

Cabarrus County, NC



Comprehensive Annual Financial Report

For the Year ended June 30, 2013

Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the year ended June 30, 2013

**Prepared by
Cabarrus County Finance**

**Ann M. Wilson
Finance Director**



Cabarrus County, North Carolina Comprehensive Annual Financial Report For the Year Ended June 30, 2013

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Introductory Section



Finance Department

October 24, 2013

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, 2013.

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, 2013, 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, 2013, 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 six municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, and Locust are smaller municipalities in the County. The County serves a population of 183,868. 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 Finance Director may transfer amounts between objects of expenditure within a function. The County Manager may transfer amounts between objects of expenditures and revenues without limitation. 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 change orders. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order. The 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 Designee 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 County Manager, Finance Director, or designee may create debt financing amendments from estimated projections upon approval by the Board of Commissioners of the debt financing and adjust as needed upon closing. 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 seven counties located in the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (*Charlotte MSA*), which consists of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan and Union Counties in North Carolina and Chester, Lancaster and

York Counties in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the 23rd largest metropolitan area in the United States.

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

The Board of Commissioners established the Cabarrus County Council for a Sustainable Local Economy (CSLE) and Food Policy Council (FPC). The purpose of these efforts was to take an active role in promoting small businesses, entrepreneurship, and local foods as part of the larger economy. The CSLE has promoted “buy local” campaigns and the promotion of small businesses, in addition to reviewing local ordinances to determine their effect on small businesses. The FPC, along with the NC Cooperative Extension, have promoted local foods by conducting an assessment of the local food economy, operating an incubator farm to train new farmers and expanding a private abattoir to support the locally grown meat products.

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 CEDC is administered by the Cabarrus Regional Chamber of Commerce; this 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 body that verifies the status of the organization. The CEDC is one of only 36 economic development organizations worldwide which have been accredited by the International Economic Development Council.

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

A summary of significant recent developments in these industries follows.

Biotechnology

The former Pillwotex properties in Kannapolis have been redeveloped as a major mixed use development with the centerpiece of the development constituting the North Carolina Research Campus (the “Research Campus”) for biotechnology and nutrition research, which includes facilities for eight major North Carolina universities. At the center of the Research Campus is the 311,000 square foot David H. Murdock Core Laboratory, which houses the David H. Murdock Research Institute, a nonprofit contract research organization. Other campus facilities include NC State University Plants for Human Health Institute’s building and the UNC Chapel Hill Nutrition Research Institute Building. A sixty thousand square foot Medical Office Building will open later in 2013 and DataChamber announced in June that it will build a 50,000 sq ft research facility on the campus in 2013.

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

of new retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units. The total estimated cost of the Research Campus project is expected to exceed \$1 billion.

The City of Kannapolis issued \$35 million in limited obligation bonds in 2011 (the "Kannapolis Bonds") to finance public infrastructure in the Development District. Pursuant to an Interlocal Agreement between the County and the City of Kannapolis executed 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 began in FY 2013 and end in FY 2027, and range (subject to a "Maximum County Contribution" ceiling) from a low of \$1,421,804 in FY 2013 to a high of \$1,513,677 in FY 2021, and total \$22,523,021.

Healthcare

The County economy is emerging as a significant provider of healthcare services; the largest single employer in the County is Carolinas Medical Center (CMC) NorthEast. The hospital is located in Concord and has 457 active licensed beds. CMC NorthEast is the second largest hospital facility in the Carolinas Healthcare System (CHS) network of healthcare facilities, which is the largest healthcare system in North and South Carolina and is the second largest public, multi-hospital system in the United States. CMC NorthEast provides a full range of tertiary and surgical services for residents of the County and surrounding counties. It has a Level III Trauma Center, The Jeff Gordon Children's Hospital, The Hayes Family Center, The Batte Cancer Center, The Sanger Heart & Vascular Institute and a number of other specialized services and facilities.

Manufacturing

The principal products manufactured in the County include optical fiber, textiles, food, printing and publishing, concrete products, lumber and wood, specialized coloring, fabricated metal and machinery products, transportation equipment, and corrugated packaging.

Corning, Inc.'s fiber optics facility in the southeastern part of the county, which had been "mothballed," has reopened and is in the process of completing two expansions. Philip Morris, Inc., 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 2.4 million square feet. It is unknown at present what will be done with the facility and the property. Currently, Philip Morris is seeking investors to purchase the campus, and continues to pay ad valorem taxes on the property.

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

Industrial and Business Parks

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

Z-Max Industrial Park in Harrisburg (developed by an arm of Charlotte Motor Speedway), has been expanded with a second road for further industrial development. It is served by rail and all utilities.

Copperfield Business Park began development along I-85 in 1987. Firms that have built facilities in the Copperfield Business Park include a nationwide periodical publisher, a commercial printer, several medical offices, a pharmacy and a shopping center. Northeast Outpatient Surgery Center opened in Copperfield last year, and most recently Charlotte Eye Ear Nose and Throat has completed a new facility. Copperfield Business Park opened a new interchange on I-85 and in 1994 completed a five-lane connector road to link the business park with the interchange. A 102-unit Hampton Inn and a Cracker Barrel Restaurant, along with other convenience-type developments, have also opened in the park. ACN Communications moved its world headquarters to Concord December 2008. The telecommunications direct-sales company occupies a 140,000 square foot office building that combines all of their existing facilities into one at a cost estimated to be approximately \$18 million.

The International Business Park is located near an interchange on I-85. The owners of the International Business Park actively pursue private investment from around the world. In early 1991, the Oiles America Corporation, a Japanese company, opened a manufacturing plant for self-lubricating bearings on approximately 25 acres. They completed an expansion of the facilities in 1997 and currently employ 82 persons.

In 1991, Legrand/Pass & Seymour, a French company, opened a manufacturing plant at a cost exceeding \$20 million for electrical wiring devices on a 32-acre site in the park. In mid-1995, Dai Nippon Printing Company Ltd. (DNP) commenced operations in the Park from a new 50,000 square foot facility that produces media (such as ribbons and tapes) and employs 175 people.

DNP acquired nine adjacent acres for expansion in 1996 and completed an expansion which more than doubled the size of its existing facility in 1997. Federal Express also completed development of an approximately 48,000 square foot facility in the Park in 1997.

SYSCO Corporation of Houston, Texas, a food service distributor, completed the construction of a new warehouse/distribution complex in the Park in 1997 and a 135,000 square foot expansion in June 2000. This 435,000 square foot facility serves nearly all of North and South Carolina, as well as parts of Georgia and Virginia. SYSCO employs 420 persons.

In addition, Bonitz, a flooring contractor, opened a facility in the International Business Park in 2004. The Minka Group, a lighting products company, completed construction of a 365,000 square foot facility which will serve as its east coast distribution center.

Walker Marketing, Inc. a Charlotte-area full service marketing communications firm moved its headquarters to Concord in September 2006 to expand office space and offer new services to clients including mediation and hosting focus groups. The new facility was designed by BJW Architecture another firm of the International Business Park. The agency serves clients regionally and nationally in industries such as healthcare, real estate/economic development, food services, construction and government.

Headquartered in Concord's International Business Park, BJW Architecture, Inc. is a full service architectural firm providing complete professional design services for the Charlotte region. BJW Architecture specializes in servicing clients of all sizes in areas including: commercial, financial, industrial, institutional, medical, multi-family housing, office space management, recreational, religious, restaurants and retail facilities. BJW Architecture occupies 1,500 square feet of the 10,000-square-foot building.

PreGel AMERICA is the U.S. division of PreGel, a global specialty dessert ingredient company headquartered in Italy. PreGel is the largest global manufacturer and distributor of ingredients for gelato, sorbetto, frozen yogurt, semifreddo, pastries and more, and has a presence on every continent. In May 2008, PreGel AMERICA opened its U.S. headquarters in Concord, housing Administrative Offices, Professional Training Center, Warehouse and Research & Development departments under one roof to accommodate customer's ongoing business needs. PreGel AMERICA recently opened an \$11.4 million expansion to the facility.

CBLPath opened a new commercial office at the International Business Park in September 2009. They are a leading provider of anatomic pathology and molecular diagnostic laboratory services that delivers advanced diagnostic, prognostic, and therapeutic testing to over 4,500 physician-clients across the nation.

Celgard, LLC, the largest supplier to the lithium battery industry, built a two-phase battery separator and research facility at the Park.

The most recent addition is an 87,000 square foot speculative building. It has been constructed in the Park and will open later this year. The facility is expandable up to 144,000 square feet.

The West Winds Industrial Park is located directly across from the airport entrance. The first phase, an 18,000 square foot mixed office/industrial space, has been completed. Also completed in the Industrial Park is a 45,000 square foot NASCAR research and development center to research new safety methods. A 40,000 square foot speculative building is available, as well as additional land development.

The most recent announcement for West Winds is the redevelopment and new construction for a Cabarrus County legacy company – S & D Coffee & Tea. In November 2012 S & D announced a \$97 million expansion and the addition of 200 jobs at an average wage of \$36,311. The expansion will boost its production of coffee, tea, and extracts.

The University Research Park lies within five miles of the County limits. The County's close proximity to Charlotte and the University of North Carolina at Charlotte with its University Research Park, home to IBM and Verbatim, has fueled strong residential and commercial growth.

The Midland Business Park and Intermodal Facility is a future business park to be built near NC Highway 24/27 and Highway 601. Aberdeen Carolina and Western Railway are working to develop the 70-acre business park to permit the relocation of an intermodal facility, as well as, additional distribution facilities.

The Kannapolis Gateway Business Park is an 85-acre park located one mile from an interchange on I-85 and features approximately 753,000 square feet of industrial space and a 12 acre retail center. The City of Kannapolis and Mark Pierce Poole Properties, Inc., a Charlotte real estate development firm specializing in industrial, retail and office properties, partnered to construct a speculative industrial building there. It is currently occupied by a distribution firm.

Warehouse and Distribution

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

Examples of distribution centers include: Saddle Creek, a large Florida based logistics company, which opened a 350,000 square foot rail-served distribution center in Harrisburg (from which it serves Wal-Mart, America's largest retailer); Caffey Distributing, a Greensboro based beer distributor, which in 2002 began operating a 130,000 square foot distribution center near I-85 and the Concord Regional Airport; and Rug & Home, headquartered in Asheville, opened a 96,000 square foot retail and distribution warehouse in Kannapolis April 2010, creating between 40 and 75 jobs. SP Richards, a business products distributor built a 200,000 square foot distribution facility in late 2012 and created 67 jobs. Distribution Technologies is located in a formerly dilapidated 60,000 square foot distribution center. This facility, formerly plagued by vandals, has brought new life and nearly 100 jobs.

Entertainment and Hospitality

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

The City of Concord and Embassy Suites Hotels constructed a Convention Center and full-service hotel on Bruton Smith Boulevard. This complex is located equidistant between CMS and the Concord Mills Mall. Other hotels have located in this area, including Great Wolf Lodge, which has the largest indoor water park in North Carolina.

Motorsports

The County is home to CMS, NASCAR Research & Development, World Racing Group, the Dirt Track at CMS, Concord Motorsports Park, Motorsports Radio Network, zMax Dragway, four driving schools, Hendrick Motorsports, Roush Fenway Racing, Earnhardt Ganassi Racing with Felix Sabates, Richard

Petty Motorsports, Stewart-Haas Racing, Wood Brothers and several other motorsports-related businesses.

Recent developments involving motorsports businesses include the building of a \$40 million wind tunnel by California-based Windshear. It is the only publicly available wind tunnel in North America using “rolling road” technology. This facility allows for full-scale testing of race cars at speeds of 180 miles per hour. Wood Brothers relocated its operations to a 123,000 square-foot building in Harrisburg. Stewart-Haas Racing opened a state-of-the-art, 140,000 square foot racing facility which doubles the size of its former facility. JHE Productions is located in the Harrisburg area near the Saddle Creek facility and operates out of a 46,000 square foot building.

Retail

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

The owner of Concord Mills Simon Properties, and Merlin Entertainment have announced a new \$10 million aquarium to be built at Concord Mills, opening in early 2014. 350,000 new guests are expected to visit Concord Mills as a result.

There are a number of new retail centers that have been constructed or are under construction throughout the County as a result of the population increase that has occurred. Some of these are part of much larger mixed-use developments that also include services, employment and residential uses. For example, the Northlite Center, in the northern part of the county, is anchored by Sam's Club, Wal-Mart, Kohl's, and Hobby Lobby. Academy Sports opened two new outlets including one adjacent to Northlite. Harrisburg Town Center is a 100-acre mixed use development on Highway 49, which includes a mix of residential units with 500,000-square feet of office and retail space. Moss Creek is a mixed-use project on 500 acres at Highway 73 and Odell School Road. Development includes 1,400 housing units, an elementary and middle school, and 200,000 square feet of office/retail space. Afton Ridge Center retail area opened in the fall of 2006 and includes a Super Target, Marshall's, Best Buy, Dick's Sporting Goods and other retail stores and restaurants. This center is located at the intersection of I-85 (Exit 54) and Kannapolis Parkway. The business park section has added its first tenant, S.P. Richards, and a 414-unit apartment complex has recently opened its first phase.

Aviation

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

Concord Regional Airport facilities includes a 12,500 square foot terminal building, maintenance facility, fuel farm, on-site fire station, sixty-seven T-hangars, eight large conventional storage hangars, eleven privately leased or developed corporate hangars, and over twenty-five acres of aircraft parking ramp space.

The airport opened in the fall of 1994. The total initial cost for the airport was approximately \$27 million, which was paid for using City funds (4%) and State and Federal grant funds (16% and 80% respectively).

There are currently 170 aircraft based at the airport with a combined taxable value of over \$120,000,000.

The airport is open 24/7/365 and, to enhance aviation traffic safety, the airport has contracted air traffic control services sixteen (16) hours daily with extended hours during race events and 24/7/365 specialized aircraft fire and rescue on site.

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

A 2012 economic impact analysis determined that the Concord Regional Airport has a \$175,790,000 economic contribution, annually supporting almost 2,000 jobs in the Cabarrus County region.

Additional development and growth is expected to continue at the airport. Facility improvements include vehicle parking enhancements, passenger processing facilities, new control tower, and additional hangars. These improvements will make it possible for additional revenues, based aircraft, and new services for the community ensuring Concord Regional Airport remains a critical economic generator and community asset for the City and Cabarrus County.

Three industrial and two commercial business parks are located adjacent to the west side of Concord Regional Airport and include various size lots and buildings, access roads, and utilities. Currently there are over 14 buildings and additional land area for future development. Some major tenants in these business parks are the NASCAR Research and Development Center, Earnhardt Ganassi Racing Headquarters, Roush Fenway Racing Shops / Headquarters / Museum, Richard Petty Motorsports, DIRT Motorsports Headquarters, and Flyright Inc.

The following table lists the 10 largest employers in the County as of 2013:

| <u>Employer</u> | <u>Service</u> | <u>Approximate Number of Employees</u> |
|----------------------------------|--|---|
| Carolinas Medical Ctr.-Northeast | Medical Center | 4,500 |
| Cabarrus County Schools | Education | 3,800 |
| Cabarrus County | Government | 975 |
| City of Concord | Government | 936 |
| Connexions | Business Solutions | 900 |
| State of North Carolina | Government | 771 |
| Kannapolis City Schools | Education | 750 |
| Shoe Show | Shoe Distributor | 700 |
| S & D Coffee and Tea | International Coffee and Tea Distributor | 575 |
| ACN | Telecommunications | 500 |

Source: Cabarrus County Economic Development Corporation (2013)

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, and Health Insurance Fund) for the fiscal year ending June 30, 2014 totals \$226,043,795 with a tax rate of \$0.70 per \$100 of assessed value, based on a total valuation of \$18,928,458,292. The valuation increased 2.87% from the prior year as the economy began to recover.

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

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

subsequent years rely on previous year expenditures and revenues as a starting point. Increases and decreases are itemized.

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

Relevant Financial Policies

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

The County will maintain an undesignated fund balance that exceeds eight percent (8%) in accordance with North Carolina Local Government Commission's (LGC) recommendation. For 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 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 and \$ 5,940,197 in 2013, the first full fiscal year of its collection. Collections of this additional ¼ cent sales tax are used to pay debt service on indebtedness issued for schools.

On May 15, 2013, Cabarrus County issued \$ 62,360,000 of General Obligation, Series 2013 advance refunding bonds to provide resources to purchase U.S. Government securities that were placed into an irrevocable trust for the purpose of making all future debt service payments on the callable Series 2005 and the callable Series 2006 General Obligation bonds. The refunded debt consists of a portion (\$31,500,000) of the County's Series 2005 General Obligation Bonds dated March 1, 2005 and maturing March 1, 2016 through March 1, 2025 and a portion (\$34,200,000) of the County's Series 2006 General Obligation Bonds dated September 1, 2006 and maturing March 1, 2017 through March 1, 2027. The refunding debt was issued at a net interest cost of 2.148626%. 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 position. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$ 62,360,000. This refunding was undertaken to reduce total debt service payments over the following 14 years by \$ 6,205,125 and resulted in a present value cash flow savings of \$ 5,522,531.

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

The county has identified economic development and future capital needs of the county and our public schools as significant issues to address as we strive to enhance the viability of our county and its residents. Currently county staff, county/city elected officials, school boards, and the Chamber of Commerce/Economic Development Corporation are evaluating their policies and procedures in efforts to address these issues.

Efforts to improve relationships with our many community partners have proven to be very successful. City/County managers meet on a regular basis to discuss current issues and search for ways to mutually address them to meet the needs of the respective jurisdictions. Mayors (Chairman) and Managers meetings have been renewed and now take place on a quarterly basis giving our elected officials and their managers the opportunity to update each other of their initiatives and to discuss opportunities to work together to achieve their goals.

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, 2012. This was the twenty-eighth 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, 2012. 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 fifteenth 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



Ann M. Wilson
Finance Director



Government Finance Officers Association

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

Presented to

**Cabarrus County
North Carolina**

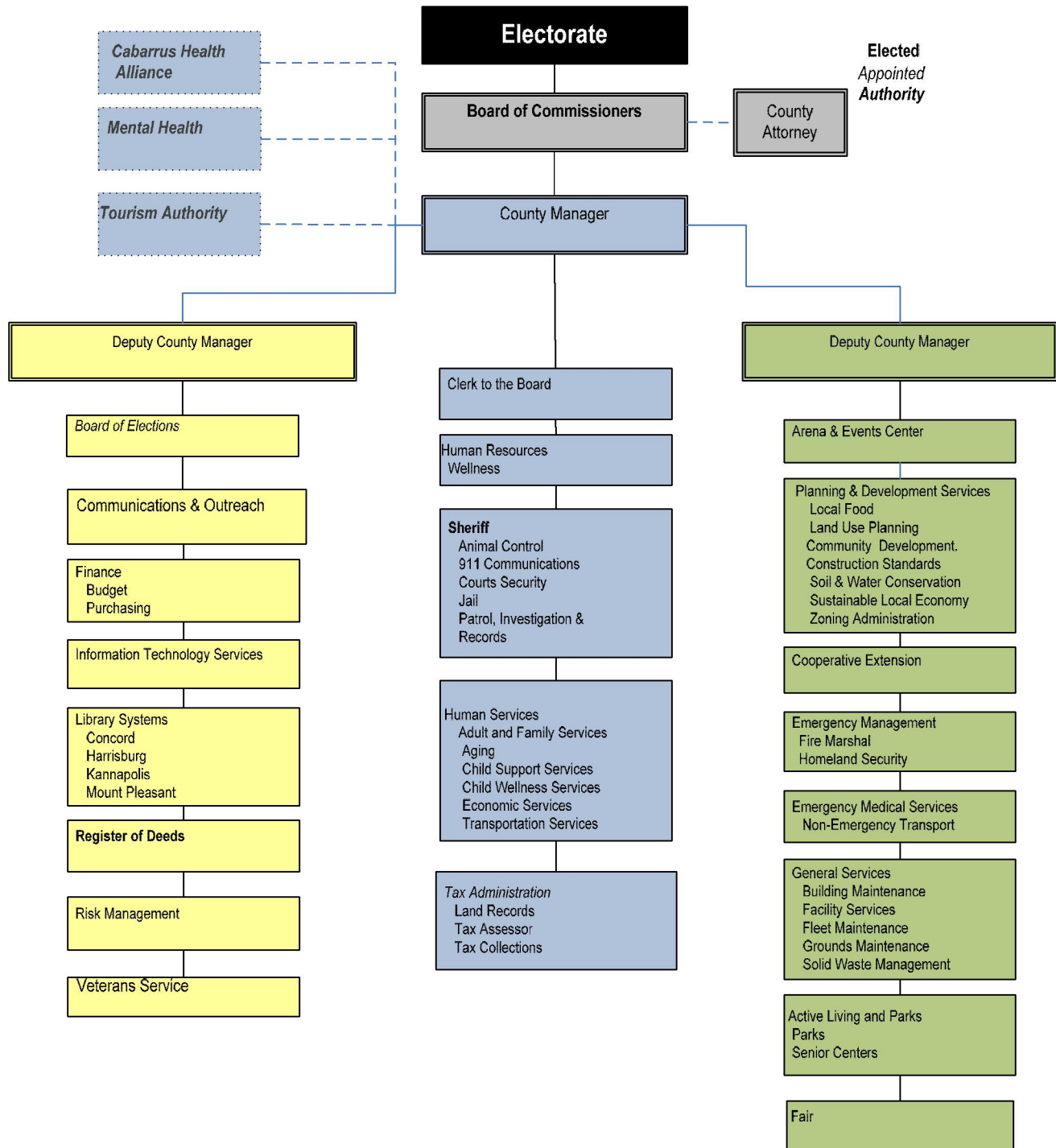
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

Introduction

Cabarrus County Organizational Chart



Board of County Commissioners

Chair Elizabeth F. Poole
Vice-Chair H. Jay White, Sr.
Commissioner Larry M. Burrage
Commissioner Christopher A. Measmer
Commissioner Stephen M. Morris

Other Elected Officials

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

County Manager Michael K. Downs

Deputy County Manager Pamela S. Dubois
Deputy County Manager Jonathan B. Marshall

Clerk to the Board Megan I. Smit

County Department Heads

Planning and Development Kelly F. Sifford
Cooperative Extension Robert B. Furr
Elections Director Carol L. Soles
Emergency Management Robert S. Smith
Emergency Medical Services D. Alan Thompson
Fair Kathleen P. Sharpe
Finance Director Ann M. Wilson
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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Cabarrus County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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 *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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

Opinions

In our opinion, based 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County as of June 30, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 7e to the financial statements, in fiscal year 2013 the County adopted a new accounting guidance, GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' and Other Post Employment Benefit's Special Separation Allowance 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 the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cabarrus County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013 on our consideration of the Cabarrus County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cabarrus County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2013



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, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

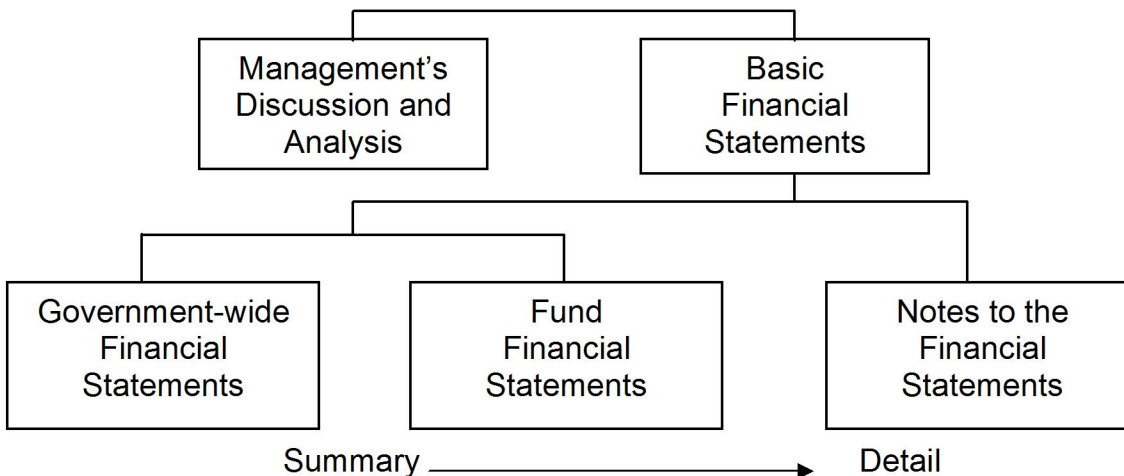
Financial Highlights

- The liabilities and deferred inflows of resources of Cabarrus County exceeded its assets and deferred outflows of resources at the close of the fiscal year by (\$35,675,389) (*net position*).
- The total Net Position related to Governmental Activities (Exhibit 1) shows a deficit of \$39,238,848, a decrease of \$25,854,397 from the prior year's deficit of \$65,093,245. 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 the net position of the County creating a large deficit in unrestricted net position. The Statement of Net Position does not present the County's position regarding spending. This information is presented in the governmental fund statements (Exhibit 4).
- As of the close of the current fiscal year, Cabarrus County's governmental funds reported combined ending fund balances of \$116,259,302, after a net increase in fund balance of \$9,049,973. Approximately 18.5 percent of this total amount or \$21,526,048 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$61,505,652, or 30.4 percent of total general fund expenditures for the fiscal year.
- Cabarrus County's total debt decreased by \$29,308,035 or 7.77% during the current fiscal year. The key factors in this net decrease were the advance refunding of \$ 31,500,000 of Series 2005 General Obligation Bonds and \$34,200,000 of Series 2006 General Obligation Bonds through issuance of \$62,360,000 in Series 2013 General Obligation Bonds creating a net reduction of \$3,340,000 in outstanding principal and present value cash flow savings of \$5,522,531. Other General Obligation debt decreased by \$6,965,000. COPS and LOBS debt decreased by \$18,820,000 and Capital leases decreased \$183,035.
- These statements reflect GASB Statement 65 which requires that deferred costs from the refunding of debt, which were previously deferred and amortized be presented as deferred outflows of resources. Bond issuance costs which were previously deferred and amortized must be included in current expenditures. Previously deferred bond issuance costs totaling \$3,176,498 were not recognized as expenditures in the current year. As a result, beginning net position decreased from (\$65,093,245) to (\$68,269,743).
- Cabarrus County has installment bond ratings of AA / Aa₂ / AA and general obligation bond ratings of AA+ / Aa₁ / AA+.

