141,598
Total Division of Social Services - Other Programs			4,883,898	92,131	2,326,851
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV - E Administration	93.658	45		-	45
Title IV - E Child Protective Services	93.658		606,641	79,202	527,439
Title IV - E Foster Care	93.658		(10,863)	-	(10,863)
Title IV - E Training	93.658		236,049		222,371
Title IV - E Optional Training 50%	93.659		15,696	-	14,743
Public Assistance:					
Title IV - E Foster Care	93.658		119,249	36,634	39,288
Adoption/Foster Care	93.658		240,544	-	5,508
Adoption Assistance - Direct Benefit	93.659		591,198	157,347	158,347
Total Foster Care and Adoption Cluster (Note 2)			1,798,559	273,183	956,878
Passed Through N.C. Department of Health and Human Services:					
Subsidized Child Care (Note 4):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund Administration	93.596		204,860	-	-
Division of Child Development:					
Child Care Development Fund Discretionary	93.575		1,940,999	-	-
Child Care Development Fund Mandatory	93.596		672,985	-	-
Child Care Development Fund Match	93.596		574,074	162,061	-
Total Child Care Development Fund Cluster			3,392,918	162,061	-
Temporary Assistance for Needy Families	93.558		784,568	70,220	-
ARRA - Emergency Contingency Fund TANF State Programs	93.714		96,069		
Foster Care Title IV-E	93.658		26,538		
Smart Start	N/A		-	33,838	-
State Funding Appropriations	N/A		-	613,377	-
Smart Start TANF Maintenance of Effort	N/A		-	382,462	-
Total Subsidized Child Care (Note 2)			4,300,093	1,261,958	-

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Division of Social Services: Title XIX - Medicaid Adult Care Home Case Management N.C. Health Choice (Child Health Insurance Program)	93.778 93.778 93.767		2,016,012 76,865 172,206	16,404 35,280 7,430	1,999,608 41,585 47,990
Division of Medical Assistance: Direct Benefit Payments: Title XIX - Medicaid	93.778		97,108,550	55,316,944	7,274
Early Retiree Insurance Program - EERP	93.546		96,067	-	-
Total U.S. Department of Health and Human Services			112,184,760	57,380,610	6,502,495
U.S. Election Assistance Commission Passed through NC State Board of Elections: 2012 Primary Election Coding Grant	90.401		5,693	-	-
Total U.S. Election Assistance Commission			5,693	-	-
U.S. Department of Energy Passed Through N.C. Department of Health and Human Services: Office of Economic Opportunities: Weatherization Assistance Program (ARRA) Weatherization Assistance Program Low Income Heating Assistance Program Heating and Air Conditioning Repair Program (HARP)	81.042 81.042 93.568 81.042	ARRA04WA	247,549 119,086 8,119 100,639	- - - -	- - - -
Total U.S. Department of Energy			475,393	-	-
Federal Emergency Management Agency Passed through N.C. Department of Crime Control and Public Safety: Division of Emergency Management: Buffer Zone Protection Grant EOD Render safe Equipment Grant Emergency Management Performance Grant	97.078 97.067 97.042	2010-BF-TO-0040 2011-SS-00119-1033 EMPG-2011-37025	136,263 7,547 49,636	- - -	- - 49,636
Total Federal Emergency Management Agency			193,446	-	49,636
U.S. Department of Housing and Urban Development Passed through NC Department of Commerce: Community Development Block Grant	14.228	10-C-2166	199,306	-	-
Total U.S. Election Assistance Commission			199,306	-	-
US Department of Justice Passed through Office of Justice Programs: State Criminal Alien Assistance Program Grant	16.606		64,334	-	-

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Passed through NC Department of Correction: Criminal Justice Partnership Program	16.710		128,652	-	-
Total US Department of Justice			192,986	-	-
Federal Institute of Library and Museum Services: Passed through department of Cultural Resources: LSTA Strengthening Public Academic Collections Grant	45.310		47,752	-	-
Total Federal Institute of Library and Museum Services			47,752	-	-
National Endowment for the Humanities Passed through NC Humanities Council: NC Humanities Council Library Grant	45.129	S10-07	1,000	-	-
N.C. Department of Transportation: Public Transportation Division: 2010 5311 Grant Program (ARRA) 5316 Job Access Reverse Commute Program (ARRA) NC Governors Highway Safety Program Grant (ARRA) NC Governors Highway Safety Program Grant (ARRA) NC Governors Highway Safety Program Traffic Safety Equipment Grant Community Transportation Program:	20.509 20.516 20.600 20.600 20.601	10-AR-042 11-JA-042 PT-2012-03-04-36 PT-2012-03-04-01 K8-11-02-42	22 52,767 16,878 33,086 650	18 - - - -	- - - - -
Administrative Grant - Section 5311	20.509	12-CT-042	137,476	123,390	-
Total N.C. Department of Transportation			240,879	123,408	-
Total Federal Awards			113,541,215	57,504,018	6,552,131
State Awards:					
N.C. Department of Health and Human Services: Division of Social Services: DCD-Smart Start State Foster Home Foster Care At-Risk Maximization SFHF Maximization AFDC Incentives TANF Incentives Direct Benefit Payments: Child Welfare Adoption Subsidy	N/A N/A N/A N/A N/A N/A N/A N/A		- - - - - - -	62,012 82,804 3,784 133,936 174 1,261 767,189	- 82,804 2,028 133,936 - - 223,300
Total Division of Social Services			-	1,051,160	442,068
Division of Aging: Senior Center General Purpose Direct Benefit Payments: State/County Special Assistance for Adults	N/A N/A		- -	4,701 1,142,077	- 1,142,077
Total Division of Aging			-	1,146,778	1,142,077