Overview of the Financial Statements

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

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

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

residents of the County. The Chairperson of the Board of Commissioners for Cabarrus County appoints the members of the board of the Health Alliance.

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

While net position is 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 and deferred inflows of resources of Cabarrus County exceeded the assets and deferred outflows of resources by \$35,675,389 at June 30, 2013. 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 \$282,052,310 at June 30, 2013 and totaled \$296,402,561 at June 30, 2012, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts the net position of the County, creating a large deficit in unrestricted net position. The County's net position increased by \$25,771,178 for the fiscal year ended June 30, 2013. This is a result of revenues recognized in excess of budgeted amounts and expenses coming in under budget. One of the largest portions comprising the net position is the County's net investment in capital assets, \$129,496,813 (e.g. land, buildings, vehicles, equipment and other machinery used in providing services to residents). These assets are not available for future spending. Although the county's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$21,526,048, represents resources which are reserved by law for specific purposes. Net position does not present the County's position regarding spending, this amount is presented in the governmental funds statements.

Cabarrus County's Net Position

Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|-----------------------------------|----------------------------|------------------------|-----------------------------|---------------------|------------------------|------------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$133,500,615 | \$127,317,145 | \$ 3,852,803 | \$ 3,649,292 | \$137,353,418 | \$ 130,966,437 |
| Capital assets | 212,697,320 | 217,058,330 | 3,220,285 | 3,601,643 | 215,917,605 | 220,659,973 |
| Total assets | <u>346,197,935</u> | <u>344,375,475</u> | <u>7,073,088</u> | <u>7,250,935</u> | <u>353,271,023</u> | <u>351,626,410</u> |
| Deferred outflows of resources | 10,747,569 | 8,282,188 | - | - | 10,747,569 | 8,282,188 |
| Long-term liabilities outstanding | 353,595,403 | 372,652,226 | 3,252,018 | 3,314,716 | 356,847,421 | 375,966,942 |
| Other liabilities | 42,089,399 | 44,687,685 | 257,611 | 289,541 | 42,347,010 | 44,977,226 |
| Total liabilities | <u>395,684,802</u> | <u>417,339,911</u> | <u>3,509,629</u> | <u>3,604,257</u> | <u>399,194,431</u> | <u>420,944,168</u> |
| Deferred inflows of resources | 499,550 | 410,997 | - | - | 499,550 | 410,997 |
| Net Position | | | | | | |
| Net investment in | | | | | | |
| capital assets | 126,276,528 | 123,980,302 | 3,220,285 | 3,601,643 | 129,496,813 | 127,581,945 |
| Restricted | 21,526,048 | 32,502,357 | - | - | 21,526,048 | 32,502,357 |
| Unrestricted | (187,041,424) | (221,575,904) | 343,174 | 45,035 | (186,698,250) | (221,530,869) |
| Total net position | <u>\$ (39,238,848)</u> | <u>\$ (65,093,245)</u> | <u>\$ 3,563,459</u> | <u>\$ 3,646,678</u> | <u>\$ (35,675,389)</u> | <u>\$ (61,446,567)</u> |

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

- Continued low cost of debt due to the County's high bond rating and the prevailing low interest rate environment. Due to this environment, the County advanced refunded a portion of the Series 2005 and 2006 General Obligation bonds by issuing \$62,360,000 in Series 2013 General Obligation bonds. This refunding resulted in a net cash flow savings to the County of \$5,522,531.

- General Fund County revenues at June 30, 2013 were \$14,391,962 over budget. This is higher than expected due to the following areas exceeding budgeted amounts: sales tax collections (\$5,970,256), property tax (\$1,736,574), delinquent tax collections (\$1,707,184), ambulance fee collections (\$320,484), Medicaid transportation collections (\$524,134), Register of Deeds fees (\$435,736) and Construction Standards fees (\$562,571). The Sheriff Department began receiving funds for housing state prisoners under the State Misdemeanant Confinement program (SMCP) and generated \$617,000 of unbudgeted revenues to offset the costs for these inmates who were housed in otherwise vacant beds. The County also received \$884,970 in Medicaid Hold Harmless funds that were not budgeted due to their variability over the years.
- The General Fund received \$9,378,903 in other financing sources from several capital project funds for payment of debt service.
- The General Fund had budgeted fund balance appropriated of \$5,765,928 that was not used during the fiscal year due to revenues exceeding expenditures by \$19,706,295.
- General Fund expenses at June 30, 2013 were \$10,814,908 under budget. Much of the under-spending related to the schools. There were \$2,939,247 in one-time funds allocated for the schools (Cabarrus County Schools \$1,545,007, Kannapolis City Schools \$374,632) and Rowan Cabarrus Community College (\$1,019,608) that were not spent this year and were re-appropriated to FY2014. \$400,000 in economic incentive funds were also re-appropriated as the conditions for payment were not complete in FY2013. An additional \$1,347,723 was re-appropriated for various projects and grants that were not completed in FY2013. Thus a total of \$4,686,970 was re-appropriated from the General Fund Balance to FY2014. County Departments were conservative in their spending resulting in an additional \$6,029,549 of savings. The largest areas of savings were in Human Services, \$2,125,683 under budget, due to reduced expenses in Emergency Assistance, Foster Care and Day Care, County salary and fringe expenses, \$1,193,998 under budget, due to unfilled positions and Fuel and Power expenses, \$654,163 under budget, due to County energy conservation measures.
- The Landfill Enterprise Fund operating expenses were \$570,343 under budget and \$139,077 below FY2012 expenses due to not utilizing capital reserve funds set aside for closure/postclosure and a reduction in engineering expenses. Engineering costs were re-appropriated to FY2014 for the upcoming mini-expansion of the existing Construction and Demolition (C&D) site.

Cabarrus County's Changes in Net Position

Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|---------------|-----------------------------|------------|---------------|---------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | \$ 17,209,732 | \$ 15,905,002 | \$ 674,272 | \$ 704,647 | \$ 17,884,004 | \$ 16,609,649 |
| Operating grants and contributions | 21,281,605 | 21,601,948 | - | - | 21,281,605 | 21,601,948 |
| Capital grants and contributions | 7,637,084 | 1,974,421 | - | - | 7,637,084 | 1,974,421 |
| General revenues: | | | | | | |
| Property taxes | 133,982,194 | 135,600,306 | - | - | 133,982,194 | 135,600,306 |
| Local option sales tax | 36,890,472 | 33,612,837 | - | - | 36,890,472 | 33,612,837 |
| ABC revenues | 90,926 | 86,842 | - | - | 90,926 | 86,842 |
| Other taxes and licenses | 760,314 | 752,711 | 313,218 | 350,141 | 1,073,532 | 1,102,852 |
| Investment earnings | 1,627,590 | 1,352,010 | 9,381 | 8,495 | 1,636,971 | 1,360,505 |
| Total revenues | 219,479,917 | 210,886,077 | 996,871 | 1,063,283 | 220,476,788 | 211,949,360 |

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|-----------------|-----------------------------|--------------|-----------------|-----------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Expenses: | | | | | | |
| General government | 20,446,857 | 21,958,116 | - | - | 20,446,857 | 21,958,116 |
| Public safety | 39,553,136 | 39,222,178 | - | - | 39,553,136 | 39,222,178 |
| Economic and physical development | 4,073,657 | 3,892,813 | - | - | 4,073,657 | 3,892,813 |
| Environmental protection | 547,558 | 583,412 | - | - | 547,558 | 583,412 |
| Human services | 37,438,873 | 39,620,352 | - | - | 37,438,873 | 39,620,352 |
| Education | 63,146,646 | 66,152,595 | - | - | 63,146,646 | 66,152,595 |
| Cultural and recreation | 7,465,525 | 6,577,413 | - | - | 7,465,525 | 6,577,413 |
| Interest on long-term debt | 17,898,970 | 19,108,759 | - | - | 17,898,970 | 19,108,759 |
| Landfill | - | - | 957,890 | 1,096,968 | 957,890 | 1,096,968 |
| Total expenses | 190,571,222 | 197,115,638 | 957,890 | 1,096,968 | 191,529,112 | 198,212,606 |
| Increase (decrease) in net position before transfers | 28,908,695 | 13,770,439 | 38,981 | (33,685) | 28,947,676 | 13,736,754 |
| Transfers | 122,200 | 25,615 | (122,200) | (25,615) | - | - |
| Increase (decrease) in net position | 29,030,895 | 13,796,054 | (83,219) | (59,300) | 28,947,676 | 13,736,754 |
| Net position, beginning, previously reported | (65,093,245) | (65,093,245) | 3,646,678 | 3,705,978 | (61,446,567) | (61,387,267) |
| Restatement | (3,176,498) | - | - | - | (3,176,498) | - |
| Net position, beginning, restated | (68,269,743) | (65,093,245) | 3,646,678 | 3,705,978 | (64,623,065) | (61,387,267) |
| Net position ending | \$ (39,238,848) | \$ (65,093,245) | \$ 3,563,459 | \$ 3,646,678 | \$ (35,675,389) | \$ (61,446,567) |

Governmental activities

Governmental activities increased Cabarrus County's net position before restatement by \$29,030,895 or 45%. Key elements of this net increase are as follows:

Revenues:

Charges for services increased \$1,304,730 over FY2012. Public Safety increased by \$913,296 due to a 16% increase in the number of building permits issued indicating that the economy is improving. Human Services increased by \$913,570 due to a catch up reimbursement of approximately four months of Medicaid Transportation reimbursements. Culture and Recreation increased \$220,987 due to the addition of the Senior Center programming added to the Culture and Recreation budget and an overall increase in citizen participation in all Active Living and Parks programs. Charges for Education decreased by \$760,440. This was due to the County decision to eliminate the Adequate Public Facility fee.

Operating grants and contributions experienced a net \$320,343 or 1.5% decrease from FY2012 to FY2013. This decrease is the result of several factors. Human Service programs had a reduced funding of \$897,019 from the federal and state government. There was an increase of \$493,067 in the General Government revenue category. This increase was primarily due to a large Medicaid Hold Harmless payment. There was a decrease in State funding related to the Public Safety category in the amount of \$190,230. There was a decrease in the Stimulus funding that primarily affected the \$406,082 decrease in the Economic and Physical Development category. There was an increase in funding for Culture and Recreation of \$653,595 due to contributions from the Convention and Visitor Bureau which indicates increase in occupancy tax revenues from hotels.

Capital grants and contributions experienced a net increase of \$5,662,663 which primarily relates to an appropriation of \$7,307,518 of Lottery Proceeds for the payment of debt service for School Construction in FY2013 versus only appropriating \$1,713,555 in Lottery Proceeds in FY2012.

Property tax revenue decreased from FY2012 levels by \$1,618,112 or 1.2%; composed of current year collections decreasing \$2,507,622 and delinquent increasing by \$832,988. Delinquent collections were \$1,747,799 over the budgeted amount due to the favorable settlement of one large tax payer account.

FY2013 was a revaluation year and anticipated assessed values used for the FY2013 budget declined 13.66%. The revenue neutral tax rate was \$0.72 cents per hundred dollars of valuation; however, the Board approved a rate of \$0.70 cents which was a \$0.02 cent reduction from the revenue neutral rate.

Local option sales tax increased by 9.75% or \$3,277,635. In October 2011, the County enacted an additional ¼ cent sales tax. For 8 months of FY2012 this new tax generated \$4,022,347 in revenues, and it generated \$5,978,543 in FY2013. FY2013 experienced higher sales tax refunds to nonprofit businesses than in FY2012. FY2013 refunds were \$4,331,156 compared to FY2012 refunds of \$3,806,580. However, sales tax revenues by article experienced growth between 2.8% to 5.3% where the County only anticipated a 1.5% increase.

Investment earnings increased \$275,580 over last year. Rates remained very low, but our funds available for investment were greater in FY2013 than in FY2012.

Expenses:

General Government expenses decreased overall by \$1,511,259 or 6.9% and relate to many changes in several funds. Internal Service fund charges allocated to General Government related to workers compensation and health insurance declined from the previous year by \$43,283 and \$403,473 respectively. At June 30, 2012, the Workers Compensation fund was discontinued as an Internal Service fund and the liability was transferred to the Carolina Governmental Alliance, Inc. During FY2012 the County experienced several large claims that increased expenses. During FY2013, the County discovered that the 457 Lake Concord Road property was not properly capitalized. The sale of the property resulted in recognizing \$571,949 in gain on the sale of capital assets as well as \$491,000 in donations of property which were both netted against general government expenses. The County Manager Department expenses declined \$181,223 primarily due to the one-time expenses of FY2012. The Capital Improvement Projects Department was moved out of the General Fund to the Construction and Renovations Fund. The expenses in FY2012 were \$422,577. The Fleet Maintenance costs declined \$178,188 due to the accounting change of capitalizing the parts inventory in FY2012. Unemployment costs declined by \$196,647 and the Contribution to the Pension Trust declined by \$99,892. OPEB expenses increased \$114,982 based on actuarial calculations of the County's liability. Information Services costs increased \$226,423, primarily in the operations area. Depreciation expense increased in FY2013 by \$321,517 to \$1,489,936. Board of Elections costs increased \$104,624 due to the November 2012 Presidential election. Building Maintenance costs increased by \$189,363. County buildings are aging and the regular scheduled maintenance increased.

Human Services expenses declined overall by \$2,181,479 or 5.5%. This relates primarily to the decline in the non-major Small Projects Fund of \$1,413,218. The FY2012 Small Projects fund included the costs of constructing a harvest facility. Also, the Human Services allocation of worker's compensation and health insurance costs declined by \$99,619 and \$781,492 respectively. In FY2013, the County discovered that certain transportation vans previously believed to be state-owned were actually county-owned. These donations of \$330,410 were netted against Human Services expenses. OPEB expenses increased \$203,752. Depreciation expense also increased \$320,560 to \$1,165,763.

Education expenses decreased \$3,005,949 (4.5%). Qualified School Construction Bond projects began in FY2011 and will continue for one more year. \$12,693,168 has been expended to date for these projects; \$6,875,643 was spent in FY2013. \$167,245 of bond closing cost amortization was charged to education in FY2012 and not in FY2013. Due to implementation of GASB Statement 65, the unamortized amount of bond closing cost \$3,176,498 was recorded as a restatement to Net Position on Exhibit 2.

Culture and Recreation expenses increased by \$888,112 or 13.5%. This relates to the addition of the Senior Center programs to the Active Living and Parks Department of \$524,800 and to additional staff in the parks of \$108,863 and additional capital outlay of \$112,849 relating to matching grants.

Due to the County's aggressive policy of refinancing debt when opportunities arise and the payoff of installment financing in FY2012, the interest expense declined by \$1,209,789 or 6.3%.

Business-type activities

The County's Business-type activity, the Landfill, experienced an \$83,219 (2.24%) decrease in net position. A transfer to the County Closure/Post Closure Liability reserve of \$957,917 was made in FY2010 as estimated by the County's third party engineers. No transfer was estimated and recommended by the engineers in FY2011, FY2012 or FY2013.

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 only major fund, as defined by GAAP for the fiscal year ended June 30, 2013, was the *General 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, 2013, Cabarrus County's total fund balance was \$95,739,530 of which \$83,956,352 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 39.33% of general fund expenditures, while total fund balance represents 44.85% of that same amount. Of the \$83,956,352 available fund balance, the County has assigned \$22,450,700 (27%) for specific projects and obligations. Following the fund balance policy, \$32,019,152 (38%) of the available fund balance has been set aside for working capital. This leaves \$29,486,500 (35.1%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2013, the governmental funds of Cabarrus County reported a combined fund balance of \$116,259,302, a \$9,049,973 increase from last year.

The *General Fund* fund balance increased \$19,706,295. Property taxes are the largest revenue source. The collection rate slightly increased from the prior year's 96.58% to 96.67%. Current year tax collections experienced several large unfavorable tax appeal settlements; however were \$1,736,574 over budget. Delinquent property tax collections were \$ 1,747,799 over budget due to the favorable settlement of one large tax payer account.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2013, sales taxes of \$36,258,932 were collected; \$5,970,256 in excess of anticipated amounts. \$1.9 million of the excess relates to under budgeting of the Article 46 sales tax which should have been annualized for FY2013. When budgeting, refunds were anticipated to be much higher than the \$4,331,156 experienced.

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 turning around as seen in the \$468,564 increase in revenues in these two areas which was \$1,059,512 over the budget.

Non Major Funds. The *Construction and Renovation Fund* expenditures were \$2,161,795. These related primarily to the Human Services Center renovations of \$924,971, the parking lot renovation of \$269,229 where the former Board of Elections was located, the Rocky River School Park bathrooms of \$250,846, the jail demolition project of \$59,631, the courthouse chiller of \$128,970, and the arena roof of \$20,937.

The *Qualified School Construction Bond Fund* balance decreased \$6,872,890. 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 FY2012 and totaled \$5,817,525. FY2013 expenditures totaled \$6,875,643. The Fund Balance as of June 30, 2013 is \$1,956,225.

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 \$79,924,965 with \$73,020,999 related to the refunding of debt.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by \$8,784,610 (3.1%). Actual general fund expenditures and transfers out were less than *final budgetary* figures by \$10,921,685 (3.9%), thus eliminating the need to draw upon existing fund balance.

Major budget increases and decreases during the year include:

- **Refinancing of Debt: \$73,020,999** On May 15, 2013 the County issued \$62,360,000 of General Obligation, Series 2013 advance refunding bonds to provide resources to purchase US Government securities that were placed in an irrevocable trust for the purpose of making all future debt payments on the callable Series 2005 and series 2006 General Obligation Bonds. This transaction will result in savings over the life of the bonds of \$5,522,531 and results in a net interest cost of 2.148626%. The transaction resulted in proceeds and premium in the amount of \$73,020,999 with a required disbursement to the Bond trustee in the amount of \$65,700,000 for refunding the bonds and \$6,779,619 for advance refunding of the bond interest.
- **Budgeting of Fund Balance:** A total of \$5,765,928 of fund balance was budgeted in FY2013, although none was actually expended. \$2,086,178 in fund balance was re-appropriated from prior year for projects that were not completed in FY2012 and were on-going in FY2013. Fund balance was also appropriated for the following during the year: One-time projects for the Cabarrus County and Kannapolis City Schools and Rowan Cabarrus Community College \$2,730,650; One-time projects for Cabarrus County \$122,000; Foster Care overruns \$350,000; Senior Center renovations \$390,000; and the Volunteer Fire Department mobile data project \$87,100.
- **Contributions from other Funds:** \$234,825 was transferred from the Capital Reserve Fund for the renovation of a building at Rowan Cabarrus Community College.
- **Medicaid transportation revenues:** were increased \$566,000 and used to purchase three new ambulances at \$426,000 and \$140,000 to cover the additional expenditures of the program.
- **Human Services:** received an additional \$142,688 in Low Income Energy Assistance Funds and \$323,027 in Crisis Funds.
- **Immigration Control Enforcement Funding:** from the Sheriff's Department decreased \$310,569 due to uncertainties at the Federal level.
- **Juvenile Crime Prevention Council grants:** of \$113,880 were budgeted and received to be paid out to various organizations.

Proprietary Funds. Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The *Landfill Fund* is the County's sole Enterprise Fund. The Net Position for the *Landfill Fund* decreased \$83,219 during the fiscal year ended June 30, 2013 to \$3,563,459. Due to economic times, Landfill tipping fees decreased \$30,375 (4.3%) 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, 2013, totals \$215,917,605 (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 fifteen vehicles for the Sheriff's department, three vehicles for General Services, one vehicle for Information Services, six vans for Transportation, three Ambulances for Emergency Medical Services, one vehicle for Emergency Services, one vehicle for Active Living and Parks, and one Roll off truck for the Landfill, for a total of thirty one vehicles.
- Demolished the old Board of Elections building and constructed Parking Lot #5 on Corban Avenue.
- Completed projects included the Jail Housing Project and the Sheriff's Administration Building 7th Floor Renovation.
- New Construction in Progress beginning this year were the Courthouse Annex Parking Lot, Courthouse Annex, Camp Spencer Helms Hall Replacement, Senior Center Renovation and Sheriff's P25 Radio System.

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

Figure 4

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------|----------------------------|-----------------------|-----------------------------|---------------------|-----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Land | \$ 21,801,111 | \$ 24,009,781 | \$ 490,447 | \$ 490,447 | \$ 22,291,558 | \$ 24,500,228 |
| Land Improvements | 3,977,995 | 4,018,409 | 690,108 | 766,482 | 4,668,103 | 4,784,891 |
| Buildings | 141,029,181 | 85,153,259 | 1,059,507 | 1,092,111 | 142,088,688 | 86,245,370 |
| Building Improvements | 16,110,326 | 14,501,325 | 3,838 | 3,976 | 16,114,164 | 14,505,301 |
| Equipment | 3,640,120 | 4,543,432 | 1,612 | 19,820 | 3,641,732 | 4,563,252 |
| Furniture and Fixtures | 24,167 | 58,358 | - | - | 24,167 | 58,358 |
| Vehicles | 3,202,911 | 3,068,280 | 622,096 | 876,130 | 3,825,007 | 3,944,410 |
| Reservoir | 21,373,717 | 21,395,482 | - | - | 21,373,717 | 21,395,482 |
| Construction in progress | 1,537,792 | 60,310,004 | 352,677 | 352,677 | 1,890,469 | 60,662,681 |
| Total | <u>\$ 212,697,320</u> | <u>\$ 217,058,330</u> | <u>\$ 3,220,285</u> | <u>\$ 3,601,643</u> | <u>\$ 215,917,605</u> | <u>\$220,659,973</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, 2013, Cabarrus County had total debt outstanding of \$347,473,072 which includes General Obligation Bonds that are backed by the full faith and credit of the County and other debt that is covered by pledged collateral and is subject to appropriation.

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

| | Governmental Activities | |
|-------------------------------|----------------------------|-----------------------|
| | 2013 | 2012 |
| General obligation bonds | \$ 88,390,000 | \$ 98,695,000 |
| Capital lease obligations | 3,348,072 | 3,531,107 |
| Certificates of participation | 255,735,000 | 274,555,000 |
| Total | <u>\$ 347,473,072</u> | <u>\$ 376,781,107</u> |

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 4th consecutive year an Aa1 rating from Moody's and an AA+ rating from Fitch. For the 5th consecutive year, a rating of AA+ from Standard and Poor's has been maintained. These bond ratings are a clear indication of the sound financial condition of Cabarrus County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to eight percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,148,192,865 as of June 30, 2013. Additional information regarding Cabarrus County's long-term obligations can be found beginning in Note 2 section I of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

Cabarrus County is a part of the Charlotte Metropolitan Statistical Area (MSA), which before the current economic downturn, has proved beneficial in that the County has continued to experience economic growth during national and state economic downturns. Although unemployment remains a problem, the County has weathered the storm of the Great Recession quite well. As approved by the County Commissioners, the County held onto fund balance in the General Fund versus transferring it to the Capital Reserve Fund in case it was needed for unforeseen circumstances. A reduction in force in 2010 of nearly 80 positions created a very lean organization. The County also did not give merits from FY2009-2013 but were able to restore them for FY2014. Cost of Living increases were not given in FY2013 but were also restored in the FY2014 budget. Given the excess of revenues over expenses of \$19,706,295 in FY2013 the economy has improved tremendously. 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 | 178,519 |
| Population, 2000 Census | 131,063 |
| Population Change 2000 - 2010 | 36.2% |
| Unemployment June 2013 | 8.8% |
| Per Capita Personal Income, 2012 | \$35,561 |
| Poverty, 2011 | 13.0% |

Source: U.S. Census Bureau, Bureau of Economic Analysis and Employment Security Commission, USDA Economic Research Service, Office of State Budget and Management

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2014

Governmental Activities: The County's conservative financial management practices have positioned it to sustain services while keeping expenditures relatively flat over the next three years. In FY2017, which will also be a re-evaluation year, the County plans to incur debt upon voter approval to address the many capital needs of the County, the schools and Community College that arose during the recession. The County's five year financial plan ensures the County will maintain a healthy fund balance. In developing the FY2014 budget, the County was successful in keeping the tax rate from growing. The County adopted

its FY2014 budget of \$226,043,795 at 3.23% more than the FY2013 amended budget dated April 2013. The County's 2014 budget is based on a tax rate of \$0.70 per \$100 valuation (the same as the rate in FY2013).

The real property tax base was estimated to increase 2.87% from FY2013 and the motor vehicle base by 6.3%. The collection percentages used were 97.05% for real property and 89.99% for motor vehicles (the prior year actual experience).

The State will implement the Tax and Tag Together program in FY2014 whereby the state will collect motor vehicle taxes on behalf of the county at the time of tag registration/renewal. For fiscal years prior to FY2014 collection of motor vehicle taxes were approximately three to four months behind the actual tag registration. With the new State system, collections will coincide with the registration date and are expected to increase our collection rate. This will create sixteen months of motor vehicle tax revenues in FY2014 (four additional months of one-time revenues). The additional revenues of \$2,467,049 were budgeted for one-time expenditures including: \$1,500,000 for a site for an elementary school, \$250,000 to pave a parking lot at Cox Mill School Park, \$520,000 in Emergency Communications systems improvements, and \$100,000 for wetland mitigation at JM Robinson High School.

Total sales tax was budgeted at \$36,123,710, a 16.98% increase over the FY2013 budget. Part of the increase was related to the under-budgeting of the Article 46 ¼ cent sales tax in FY2013. After adjusting for this factor, the increase was 11.16%.

The County budgeted \$4,911,790 million in lottery proceeds in FY2014, down \$ 2,395,728 from the FY2013 budget of \$7,307,518. Expected revenues of \$2.0-2.2 million will be budgeted per year in the coming years for lottery funds due to the State's change in their funding.

Capitalized interest proceeds of the COPS issued in 2008 and 2009 of \$2,681,834 were budgeted in FY2014, up from \$1,912,809 in FY2013. These are not included as revenues in future years of the five year plan.

Increases in FY2014 spending relate primarily to increases in: health insurance costs (\$1,666,127, 21.58%), personnel expansions to meet service demands (\$1,967,134, 26.5 FTE's), added merits, salary adjustments and COLA's (\$1,013,852), increased school funding (\$2,277,695), increased Health Alliance funding (\$658,756) and increases to economic incentives approved by the Board of Commissioners (\$1,151,217).

The 2014 budget added the following approved positions: Three Codes Enforcement Officers (offset by additional revenues from building permits), one Deputy Register of Deeds (offset by additional revenues), three staff in Information Services (some of which are offset by additional revenues), an Assistant Director of General Services, four custodians (seven part time positions were converted to three full time positions and we eliminated an outsourced contract that added an additional full time custodian), one fleet mechanic, an Assistant Director of Human Services and eleven human service employees (partially funded by state revenues), eleven positions in the Sheriff's department (some of which are to be paid from the Town of Midland and from increased gun permit revenues) and an Assistant Fire Marshal.

The County continues to be conservative and budgeted \$1,224,728 in contingency.

Business-type Activities: The Landfill Fund budget decreased 27.1% from FY2013 to FY2014 to \$926,000. Tipping fees were budgeted to decrease 25% and engineering costs were projected to decline from \$60,000 to \$15,000. The Board approved expansion of the area for disposal in the landfill in FY2013 which will extend the life of the landfill to June 2016.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Department, Cabarrus County, 65 Church Street SE, Concord, NC 28027. You can also call 704-920-2104 or visit our website at www.cabarruscounty.us.

Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Position
June 30, 2013

| | Primary Government | | | |
|--|----------------------------|-----------------------------|-----------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | Component Unit |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 108,334,869 | \$ 3,719,048 | \$ 112,053,917 | \$ 6,503,886 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Accounts receivable | 3,928,071 | 26,735 | 3,954,806 | 854,676 |
| Customers | 1,380,104 | 39,782 | 1,419,886 | 603,787 |
| Interest | 218,936 | 1,899 | 220,835 | - |
| Property taxes | 4,566,236 | - | 4,566,236 | - |
| Due from other governments | 7,099,278 | 65,339 | 7,164,617 | 128,003 |
| Inventories | 240,693 | - | 240,693 | - |
| Prepaid items | 349,252 | - | 349,252 | - |
| Restricted cash and cash equivalents | 6,735,176 | - | 6,735,176 | - |
| Notes Receivable | 648,000 | - | 648,000 | - |
| Capital Assets not being depreciated: | | | | |
| Land | 21,801,111 | 490,447 | 22,291,558 | - |
| Construction in Progress | 1,537,792 | 352,677 | 1,890,469 | - |
| Capital Assets net of accumulated depreciation: | | | | |
| Land Improvements | 3,977,995 | 690,108 | 4,668,103 | 258,098 |
| Buildings and Building Improvements | 157,139,507 | 1,063,345 | 158,202,852 | - |
| Reservoir | 21,373,717 | - | 21,373,717 | - |
| Furniture and Fixtures | 24,167 | - | 24,167 | 177,363 |
| Equipment | 3,640,120 | 1,612 | 3,641,732 | 509,049 |
| Vehicles and Motorized Equip | 3,202,911 | 622,096 | 3,825,007 | 14,630 |
| Total assets | 346,197,935 | 7,073,088 | 353,271,023 | 9,049,492 |
| Deferred Outflows of Resources | 10,747,569 | - | 10,747,569 | - |
| <u>Liabilities</u> | | | | |
| Accounts payable and other current liabilities | 7,851,562 | 71,494 | 7,923,056 | 650,360 |
| Accrued interest payable | 4,494,704 | - | 4,494,704 | - |
| Retainage payable | 94,175 | - | 94,175 | - |
| Long-term liabilities: | | | | |
| Due within one year | 29,648,958 | 186,117 | 29,835,075 | 522,734 |
| Due in more than one year | 353,595,403 | 3,252,018 | 356,847,421 | 629,004 |
| Total long-term liabilities | 383,244,361 | 3,438,135 | 386,682,496 | 1,151,738 |
| Total liabilities | 395,684,802 | 3,509,629 | 399,194,431 | 1,802,098 |
| Deferred Inflows of Resources | 499,550 | - | 499,550 | - |
| <u>Net Position</u> | | | | |
| Net Investment in Capital Assets | 126,276,528 | 3,220,285 | 129,496,813 | 959,140 |
| Restricted for : | | | | |
| Stabilization by State Statute | 11,779,936 | - | 11,779,936 | 982,679 |
| General Government | 198,616 | - | 198,616 | - |
| Public Safety | 1,722,137 | - | 1,722,137 | - |
| Education | 7,740,158 | - | 7,740,158 | - |
| Culture & Recreation | 85,201 | - | 85,201 | - |
| Unrestricted | (187,041,424) | 343,174 | (186,698,250) | 5,305,575 |
| Total net position | \$ (39,238,848) | \$ 3,563,459 | \$ (35,675,389) | \$ 7,247,394 |

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, 2013

| Function/Program Activities | Net (Expense) Revenue and Changes in Net Position | | | | |
|--|---|------------------------------------|----------------------------------|-------------------------|--------------------------|
| | Program Revenues | | Primary Government | | |
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities |
| Expenses | | | | Total | Component Unit |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 20,446,857 | \$ 1,243,161 | \$ - | \$ (16,608,436) | \$ - |
| Public safety | 39,553,136 | 783,970 | - | (28,737,940) | - |
| Econ. & physical development | 4,073,657 | 593,672 | - | (3,433,816) | - |
| Environmental protection | 547,558 | 6,912 | - | (498,474) | - |
| Human services | 37,438,873 | 16,698,603 | 329,566 | (17,234,229) | - |
| Education | 63,146,646 | 770,920 | 7,307,518 | (55,035,038) | - |
| Culture and recreation | 7,465,525 | 1,184,367 | - | (4,995,898) | - |
| Interest on long-term debt | 17,898,970 | - | - | (17,898,970) | - |
| Total governmental activities | <u>190,571,222</u> | <u>21,281,605</u> | <u>7,637,084</u> | <u>(144,442,801)</u> | <u>-</u> |
| Business-Type Activities: | | | | | |
| Solid Waste | 957,890 | - | - | (283,618) | - |
| Total business-type activities | <u>957,890</u> | <u>-</u> | <u>-</u> | <u>(283,618)</u> | <u>-</u> |
| Total primary government | <u>\$ 191,529,112</u> | <u>\$ 21,281,605</u> | <u>\$ 7,637,084</u> | <u>(144,442,801)</u> | <u>-</u> |
| Component Unit: | | | | | |
| Cabarrus Health Alliance | <u>\$ 18,091,226</u> | <u>\$ 9,940,137</u> | <u>\$ 87,418</u> | <u>-</u> | <u>(1,425,127)</u> |
| General Revenues: | | | | | |
| Property taxes | | | | 133,982,194 | - |
| Local option sales tax | | | | 36,890,472 | - |
| ABC revenues | | | | 90,926 | - |
| Other taxes and licenses | | | | 313,218 | - |
| Investment earnings | | | | 9,381 | 12,948 |
| Miscellaneous | | | | - | 842,073 |
| Total general revenues excluding transfers | | | | <u>173,351,496</u> | <u>855,021</u> |
| Transfers | | | | 122,200 | - |
| Total general revenues and transfers | | | | <u>173,473,696</u> | <u>855,021</u> |
| Change in net position | | | | 29,030,895 | (570,106) |
| Net position, beginning, previously reported | | | | (65,093,245) | 7,817,500 |
| Restatement | | | | (3,176,498) | - |
| Net position, beginning, restated | | | | <u>(68,269,743)</u> | <u>7,817,500</u> |
| Net position, ending | | | | <u>\$ (39,238,848)</u> | <u>\$ 7,247,394</u> |

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

Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2013

| | Major | Non-Major | |
|---|-----------------------|--------------------------------|--------------------------------|
| | General | Other Governmental Funds | Total Governmental Funds |
| Assets | | | |
| Cash and cash equivalents | \$ 90,256,219 | \$ 14,052,986 | \$ 104,309,205 |
| Restricted cash | 219 | 6,734,957 | 6,735,176 |
| Receivables (net of allowance for uncollectibles) | | | |
| Accounts receivable | 3,670,664 | 252,264 | 3,922,928 |
| Customers | 1,380,104 | - | 1,380,104 |
| Property taxes | 4,566,236 | - | 4,566,236 |
| Interest | 53,958 | 3,618 | 57,576 |
| Due from other governments | 7,099,278 | - | 7,099,278 |
| Prepaid items | 142,987 | - | 142,987 |
| Notes receivable | - | 648,000 | 648,000 |
| Inventories | 240,693 | - | 240,693 |
| Total assets | <u>\$ 107,410,358</u> | <u>\$ 21,691,825</u> | <u>\$ 129,102,183</u> |
| Liabilities and Fund Balances | | | |
| Liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 5,224,938 | \$ 1,077,878 | \$ 6,302,816 |
| Contract retainages | - | 94,175 | 94,175 |
| Total liabilities | <u>5,224,938</u> | <u>1,172,053</u> | <u>6,396,991</u> |
| Deferred Inflows of Resources | <u>6,445,890</u> | <u>-</u> | <u>6,445,890</u> |
| Fund Balances: | | | |
| Nonspendable: | | | |
| Inventories | 240,693 | - | 240,693 |
| Prepaid items | 142,987 | - | 142,987 |
| Restricted: | | | |
| Stabilization by State Statute | 11,399,498 | 380,438 | 11,779,936 |
| General government | - | 198,616 | 198,616 |
| Public safety | - | 1,722,137 | 1,722,137 |
| Education | - | 7,740,158 | 7,740,158 |
| Culture & recreation | - | 85,201 | 85,201 |
| Committed: | | | |
| General government | - | 1,554,160 | 1,554,160 |
| Public safety | - | 2,405,316 | 2,405,316 |
| Economic & physical development | - | 490,664 | 490,664 |
| Human services | - | 267,169 | 267,169 |
| Education | - | 45,218 | 45,218 |
| Culture & recreation | - | 5,035,796 | 5,035,796 |
| Assigned: | | | |
| General government | 11,507,031 | - | 11,507,031 |
| Public safety | 241,870 | - | 241,870 |
| Economic & physical development | 400,000 | - | 400,000 |
| Environmental protection | 357,499 | - | 357,499 |
| Human services | 140,186 | - | 140,186 |
| Education | 9,578,950 | - | 9,578,950 |
| Culture & recreation | 225,164 | 594,899 | 820,063 |
| Unassigned | 61,505,652 | - | 61,505,652 |
| Total fund balances | <u>95,739,530</u> | <u>20,519,772</u> | <u>116,259,302</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 107,410,358</u> | <u>\$ 21,691,825</u> | |

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

| | | |
|--|---------------------|------------------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds | | |
| Government capital assets | 263,195,960 | |
| Less accumulated depreciation | <u>(50,498,640)</u> | 212,697,320 |
| Charges related to advance refunding bond issue | 11,426,005 | |
| Less current year amortization | <u>(678,436)</u> | 10,747,569 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds | | |
| Deferred Inflows of resources for taxes and ambulance receivables | | 5,946,340 |
| Premium on Debt Issuance | (23,360,539) | |
| Current Year Amortization | <u>1,909,724</u> | (21,450,815) |
| Internal service funds are used by management to charge the costs of self-insured hospitalization to individual departments. | | |
| | | 2,690,283 |
| 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 | (347,473,072) | |
| Accrued Interest | (4,335,301) | |
| Compensated Absences | (3,452,904) | |
| LEO Pension Obligation | (213,204) | |
| OPEB Obligation | <u>(10,654,366)</u> | (366,128,847) |
| Net position of governmental activities | | <u>\$ (39,238,848)</u> |

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

Cabarrus County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

Exhibit 4
Page 1 of 2

| | Major | Non-Major | |
|--|----------------------|--------------------------------|--------------------------------|
| | General | Other Governmental Funds | Total Governmental Funds |
| Revenues: | | | |
| Ad valorem taxes | \$ 131,171,851 | \$ 2,981,198 | \$ 134,153,049 |
| Other taxes and licenses | 37,634,537 | - | 37,634,537 |
| Intergovernmental revenues | 20,278,032 | 7,814,212 | 28,092,244 |
| Permits and fees | 3,974,808 | 1,512,758 | 5,487,566 |
| Sales and services | 11,830,022 | - | 11,830,022 |
| Investment earnings | 241,640 | 24,894 | 266,534 |
| Donations | - | 628,598 | 628,598 |
| Miscellaneous | 1,011,444 | 28,548 | 1,039,992 |
| Total revenues | 206,142,334 | 12,990,208 | 219,132,542 |
| Expenditures: | | | |
| Current: | | | |
| General government | 19,459,461 | 141,893 | 19,601,354 |
| Public safety | 29,595,560 | 3,319,153 | 32,914,713 |
| Economic & physical development | 3,838,708 | 158,588 | 3,997,296 |
| Environmental protection | 201,158 | 336,559 | 537,717 |
| Human services | 35,912,291 | 82 | 35,912,373 |
| Education | 56,347,362 | 6,882,198 | 63,229,560 |
| Culture and recreation | 4,343,144 | 1,629,726 | 5,972,870 |
| Capital outlay: | | | |
| Land and land improvements | - | 390,796 | 390,796 |
| Building and building improvements | 196,443 | 811,512 | 1,007,955 |
| Equipment and furniture | 207,335 | 285,293 | 492,628 |
| Vehicles and motorized equipment | 1,305,524 | 34,393 | 1,339,917 |
| Construction in progress | - | 1,112,243 | 1,112,243 |
| Debt service: | | | |
| Principal retirement | 25,968,035 | - | 25,968,035 |
| Interest and fees | 24,691,311 | - | 24,691,311 |
| Total expenditures | 202,066,332 | 15,102,436 | 217,168,768 |
| Excess (deficiency) of revenues over (under) expenditures | 4,076,002 | (2,112,228) | 1,963,774 |
| Other financing sources (uses): | | | |
| Transfers in | 9,813,441 | 2,849,993 | 12,663,434 |
| Transfers out | (1,504,147) | (11,394,087) | (12,898,234) |
| General Obligation Bonds issued | 62,360,000 | - | 62,360,000 |
| Premium on General Obligation Bonds issued | 10,660,999 | - | 10,660,999 |
| Disbursement for Refunded GO Bonds | (65,700,000) | - | (65,700,000) |
| Total other financing sources (uses) | 15,630,293 | (8,544,094) | 7,086,199 |
| Net change in fund balances | 19,706,295 | (10,656,322) | 9,049,973 |
| Fund balance, July 1 | 76,033,235 | 31,176,094 | 107,209,329 |
| Fund balance, June 30 | <u>\$ 95,739,530</u> | <u>\$ 20,519,772</u> | <u>\$ 116,259,302</u> |

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

Cabarrus County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance to the Statement of Activities of Governmental Funds
For the Year Ended June 30, 2013

Exhibit 4A
Page 2 of 2

Net change in fund balances-total governmental funds \$ 9,049,973

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 | 4,343,539 | |
| Less current year depreciation | <u>(7,224,456)</u> | (2,880,917) |

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

| | | |
|--------------|------------------|-----------|
| Ambulance | (253,918) | |
| Property Tax | <u>(170,855)</u> | (424,773) |

The effect of various miscellaneous transactions involving capital assets.

| | | |
|--|--------------------|-------------|
| Donation of capital assets | 969,783 | |
| Disposal of capital assets, net book value | <u>(2,449,876)</u> | (1,480,093) |

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 | (73,020,999) | |
| Debt costs | 624,294 | |
| Amortization of current year debt premium | 1,367,506 | |
| Principal payments | 25,968,035 | |
| Deferred charge on refunding | (1,219,816) | |
| Disbursements for refunding | 65,700,000 | |
| Disbursements for advance refunding | <u>6,779,619</u> | 26,198,639 |

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 | (137,697) | |
| Law Enforcement Officers Pension Obligation | 7,412 | |
| Other Postemployment Benefit Obligations | (2,398,409) | |
| Accrued Interest | <u>675,968</u> | (1,852,726) |

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>420,792</u> | <u>420,792</u> |
|--|----------------|----------------|

Changes in net position of governmental activities

\$ 29,030,895

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, 2013**

| | <u>Budgeted Amounts</u> | | | |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
| Revenues: | | | | |
| Ad Valorem Taxes: | | | | |
| Taxes | \$ 126,862,626 | \$ 126,862,626 | \$ 130,386,942 | \$ 3,524,316 |
| Interest | 550,000 | 550,000 | 784,909 | 234,909 |
| Other Taxes and Licenses | 31,501,635 | 31,577,652 | 37,634,537 | 6,056,885 |
| Intergovernmental Revenues | 19,252,553 | 19,860,260 | 20,278,032 | 417,772 |
| Permits and Fees | 2,889,834 | 2,915,296 | 3,974,808 | 1,059,512 |
| Sales and Services | 9,564,939 | 9,595,035 | 11,830,022 | 2,234,987 |
| Investment Earnings | 140,000 | 140,000 | 241,640 | 101,640 |
| Miscellaneous | 157,772 | 249,503 | 1,011,444 | 761,941 |
| | | | | |
| Total revenues | <u>190,919,359</u> | <u>191,750,372</u> | <u>206,142,334</u> | <u>14,391,962</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 21,827,324 | 22,050,678 | 19,881,930 | 2,168,748 |
| Public Safety | 31,026,199 | 32,140,457 | 30,375,752 | 1,764,705 |
| Economic & Physical Development | 4,203,199 | 4,270,064 | 3,838,708 | 431,356 |
| Environmental Protection | 241,667 | 425,725 | 351,407 | 74,318 |
| Human Services | 38,681,373 | 39,217,389 | 36,199,306 | 3,018,083 |
| Education | 55,490,366 | 59,349,486 | 56,347,362 | 3,002,124 |
| Culture and Recreation | 4,247,175 | 4,722,930 | 4,412,521 | 310,409 |
| Debt service: | | | | |
| Principal retirement | 25,968,037 | 25,968,037 | 25,968,035 | 2 |
| Interest and fees | 17,415,475 | 24,736,474 | 24,691,311 | 45,163 |
| | | | | |
| Total expenditures | <u>199,100,815</u> | <u>212,881,240</u> | <u>202,066,332</u> | <u>10,814,908</u> |
| | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(8,181,456)</u> | <u>(21,130,868)</u> | <u>4,076,002</u> | <u>25,206,870</u> |
| | | | | |
| Other financing sources (uses): | | | | |
| Transfers in | 9,297,840 | 9,654,865 | 9,813,441 | 158,576 |
| Transfers out | (1,166,384) | (1,610,924) | (1,504,147) | 106,777 |
| General Obligation Bonds issued | - | 62,360,000 | 62,360,000 | - |
| Premium on General Obligation Bonds issued | - | 10,660,999 | 10,660,999 | - |
| Disbursement for Refunded GO Bonds | - | (65,700,000) | (65,700,000) | - |
| Fund balance appropriated | 50,000 | 5,765,928 | - | (5,765,928) |
| | | | | |
| Total other financing sources (uses) | <u>8,181,456</u> | <u>21,130,868</u> | <u>15,630,293</u> | <u>(5,500,575)</u> |
| | | | | |
| Net change in fund balance | <u>\$ -</u> | <u>\$ -</u> | 19,706,295 | <u>\$ 19,706,295</u> |
| | | | | |
| Fund balance, July 1 | | | <u>76,033,235</u> | |
| | | | | |
| Fund balance, June 30 | | | <u>\$ 95,739,530</u> | |

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

Cabarrus County, North Carolina
Statement of Net Position
Proprietary Funds
June 30, 2013

| | Business-type Activities- Landfill Enterprise Fund | Governmental Activities- Internal Service Funds |
|--|---|--|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,719,048 | \$ 4,025,664 |
| Receivables (net): | | |
| Accounts | 26,735 | 5,143 |
| Customers | 39,782 | - |
| Due from other governments | 65,339 | - |
| Interest | 1,899 | 1,957 |
| Prepaid expenses | - | 206,265 |
| Total current assets | <u>3,852,803</u> | <u>4,239,029</u> |
| Capital assets: | | |
| Land & land improvements | 1,831,050 | - |
| Construction in progress | 352,677 | - |
| Buildings & improvements | 1,309,664 | - |
| Vehicles and equipment | 2,473,147 | - |
| Less: Accumulated depreciation | <u>(2,746,253)</u> | <u>-</u> |
| Total capital assets (net) | <u>3,220,285</u> | <u>-</u> |
| Total assets | <u>7,073,088</u> | <u>4,239,029</u> |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 71,494 | 95,967 |
| Closure/postclosure costs payable | 166,454 | - |
| Compensated absences payable | 19,663 | - |
| Total current liabilities | <u>257,611</u> | <u>95,967</u> |
| Noncurrent liabilities: | | |
| Amounts payable for future claims | - | 1,452,779 |
| Closure/postclosure costs payable | 3,162,629 | - |
| Compensated absences payable | 4,915 | - |
| Other postemployment benefits | 84,474 | - |
| Total noncurrent liabilities | <u>3,252,018</u> | <u>1,452,779</u> |
| Total liabilities | <u>3,509,629</u> | <u>1,548,746</u> |
| <u>Net Position</u> | | |
| Invested in capital assets | 3,220,285 | - |
| Unrestricted | <u>343,174</u> | <u>2,690,283</u> |
| Total net position | <u>\$ 3,563,459</u> | <u>\$ 2,690,283</u> |