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Office of Emergency Medical Services: Carollinas Medical Center - Metrolina Trauma Advisory Committee: Project P7 Project P10 Total Office of Emergency Medical Services	N/A N/A		- - -	5,596 4,159 9,755	- - -
Total N. C. Department of Health and Human Services			-	2,207,693	1,584,145
N. C. Department of Environmental and Natural Resources Clean Water Management Trust Fund Division of Waste Management: Electronics Recycling Management Funds Division of Soil and Water Conservation: Soil and Water Conservation Soil and Water Conservation - Water Quality Cost Share Grant Total NC Department of Environmental and Natural Resources	N/A N/A N/A N/A	2010-703	- - - -	188,322 8,425 3,600 26,490 226,837	- - 131,446 26,490 157,936
N.C. Department of Crime Control and Public Safety: Department of Juvenile Justice & Delinquency Prevention: Juvenile Crime Prevention Programs (JCPP): JCPC Certification Home Based Services Total N.C. Department of Crime Control and Public Safety	N/A N/A	313000 313005	- -	15,500 94,207 109,707	- - -
N. C. Department of Administration N.C. Substance Control Tax Division of Veteran's Affairs: Veteran's Service Grant Total N.C. Department of Administration	N/A N/A		- -	10,529 1,452 11,981	- 219,747 219,747
N.C. Department of Agriculture and Consumer Services NC Agricultural Development & Farmland Preservation Trust Fund: 2008 Agricultural Development & Farmland Preservation Grant Total N.C. Department of Agriculture and Consumer Services	N/A	ADM-ADFP-08-013	- -	574,223 574,223	- -
N.C. Rural Department of Insurance Division of Seniors Health Insurance Information Program SHIP Grant Total N.C. Rural Department of Insurance	N/A		- -	4,565 4,565	- -
N.C. Department of Cultural Resources Passed through State Library of N.C.: State Aid to Libraries Total N.C. Department of Cultural Resources	N/A	DCR-4	- -	156,968 156,968	849,903 849,903

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2012

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
<u>N.C. Recreation & Park Association</u> Nourishing NC Garden Grant	N/A		-	3,100	-
Total N.C. Recreation & Park Association			-	3,100	-
<u>N.C. Tobacco Trust Fund Commission</u> Piedmont Farmers Market Expansion Grant	N/A	2011-047-19	-	35,196	-
Total N.C. Tobacco Trust Fund Commission			-	35,196	-
<u>N.C. Department of Transportation</u> Public Transportation Division: Rural Operating Assistance Program: Elderly and Disabled Assistance Transportation Program Work First/ Employment Transportation Program Rural General Public Transportation Program	N/A N/A N/A	DOT-16CL DOT-16CL DOT-16CL	- - -	103,742 25,871 66,994	- - -
Total N.C. Department of Transportation			-	196,607	-
<u>N.C. Department of Public Instruction</u> NC Lottery Fund	N/A		-	1,713,555	-
Total N.C. Department of Public Instruction			-	1,713,555	-
Total State Awards			\$ -	\$ 5,240,432	\$ 2,811,731
Total Federal and State Awards			\$ 113,541,215	\$ 62,744,450	\$ 9,363,862

Notes to the Schedule of Expenditures of Federal and State Awards:

- Basis of Presentation
The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Cabarrus County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's general purpose financial statements. However, due to the county's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.
- The following are clustered by NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.
- Of the federal and state expenditures presented in this schedule, Cabarrus County provided awards to sub recipients as follows:

Community Based Gang Prevention Pilot Program (ARRA)	N/A	\$ 329,572	\$ -	\$ -
Monarch	N/A	-	82,496	-
Project Challenge	N/A	-	61,321	-
Teen Court	N/A	-	56,638	-
		\$ 329,572	\$ 200,455	\$ -

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