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

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-type Activities- Landfill Enterprise Fund | Governmental Activities- Internal Service Funds |
|----------------------------------|---|--|
| Operating revenues: | | |
| Charges for sales and services: | | |
| Tipping fees | \$ 674,272 | \$ - |
| Insurance premiums/refunds | - | 7,986,097 |
| Program fees | - | 22,895 |
| Total operating revenues | <u>674,272</u> | <u>8,008,992</u> |
| Operating expenses: | | |
| Administration: | | |
| Salary and benefits: | | |
| Salaries and wages | 206,038 | - |
| FICA | 5,126 | - |
| Medicare | 1,199 | - |
| Group hospital insurance | 13,986 | - |
| Vision care | 42 | - |
| Retirement | 6,262 | - |
| Deferred compensation- 401K | 4,636 | - |
| Insurance and bonds | 1,623 | - |
| Total salaries and benefits | <u>238,912</u> | <u>-</u> |
| Operations: | | |
| General and administrative: | | |
| Administrative fees | - | 1,876,523 |
| Bank Service charges | 2,527 | - |
| Dues and subscriptions | 49 | - |
| Lights and power | 4,280 | - |
| Office supplies | 1,369 | - |
| Other operating cost | 320 | - |
| Telephone | 1,668 | - |
| Travel | 2,160 | - |
| Uniforms | 2,544 | - |
| Total general and administrative | <u>14,917</u> | <u>1,876,523</u> |
| Other operational expenses: | | |
| Auto and truck maintenance | 9,056 | - |
| Building and ground maintenance | 14,384 | - |
| Claims | - | 6,077,415 |
| Depreciation | 326,407 | - |
| Engineers | 7,857 | - |
| Fuel | 73,549 | - |
| Heavy equipment maintenance | 42,225 | - |
| Landfill disposal tax remittance | 34,313 | - |
| Minor equipment maintenance | 1,347 | - |
| Minor office equipment | 141 | - |

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

| | Business-type Activities- Landfill Enterprise Fund | Governmental Activities- Internal Service Funds |
|--|---|--|
| Permitting fees | 5,665 | - |
| Service contracts | 1,608 | - |
| Tire disposal | 129,199 | - |
| Tools and minor equipment | 626 | - |
| Waste disposal charges | 2,736 | - |
| Total other operational expenses | <u>649,113</u> | <u>6,077,415</u> |
| Total operating expenses | <u>902,942</u> | <u>7,953,938</u> |
| Operating income (loss) | <u>(228,670)</u> | <u>55,054</u> |
| Nonoperating revenues: | | |
| Landfill disposal tax | 33,017 | - |
| Landfill state tax distribution | 33,361 | - |
| Solid waste franchise fee | 25,000 | - |
| Tire disposal fees | 221,840 | - |
| Investment earnings | 9,381 | 8,738 |
| Total nonoperating revenues | <u>322,599</u> | <u>8,738</u> |
| Nonoperating expense - loss on disposal | <u>(54,948)</u> | <u>-</u> |
| Income or (loss) before transfers | 38,981 | 63,792 |
| Transfers: | | |
| Transfer in - General Fund | - | 357,000 |
| Transfer out - General Fund | <u>(122,200)</u> | <u>-</u> |
| Change in net position | (83,219) | 420,792 |
| Total net position, July 1 | <u>3,646,678</u> | <u>2,269,491</u> |
| Total net position, June 30 | <u><u>\$ 3,563,459</u></u> | <u><u>\$ 2,690,283</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, 2013

| | Business-type Activities- Landfill Enterprise Fund | Governmental Activities- Internal Service Funds |
|---|---|--|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 968,474 | \$ - |
| Cash received from departments | - | 7,917,667 |
| Cash paid to employees | (239,895) | - |
| Cash paid to suppliers for goods and services | (431,268) | (8,375,121) |
| Net cash provided (used) for operating activities | <u>297,311</u> | <u>(457,454)</u> |
| Cash flows from non-capital and related financing activities: | | |
| Transfers (to) from other funds | (122,200) | 357,000 |
| Net cash provided (used) by non-capital financing activities | <u>(122,200)</u> | <u>357,000</u> |
| Cash flows from investing activities: | | |
| Interest received on investments | 10,549 | 9,142 |
| Net cash provided by investing activities | <u>10,549</u> | <u>9,142</u> |
| Net increase (decrease) in cash and cash equivalents | 185,660 | (91,312) |
| Cash and cash equivalents, July 1 | <u>3,533,388</u> | <u>4,116,976</u> |
| Cash and cash equivalents, June 30 | <u>\$ 3,719,048</u> | <u>\$ 4,025,664</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | |
| Operating income (loss) | \$ (228,670) | \$ 55,054 |
| Depreciation expense | 326,407 | - |
| Other non-operating items | 313,043 | - |
| (Increase) decrease in accounts receivable | (25,050) | (91,325) |
| (Increase) decrease in customers receivable | 6,209 | - |
| Increase (decrease) in accounts payable and accrued liabilities | (23,231) | (421,183) |
| Increase (decrease) in landfill closure and post closure care cost | (70,275) | - |
| Increase (decrease) in OPEB payable | 5,360 | - |
| Increase (decrease) in compensated absences payable | (6,482) | - |
| Total adjustments | <u>525,981</u> | <u>(512,508)</u> |
| Net cash provided by (used for) operating activities | <u>\$ 297,311</u> | <u>\$ (457,454)</u> |
| Non-cash capital and related financing activities: | | |
| Nonoperating expense - loss on disposal | <u>\$ (54,948)</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 Position
Fiduciary Funds
June 30, 2013

| | Pension Trust Fund | Agency Funds |
|---|-----------------------------------|-------------------------|
| | <hr/> | <hr/> |
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 964,812 | \$ 859,985 |
| Accounts receivable | - | 12,657 |
| Interest receivable | 503 | - |
| | <hr/> | <hr/> |
| Total assets | 965,315 | 872,642 |
| | <hr/> | <hr/> |
| <u>Liabilities</u> | | |
| Accounts payable | 8,814 | 5,282 |
| Due to courts | - | 12,685 |
| Due to jail inmates | - | 54,155 |
| Due to municipalities | - | 607,610 |
| Due to program participants | - | 71,994 |
| Due to schools | - | 111,035 |
| Due to State of North Carolina | - | 9,881 |
| | <hr/> | <hr/> |
| Total liabilities | 8,814 | 872,642 |
| | <hr/> | <hr/> |
| <u>Net Position</u> | | |
| Assets held in trust for pension benefits | 956,501 | - |
| Assets held in trust for other purposes | - | - |
| | <hr/> | <hr/> |
| Total net position | \$ 956,501 | \$ - |
| | <hr/> | <hr/> |

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

Cabarrus County, North Carolina
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

| | Pension Trust Fund |
|------------------------|-----------------------------------|
| | <hr/> |
| Additions: | |
| Contributions | \$ 451,644 |
| Investment earnings | 1,994 |
| | <hr/> |
| Total additions | 453,638 |
| | <hr/> |
| Deductions: | |
| Pension plan benefits | 240,324 |
| | <hr/> |
| Total deductions | 240,324 |
| | <hr/> |
| Change in net position | 213,314 |
| Net position, July 1 | 743,187 |
| | <hr/> |
| Net position, June 30 | \$ 956,501 |
| | <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, 2013**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

| Component Unit | Reporting Method | Criteria for Inclusion | Separate Financial Statements |
|---|------------------|--|--|
| Cabarrus Development Corporation | Blended | The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County. | None Issued |
| Cabarrus County Industrial Facility and Pollution Control Financing Authority | Discrete | The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. | None Issued |
| Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance | Discrete | Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 th , 1998, the Cabarrus County Board by resolution authorized the transfer of powers, duties, and responsibilities to the Alliance for communicable disease control, environmental protection, and maintenance of vital records. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. The County funded the Alliance with \$5,249,177 or 31% of its total revenues for the fiscal year ended June 30, 2013. 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, 2013

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The Statement of Net Position 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 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 one internal service fund, the Self-Insured Hospitalization Fund.

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

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.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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 Sheriff Civil Agency Fund and the Jail Commissary Agency Fund. The Department of Social Services Agency Fund is used to account for money deposited with the County through the social services department under a program which manages the financial affairs of persons unable or incapable of managing them on their own. The Charitable Campaign Agency Fund is used to account for money 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 Sheriff Civil Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiffs. The Jail Commissary Agency Fund is used to account for an inmates money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release.

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

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). The County maintains ten additional non-major capital project funds. Following are the 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.

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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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.

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 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.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues, and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 position 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.

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. 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 and the Self-Insured Hospitalization Fund. The respective financial plans were adopted by the governing board at the time the County's budget ordinance was approved, as required by the General Statutes. All budgets are prepared using the modified accrual basis of accounting.

The County Manager and/or Finance Director, 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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013.

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. Amounts outstanding at June 30, 2013 are \$628,154.

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

1. Deposits and Investments

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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 Position and the Governmental Balance Sheet. The amounts are considered restricted because their use is expressly prohibited except for the original purpose of which the funds were received.

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 accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2012. 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 2012/13 fiscal year was \$0.70 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 and expensed as the items are used.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

7. Capital Assets

Capital assets are defined by the government as assets with an initial, minimum individual cost of \$5,000 and an estimated useful life in excess of one year. Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets 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 |

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

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes reports a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet this criterion for this category – prepaid taxes, property tax receivable and ambulance receivable.

9. 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 positions.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

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

10. 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.

11. Net Position/Fund Balances

Net Position

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

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.

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.

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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 is as follows:

| Purpose | General Fund | Other Governmental Funds |
|--------------------------------|----------------------|---------------------------------|
| Stabilization by state statute | \$ 11,399,498 | \$ 380,438 |
| General government | - | 198,616 |
| Public safety | - | 1,722,137 |
| Education | - | 7,740,158 |
| Culture & recreation | - | 85,201 |
| | <u>\$ 11,399,498</u> | <u>\$ 10,126,550</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, 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 and emergency telephone upgrades.

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

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

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

| Purpose | Other Governmental Funds |
|---------------------------------|---|
| General government | \$ 1,554,160 |
| Public safety | 2,405,316 |
| Economic & physical development | 490,664 |
| Human services | 267,169 |
| Education | 45,218 |
| Culture & recreation | 5,035,796 |
| | <u>\$ 9,798,323</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.

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.

Assigned fund balance at June 30, 2013 is as follows:

| Purpose | General Fund | Other Governmental Funds |
|---------------------------------|-------------------------|---|
| General government | \$ 11,507,031 | \$ - |
| Public safety | 241,870 | - |
| Economic & physical development | 400,000 | - |
| Environmental protection | 357,499 | - |
| Human services | 140,186 | - |
| Education | 9,578,950 | - |
| Culture & recreation | 225,164 | 594,899 |
| | <u>\$ 22,450,700</u> | <u>\$ 594,899</u> |

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

Unassigned Fund Balance

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

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

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

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

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

| | |
|--|-----------------------------|
| Total fund balance-General Fund | \$ 95,739,530 |
| Less: | |
| Inventories | 240,693 |
| Prepaid items | 142,987 |
| Stabilization by state statute | 11,399,498 |
| Uncompleted FY 13 project assignments | 4,111,372 |
| Internal Service Fund assignments | 2,000,000 |
| General Government assignments | 9,400,000 |
| Environmental Protection assignments | 300,000 |
| Education assignments | 6,639,328 |
| Working Capital/Fund Balance Policy | 32,019,152 |
| Fund Balance remaining for appropriation | <u><u>\$ 29,486,500</u></u> |

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. These amounts are included in the Stabilization by State Statute amount in restricted fund balance. Amounts outstanding at June 30, 2013 are as follows:

| General Fund | Other Governmental Funds |
|-------------------------|---|
| \$ 575,598 | \$ 52,556 |
| <u>\$ 575,598</u> | <u>\$ 52,556</u> |

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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 Statistical Tables in order to provide an understanding of the changes in the financial position and operations of the County. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Note 2. Detailed Notes on All Funds

A. Deposits

All of the County's and its component unit's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and its component units, these deposits are considered to be held by their agents in the entities name. The amount of pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State 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, 2013 the carrying amount of the County's bank deposits (including fiduciary funds) was \$19,210,140 and the bank balance was \$19,825,210. There was \$6,635,447 in an escrow account with a financial institution. Sufficient collateral was maintained at June 30, 2013 to secure the County's deposits. Of the bank balance, \$353,199 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, 2013 the County had \$7,150 of cash on hand.

At June 30, 2013, the carrying amount of the Alliance's bank deposits was \$1,822,396 and the bank balance was \$1,927,809. 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, 2013, the Alliance had \$3,600 of cash on hand.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

B. Investments

As of June 30, 2013 the County had the following investments and maturities

| Investment Type | Fair Value | 6 Months | 6-12 Months | 1-3 Years |
|-----------------------------|----------------------|----------------------|---------------------|------------------|
| Government Agency | \$ 2,009,309 | \$ 2,009,309 | \$ - | \$ - |
| Commercial Paper | 28,905,143 | 18,941,525 | 9,963,618 | - |
| NC Capital Management Trust | | | | |
| Cash Portfolio | 1,756,256 | - | - | - |
| Term | 33,057,320 | - | - | - |
| Regions Sweep | 29,033,125 | - | - | - |
| | <u>\$ 94,761,153</u> | <u>\$ 20,950,834</u> | <u>\$ 9,963,618</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, 2013, 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, 2013. The County's investment in the NC Capital Management Trust Term Portfolio is unrated.

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

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

At June 30, 2013, the Cabarrus Health Alliance investments consisted of \$4,677,890 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.

| Investment Type | Fair Value | Less Than 1 Year | 2-3 Years | 4-7 Years |
|---|---------------------|-----------------------------|------------------|------------------|
| NC Capital Management Trust - Cash Portfolio | \$ 4,677,890 | \$ - | \$ - | \$ - |
| | <u>\$ 4,677,890</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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

shown in the table are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Property Tax-Use-Value Assessment on Certain Lands

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|----------------------|---------------------|----------------------|
| 2009 | \$ 7,126,992 | \$ 2,334,090 | \$ 9,461,082 |
| 2010 | 7,387,280 | 1,754,479 | 9,141,759 |
| 2011 | 7,627,445 | 1,125,048 | 8,752,493 |
| 2012 | 6,778,665 | 389,773 | 7,168,438 |
| Total | <u>\$ 28,920,382</u> | <u>\$ 5,603,390</u> | <u>\$ 34,523,772</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 are payable each month through June 1, 2017. A final balloon payment of \$360,000 is due on July 1, 2017 for total payments of \$900,000. The unpaid balance of the note at June 30, 2013 was \$648,000. The note receivable is being reported in the Capital Reserve Capital Projects Fund.

2. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level for the Primary Government at June 30, 2013, 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 | \$ 3,675,807 | \$ 1,488,280 | \$ 7,099,278 | \$ 7,641,628 | \$ 19,904,993 |
| Other Governmental | 252,264 | - | - | 3,618 | 255,882 |
| Total Receivables | 3,928,071 | 1,488,280 | 7,099,278 | 7,645,246 | 20,160,875 |
| Allowance for doubtful accounts | - | (108,176) | - | (2,860,074) | (2,968,250) |
| Total-governmental activities | <u>\$ 3,928,071</u> | <u>\$ 1,380,104</u> | <u>\$ 7,099,278</u> | <u>\$ 4,785,172</u> | <u>\$ 17,192,625</u> |
| Business-type activities: | | | | | |
| Landfill | \$ 26,735 | \$ 60,282 | \$ 65,339 | \$ 1,899 | \$ 154,255 |
| Allowance for doubtful accounts | | (20,500) | | | (20,500) |
| Total-business-type activities | <u>\$ 26,735</u> | <u>\$ 39,782</u> | <u>\$ 65,339</u> | <u>\$ 1,899</u> | <u>\$ 133,755</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 | \$ 7,099,278 | \$ - |
| Solid waste disposal tax | - | 5,423 |
| Scrap tire tax | - | 59,916 |
| | <u>\$ 7,099,278</u> | <u>\$ 65,339</u> |

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

3. Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2013, were as follows:

| | <u>Accounts</u> | <u>Customers</u> | <u>Taxes</u> | <u>Total</u> |
|---------------------------------|-------------------|-------------------|-------------------|---------------------|
| Governmental Activities: | | | | |
| General | \$ 854,676 | \$ 748,221 | \$ 128,003 | \$ 1,730,900 |
| Allowance for doubtful accounts | - | (144,434) | - | (144,434) |
| Total Receivables | <u>\$ 854,676</u> | <u>\$ 603,787</u> | <u>\$ 128,003</u> | <u>\$ 1,586,466</u> |
| Total-governmental activities | <u>\$ 854,676</u> | <u>\$ 603,787</u> | <u>\$ 128,003</u> | <u>\$ 1,586,466</u> |

E. Capital Assets

Capital asset activity for the year ended June 30, 2013:

1. Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>Ending Balance</u> |
|--|------------------------------|-----------------------|-----------------------|---------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital Assets not being depreciated: | | | | | |
| Land | \$ 24,009,781 | \$ - | \$ (2,208,670) | \$ - | \$ 21,801,111 |
| Construction in Progress | 60,310,004 | 1,756,088 | - | (60,528,300) | 1,537,792 |
| Total capital assets not being depreciated | <u>84,319,785</u> | <u>1,756,088</u> | <u>(2,208,670)</u> | <u>(60,528,300)</u> | <u>23,338,903</u> |
| Capital Assets being depreciated: | | | | | |
| Buildings | 106,520,651 | 491,000 | (658,949) | 58,747,228 | 165,099,930 |
| Building Improvements | 18,126,094 | 364,110 | (34,171) | 1,739,031 | 20,195,064 |
| Equipment | 14,528,972 | 532,928 | (1,256,298) | 42,041 | 13,847,643 |
| Furniture and Fixtures | 821,892 | 5,900 | - | - | 827,792 |
| Land Improvements | 7,563,094 | 390,796 | - | - | 7,953,890 |
| Vehicles | 9,246,419 | 1,700,327 | (819,636) | 61,898 | 10,189,008 |
| Reservoir | 21,743,730 | - | - | - | 21,743,730 |
| Total capital assets being depreciated | <u>178,550,852</u> | <u>3,485,061</u> | <u>(2,769,054)</u> | <u>60,590,198</u> | <u>239,857,057</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | 21,367,392 | 3,234,265 | (530,908) | - | 24,070,749 |
| Building Improvements | 3,624,769 | 472,851 | (12,882) | - | 4,084,738 |
| Equipment | 9,985,540 | 1,476,644 | (1,254,661) | - | 10,207,523 |
| Furniture and Fixtures | 763,534 | 40,091 | - | - | 803,625 |
| Land Improvements | 3,544,685 | 431,210 | - | - | 3,975,895 |
| Vehicles | 6,178,139 | 1,503,584 | (729,396) | 33,770 | 6,986,097 |
| Reservoir | 348,248 | 21,765 | - | - | 370,013 |
| Total accumulated depreciation | <u>45,812,307</u> | <u>7,180,410</u> | <u>(2,527,847)</u> | <u>33,770</u> | <u>50,498,640</u> |
| Total Capital Assets, being depreciated, net | <u>132,738,545</u> | <u>(3,695,349)</u> | <u>(241,207)</u> | <u>60,556,428</u> | <u>189,358,417</u> |
| Governmental Capital Assets, net | <u>\$ 217,058,330</u> | <u>\$ (1,939,261)</u> | <u>\$ (2,449,877)</u> | <u>\$ 28,128</u> | <u>\$ 212,697,320</u> |

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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

Governmental activities:

| | |
|---|----------------------------|
| General Government | \$ 1,462,223 |
| Public Safety | 3,265,717 |
| Environmental Protection | 38,169 |
| Economic & Physical Dev | 28,701 |
| Human Services | 1,165,763 |
| Culture & Recreation | <u>1,219,837</u> |
| Total depreciation expense - governmental activities | <u>\$ 7,180,410</u> |

Capital asset activity for the year ended June 30, 2013:

| | <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 | <u>352,677</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>352,677</u> |
| 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 | 2,444,395 | - | (119,208) | (61,898) | 2,263,289 |
| Equipment | 215,016 | - | (5,158) | - | 209,858 |
| Buildings | 1,304,164 | - | - | - | 1,304,164 |
| Building Improvements | <u>5,500</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,500</u> |
| Total Capital assets, being depreciated: | <u>5,309,678</u> | <u>-</u> | <u>(124,366)</u> | <u>(61,898)</u> | <u>5,123,414</u> |
| Less accumulated depreciation for: | | | | | |
| Land Improvements | 574,121 | 76,374 | - | - | 650,495 |
| Vehicles | 1,568,265 | 199,083 | (92,385) | (33,770) | 1,641,193 |
| Equipment | 195,196 | 18,208 | (5,158) | - | 208,246 |
| Buildings | 212,053 | 32,604 | - | - | 244,657 |
| Building Improvements | <u>1,524</u> | <u>138</u> | <u>-</u> | <u>-</u> | <u>1,662</u> |
| Total Accumulated Depreciation | <u>2,551,159</u> | <u>326,407</u> | <u>(97,543)</u> | <u>(33,770)</u> | <u>2,746,253</u> |
| Total Capital assets, being depreciated, net | <u>2,758,519</u> | <u>(326,407)</u> | <u>(26,823)</u> | <u>(28,128)</u> | <u>2,377,161</u> |
| Proprietary Capital assets, net | <u>\$ 3,601,643</u> | <u>\$ (326,407)</u> | <u>\$ (26,823)</u> | <u>\$ (28,128)</u> | <u>\$ 3,220,285</u> |

Business - type activities:

| | |
|---|---------------------------|
| Assets transferred from Governmental Activities to Business Activities | \$ 10,275 |
| Assets transferred to Governmental Activities from Business Activities | (72,173) |
| Accumulated Depreciation of assets transferred from Governmental Activities | (10,275) |
| Accumulated Depreciation of assets transferred to Governmental Activities | <u>44,045</u> |
| Net Transfers - business type activities | <u>\$ (28,128)</u> |

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

2. Construction commitments

The government has active construction projects as of June 30, 2013. The projects include building maintenance at two schools and a gymnasium renovation at one school. At year-end, the government's commitments with contractors are as follows:

| Project | Spent-To-Date | Remaining Commitment |
|----------------|----------------------|---------------------------------|
| Schools | <u>\$ 2,060,269</u> | <u>\$ 1,103,835</u> |

3. Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2013, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Furniture and fixtures | \$ 236,486 | \$ - | \$ - | \$ 236,486 |
| Vehicles | 478,077 | 16,563 | (33,492) | 461,148 |
| Equipment | 1,074,530 | 57,337 | (25,115) | 1,106,752 |
| Land Improvements | 600,505 | - | - | 600,505 |
| Total capital assets being depreciated | <u>2,389,598</u> | <u>73,900</u> | <u>(58,607)</u> | <u>2,404,891</u> |
| Less accumulated depreciation: | | | | |
| Furniture and fixtures | 11,826 | 47,297 | - | 59,123 |
| Vehicles | 465,297 | 14,713 | (33,492) | 446,518 |
| Equipment | 457,728 | 165,090 | (25,115) | 597,703 |
| Land Improvements | 302,373 | 40,034 | - | 342,407 |
| Total accumulated depreciation | <u>1,237,224</u> | <u>267,134</u> | <u>(58,607)</u> | <u>1,445,751</u> |
| Total governmental activities, being depreciated (net) | <u>\$ 1,152,374</u> | <u>\$ (193,234)</u> | <u>\$ -</u> | <u>\$ 959,140</u> |
| Governmental Capital Assets, net | <u>\$ 1,152,374</u> | <u>\$ (193,234)</u> | <u>\$ -</u> | <u>\$ 959,140</u> |

F. Payables

Payables at the government-wide level for the Primary Government at June 30, 2013, were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Other</u> | <u>Total</u> |
|-------------------------------|---------------------|----------------------------------|-------------------|---------------------|
| Governmental Activities: | | | | |
| General | \$ 4,100,604 | \$ 2,340,008 | \$ 333,072 | \$ 6,773,684 |
| Other Governmental | 972,112 | 5,766 | 100,000 | 1,077,878 |
| Total-governmental activities | <u>\$ 5,072,716</u> | <u>\$ 2,345,774</u> | <u>\$ 433,072</u> | <u>\$ 7,851,562</u> |
| Business-type activities | | | | |
| Landfill | <u>\$ 67,162</u> | <u>\$ 4,332</u> | <u>\$ -</u> | <u>\$ 71,494</u> |

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2013, were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Total</u> |
|-------------------------------|-------------------|----------------------------------|-------------------|
| Governmental Activities: | | | |
| General | \$ 175,957 | \$ 474,403 | \$ 650,360 |
| Total-governmental activities | <u>\$ 175,957</u> | <u>\$ 474,403</u> | <u>\$ 650,360</u> |

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 \$3,329,083 reported as the landfill's closure and postclosure liability at June 30, 2013 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 2013. The change in the closure/postclosure liability from FY 2012 to FY 2013 resulted in a net decrease of \$70,275. 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. 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.

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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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>(241,325)</u> |
| Total | <u><u>\$ 3,783,381</u></u> |

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

| <u>Year Ending June 30</u> | Governmental Activities |
|---|----------------------------|
| 2014 | \$ 326,623 |
| 2015 | 326,623 |
| 2016 | 326,623 |
| 2017 | 190,000 |
| 2018 | 190,000 |
| 2019 | 190,000 |
| 2020 | 190,000 |
| 2021 | 190,000 |
| 2022 | 190,000 |
| Next 5 Years | 950,000 |
| To Maturity | <u>2,090,000</u> |
| Total minimum lease payments | 5,159,869 |
| Less: amount representing interest | <u>(1,811,797)</u> |
| Present value of minimum lease payments | <u><u>\$3,348,072</u></u> |

2. Operating Leases

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$1,072,762 for the year ended June 30, 2013. The future minimum lease payments for this lease are as follows:

| <u>Year Ending June 30</u> | <u>Amount</u> |
|----------------------------|----------------------------|
| 2014 | \$ 874,801 |
| 2015 | 727,651 |
| 2016 | 717,724 |
| 2017 | 657,914 |
| Total | <u><u>\$ 2,978,090</u></u> |

I. Long-term Obligations

1. General Obligation Indebtedness

General obligation bonds are issued to provide funding for the construction of capital facilities used for general government activities. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the County. Principal and interest requirements are provided by appropriation in the year in which they become due.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

The County's general obligation bonds payable at June 30, 2013 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. | \$15,430,000 |
| \$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. | 4,600,000 |
| \$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). | 6,000,000 |
| \$62,360,000 (2013) Advance Refunding Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 1.5 to 5.0 Percent. | <u>62,360,000</u> |
| | <u>\$88,390,000</u> |

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2013, for the County's general obligation bonds are as follows:

| <u>Year Ending, June 30</u> | <u>Principal</u> | <u>Interest</u> |
|-----------------------------|---------------------|---------------------|
| 2014 | \$7,995,000 | \$3,274,726 |
| 2015 | 7,640,000 | 3,440,163 |
| 2016 | 7,535,000 | 3,058,162 |
| 2017 | 7,360,000 | 2,758,587 |
| 2018 | 7,190,000 | 2,431,088 |
| 2019 | 6,380,000 | 2,208,787 |
| 2020 | 6,425,000 | 1,889,787 |
| 2021 | 6,380,000 | 1,644,100 |
| 2022 | 6,410,000 | 1,325,100 |
| 2023 | 6,450,000 | 1,004,600 |
| To maturity | 18,625,000 | 1,491,775 |
| Total | <u>\$88,390,000</u> | <u>\$24,526,875</u> |

At June 30, 2013 Cabarrus County had a legal debt margin of \$1,148,192,865.

2. Certificates of Participation/Limited Obligation Bonds

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, 2013 was \$23,515,000.

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 was \$35,180,000.

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, 2013 was \$8,890,000.

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, 2013 was \$49,510,000.

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, 2013 was \$75,700,000.

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, 2013 was \$14,870,000.

On April 14, 2011 the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15 year COPS are financed under 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, 2013 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, 2013 was \$11,685,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 was \$21,750,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2013 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> |
|-----------------------------|----------------------|---------------------|
| 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 |
| 2023 | 15,125,000 | 4,715,661 |
| Next 5 Years | 63,495,000 | 11,433,069 |
| To maturity | 7,820,000 | 391,000 |
| Total | <u>\$255,735,000</u> | <u>\$95,260,964</u> |

3. Long-Term Obligation Activity

| | <u>Balance</u> <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2013</u> | <u>Due Within</u> <u>One Year</u> |
|--------------------------------------|---------------------------------------|----------------------|----------------------|--|--------------------------------------|
| Governmental activities: | | | | | |
| General Obligation Bonds | \$ 98,695,000 | \$ 62,360,000 | \$ 72,665,000 | \$ 88,390,000 | \$ 7,995,000 |
| Plus: Premiums on issuance | 1,925,346 | 10,660,999 | 837,592 | 11,748,753 | - |
| Total General Obligation Bonds | <u>100,620,346</u> | <u>73,020,999</u> | <u>73,502,592</u> | <u>100,138,753</u> | <u>7,995,000</u> |
| Certificates of Participation/ | | | | | |
| Limited Obligation Bonds | 274,555,000 | - | 18,820,000 | 255,735,000 | 18,700,000 |
| Plus: Premiums on issuance | 10,774,194 | - | 1,072,132 | 9,702,062 | - |
| Total Certificates of Participation/ | | | | | |
| Limited Obligation Bonds | <u>285,329,194</u> | <u>-</u> | <u>19,892,132</u> | <u>265,437,062</u> | <u>18,700,000</u> |
| Capital Leases | 3,531,107 | - | 183,035 | 3,348,072 | 191,635 |
| Compensated absences | 3,315,207 | 2,392,841 | 2,255,144 | 3,452,904 | 2,762,323 |
| Other postemployment benefits | 8,255,957 | 3,069,960 | 671,551 | 10,654,366 | - |
| Unfunded Pension Cost | 220,616 | 444,232 | 451,644 | 213,204 | - |
| Total governmental activities | <u>\$ 401,272,427</u> | <u>\$ 78,928,032</u> | <u>\$ 96,956,098</u> | <u>\$ 383,244,361</u> | <u>\$ 29,648,958</u> |

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2013:

| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 | Due Within One Year |
|---|-------------------------|-------------------|---------------------|--------------------------|------------------------|
| Business-type activities | | | | | |
| Compensated absences | \$ 31,060 | \$ 5,697 | \$ 12,179 | \$ 24,578 | \$ 19,663 |
| Other postemployment benefits | 79,114 | 5,360 | - | 84,474 | - |
| Landfill Closure/Post-Closure | 3,399,358 | - | 70,275 | 3,329,083 | 166,454 |
| Total business-type activities | <u>\$ 3,509,532</u> | <u>\$ 11,057</u> | <u>\$ 82,454</u> | <u>\$ 3,438,135</u> | <u>\$ 186,117</u> |
| | | | | | |
| | Balance July 1, 2012 | Increases | Decreases | Balance June 30, 2013 | Due Within One Year |
| Discretely presented component unit: | | | | | |
| Compensated absences | \$ 520,627 | \$ 534,280 | \$ (521,505) | \$ 533,402 | \$ 522,734 |
| OPEB obligation | 536,048 | 154,125 | (71,837) | 618,336 | - |
| Total discretely presented component unit | <u>\$ 1,056,675</u> | <u>\$ 688,405</u> | <u>\$ (593,342)</u> | <u>\$ 1,151,738</u> | <u>\$ 522,734</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.

4. Net Investment in Capital Assets

Governmental Activity, net investment in capital assets at June 30, 2013, are computed as follows:

| | |
|---|-----------------------|
| Capital assets, net of accumulated depreciation | \$ 212,697,320 |
| Deferred outflows of resources | 10,747,569 |
| Less: capital debt | |
| Gross debt | (368,923,887) |
| School debt related to assets to which the County does not capitalize | 282,052,310 |
| Unspent debt proceeds, non school related debt | <u>-</u> |
| Deferred outflows related to school debt | <u>(10,296,784)</u> |
| Net investment in capital assets | <u>\$ 126,276,528</u> |

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

5. Advance Refundings

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 position. The amount of defeased debt that remains outstanding as of June 30, 2013 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.

On May 15, 2013, Cabarrus County issued \$62,360,000 of General Obligation, Series 2013 advance refunding bonds to provide resources to purchase U.S. Government securities that were placed into an irrevocable trust for the purpose of making all future debt service payments on the callable Series 2005 and the callable Series 2006 General Obligation bonds. The refunded debt consists of a portion (\$31,500,000) of the County's Series 2005 General Obligation Bonds dated March 1, 2005 and maturing March 1, 2016 through March 1, 2025 and a portion (\$34,200,000) of the County's Series 2006 General Obligation Bonds dated September 1, 2006 and maturing March 1, 2027. The refunding debt was issued at a net interest cost of 2.148626%. 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 position. The amount of defeased debt that remains outstanding as of June 30, 2013 is \$65,700,000. This refunding was undertaken to reduce total debt service payments over the following 14 years by \$6,205,125 and resulted in a present value cash flow savings of \$5,522,531.

Debt related to Capital Activities – Of the total Governmental Activities debt listed only \$86,871,577 relates to assets for which the County holds title. There is no unspent restricted cash related to the debt amounts.

J. 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, 2013, there were no industrial revenue bonds outstanding.

K. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

The composition of interfund balances as of June 30, 2013 is as follows:

| | Transfers In | | | Total Transfers Out |
|--------------------------|---------------------|----------------------|-----------------------------|----------------------|
| | <u>General</u> | <u>Non Major</u> | <u>Internal Service</u> | |
| General | \$ - | \$ 1,147,147 | \$ 357,000 | \$ 1,504,147 |
| Non-Major | 9,691,241 | 1,702,846 | - | 11,394,087 |
| Landfill Enterprise Fund | 122,200 | - | - | 122,200 |
| Total | <u>\$ 9,813,441</u> | <u>\$ 2,849,993</u> | <u>\$ 357,000</u> | <u>\$ 13,020,434</u> |

Transfers to and from other funds at June 30, 2013 consists of the following:

| | |
|---|------------|
| To the General Fund from the Capital Reserve Fund for the renovation of a building at the Community College. | \$ 234,825 |
| 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. | 85 |
| To the General Fund from the Landfill Enterprise Fund for transfer of the White Goods program to the General Fund | 122,200 |
| To the General Fund from the Certificates of Participation 2009 Capital Projects Fund for debt service payments. | 1,934,677 |
| To the General Fund from the Public School Building Capital Projects Fund for debt service payments. | 7,307,518 |
| To the Construction and Renovation Capital Projects fund from the Capital Reserve Fund for improvements and renovations to several County owned buildings | 1,702,846 |
| To the Construction and Renovation Capital Projects Fund from the General Fund for renovations to the Kannapolis Library | 30,000 |
| To the Construction and Renovation Capital Projects Fund from the General Fund for improvements and renovations to the Concord Senior Center. | 390,000 |
| To the Community Development Special Revenue fund from the General Fund for Community Development projects. | 25,000 |
| To the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund for the operations of the facility | 677,607 |

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

| | |
|--|-----------------------------|
| To the Small Projects Capital Project Fund from the General Fund for the purchase of a dock for the Soil & Water Department. | 14,800 |
| To the Cannon Memorial Library Capital Projects Fund from the General Fund for future Library expansion. | 9,740 |
| To the Self Insured Hospitalization Internal Service Fund from the General Fund for the payment of claims. | <u>357,000</u> |
| Total | <u><u>\$ 13,020,434</u></u> |

L. 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, 2013 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.

M. Public School Building Capital Fund

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

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

The corporate income taxes deposited into the Fund are allocated to the County on the basis of its average daily membership (ADM) as determined by the North Carolina State Board of Education. The Office of State Budget and Management established and maintains an ADM allocation account for the County. At June 30, 2013 the balance of the County's ADM allocation account was \$150. 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, 2013 the County's disbursing account had a \$0 balance.

N. 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

| | <u>Federal</u> | <u>State</u> |
|--|-----------------------------|-----------------------------|
| Medical assistance | \$ 97,767,589 | \$ 56,149,296 |
| Temporary assistance to needy families | 718,544 | - |
| Special assistance to adults | 1,113,648 | 1,114,312 |
| Refugee | 9,710 | - |
| Adoption assistance | 725,425 | 210,240 |
| Total | <u><u>\$100,334,916</u></u> | <u><u>\$ 57,473,848</u></u> |

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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.

O. Internal Service

The County has one internal service fund for self-insured hospitalization insurance. The self-insured hospitalization insurance fund accumulates premiums and pays all claims and related expenses for health insurance activities. At June 30, 2013 the self-insured hospitalization internal service fund had an unrestricted net asset balance of \$2,690,283. 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.

P. Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a change on refunding of debt of \$10,747,569.

| | Unavailable Revenue | Unearned Revenue |
|--|------------------------|---------------------|
| Prepaid taxes not yet earned (General) | \$ - | \$ 499,550 |
| Taxes receivable, net (General) | 4,566,237 | - |
| Ambulance receivable, net (General) | 1,380,103 | - |
| Total | <u>\$ 5,946,340</u> | <u>\$ 499,550</u> |

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. Special deductibles apply for certain perils such as flood, earth movement, boiler and machinery and the Stough Road location.

The County purchases primary policies for Emergency Medical Services (EMS). The policies provide coverages for physical damage for EMS units, equipment and automobile, general and medical professional liability exposures. In addition, an underlying policy is purchased for the Transportation services of Cabarrus County.

Fidelity exposures are covered through the purchase of Bonds. The Carolina Governmental Alliance, Inc. secures the purchase of these Bonds on behalf of the County.

The workers' compensation insurance program is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation. The self-insured retention for Workers' Compensation is \$500,000 occurrence. A primary workers' compensation policy is purchased for all Title V employees.

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

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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, 2013 is shown at right.

| <u>Self-Insured Health Insurance</u> | | |
|---|--------------------|--------------------|
| | <u>6/30/2012</u> | <u>6/30/2013</u> |
| Unpaid claims, beginning of fiscal year | \$1,305,556 | \$1,886,378 |
| Incurred claims | 9,202,869 | 6,165,264 |
| Claim payments | <u>(8,622,047)</u> | <u>(6,598,863)</u> |
| Unpaid claims, end of fiscal year | <u>\$1,886,378</u> | <u>\$1,452,779</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, 2013, 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 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. See Effects of Subsequents Note for an update on this contingent liability.

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.

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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 was the appellant in three cases consolidated and heard before the North Carolina Supreme Court 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 North Carolina Supreme Court ruled against the County in these cases in validating the APFO. The County has rescinded that part of the zoning and subdivision regulations.

In a separate lawsuit currently pending in Cabarrus County Superior Court, 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.

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 \$1,814,076 (collected but unspent), therefore funds are available to cover possible refunds to customers.

3. Joint Ventures

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solution with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because Cardinal Innovations Healthcare Solution's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations Healthcare Solution, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,021 to Cardinal Innovations Healthcare Solution to supplement its activities. Complete financial statements for Cardinal

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Innovations Healthcare Solution can be obtained from Cardinal Innovations Healthcare Solution's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio 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, \$387,500 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,889,254 to the community college for operating purposes and \$534,825 for capital outlay during the fiscal year ended June 30, 2013. In addition, the County made debt service payments of \$202,017 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, 2013. 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 (CGA) 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. Effective June 30, 2013 Rowan County has discontinued their participation in CGA.

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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considers the contributions immaterial.

Effective July 1, 2004, pursuant to a new IRS regulation regarding Group Life Insurance benefits, the County is now required to include the amount of group life insurance coverage that exceeds \$50,000 as a taxable fringe benefit. As a full-time employee participating in the NC Local Government Retirement System, an employee is eligible for a death benefit of \$25,000 to \$50,000 and an additional \$20,000 the County provides for all employees who have been employed for at least one year. If 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

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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 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 \$671,551 or 1.94% 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 \$47,375 for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$856,619.

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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:

| | 2013 |
|--|-----------------------------|
| Annual Required Contribution | \$ 3,060,420 |
| Interest on Net OPEB Obligation | 333,403 |
| Adjustment to annual required contribution | <u>(318,503)</u> |
| Annual OPEB cost (expense) | 3,075,320 |
| Contributions made | <u>(671,551)</u> |
| Increase (decrease) in net OPEB obligation | 2,403,769 |
| Net OPEB obligation, beginning of year | <u>8,335,071</u> |
| Net OPEB obligation, end of year | <u><u>\$ 10,738,840</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 | 45% | \$ 8,335,071 |
| 2013 | \$3,075,320 | 22% | \$10,738,840 |

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 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.

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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 6.74% and 6.77% respectively, of annual covered payroll. For the Alliance, the current rate for employees is 6.74% 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 County's contribution to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$2,583,039, \$2,737,358 and \$2,378,176, respectively. The Alliance's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011, were \$574,529, \$548,773 and \$554,377 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of

| | |
|--|------------|
| Retirees receiving benefits | 15 |
| Terminated plan members entitled to but not yet receiving benefits | - |
| Active plan members | 198 |
| Total | <u>213</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

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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 \$451,644 or 5.18% 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, 2013 was determined as part of the December 31, 2011 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, 2011 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, 2013 are shown at right:

| | |
|--|--------------------------|
| Annual required contribution | \$ 457,220 |
| Interest on net pension obligation | 11,031 |
| Adjustment to annual required contribution | (24,019) |
| Annual pension cost | <u>444,232</u> |
| Contributions made | <u>(451,644)</u> |
| Increase in net pension obligation | (7,412) |
| Net pension obligation beginning of year | <u>220,616</u> |
| Net pension obligation end of year | <u><u>\$ 213,204</u></u> |

| 3 Year Trend Information | | | |
|---------------------------------|-----------------------|------------------------|--------------------|
| Fiscal Year | Annual Pension | Percentage of | Net Pension |
| Ended | Cost (APC) | APC Contributed | Obligation |
| 6/30/2011 | \$539,726 | 76.35% | \$340,558 |
| 6/30/2012 | 431,594 | 127.79% | 220,616 |
| 6/30/2013 | 444,232 | 101.67% | 213,204 |

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was 18.06 percent funded. The actuarial accrued liability for benefits was \$3,495,489, and the actuarial value of assets was \$631,437, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,864,052. The covered payroll (annual payroll of active employees covered by the plan) was \$8,713,365 and the ratio of the UAAL to the covered payroll was 32.87 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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013

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, 2013 were \$2,582,687 which consisted of \$1,913,004 from the County and \$669,684 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 \$253,100 for the year ended June 30, 2013.

d. Register of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$20,287.

e. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures. Previously deferred bond issuance costs totaling \$3,176,498 were not recognized as an expenditure. As a result, beginning net position decreased from (\$65,093,245) to (\$68,269,743).

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2013**

8. Effects of Subsequent Events

On October 1, 2013, the North Carolina Court of Appeals denied Speedway Motorsports Inc. appeal in a lawsuit against Cabarrus County. The details of the lawsuit are located in the Contingent Liability Section of the Notes to the Financial Statements. The Speedway could file a motion for reconsideration. However, the County's Attorney does not believe this will happen and considers the case closed.



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, 2013.

**Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2013**

| 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) |
|---|--|---|--|-----------------------------------|--|---|
| 12/31/2003 | \$ 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% |
| 12/31/2012 | 631,437 | 3,495,489 | 2,864,052 | 18.06% | 8,713,365 | 32.87% |

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 |
|-------------------------------|---|--------------------------------|-----------------------------------|
| 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% |
| 2013 | 457,220 | 451,644 | 99% |

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 percent of pay open basis |
| 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, 2013

| 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% |
| 2013 | 3,060,420 | 671,551 | 21.9% |

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, 2013

Schedule 1

| | Special Revenue | | | | | Capital Projects | | | | | | | | | | | | |
|--|---------------------------------|----------------------------------|---------------------------------------|---------------------|-------------------------|---------------------|--------------|----------------------------------|--------------------------------|---|---|----------------------|-------------|---------------------|--------------------------|-----------------------------|---------------|-----------------------------------|
| | Emergency Telephone System Fund | Community Development Grant Fund | Cabarrus Arena and Events Center Fund | Fire Districts Fund | Sherrif Department Fund | Department of Aging | Subtotal | Justice Center Construction Fund | Construction & Renovation Fund | Certificates of Participation 2009 Fund | Qualified School Construction Bond Fund | Capital Reserve Fund | Tulley Fund | Small Projects Fund | Adequate Facilities Fund | Canon Memorial Library Fund | Subtotal | Total Nonmajor Governmental Funds |
| Assets | | | | | | | | | | | | | | | | | | |
| Cash and cash equivalents | \$ 554,018 | \$ 51,828 | \$ 795,157 | \$ 31,707 | \$ 252,863 | \$ 121,124 | \$ 1,806,697 | \$ 938,839 | \$ 6,071,685 | \$ 112 | \$ - | \$ 2,432,054 | \$ 18,968 | \$ 886,284 | \$ 1,813,146 | \$ 85,201 | \$ 12,246,289 | \$ 14,052,986 |
| Accounts receivable | 114,112 | 6,617 | 72,393 | - | 1,800 | - | 194,922 | - | 7,342 | - | - | - | - | 50,000 | - | - | 57,342 | 252,264 |
| Interest receivable | 295 | - | 487 | - | 135 | 62 | 979 | - | - | - | - | 1,215 | 10 | 446 | 930 | 38 | 2,639 | 3,618 |
| Notes receivable | - | - | - | - | - | - | - | - | - | - | - | 648,000 | - | - | - | - | 648,000 | 648,000 |
| Restricted cash | - | - | 100,000 | - | - | - | 100,000 | - | - | 3,970,675 | 2,664,282 | - | - | - | - | - | 6,734,957 | 6,734,957 |
| Total assets | \$ 668,425 | \$ 58,445 | \$ 968,037 | \$ 31,707 | \$ 254,798 | \$ 121,186 | \$ 2,102,598 | \$ 938,839 | \$ 6,079,027 | \$ 3,970,787 | \$ 2,664,282 | \$ 3,081,269 | \$ 18,978 | \$ 936,730 | \$ 1,814,076 | \$ 85,239 | \$ 19,589,227 | \$ 21,691,825 |
| Liabilities | | | | | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities | \$ 23,583 | \$ 2,000 | \$ 300,258 | \$ 31,707 | \$ - | \$ - | \$ 357,548 | \$ - | \$ 8,970 | \$ - | \$ 613,882 | \$ - | \$ - | \$ 97,478 | \$ - | \$ - | \$ 720,330 | \$ 1,077,878 |
| Contract retainages | - | - | - | - | - | - | - | - | - | - | 94,175 | - | - | - | - | - | 94,175 | 94,175 |
| Total liabilities | 23,583 | 2,000 | 300,258 | 31,707 | - | - | 357,548 | - | 8,970 | - | 708,057 | - | - | 97,478 | - | - | 814,505 | 1,172,053 |
| Fund balances: | | | | | | | | | | | | | | | | | | |
| Restricted: | | | | | | | | | | | | | | | | | | |
| Stabilization by State Statute | 114,407 | 6,617 | 72,880 | - | 1,935 | 62 | 195,901 | - | 59,898 | - | - | 73,215 | 10 | 50,446 | 930 | 38 | 184,537 | 380,438 |
| General Government | - | - | - | - | - | - | - | - | - | - | - | - | - | 198,616 | - | - | 198,616 | 198,616 |
| Public safety | 530,435 | - | - | - | 252,863 | - | 783,298 | 938,839 | - | - | - | - | - | 938,839 | 1,722,137 | - | 938,839 | 1,722,137 |
| Education | - | - | - | - | - | - | - | - | - | 3,970,787 | 1,956,225 | - | - | - | 1,813,146 | - | 7,740,158 | 7,740,158 |
| Culture & recreation | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 85,201 | 85,201 | 85,201 |
| Committed: | | | | | | | | | | | | | | | | | | |
| General government | - | - | - | - | - | - | - | - | 276,897 | - | - | 1,108,941 | - | 168,322 | - | - | 1,554,160 | 1,554,160 |
| Public safety | - | - | - | - | - | - | - | - | 2,405,316 | - | - | - | - | - | - | - | 2,405,316 | 2,405,316 |
| Economic & phy dev | - | 49,828 | - | - | - | - | 49,828 | - | - | - | - | - | 18,968 | 421,868 | - | - | 440,836 | 490,664 |
| Human services | - | - | - | - | - | 121,124 | 121,124 | - | 46,045 | - | - | 100,000 | - | - | - | - | 146,045 | 267,169 |
| Education | - | - | - | - | - | - | - | - | - | - | - | - | 45,218 | - | - | - | 45,218 | 45,218 |
| Culture & recreation | - | - | - | - | - | - | - | - | 3,281,901 | - | - | 1,753,895 | - | - | - | - | 5,035,796 | 5,035,796 |
| Assigned: | | | | | | | | | | | | | | | | | | |
| Culture & recreation | - | - | 594,899 | - | - | - | 594,899 | - | - | - | - | - | - | - | - | - | - | 594,899 |
| Total fund balances | 644,842 | 56,445 | 667,779 | - | 254,798 | 121,186 | 1,745,050 | 938,839 | 6,070,037 | 3,970,787 | 1,956,225 | 3,081,269 | 18,978 | 839,252 | 1,814,076 | 85,239 | 18,774,722 | 20,519,772 |
| Total liabilities and fund balances | \$ 668,425 | \$ 58,445 | \$ 968,037 | \$ 31,707 | \$ 254,798 | \$ 121,186 | \$ 2,102,598 | \$ 938,839 | \$ 6,079,027 | \$ 3,970,787 | \$ 2,664,282 | \$ 3,081,269 | \$ 18,978 | \$ 936,730 | \$ 1,814,076 | \$ 85,239 | \$ 19,589,227 | \$ 21,691,825 |

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

| | Special Revenue | | | | | | | | | | | | Capital Projects | | | | | Subtotal | Total Nonmajor Governmental Funds |
|---|-----------------------|----------------------------------|-------------------------------|---------------------|----------------------------|--------------------------|--------------|-----------------------------|----------------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------|------------|---------------------|--------------------------|-----------------------------|---------------|-----------------------------------|
| | Emergency System Fund | Community Development Grant Fund | Cabarrus Areas and Parks Fund | Fire Districts Fund | Short-Term Department Fund | Department of Aging Fund | Subtotal | Public School Building Fund | Justice Center Construction Fund | Construction & Recreation Fund | Centennial 2009 Participation of | Quilled School Construction Bond | Capital Reserve Fund | Tully Fund | Small Projects Fund | Adequate Facilities Fund | Canon Memorial Library Fund | | |
| Revenues: | | | | | | | | | | | | | | | | | | | |
| Ad valorem taxes | - | - | - | - | - | - | 2,855,185 | - | - | - | - | - | - | - | - | - | - | 126,013 | 2,981,198 |
| State grant-Schooler stabilization | - | - | - | - | - | - | 39,824 | - | - | - | - | - | - | - | - | - | - | 39,824 | 39,824 |
| Intergovernmental | - | - | - | - | - | 9,745 | 9,745 | - | - | - | - | - | - | - | - | - | - | 457,125 | 466,870 |
| Intergovernmental - Lottery | - | - | - | - | - | - | - | 7,307,518 | - | - | - | - | - | - | - | - | - | 7,307,518 | 7,307,518 |
| Program fees | - | - | - | - | - | 3,418 | 693,303 | - | - | - | - | - | - | - | - | 33,169 | - | 134,781 | 828,084 |
| Telephone subscriber fees | 684,674 | - | - | - | - | - | 684,674 | - | - | 95,300 | - | - | - | - | - | - | - | 684,674 | 684,674 |
| Investment earnings | 1,506 | - | 2,338 | - | 728 | 308 | 4,900 | - | 26 | - | 2,711 | 2,753 | 7,666 | 53 | 1,945 | 4,659 | 151 | 19,994 | 24,894 |
| Donations | - | - | - | - | - | - | 202,085 | - | - | 150,000 | - | - | 202,085 | - | 2,000 | - | 71,458 | 425,543 | 625,598 |
| Miscellaneous | - | - | 8,548 | - | - | - | 8,548 | - | - | 20,000 | - | - | - | - | - | - | - | 20,000 | 28,548 |
| Total revenues | 686,180 | 39,824 | 992,876 | 2,855,185 | 13,891 | 1,278 | 4,499,234 | 7,307,518 | 26 | 265,300 | 2,711 | 2,753 | 209,781 | 53 | 593,356 | 37,828 | 71,609 | 8,469,974 | 12,990,208 |
| Expenditures: | | | | | | | | | | | | | | | | | | | |
| General Government | - | - | - | - | - | - | - | - | - | 4,225 | - | - | - | - | 137,668 | - | - | 141,893 | 141,893 |
| Public Safety | - | - | - | - | - | 12,268 | 3,268,675 | - | - | 50,478 | - | - | - | - | - | - | - | 50,478 | 3,319,153 |
| Economic and Physical Development | - | - | - | - | - | - | 52,922 | - | - | - | - | - | - | - | 105,666 | - | - | 105,666 | 158,388 |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - | - | 4,782 | 331,777 | - | - | 336,559 | 336,559 |
| Human Services | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 82 | - | - | 82 | 82 |
| Education | - | - | - | - | - | - | - | - | - | - | 6,555 | 6,875,643 | - | - | - | - | - | 6,882,198 | 6,882,198 |
| Culture and Recreation | - | - | 1,357,943 | - | - | - | 1,357,943 | - | - | 271,783 | - | - | - | - | - | - | - | 271,783 | 1,625,726 |
| Capital outlay | - | - | - | - | - | - | - | - | - | 364,004 | - | - | - | - | 26,792 | - | - | 390,796 | 390,796 |
| Land and Land Improvements | - | - | - | - | - | - | - | - | - | 128,970 | - | - | - | - | - | - | - | 128,970 | 128,970 |
| Building and Building Improvements | - | - | 38,697 | - | - | 55,201 | 38,697 | - | 643,845 | - | - | - | - | - | - | - | - | 772,815 | 811,512 |
| Equipment and Furniture | - | - | - | - | - | 34,393 | 34,393 | - | - | 230,092 | - | - | - | - | - | - | - | 230,092 | 265,293 |
| Vehicles and Motorized Equipment | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 34,393 |
| Construction in Progress | - | - | - | - | - | - | - | - | - | 1,112,243 | - | - | - | - | - | - | - | 1,112,243 | 1,112,243 |
| Total expenditures | 400,922 | 52,922 | 1,396,640 | 2,855,185 | 102,162 | - | 4,807,881 | - | 643,845 | 2,161,795 | 6,555 | 6,875,643 | - | 4,782 | 601,985 | - | - | 10,294,605 | 15,102,436 |
| Excess (deficiency) of revenues over (under) expenditures | 285,258 | (13,098) | (403,764) | - | (68,271) | 1,278 | (308,647) | 7,307,518 | (643,819) | (1,896,495) | (3,844) | (6,872,890) | 209,781 | (4,729) | (3,390) | 37,828 | 71,609 | (1,803,631) | (2,112,230) |
| Other financing sources (uses): | | | | | | | | | | | | | | | | | | | |
| Transfer in | - | 25,000 | 677,607 | - | - | - | 702,607 | - | - | 2,122,846 | - | - | - | - | 14,800 | - | 9,740 | 2,147,386 | 2,840,993 |
| Transfer (out) | (214,136) | - | - | - | - | - | (214,136) | (7,307,518) | (85) | - | (1,934,677) | - | (1,937,671) | - | - | - | - | (11,179,951) | (11,394,087) |
| Total other financing source (uses) | (214,136) | 25,000 | 677,607 | - | - | - | 488,471 | (7,307,518) | (85) | 2,122,846 | (1,934,677) | - | (1,937,671) | - | 14,800 | - | 9,740 | (9,032,565) | (8,544,090) |
| Net change in fund balances | 71,122 | 11,902 | 183,843 | - | (68,271) | 1,278 | 179,874 | - | (643,944) | 226,331 | (1,938,521) | (6,872,890) | (1,721,890) | (4,729) | 6,210 | 37,828 | 81,349 | (10,836,196) | (10,656,322) |
| Fund balances, July 1 | 573,720 | 44,543 | 485,936 | - | 343,669 | 119,908 | 1,265,176 | - | 1,582,743 | 5,843,706 | 5,909,398 | 8,829,112 | 4,892,159 | 23,707 | 833,042 | 1,772,348 | 3,890 | 29,610,918 | 31,176,094 |
| Fund balances, June 30 | \$ 644,842 | \$ 56,445 | \$ 667,779 | \$ - | \$ 254,398 | \$ 121,186 | \$ 1,445,050 | \$ - | \$ 938,839 | \$ 6,070,037 | \$ 3,970,787 | \$ 1,566,225 | \$ 3,168,269 | \$ 18,978 | \$ 839,232 | \$ 1,814,076 | \$ 85,239 | \$ 18,774,722 | \$ 20,513,772 |

Special Revenue Funds

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2013

| | <u>Actual</u> | | |
|--|------------------|-------------------|---|
| | <u>Budget</u> | <u>Actual</u> | <u>Variable Favorable (Unfavorable)</u> |
| Revenues: | | | |
| Telephone subscriber fees | \$ 684,674 | \$ 684,674 | \$ - |
| Investment earnings | 2,000 | 1,506 | (494) |
| Total revenues | <u>686,674</u> | <u>686,180</u> | <u>(494)</u> |
| Expenditures: | | | |
| Public Safety: | | | |
| Telephone | 338,723 | 270,819 | 67,904 |
| Software maintenance | 55,730 | 55,730 | - |
| Hardware maintenance | 76,785 | 73,073 | 3,712 |
| Training | 1,300 | 1,300 | - |
| Total expenditures | <u>472,538</u> | <u>400,922</u> | <u>71,616</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>214,136</u> | <u>285,258</u> | <u>71,122</u> |
| Other financing sources (uses): | | | |
| Transfer (out)-General Fund | <u>(214,136)</u> | <u>(214,136)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(214,136)</u> | <u>(214,136)</u> | <u>-</u> |
| Net change in fund balance | <u>\$ -</u> | <u>71,122</u> | <u>\$ 71,122</u> |
| Fund balance, July 1 | | <u>573,720</u> | |
| Fund balance, June 30 | | <u>\$ 644,842</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, 2013

| | Project Authorization | Prior Years | Actual Current Year | Total to Date |
|-------------------------------------|----------------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| Home consortium | \$ 357,015 | \$ 169,153 | \$ - | \$ 169,153 |
| Scattered site rehabilitation 10-C | 400,000 | 199,306 | 39,824 | 239,130 |
| Scattered site program revenues | <u>10,000</u> | <u>10,000</u> | <u>-</u> | <u>10,000</u> |
| Total revenues | <u>767,015</u> | <u>378,459</u> | <u>39,824</u> | <u>418,283</u> |
| Expenditures: | | | | |
| Economic and physical development: | | | | |
| Home Consortium: | | | | |
| Consultants | 20,208 | 9,593 | - | 9,593 |
| Sub-contractor construction | <u>431,807</u> | <u>195,017</u> | <u>-</u> | <u>195,017</u> |
| Total home consortium | <u>452,015</u> | <u>204,610</u> | <u>-</u> | <u>204,610</u> |
| Scattered site rehabilitation: | | | | |
| Consultants | 50,000 | 16,161 | 10,487 | 26,648 |
| Sub-contractor construction | 320,000 | 170,835 | 22,495 | 193,330 |
| Urgent repair | <u>40,000</u> | <u>12,310</u> | <u>19,940</u> | <u>32,250</u> |
| Total scattered site rehabilitation | <u>410,000</u> | <u>199,306</u> | <u>52,922</u> | <u>252,228</u> |
| Total expenditures | <u>862,015</u> | <u>403,916</u> | <u>52,922</u> | <u>456,838</u> |
| Revenues over (under) expenditures | <u>(95,000)</u> | <u>(25,457)</u> | <u>(13,098)</u> | <u>(38,555)</u> |
| Other financing sources: | | | | |
| Transfer in - General Fund | <u>95,000</u> | <u>70,000</u> | <u>25,000</u> | <u>95,000</u> |
| Total other financing sources | <u>95,000</u> | <u>70,000</u> | <u>25,000</u> | <u>95,000</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 44,543</u> | 11,902 | <u>\$ 56,445</u> |
| Fund balance, July 1 | | | <u>44,543</u> | |
| Fund balance, June 30 | | | <u>\$ 56,445</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, 2013

| | <u>Actual</u> | | <u>Variance</u> |
|--|------------------|-------------------|--|
| | <u>Budget</u> | <u>Actual</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues: | | | |
| Arena and Events Center: | | | |
| Donations - Cabarrus Visitors Bureau | \$ 100,000 | \$ 100,000 | \$ - |
| County Fair: | | | |
| Program fees | 616,500 | 689,885 | 73,385 |
| Investment earnings | 1,500 | 2,358 | 858 |
| Miscellaneous | 10,500 | 8,548 | (1,952) |
| Total County Fair | <u>628,500</u> | <u>700,791</u> | <u>72,291</u> |
| Visitor Related Events: | | | |
| Donations - Cabarrus Visitors Bureau | <u>75,000</u> | <u>102,085</u> | <u>27,085</u> |
| Total revenues | <u>803,500</u> | <u>902,876</u> | <u>99,376</u> |
| Expenditures: | | | |
| Cultural and recreational: | | | |
| Arena and Events Center | | | |
| Management Company | 764,178 | 677,607 | 86,571 |
| Other operating expenses | <u>161,760</u> | <u>102,106</u> | <u>59,654</u> |
| Total Arena & Events Center operations | <u>925,938</u> | <u>779,713</u> | <u>146,225</u> |
| Capital Outlay-Building Improvement | <u>38,697</u> | <u>38,697</u> | <u>-</u> |
| Total Arena and Events Center | <u>964,635</u> | <u>818,410</u> | <u>146,225</u> |
| County Fair: | | | |
| Salaries and employee benefits | 132,741 | 104,354 | 28,387 |
| Other operating expenses | <u>479,965</u> | <u>468,876</u> | <u>11,089</u> |
| Total county fair | <u>612,706</u> | <u>573,230</u> | <u>39,476</u> |
| Visitor Related Events: | | | |
| Event expense | <u>75,000</u> | <u>5,000</u> | <u>70,000</u> |
| Total expenditures | <u>1,652,341</u> | <u>1,396,640</u> | <u>255,701</u> |
| Revenues over (under) expenditures | <u>(848,841)</u> | <u>(493,764)</u> | <u>355,077</u> |
| Other financing sources: | | | |
| Transfer in - General Fund | 784,384 | 677,607 | 106,777 |
| Fund Balance Appropriated | <u>64,457</u> | <u>-</u> | <u>64,457</u> |
| Total other financing sources | <u>848,841</u> | <u>677,607</u> | <u>171,234</u> |
| Net change in fund balance | <u>\$ -</u> | <u>183,843</u> | <u>\$ 183,843</u> |
| Fund balance, July 1 | | <u>483,936</u> | |
| Fund balance, June 30 | | <u>\$ 667,779</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, 2013

| | <u>Actual</u> | | <u>Variance</u> |
|----------------------------|------------------|------------------|----------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Favorable</u> |
| | | | <u>(Unfavorable)</u> |
| Revenues: | | | |
| Property tax collections | \$ 2,984,715 | \$ 2,855,185 | \$ (129,530) |
| Total revenues | <u>2,984,715</u> | <u>2,855,185</u> | <u>(129,530)</u> |
| Expenditures: | | | |
| Public Safety | <u>2,984,715</u> | <u>2,855,185</u> | <u>129,530</u> |
| Total expenditures | <u>2,984,715</u> | <u>2,855,185</u> | <u>129,530</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, 2013

| | | 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 | 310,980 | 9,745 | 320,725 |
| Firing Range fees | 8,000 | 8,739 | 3,418 | 12,157 |
| Investment earnings: | | | - | |
| Federal Forfeiture sharing | 17,000 | 16,670 | 275 | 16,945 |
| NC Substance Control Tax | 54,015 | 52,790 | 441 | 53,231 |
| Firing Range | 425 | 182 | 12 | 194 |
| Total revenues | <u>754,486</u> | <u>743,212</u> | <u>13,891</u> | <u>757,103</u> |
| Expenditures: | | | | |
| Public Safety | 532,819 | 268,071 | 12,568 | 280,639 |
| Capital Outlay: | | | | |
| Equipment | 55,201 | - | 55,201 | 55,201 |
| Vehicles | 343,917 | 309,524 | 34,393 | 343,917 |
| Total expenditures | <u>931,937</u> | <u>577,595</u> | <u>102,162</u> | <u>679,757</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(177,451)</u> | <u>165,617</u> | <u>(88,271)</u> | <u>77,346</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>\$ 343,069</u> | <u>(88,271)</u> | <u>\$ 254,798</u> |
| Fund balance, July 1 | | | <u>343,069</u> | |
| Fund balance, June 30 | | | <u>\$ 254,798</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, 2013

| | | <u>Actual</u> | | |
|-------------------------------------|--|------------------------------|-------------------------------|--------------------------------|
| | <u>Project</u> <u>Authorization</u> | <u>Prior</u> <u>Years</u> | <u>Current</u> <u>Year</u> | <u>Total to</u> <u>Date</u> |
| Revenues: | | | | |
| Contributions and private donations | \$ 173,996 | \$ 175,445 | \$ 970 | \$ 176,415 |
| Investment earnings | 13,855 | 13,308 | 308 | 13,616 |
| | <u>187,851</u> | <u>188,753</u> | <u>1,278</u> | <u>190,031</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Human Services: | | | | |
| Special Projects | 187,851 | 68,845 | - | 68,845 |
| | <u>187,851</u> | <u>68,845</u> | <u>-</u> | <u>68,845</u> |
| Total expenditures | | | | |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 119,908</u> | 1,278 | <u>\$ 121,186</u> |
| Fund balance, July 1 | | | <u>119,908</u> | |
| Fund balance, June 30 | | | <u>\$ 121,186</u> | |

Capital Projects Funds

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

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

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.

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

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.

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, 2013

| | <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 | 13,480,824 | 6,173,306 | 7,307,518 | 13,480,824 |
| Lottery Proceeds - Rowan County | 128,500 | 128,500 | - | 128,500 |
| Total revenues | 16,506,366 | 9,198,848 | 7,307,518 | 16,506,366 |
| Expenditures: | | | | |
| Capital outlay - education: | | | | |
| Cabarrus County Schools | 620,619 | 620,619 | - | 620,619 |
| Kannapolis City Schools | 104,149 | 104,149 | - | 104,149 |
| Rowan County | 128,500 | 128,500 | - | 128,500 |
| Total expenditures | 853,268 | 853,268 | - | 853,268 |
| Excess (deficiency) of revenues over (under) expenditures | 15,653,098 | 8,345,580 | 7,307,518 | 15,653,098 |
| Other financing sources (uses): | | | | |
| Transfer in - General Fund | 724,768 | 724,768 | - | 724,768 |
| Transfer (out) - General Fund | (9,021,073) | (1,713,555) | (7,307,518) | (9,021,073) |
| Transfer (out) - Capital Projects Fund | (7,356,793) | (7,356,793) | - | (7,356,793) |
| Total other financing sources (uses) | (15,653,098) | (8,345,580) | (7,307,518) | (15,653,098) |
| Net change in fund balance | \$ - | \$ - | - | \$ - |
| Fund balance, July 1 | | | - | |
| 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, 2013

| | <u>Project Authorization</u> | <u>Actual</u> | | |
|--|----------------------------------|------------------------|-------------------------|--------------------------|
| | | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> |
| Revenues: | | | | |
| Investment earnings | \$ 2,220,193 | \$ 2,220,165 | \$ 26 | \$ 2,220,191 |
| Total revenues | <u>2,220,193</u> | <u>2,220,165</u> | <u>26</u> | <u>2,220,191</u> |
| Expenditures: | | | | |
| Public Safety | 143,346 | 143,344 | - | 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 | 58,747,228 | 58,593,913 | 153,315 | 58,747,228 |
| 7th Floor Sheriff's Admin Renovation | <u>1,739,031</u> | <u>1,248,501</u> | <u>490,530</u> | <u>1,739,031</u> |
| Total Capital outlay | <u>118,183,102</u> | <u>117,539,257</u> | <u>643,845</u> | <u>118,183,102</u> |
| Total expenditures | <u>118,458,170</u> | <u>117,814,323</u> | <u>643,845</u> | <u>118,458,168</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(116,237,977)</u> | <u>(115,594,158)</u> | <u>(643,819)</u> | <u>(116,237,977)</u> |
| Other financing sources (uses): | | | | |
| Issuance of debt-Installment Financing | 15,000,000 | 15,000,000 | - | 15,000,000 |
| Issuance of debt-Certificates of Participation | 92,405,000 | 92,405,000 | - | 92,405,000 |
| Premium on issuance of Certificates of Participation | 1,280,966 | 1,280,966 | - | 1,280,966 |
| Transfer in - Capital Reserve Fund | 6,458,772 | 6,458,772 | - | 6,458,772 |
| Transfer in - General Fund | 6,076,843 | 6,076,843 | - | 6,076,843 |
| Transfer (out) - Capital Reserve Fund | (1,649,458) | (1,649,458) | - | (1,649,458) |
| Transfer (out) - General Fund | <u>(3,334,146)</u> | <u>(2,395,222)</u> | <u>(85)</u> | <u>(2,395,307)</u> |
| Total other financing sources (uses) | <u>116,237,977</u> | <u>117,176,901</u> | <u>(85)</u> | <u>117,176,816</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 1,582,743</u> | <u>(643,904)</u> | <u>\$ 938,839</u> |
| Fund balance, July 1 | | | <u>1,582,743</u> | |
| Fund balance, June 30 | | | <u>\$ 938,839</u> | |

Cabarrus County, North Carolina
Construction and Renovations Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2013

| | Project Authorization | Prior Years | Actual Current Year | Total to Date |
|---|----------------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| PARTF Grant | \$ 350,000 | \$ - | \$ - | \$ - |
| Contributions and private donations | 150,000 | - | 150,000 | 150,000 |
| Rental Fees | 321,592 | 234,735 | 95,300 | 330,035 |
| Sale of capital assets | 20,000 | - | 20,000 | 20,000 |
| Total revenues | 841,592 | 234,735 | 265,300 | 500,035 |
| Expenditures: | | | | |
| Improvements: | | | | |
| General Government | | | | |
| Governmental Office Complex | 244,877 | 244,877 | - | 244,877 |
| Multi-Department Projects | 349,600 | 72,703 | - | 72,703 |
| Board of Elections | 141,525 | 137,300 | 4,225 | 141,525 |
| Public Safety | | | | |
| Courthouse Annex | 2,334,164 | 79,216 | 27,286 | 106,502 |
| Emergency Management | 610,601 | 333,110 | 23,192 | 356,302 |
| Culture & Recreation | | | | |
| School Park | 250,846 | - | 250,846 | 250,846 |
| Arena | 1,043,580 | 22,643 | 20,937 | 43,580 |
| Total Improvements | 4,975,193 | 889,849 | 326,486 | 1,216,335 |
| Capital Outlay: | | | | |
| Land and Land Improvements | | | | |
| <i>General Government</i> | | | | |
| Parking Lot #5 | 265,004 | - | 265,004 | 265,004 |
| <i>Culture & Recreation</i> | | | | |
| Wallace Park | 3,421,394 | 3,421,394 | - | 3,421,394 |
| <i>Human Services</i> | | | | |
| Social Services | 99,000 | - | 99,000 | 99,000 |
| Building and Building Improvements | | | | |
| <i>General Government</i> | | | | |
| Board of Elections | 2,192,676 | 2,192,676 | - | 2,192,676 |
| <i>Public Safety</i> | | | | |
| Courthouse Annex | 224,758 | 89,758 | 128,970 | 218,728 |
| Equipment and Furniture | | | | |
| <i>General Government</i> | | | | |
| Board of Elections | 6,409 | 6,409 | - | 6,409 |
| <i>Public Safety</i> | | | | |
| Emergency Management | 184,693 | - | 184,693 | 184,693 |
| <i>Human Services</i> | | | | |
| Social Services | 45,399 | - | 45,399 | 45,399 |
| Construction in Progress | | | | |
| <i>Public Safety</i> | | | | |
| Courthouse | 32,345 | - | 32,345 | 32,345 |
| Emergency Management | 271,431 | - | 271,431 | 271,431 |
| <i>Human Services</i> | | | | |
| Social Services | 922,588 | 95,970 | 780,573 | 876,543 |
| <i>Culture & Recreation</i> | | | | |
| Wallace Park | 2,180,000 | 329,578 | - | 329,578 |
| Helms Hall | 308,153 | - | 6,850 | 6,850 |
| Senior Center | 390,000 | - | 21,044 | 21,044 |
| Library | 80,000 | - | - | - |
| Total Capital Outlay | 10,623,850 | 6,135,785 | 1,835,309 | 7,971,094 |
| Total expenditures | 15,599,043 | 7,025,634 | 2,161,795 | 9,187,429 |
| Excess (deficiency) of revenues over (under) expenditures | (14,757,451) | (6,790,899) | (1,896,495) | (8,687,394) |
| Other financing sources (uses): | | | | |
| Lease Financing issued | 3,421,394 | 3,421,394 | - | 3,421,394 |
| Transfer in - General Fund | 1,215,134 | 795,134 | 420,000 | 1,215,134 |
| Transfer in - Capital Reserve Fund | 11,859,646 | 10,156,800 | 1,702,846 | 11,859,646 |
| Transfer out - General Fund | (1,738,723) | (1,738,723) | - | (1,738,723) |
| Total other financing sources (uses) | 14,757,451 | 12,634,605 | 2,122,846 | 14,757,451 |
| Net change in fund balance | \$ - | \$ 5,843,706 | 226,351 | \$ 6,070,057 |
| Fund balance, July 1 | | | 5,843,706 | |
| Fund balance, June 30 | | | <u>\$ 6,070,057</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, 2013

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total to Date</u> |
|--|----------------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| Investment earnings | \$ 165,576 | \$ 167,633 | \$ 2,711 | \$ 170,344 |
| Total revenues | 165,576 | 167,633 | 2,711 | 170,344 |
| Expenditures: | | | | |
| Cost of Debt Issuance | 576,148 | 576,148 | - | 576,148 |
| Education | | | | |
| AT Allen Elementary | 13,816,627 | 13,816,599 | - | 13,816,599 |
| Hickory Ridge Middle | 21,357,637 | 21,357,637 | - | 21,357,637 |
| Patriots Elementary | 12,569,278 | 12,569,278 | - | 12,569,278 |
| Harold E. Winkler Middle | 23,171,817 | 23,171,817 | - | 23,171,817 |
| Raging Ridge Road | 1,379,600 | 40,164 | 7,280 | 47,444 |
| A L Brown High Addition/Renovation | 10,449,533 | 9,724,389 | (725) | 9,723,664 |
| Total Education | 82,744,492 | 80,679,884 | 6,555 | 80,686,439 |
| Total expenditures | 83,320,640 | 81,256,032 | 6,555 | 81,262,587 |
| Excess (deficiency) of revenues over (under) expenditures | (83,155,064) | (81,088,399) | (3,844) | (81,092,243) |
| 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) | (11,644,595) | (1,934,677) | (13,579,272) |
| Total other financing sources (uses) | 83,155,064 | 86,997,707 | (1,934,677) | 85,063,030 |
| Net change in fund balance | \$ - | \$ 5,909,308 | (1,938,521) | \$ 3,970,787 |
| Fund balance, July 1 | | | 5,909,308 | |
| Fund balance, June 30 | | | \$ 3,970,787 | |

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, 2013

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total to Date</u> |
|--|----------------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| Investment earnings | \$ - | \$ 9,483 | \$ 2,753 | \$ 12,236 |
| Total revenues | - | 9,483 | 2,753 | 12,236 |
| Expenditures: | | | | |
| Education | | | | |
| Concord Middle | 195,826 | 195,826 | - | 195,826 |
| Winecoff Elementary | 145,555 | 4,597 | 140,958 | 145,555 |
| Concord High | 2,006,376 | 1,200,106 | 460,614 | 1,660,720 |
| Central Cabarrus High | 1,992,220 | 1,131,279 | 852,440 | 1,983,719 |
| Northwest High | 3,733,453 | 618,113 | 1,936,409 | 2,554,522 |
| Mt. Pleasant Elementary | 701,338 | 399,698 | 301,640 | 701,338 |
| Northwest Middle | 368,085 | 169,660 | 198,425 | 368,085 |
| J M Robinson High | 302,666 | 302,666 | - | 302,666 |
| Mt. Pleasant Middle | 241,000 | 241,001 | - | 241,001 |
| Beverly Hills Elementary | 168,198 | 168,200 | - | 168,200 |
| Coltrane Webb Elementary | 131,656 | 80,156 | 5,000 | 85,156 |
| Mt. Pleasant High | 65,961 | 2,962 | 2,118 | 5,080 |
| JN Fries Middle | 447,786 | 281,159 | 7,754 | 288,913 |
| R Brown McAllister Elementary | 71,905 | 71,905 | - | 71,905 |
| Performance Learning Center | 197,394 | 197,394 | - | 197,394 |
| Various Cabarrus County Schools | 333,438 | 27,176 | 251,081 | 278,257 |
| Forest Park Elementary | 5,200 | 5,200 | - | 5,200 |
| Kannapolis Intermediate | 3,006,059 | 702,040 | 2,291,833 | 2,993,873 |
| Fred L. Wilson Elementary | 6,500 | 6,500 | - | 6,500 |
| A L Brown High | 212,625 | 40,400 | 172,145 | 212,545 |
| Jackson Park Elementary | 156,956 | 6,400 | 150,556 | 156,956 |
| Woodrow Wilson Elementary | 146,960 | 8,000 | 138,960 | 146,960 |
| Contra Expense - Sales Tax | - | (42,913) | (34,290) | (77,203) |
| Total expenditures | 14,637,157 | 5,817,525 | 6,875,643 | 12,693,168 |
| Excess (deficiency) of revenues over (under) expenditures | (14,637,157) | (5,808,042) | (6,872,890) | (12,680,932) |
| 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 | \$ - | 8,829,115 | (6,872,890) | \$ 1,956,225 |
| Fund balance, July 1 | | | 8,829,115 | |
| Fund balance, June 30 | | | \$ 1,956,225 | |

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, 2013

| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Actual Current Year</u> | <u>Total to Date</u> |
|--|----------------------------------|------------------------|------------------------------------|--------------------------|
| Revenues: | | | | |
| Contribution - Tourism Authority | \$ 398,000 | \$ 191,184 | \$ 202,085 | \$ 393,269 |
| Investment earnings | 286,142 | 277,518 | 7,696 | 285,214 |
| Total revenues | 684,142 | 468,702 | 209,781 | 678,483 |
| Expenditures: | | | | |
| Education: | | | | |
| Rowan Cabarrus Community College | 45,218 | - | - | - |
| Building improvements | 2,744,556 | - | - | - |
| Total expenditures | 2,789,774 | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | (2,105,632) | 468,702 | 209,781 | 678,483 |
| Other financing sources (uses): | | | | |
| Transfer in - General Fund | 10,553,243 | 10,553,243 | - | 10,553,243 |
| Transfer (out) - General Fund | (424,825) | (190,000) | (234,825) | (424,825) |
| Transfer (out) - Capital Project Fund | (7,622,786) | (5,622,786) | (1,702,846) | (7,325,632) |
| Transfer (out) - Special Revenue Fund | (400,000) | (400,000) | - | (400,000) |
| Total other financing sources (uses) | 2,105,632 | 4,340,457 | (1,937,671) | 2,402,786 |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 4,809,159</u> | (1,727,890) | <u>\$ 3,081,269</u> |
| Fund balance, July 1 | | | 4,809,159 | |
| Fund balance, June 30 | | | <u>\$ 3,081,269</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, 2013

| | <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 | 95,064 | 53 | 95,117 |
| Total revenues | <u>694,203</u> | <u>693,968</u> | <u>53</u> | <u>694,021</u> |
| Expenditures: | | | | |
| Environmental Protection: | | | | |
| Urgent Repair | 73,983 | 65,121 | 4,782 | 69,903 |
| Water line improvements | <u>620,220</u> | <u>605,140</u> | <u>-</u> | <u>605,140</u> |
| Total expenditures | <u>694,203</u> | <u>670,261</u> | <u>4,782</u> | <u>675,043</u> |
| Net change in fund balance | <u>\$ -</u> | <u>\$ 23,707</u> | (4,729) | <u>\$ 18,978</u> |
| Fund balance, July 1 | | | <u>23,707</u> | |
| Fund balance, June 30 | | | <u>\$ 18,978</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, 2013

| | | <u>Actual</u> | | |
|--|----------------------|---------------|-------------------|-----------------|
| | <u>Project</u> | <u>Prior</u> | <u>Current</u> | <u>Total to</u> |
| | <u>Authorization</u> | <u>Years</u> | <u>Year</u> | <u>Date</u> |
| Revenues: | | | | |
| Board of Elections: | | | | |
| Investment earnings | 30,206 | 30,941 | 392 | 31,333 |
| Total Board of Elections | 30,206 | 30,941 | 392 | 31,333 |
| Commerce: | | | | |
| NC Tobacco Trust Grant | 75,000 | 17,598 | - | 17,598 |
| Total Commerce | | | | |
| Cooperative Extension: | | | | |
| State Agricultural Grant | 675,000 | 675,000 | - | 675,000 |
| Contribution and donations | - | - | - | - |
| Investment earnings | 208 | 248 | 111 | 359 |
| Total Cooperative Extension | 675,208 | 675,248 | 111 | 675,359 |
| Elma Lomax Incubator Farm: | | | | |
| Deferred tax collections | 82,498 | 316,664 | 126,013 | 442,677 |
| Program fees | 4,185 | 2,556 | 4,725 | 7,281 |
| Contribution and donations | 154,029 | 152,600 | - | 152,600 |
| Investment earnings | 6,566 | 7,138 | 913 | 8,051 |
| Total Lomax Incubator Farm | 247,278 | 478,958 | 131,651 | 610,609 |
| Register of Deeds: | | | | |
| Automation & enhancement fees | 983,643 | 882,112 | 123,614 | 1,005,726 |
| Investment earnings | 37,303 | 36,262 | 509 | 36,771 |
| Total Register of Deeds | 1,020,946 | 918,374 | 124,123 | 1,042,497 |
| Soil & Water: | | | | |
| NC Clean Water Management Grant | 521,833 | 188,322 | 333,511 | 521,833 |
| USDA | 350,000 | - | - | - |
| Clear Creek Grant | 35,000 | 35,000 | - | 35,000 |
| Contribution and donations | 2,550 | 2,550 | 2,000 | 4,550 |
| EEP contract | 16,900 | 3,225 | - | 3,225 |
| Farm Land Protection | 175,000 | - | - | - |
| Soil and Water Grant | 89,600 | - | - | - |
| Program fees | 5,975 | 4,938 | 1,587 | 6,525 |
| Investment earnings | 1,700 | 1,487 | 20 | 1,507 |
| Total Soil & Water | 1,198,558 | 235,522 | 337,118 | 572,640 |
| Total revenues | 3,247,196 | 2,356,641 | 593,395 | 2,950,036 |
| Expenditures: | | | | |
| Operations: | | | | |
| General Govt - Board of Elections | 205,827 | 38,632 | - | 38,632 |
| General Govt - Register of Deeds | 1,098,450 | 783,270 | 137,668 | 920,938 |
| Economic Development - Commerce | 75,000 | 17,567 | - | 17,567 |
| Economic Development - Elma Lomax | 361,692 | 225,657 | 105,666 | 331,323 |
| Environmental Protection - Soil & Water | 1,186,566 | 200,567 | 331,777 | 532,344 |
| Human Services - Cooperative Extension | 1,686,386 | 1,636,623 | 82 | 1,636,705 |
| Total Operations | 4,613,921 | 2,902,316 | 575,193 | 3,477,509 |
| Capital Outlay: | | | | |
| Land and Land Improvements | 37,922 | 11,130 | 26,792 | 37,922 |
| Equipment and Furniture | 46,711 | 46,711 | - | 46,711 |
| Vehicles and Motorized Equipment | 24,974 | 24,974 | - | 24,974 |
| Total Capital Outlay | 109,607 | 82,815 | 26,792 | 109,607 |
| Total expenditures | 4,723,528 | 2,985,131 | 601,985 | 3,587,116 |
| Excess (deficiency) of revenues over (under) expenditures | (1,476,332) | (628,490) | (8,590) | (637,080) |
| Other Financing Sources (Uses): | | | | |
| Transfer in-General Fund | 926,332 | 911,532 | 14,800 | 926,332 |
| Transfer out-General Fund | - | - | - | - |
| Transfer in-Capital Reserve Fund | 550,000 | 550,000 | - | 550,000 |
| Total other financing sources (uses) | 1,476,332 | 1,461,532 | 14,800 | 1,476,332 |
| Net change in fund balance | \$ - | \$ 833,042 | 6,210 | \$ 839,252 |
| Fund balance, July 1 | | | 833,042 | |
| Fund balance, June 30 | | | <u>\$ 839,252</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, 2013

| | Actual | | | |
|--|---|-------------------------------|--------------------------------|---------------------------------|
| | <u>Project Authorization</u> | <u>Prior Years</u> | <u>Current Year</u> | <u>Total to Date</u> |
| Revenues: | | | | |
| Adequate facilities fees | \$ 8,059,205 | \$ 7,888,116 | \$ 33,169 | \$ 7,921,285 |
| Investment earnings | 250,686 | 245,875 | 4,659 | 250,534 |
| Total revenues | 8,309,891 | 8,133,991 | 37,828 | 8,171,819 |
| Expenditures: | | | | |
| Education | 2,214,228 | 262,080 | - | 262,080 |
| Excess (deficiency) of revenues over (under) expenditures | 6,095,663 | 7,871,911 | 37,828 | 7,909,739 |
| 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 | \$ - | \$ 1,776,248 | 37,828 | \$ 1,814,076 |
| Fund balance, July 1 | | | 1,776,248 | |
| Fund balance, June 30 | | | \$ 1,814,076 | |

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, 2013

| | | Actual | | |
|--|---|------------------------------|--------------------------------|---------------------------------|
| | <u>Project Authorization</u> | <u>Prior Year</u> | <u>Current Year</u> | <u>Total to Date</u> |
| Revenues: | | | | |
| Contributions and donations | \$ 763,621 | \$ 763,631 | \$ 71,458 | \$ 835,089 |
| Investment earnings | 198,352 | 197,686 | 151 | 197,837 |
| Total revenues | 961,973 | 961,317 | 71,609 | 1,032,926 |
| Expenditures: | | | | |
| Cultural and Recreation: | | | | |
| Special Projects | 3,585 | 3,420 | - | 3,420 |
| Total expenditures | 3,585 | 3,420 | - | 3,420 |
| Excess (deficiency) of revenues over (under) expenditures | 958,388 | 957,897 | 71,609 | 1,029,506 |
| Other financing sources (uses): | | | | |
| Transfer in-General Fund | - | - | 9,740 | 9,740 |
| Transfer (out)-General Fund | (958,388) | (954,007) | - | (954,007) |
| Total other financing sources (uses) | (958,388) | (954,007) | 9,740 | (944,267) |
| Net change in fund balance | \$ - | \$ 3,890 | 81,349 | \$ 85,239 |
| Fund balance, July 1 | | | 3,890 | |
| Fund balance, June 30 | | | \$ 85,239 | |

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, 2013

| | Balance June 30, 2012 | Additions | Deductions | Balance June 30, 2013 |
|---|--------------------------|-----------------------|-----------------------|--------------------------|
| <u>Department of Social Services</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 79,710 | \$ 240,313 | \$ 249,701 | \$ 70,322 |
| Interest receivable | 22 | - | 22 | - |
| Total | <u>\$ 79,732</u> | <u>\$ 240,313</u> | <u>\$ 249,723</u> | <u>\$ 70,322</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 7,062 | \$ 235,299 | \$ 237,079 | \$ 5,282 |
| Due to program participants | 72,670 | 240,863 | 248,493 | 65,040 |
| Total | <u>\$ 79,732</u> | <u>\$ 476,162</u> | <u>\$ 485,572</u> | <u>\$ 70,322</u> |
| <u>Charitable Campaign</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 29,730 | \$ 57,832 | \$ 82,249 | \$ 5,313 |
| Accounts receivable | 2,130 | 1,641 | 2,130 | 1,641 |
| Total | <u>\$ 31,860</u> | <u>\$ 59,473</u> | <u>\$ 84,379</u> | <u>\$ 6,954</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 27,182 | \$ 52,936 | \$ 80,118 | \$ - |
| Due to program participants | 4,678 | 57,386 | 55,110 | 6,954 |
| Total | <u>\$ 31,860</u> | <u>\$ 110,322</u> | <u>\$ 135,228</u> | <u>\$ 6,954</u> |
| <u>Undistributed Taxes</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 478,025 | \$ 172,922,401 | \$ 172,792,816 | \$ 607,610 |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ - | \$ 22,473,714 | \$ 22,473,714 | \$ - |
| Intergovernmental payable - Municipalities | 478,025 | 195,341,992 | 195,212,407 | 607,610 |
| Total | <u>\$ 478,025</u> | <u>\$ 217,815,706</u> | <u>\$ 217,686,121</u> | <u>\$ 607,610</u> |
| <u>Intergovernmental</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 111,904 | \$ 1,825,259 | \$ 1,827,263 | \$ 109,900 |
| Accounts receivable | 10,545 | 11,016 | 10,545 | 11,016 |
| Total | <u>\$ 122,449</u> | <u>\$ 1,836,275</u> | <u>\$ 1,837,808</u> | <u>\$ 120,916</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 7,922 | \$ 1,684,399 | \$ 1,692,321 | \$ - |
| Due to Schools - Fines & Forfeitures | 105,311 | 1,611,453 | 1,605,729 | 111,035 |
| Due to State of NC Department of Motor Vehicles | 9,216 | 128,654 | 127,989 | 9,881 |
| Total | <u>\$ 122,449</u> | <u>\$ 3,424,506</u> | <u>\$ 3,426,039</u> | <u>\$ 120,916</u> |
| <u>Sheriff Civil Records</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 7,498 | \$ 342,116 | \$ 336,929 | \$ 12,685 |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 34 | \$ 355,167 | \$ 355,201 | \$ - |
| Due to courts | 7,464 | 330,359 | 325,138 | 12,685 |
| Total | <u>\$ 7,498</u> | <u>\$ 685,526</u> | <u>\$ 680,339</u> | <u>\$ 12,685</u> |
| <u>Jail Commissary</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 40,201 | \$ 530,830 | \$ 516,876 | \$ 54,155 |
| <u>Liabilities:</u> | | | | |
| Due to jail inmates | 40,201 | 530,830 | 516,876 | 54,155 |
| Total | <u>\$ 40,201</u> | <u>\$ 530,830</u> | <u>\$ 516,876</u> | <u>\$ 54,155</u> |
| <u>Total All Agency Funds</u> | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents | \$ 747,068 | \$ 175,918,751 | \$ 175,805,834 | \$ 859,985 |
| Accounts receivable | 12,675 | 12,657 | 12,675 | 12,657 |
| Interest receivable | 22 | - | 22 | - |
| Total | <u>\$ 759,765</u> | <u>\$ 175,931,408</u> | <u>\$ 175,818,531</u> | <u>\$ 872,642</u> |
| <u>Liabilities:</u> | | | | |
| Accounts payable | \$ 42,200 | \$ 24,801,515 | \$ 24,838,433 | \$ 5,282 |
| Due to courts | 7,464 | 330,359 | 325,138 | 12,685 |
| Due to jail inmates | 40,201 | 530,830 | 516,876 | 54,155 |
| Due to municipalities | 478,025 | 195,341,992 | 195,212,407 | 607,610 |
| Due to program participants | 77,348 | 298,249 | 303,603 | 71,994 |
| Due to schools | 105,311 | 1,611,453 | 1,605,729 | 111,035 |
| Due to State of NC Department of Motor Vehicles | 9,216 | 128,654 | 127,989 | 9,881 |
| Total | <u>\$ 759,765</u> | <u>\$ 223,043,052</u> | <u>\$ 222,930,175</u> | <u>\$ 872,642</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

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
Self Insured Hospitalization Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2013

| | <u>Financial Plan</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------------------|-------------------|---|
| Revenues: | | | |
| Operating revenues: | | | |
| Insurance premiums | \$ 7,951,066 | \$ 7,874,993 | \$ (76,073) |
| Insurance refunds | 107,961 | 111,104 | 3,143 |
| Program fees | 27,375 | 22,895 | (4,480) |
| Total operating revenues | <u>8,086,402</u> | <u>8,008,992</u> | <u>(77,410)</u> |
| Nonoperating revenues: | | | |
| Investment earnings | <u>5,500</u> | <u>8,738</u> | <u>3,238</u> |
| Total nonoperating revenues | <u>5,500</u> | <u>8,738</u> | <u>3,238</u> |
| Total revenues | <u>8,091,902</u> | <u>8,017,730</u> | <u>(74,172)</u> |
| Expenditures: | | | |
| General and administrative | 1,904,441 | 1,876,523 | 27,918 |
| Claims | 6,745,617 | 6,077,415 | 668,202 |
| Total expenditures | <u>8,650,058</u> | <u>7,953,938</u> | <u>696,120</u> |
| Revenues over (under) expenditures | <u>(558,156)</u> | <u>63,792</u> | <u>621,948</u> |
| Transfers: | | | |
| Transfers in - General Fund | <u>357,000</u> | <u>357,000</u> | <u>-</u> |
| Revenues and transfers over (under) expenditures | <u>(201,156)</u> | <u>420,792</u> | <u>621,948</u> |
| Fund Balance Appropriated | <u>201,156</u> | <u>-</u> | <u>(201,156)</u> |
| Revenues over (under) expenditures | <u>\$ -</u> | <u>420,792</u> | <u>\$ 420,792</u> |
| Change in net position | | <u>\$ 420,792</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.

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, 2013

| Fiscal Year Ended June 30 | Uncollected Balance June 30, 2012 | Additions | Collections and Credits | Uncollected Balance June 30, 2013 |
|---|--|-----------------------|--|--|
| 2013 | \$ - | \$ 131,339,270 | \$ 126,968,672 | \$ 4,370,598 |
| 2012 | 4,557,206 | - | 3,337,907 | 1,219,299 |
| 2011 | 1,321,694 | - | 591,741 | 729,953 |
| 2010 | 704,063 | - | 235,763 | 468,300 |
| 2009 | 383,093 | - | 195,016 | 188,077 |
| 2008 | 119,089 | - | 10,164 | 108,925 |
| 2007 | 105,422 | - | 6,783 | 98,639 |
| 2006 | 98,566 | - | 5,627 | 92,939 |
| 2005 | 72,205 | - | 4,316 | 67,889 |
| 2004 | 84,625 | - | 2,934 | 81,691 |
| 2003 | 162,062 | - | 162,062 | - |
| | <u>\$ 7,608,025</u> | <u>\$ 131,339,270</u> | <u>\$ 131,520,985</u> | <u>\$ 7,426,310</u> |
| Less: allowance for uncollectible accounts: | | | | |
| General Fund | | | | <u>(2,860,074)</u> |
| Ad valorem taxes receivable - net: | | | | |
| General Fund | | | | <u>\$ 4,566,236</u> |
| <u>Reconcilement with revenues:</u> | | | | |
| Ad valorem taxes - General Fund | | | | \$ 130,386,942 |
| Penalties collected on ad valorem taxes - Agency Fund | | | | 233,306 |
| Reconciling items: | | | | |
| Taxes written off | | | | 284,406 |
| Abatements | | | | 509,500 |
| Collections of taxes over 10 years old | | | | (2,017) |
| Deferred Taxes | | | | 108,848 |
| Total reconciling items | | | | <u>900,737</u> |
| Total collections and credits | | | | <u>\$ 131,520,985</u> |

Cabarrus County, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2013

| | <u>County-Wide</u> | | | <u>Total Levy</u> | |
|--|---------------------------------|-------------|------------------------------|---|--|
| | <u>Property Valuation</u> | <u>Rate</u> | <u>Total Levy</u> | <u>Property excluding Registered Motor Vehicles</u> | <u>Registered Motor Vehicles</u> |
| Original levy | | | | | |
| Property taxed at current year's rate | \$ 18,140,516,202 | 0.70 | \$126,981,461 | \$121,026,418 | \$5,955,043 |
| Motor vehicles taxed at prior year's rate | 541,636,388 | 0.63 | 3,411,509 | - | 3,411,509 |
| Penalties | - | | 167,141 | 167,141 | - |
| Total | 18,682,152,590 | | 130,560,111 | 121,193,559 | 9,366,552 |
| Discoveries | | | | | |
| Current year taxes | | | | | |
| Current year's rate | 196,521,030 | 0.70 | 1,375,736 | 617,527 | 758,209 |
| Prior year's rate | 6,051,456 | | 37,719 | - | 37,719 |
| Prior year taxes | - | | 564,424 | 564,424 | - |
| Penalties | - | | 133,016 | 133,016 | - |
| Total | 202,572,486 | | 2,110,895 | 1,314,967 | 795,928 |
| Abatements | | | | | |
| Current year's rate | (178,045,923) | | (1,218,477) | (1,117,943) | (100,534) |
| Prior year's rate | (10,854,937) | | (68,386) | - | (68,386) |
| Penalties | - | | (44,873) | (44,873) | - |
| Total | (188,900,860) | | (1,331,736) | (1,162,816) | (168,920) |
| Total property valuation | <u><u>\$ 18,695,824,217</u></u> | | | | |
| Net levy | | | 131,339,270 | 121,345,710 | 9,993,560 |
| Uncollected taxes at June 30, 2013 (Schedule 22) | | | 4,370,598 | 3,290,794 | 1,079,805 |
| Current year's taxes collected (Schedule 22) | | | <u><u>\$ 126,968,672</u></u> | <u><u>\$ 118,054,916</u></u> | <u><u>\$ 8,913,755</u></u> |
| Current year collection percentage | | | 96.67% | 97.29% | 89.19% |

**Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2013**

Secondary Market Disclosures:

Assessed Valuation:

| | |
|---------------------------------------|--------------------|
| Assessment Ratio ¹ | 100% |
| Real Property | \$ 15,623,512,935 |
| Personal Property | 2,774,393,931 |
| Public Service Companies ² | <u>297,917,351</u> |

| | |
|--------------------------|--------------------------|
| Total Assessed Valuation | <u>\$ 18,695,824,217</u> |
|--------------------------|--------------------------|

| | |
|--------------------|----------------|
| Tax Rate per \$100 | 0.70 |
| Levy ³ | \$ 131,339,270 |

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, 2013:

| | |
|--|--------------|
| Fire Protection Districts ⁴ | \$ 2,719,909 |
|--|--------------|

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, 2013

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|--------------------|---|
| Revenues: | | | |
| Ad Valorem Taxes: | | | |
| Taxes - Current | \$ 124,858,626 | \$ 126,635,143 | \$ 1,776,517 |
| Taxes - Delinquent | 2,004,000 | 3,751,799 | 1,747,799 |
| Interest | 550,000 | 784,909 | 234,909 |
| Total | <u>127,412,626</u> | <u>131,171,851</u> | <u>3,759,225</u> |
| Local Option Sales Taxes: | | | |
| Sales tax - one cent | 12,113,599 | 14,371,068 | 2,257,469 |
| Sales tax - half cent (40) | 6,625,593 | 7,260,221 | 634,628 |
| Sales tax - half cent (42) | 7,443,148 | 8,615,749 | 1,172,601 |
| Sales tax - half cent (44) | 123,350 | 33,351 | (89,999) |
| Sales tax - half cent (46) | 3,982,986 | 5,978,544 | 1,995,558 |
| Sales tax fire districts | 588,976 | 615,289 | 26,313 |
| Total | <u>30,877,652</u> | <u>36,874,222</u> | <u>5,996,570</u> |
| Other Taxes: | | | |
| Franchise fees | 550,000 | 546,549 | (3,451) |
| Gross receipts tax | 100,000 | 130,404 | 30,404 |
| Heavy equipment tax | 5,000 | 27,710 | 22,710 |
| Disposal Tax on White Goods | 45,000 | 55,652 | 10,652 |
| Total | <u>700,000</u> | <u>760,315</u> | <u>60,315</u> |
| Intergovernmental Revenues: | | | |
| Federal and state grants | 19,380,055 | 18,904,629 | (475,426) |
| Court facilities fees | 350,000 | 333,126 | (16,874) |
| ABC profit distribution | 66,000 | 90,926 | 24,926 |
| Other intergovernmental | 64,205 | 949,351 | 885,146 |
| Total | <u>19,860,260</u> | <u>20,278,032</u> | <u>417,772</u> |
| Permits and Fees: | | | |
| Inspection fees | 1,441,196 | 1,982,138 | 540,942 |
| Register of deeds | 1,339,700 | 1,772,383 | 432,683 |
| Other permits | 134,400 | 220,287 | 85,887 |
| Total | <u>2,915,296</u> | <u>3,974,808</u> | <u>1,059,512</u> |
| Sales and Services: | | | |
| Rental fees | 43,340 | 35,312 | (8,028) |
| Ambulance fees | 4,464,500 | 4,784,985 | 320,485 |
| Jail fees | 237,575 | 943,136 | 705,561 |
| Library fees | 136,000 | 150,469 | 14,469 |
| Recreation fees | 395,800 | 444,651 | 48,851 |
| Human services | 1,417,396 | 1,689,099 | 271,703 |
| Tax collection fees | 340,000 | 380,737 | 40,737 |
| Other sales and services | 2,560,424 | 3,401,633 | 841,209 |
| Total | <u>9,595,035</u> | <u>11,830,022</u> | <u>2,234,987</u> |
| Investment Earnings: | | | |
| Interest on investments | 140,000 | 241,640 | 101,640 |
| Total | <u>140,000</u> | <u>241,640</u> | <u>101,640</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, 2013

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|--------------------------------------|-------------------------|--------------------|---|
| Miscellaneous: | | | |
| Private contributions and donations | 198,508 | 419,542 | 221,034 |
| Sale of materials and capital assets | 30,000 | 571,949 | 541,949 |
| Other | 20,995 | 19,953 | (1,042) |
| Total | <u>249,503</u> | <u>1,011,444</u> | <u>761,941</u> |
| Total revenues | <u>191,750,372</u> | <u>206,142,334</u> | <u>14,391,962</u> |
| Expenditures: | | | |
| General Government | | | |
| Board of Commissioners | | | |
| Personal services | 265,642 | 262,900 | 2,742 |
| Operations | 706,212 | 686,592 | 19,620 |
| Total | <u>971,854</u> | <u>949,492</u> | <u>22,362</u> |
| Legal Department | | | |
| Personal services | 184,269 | 157,349 | 26,920 |
| Operations | 1,300 | 1,853 | (553) |
| Total | <u>185,569</u> | <u>159,202</u> | <u>26,367</u> |
| County Manager | | | |
| Personal services | 642,141 | 639,507 | 2,634 |
| Operations | 46,883 | 45,523 | 1,360 |
| Total | <u>689,024</u> | <u>685,030</u> | <u>3,994</u> |
| Communications & Outreach | | | |
| Personal services | 260,369 | 246,186 | 14,183 |
| Operations | 48,903 | 33,258 | 15,645 |
| Total | <u>309,272</u> | <u>279,444</u> | <u>29,828</u> |
| Human Resources | | | |
| Personal services | 452,619 | 449,180 | 3,439 |
| Operations | 154,233 | 132,192 | 22,041 |
| Total | <u>606,852</u> | <u>581,372</u> | <u>25,480</u> |
| Tax Collector | | | |
| Personal services | 501,541 | 494,656 | 6,885 |
| Operations | 411,300 | 390,199 | 21,101 |
| Total | <u>912,841</u> | <u>884,855</u> | <u>27,986</u> |
| Tax Administration | | | |
| Personal services | 1,748,754 | 1,729,827 | 18,927 |
| Operations | 375,920 | 306,220 | 69,700 |
| Total | <u>2,124,674</u> | <u>2,036,047</u> | <u>88,627</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|---------------------------------|-------------------------|------------------|---|
| Board of Elections | | | |
| Personal services | 530,353 | 515,776 | 14,577 |
| Operations | 280,971 | 201,223 | 79,748 |
| Total | <u>811,324</u> | <u>716,999</u> | <u>94,325</u> |
| Register of Deeds | | | |
| Personal services | 386,881 | 381,598 | 5,283 |
| Operations | 94,787 | 92,634 | 2,153 |
| Total | <u>481,668</u> | <u>474,232</u> | <u>7,436</u> |
| Finance | | | |
| Personal services | 802,866 | 774,688 | 28,178 |
| Operations | 228,730 | 224,413 | 4,317 |
| Total | <u>1,031,596</u> | <u>999,101</u> | <u>32,495</u> |
| Information Technology Services | | | |
| Personal services | 1,653,277 | 1,643,479 | 9,798 |
| Operations | 2,264,235 | 2,039,464 | 224,771 |
| Capital outlay | 19,265 | 19,264 | 1 |
| Total | <u>3,936,777</u> | <u>3,702,207</u> | <u>234,570</u> |
| Grounds Maintenance | | | |
| Personal services | 408,950 | 404,513 | 4,437 |
| Operations | 799,416 | 589,586 | 209,830 |
| Capital outlay | 23,500 | 23,000 | |
| Total | <u>1,231,866</u> | <u>1,017,099</u> | <u>214,767</u> |
| General Services Administration | | | |
| Personal services | 384,486 | 378,071 | 6,415 |
| Operations | 1,558,412 | 1,097,825 | 460,587 |
| Total | <u>1,942,898</u> | <u>1,475,896</u> | <u>467,002</u> |
| Street Sign Maintenance | | | |
| Personal services | 112,407 | 111,337 | 1,070 |
| Operations | 33,743 | 30,459 | 3,284 |
| Capital outlay | 20,000 | 19,995 | |
| Total | <u>166,150</u> | <u>161,791</u> | <u>4,359</u> |
| Building Maintenance | | | |
| Personal services | 648,349 | 629,808 | 18,541 |
| Operations | 2,426,888 | 1,932,530 | 494,358 |
| Total | <u>3,075,237</u> | <u>2,562,338</u> | <u>512,899</u> |
| Facility Services | | | |
| Personal services | 998,226 | 973,691 | 24,535 |
| Operations | 334,067 | 241,933 | 92,134 |
| Total | <u>1,332,293</u> | <u>1,215,624</u> | <u>116,669</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|------------------------------------|-------------------------|-------------------|---|
| Fleet Maintenance | | | |
| Personal services | 297,722 | 296,122 | 1,600 |
| Operations | 45,184 | 31,976 | 13,208 |
| Capital outlay | 176,737 | 163,766 | 12,971 |
| Total | <u>519,643</u> | <u>491,864</u> | <u>27,779</u> |
| Other General Government | | | |
| Other benefits | 696,000 | 671,551 | 24,449 |
| Insurance settlements | 20,352 | - | 20,352 |
| Building Rental | 147,017 | 148,603 | (1,586) |
| Unemployment compensation | 175,000 | 189,890 | (14,890) |
| Contingency | 79,492 | - | 79,492 |
| Contribution to Pension Trust Fund | 451,644 | 451,644 | - |
| APFO reimbursement | 4,032 | 1,008 | 3,024 |
| Other Operations | 147,603 | 26,641 | 120,962 |
| Total | <u>1,721,140</u> | <u>1,489,337</u> | <u>231,803</u> |
| Total General Government | <u>22,050,678</u> | <u>19,881,930</u> | <u>2,168,748</u> |
| Public Safety | | | |
| County Sheriff | | | |
| Personal services | 8,795,346 | 8,563,600 | 231,746 |
| Operations | 1,548,999 | 1,395,441 | 153,558 |
| Capital outlay | 444,256 | 312,241 | 132,015 |
| Total | <u>10,788,601</u> | <u>10,271,282</u> | <u>517,319</u> |
| Jail | | | |
| Personal services | 8,092,233 | 8,030,158 | 62,075 |
| Operations | 2,086,670 | 1,775,397 | 311,273 |
| Capital Outlay | 23,367 | 23,366 | 1 |
| Total | <u>10,202,270</u> | <u>9,828,921</u> | <u>373,349</u> |
| Animal Control | | | |
| Personal services | 621,680 | 621,523 | 157 |
| Operations | 177,460 | 149,848 | 27,612 |
| Total | <u>799,140</u> | <u>771,371</u> | <u>27,769</u> |
| Courts | | | |
| Personal services | 30,686 | 24,103 | 6,583 |
| Operations | 516,473 | 380,733 | 135,740 |
| Total | <u>547,159</u> | <u>404,836</u> | <u>142,323</u> |
| Construction Standards | | | |
| Personal services | 918,490 | 898,778 | 19,712 |
| Operations | 97,299 | 86,699 | 10,600 |
| Capital Outlay | 8,500 | 7,900 | 600 |
| Total | <u>1,024,289</u> | <u>993,377</u> | <u>30,912</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|---|
| Emergency Management | | | |
| Personal services | 355,979 | 355,959 | 20 |
| Operations | 646,209 | 527,281 | 118,928 |
| Capital Outlay | 53,737 | 42,392 | 11,345 |
| Total | <u>1,055,925</u> | <u>925,632</u> | <u>130,293</u> |
| Emergency Medical Services | | | |
| Personal services | 4,955,310 | 4,859,491 | 95,819 |
| Operations | 969,062 | 956,181 | 12,881 |
| Capital outlay | 818,445 | 392,445 | 426,000 |
| Total | <u>6,742,817</u> | <u>6,208,117</u> | <u>534,700</u> |
| Other Public Safety | | | |
| Juvenile Crime Prevention Council | 244,726 | 244,126 | |
| Medical Examiner | 76,000 | 64,100 | 11,900 |
| Forester | 70,554 | 48,701 | 21,853 |
| Fire District | 588,976 | 615,289 | (26,313) |
| Total | <u>980,256</u> | <u>972,216</u> | <u>7,440</u> |
| Total Public Safety | <u>32,140,457</u> | <u>30,375,752</u> | <u>1,764,705</u> |
| Economic and Physical Develop | | | |
| Planning and Development Services | | | |
| Personal services | 396,531 | 387,229 | 9,302 |
| Operations | 58,848 | 41,666 | 17,182 |
| Total | <u>455,379</u> | <u>428,895</u> | <u>26,484</u> |
| Community Development | | | |
| Personal services | 166,072 | 165,994 | 78 |
| Operations | 174,972 | 153,582 | 21,390 |
| Total | <u>341,044</u> | <u>319,576</u> | <u>21,468</u> |
| Soil & Water Conservation | | | |
| Personal services | 189,573 | 189,163 | 410 |
| Operations | 37,589 | 30,403 | 7,186 |
| Total | <u>227,162</u> | <u>219,566</u> | <u>7,596</u> |
| Zoning Administration | | | |
| Personal services | 199,210 | 199,140 | 70 |
| Operations | 17,465 | 8,128 | 9,337 |
| Total | <u>216,675</u> | <u>207,268</u> | <u>9,407</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------------|------------------|---|
| Economic Development Incentive | | | |
| ACN | 53,000 | 51,748 | 1,252 |
| PreGel | 4,000 | - | 4,000 |
| Shoe Show | 62,519 | 62,519 | - |
| Concord Creamery | 14,000 | 9,964 | 4,036 |
| Great Wolf Lodge | 522,957 | 522,957 | - |
| Saddle Creek | 196,312 | 196,312 | - |
| JRH Vehicle Investments | 86,099 | 86,099 | - |
| Celgard LLC | 247,000 | - | 247,000 |
| DNP IMP America | 149,000 | - | 149,000 |
| Distribution Technologies | 11,113 | - | 11,113 |
| Total | 1,346,000 | 929,599 | 416,401 |
| Other Economic and Physical Development | | | |
| Economic Development Corp | 262,000 | 312,000 | (50,000) |
| City of Kannapolis - Obligation bonds | 1,421,804 | 1,421,804 | - |
| Total | 1,683,804 | 1,733,804 | (50,000) |
| Total Economic and Physical | 4,270,064 | 3,838,708 | 431,356 |
| Environmental Protection | | | |
| Waste Reduction/Recycling | | | |
| Personal services | 86,738 | 85,754 | 984 |
| Operations | 188,741 | 115,404 | 73,337 |
| Capital Outlay | 150,246 | 150,249 | (3) |
| Total | 425,725 | 351,407 | 74,318 |
| Total Environmental Protection | 425,725 | 351,407 | 74,318 |
| Human Services | | | |
| Veterans Services | | | |
| Personal services | 217,153 | 216,419 | 734 |
| Operations | 11,420 | 9,774 | 1,646 |
| Total | 228,573 | 226,193 | 2,380 |
| Transportation | | | |
| Personal services | 1,392,958 | 1,322,050 | 70,908 |
| Operations | 1,277,966 | 1,120,434 | 157,532 |
| Capital outlay | 384,366 | 298,681 | 85,685 |
| Total | 3,055,290 | 2,741,165 | 314,125 |
| Cooperative Extension | | | |
| Personal services | 304,781 | 264,076 | 40,705 |
| Operations | 55,976 | 47,931 | 8,045 |
| Total | 360,757 | 312,007 | 48,750 |
| 4 H Summer Fling | | | |
| Operations | 1,000 | - | 1,000 |
| Total | 1,000 | - | 1,000 |

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------|-------------------------|------------------|---|
| HS - Administration Operations | | | |
| Personal services | 843,717 | 824,355 | 19,362 |
| Operations | 1,327,816 | 1,245,695 | 82,121 |
| Total | <u>2,171,533</u> | <u>2,070,050</u> | <u>101,483</u> |
| HS - Public Assistance | | | |
| Special assistance to adults | 1,300,000 | 1,122,894 | 177,106 |
| Medicaid assistance | - | (2,451) | 2,451 |
| Aid to the blind | 6,000 | 5,628 | 372 |
| Veterinarian services | 35,000 | 27,560 | 7,440 |
| Total | <u>1,341,000</u> | <u>1,153,631</u> | <u>187,369</u> |
| HS - Child Welfare | | | |
| Personal services | 4,501,522 | 4,403,398 | 98,124 |
| Operations | 558,320 | 428,012 | 130,308 |
| Total | <u>5,059,842</u> | <u>4,831,410</u> | <u>228,432</u> |
| HS - Child Support Services | | | |
| Personal services | 1,202,114 | 1,196,382 | 5,732 |
| Operations | 72,149 | 66,412 | 5,737 |
| Total | <u>1,274,263</u> | <u>1,262,794</u> | <u>11,469</u> |
| HS - Economic Services | | | |
| Personal services | 5,226,953 | 5,196,641 | 30,312 |
| Operations | 137,806 | 98,630 | 39,176 |
| Total | <u>5,364,759</u> | <u>5,295,271</u> | <u>69,488</u> |
| HS - CAP Program | | | |
| Personal services | 1,100,500 | 1,087,643 | 12,857 |
| Operations | 207,397 | 186,899 | 20,498 |
| Total | <u>1,307,897</u> | <u>1,274,542</u> | <u>33,355</u> |
| HS - Adult and Family Services | | | |
| Personal services | 1,982,641 | 1,876,366 | 106,275 |
| Operations | 83,406 | 48,431 | 34,975 |
| Total | <u>2,066,047</u> | <u>1,924,797</u> | <u>141,250</u> |
| HS - Emergency Assistance | | | |
| General assistance | 79,000 | 60,736 | 18,264 |
| LIEAP Energy Asst Program | 352,684 | 352,600 | 84 |
| AFDC emergency assistance | 325,000 | 63,762 | 261,238 |
| TANF domestic violence | 24,943 | - | 24,943 |
| Crisis Intervention Program | 798,440 | 602,835 | 195,605 |
| Total | <u>1,580,067</u> | <u>1,079,933</u> | <u>500,134</u> |
| HS - Foster care | | | |
| Special needs kids | 58,968 | 23,898 | 35,070 |
| Arts and Culture Outreach | 2,000 | 1,987 | 13 |
| AFDC child state foster care | 1,343,178 | 1,300,543 | 42,635 |
| Adoption assistance | 500,000 | 402,315 | 97,685 |
| IV-E waiver | 36,013 | 27,254 | 8,759 |
| Total | <u>1,940,159</u> | <u>1,755,997</u> | <u>184,162</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|---|
| HS - Child Day care | | | |
| Operations (Daycare - children) | 6,231,369 | 5,246,166 | 985,203 |
| Total | <u>6,231,369</u> | <u>5,246,166</u> | <u>985,203</u> |
| HS - Adult Day care | | | |
| Operations (Daycare - adults) | 73,714 | 69,045 | 4,669 |
| Total | <u>73,714</u> | <u>69,045</u> | <u>4,669</u> |
| HS Aging - Nutrition Title III | | | |
| Personal services | 196,792 | 196,875 | (83) |
| Operations | 300,054 | 273,404 | 26,650 |
| Total | <u>496,846</u> | <u>470,279</u> | <u>26,567</u> |
| HS Aging - Senior Services | | | |
| Personal services | 476,006 | 408,831 | 67,175 |
| Operations | 273,974 | 162,722 | 111,252 |
| Total | <u>749,980</u> | <u>571,553</u> | <u>178,427</u> |
| Other Human Services | | | |
| Operations | 51,095 | 51,275 | (180) |
| Public Health Authority | 5,249,177 | 5,249,177 | - |
| Mental Health Center | 614,021 | 614,021 | - |
| Total | <u>5,914,293</u> | <u>5,914,473</u> | <u>(180)</u> |
| Total Human Services | <u>39,217,389</u> | <u>36,199,306</u> | <u>3,018,083</u> |
| Education | | | |
| Schools - Current Expense | | | |
| Cabarrus County Schools | 46,383,037 | 46,383,037 | - |
| Kannapolis City Schools | 6,243,232 | 6,243,232 | - |
| Rowan Cabarrus Community College | 1,889,254 | 1,889,254 | - |
| Total | <u>54,515,523</u> | <u>54,515,523</u> | <u>-</u> |
| Schools - Capital Outlay | | | |
| Cabarrus County Schools | 2,784,405 | 1,238,943 | 1,545,462 |
| Kannapolis City Schools | 1,029,950 | 592,896 | 437,054 |
| Rowan Cabarrus Community College | 1,019,608 | - | 1,019,608 |
| Total | <u>4,833,963</u> | <u>1,831,839</u> | <u>3,002,124</u> |
| Total Education | <u>59,349,486</u> | <u>56,347,362</u> | <u>3,002,124</u> |
| Culture & Recreation | | | |
| Active Living and Parks - Operations | | | |
| Personal services | 925,866 | 906,107 | 19,759 |
| Operations | 361,977 | 323,948 | 38,029 |
| Capital outlay | 188,541 | 180,741 | 7,800 |
| Total | <u>1,476,384</u> | <u>1,410,796</u> | <u>65,588</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, 2013

| | Final Budget | Actual | Variance Positive (Negative) |
|--|-------------------------|--------------------|---|
| Active Living and Parks - Senior Centers | | | |
| Personal services | 370,946 | 338,301 | 32,645 |
| Operations | 335,399 | 186,499 | 148,900 |
| | <u>706,345</u> | <u>524,800</u> | <u>181,545</u> |
| Library System | | | |
| Personal services | 1,906,989 | 1,877,515 | 29,474 |
| Operations | 538,848 | 505,046 | 33,802 |
| Capital Outlay | 13,364 | 13,364 | - |
| Total | <u>2,459,201</u> | <u>2,395,925</u> | <u>63,276</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>4,722,930</u> | <u>4,412,521</u> | <u>310,409</u> |
| Debt Service | | | |
| Principle: | | | |
| Bonds | | | |
| Public schools | 6,881,042 | 6,881,042 | - |
| Community college | 83,959 | 83,958 | 1 |
| Certificates of Participation/ Limited Obligation Bonds | | | |
| Public schools | 12,998,100 | 12,998,100 | - |
| County buildings | 5,821,900 | 5,821,900 | - |
| Lease Financing | | | |
| Equipment | 114,505 | 114,504 | 1 |
| Land | 68,531 | 68,531 | - |
| Total | <u>25,968,037</u> | <u>25,968,035</u> | <u>2</u> |
| Interest and Fees: | | | |
| Bonds | 4,434,051 | 4,434,050 | 1 |
| Certificates of Participation/ Limited Obligation Bonds | 12,787,836 | 12,787,835 | 1 |
| Lease Financing | 143,588 | 143,588 | - |
| Bank service charges | 63,601 | 18,440 | 45,161 |
| Bond issuance costs | 527,779 | 527,779 | - |
| Advance refunding escrow | 6,779,619 | 6,779,619 | - |
| Total | <u>24,736,474</u> | <u>24,691,311</u> | <u>45,163</u> |
| Total Debt Service | <u>50,704,511</u> | <u>50,659,346</u> | <u>45,165</u> |
| Total expenditures | <u>212,881,240</u> | <u>202,066,332</u> | <u>10,814,908</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(21,130,868)</u> | <u>4,076,002</u> | <u>25,206,870</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, 2013

| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|-------------------------|----------------------|---|
| Other financing sources (uses) | | | |
| Transfers in: | | | |
| From Landfill Fund | 122,200 | 122,200 | - |
| From Emergency Telephone Fund | 77,513 | 214,136 | 136,623 |
| From Capital Reserve Fund | 234,825 | 234,825 | - |
| From Public School Bldg. Fund-Lottery | 7,307,518 | 7,307,518 | - |
| From Cert of Participation Just Ctr Fund | 85 | 85 | - |
| From Cert of Participation 2009 Fund | 1,912,724 | 1,934,677 | 21,953 |
| Total | <u>9,654,865</u> | <u>9,813,441</u> | <u>158,576</u> |
| Transfers (out): | | | |
| To Community Dev Grant Fund | (25,000) | (25,000) | - |
| To Small Projects Fund | (14,800) | (14,800) | - |
| To Construction and Renovation Fund | (420,000) | (420,000) | - |
| To Cannon Memorial Library Fund | (9,740) | (9,740) | - |
| To Cabarrus Arena & Events Fund | (784,384) | (677,607) | 106,777 |
| To Internal Service Fund | (357,000) | (357,000) | - |
| Total | <u>(1,610,924)</u> | <u>(1,504,147)</u> | <u>106,777</u> |
| Total net transfers | 8,043,941 | 8,309,294 | 265,353 |
| General Obligation Bonds issued | 62,360,000 | 62,360,000 | - |
| Premium from General Obligation Bonds | 10,660,999 | 10,660,999 | - |
| Disbursements for Refunded GO Bonds | (65,700,000) | (65,700,000) | - |
| Total | <u>7,320,999</u> | <u>7,320,999</u> | <u>-</u> |
| Fund balance appropriated | <u>5,765,928</u> | <u>-</u> | <u>(5,765,928)</u> |
| Total other financing sources (uses) | <u>21,130,868</u> | <u>15,630,293</u> | <u>(5,500,575)</u> |
| Net change in fund balance | <u>\$ -</u> | 19,706,295 | <u>\$ 19,706,295</u> |
| Fund balance, July 1 | | <u>76,033,235</u> | |
| Fund balance, June 30 | | <u>\$ 95,739,530</u> | |

Cabarrus County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2013

| | 2013 | | Variance |
|----------------------------------|----------------------|----------------------|--|
| | <u>Budget</u> | <u>Actual</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| Revenues: | | | |
| Operating revenues: | | | |
| Charges for sales and services: | | | |
| Tipping fees | \$ 840,000 | \$ 674,272 | \$ (165,728) |
| Total operating revenues | <u>840,000</u> | <u>674,272</u> | <u>(165,728)</u> |
| Nonoperating revenues: | | | |
| Landfill disposal tax | 48,000 | 33,017 | (14,983) |
| Landfill state tax distribution | 35,000 | 33,361 | (1,639) |
| Solid waste franchise fee | 25,000 | 25,000 | - |
| Tire disposal fees | 200,000 | 221,840 | 21,840 |
| Investment earnings | - | 9,382 | 9,382 |
| Total nonoperating revenues | <u>308,000</u> | <u>322,600</u> | <u>14,600</u> |
| Total revenues | <u>1,148,000</u> | <u>996,872</u> | <u>(151,128)</u> |
| Expenditures: | | | |
| Landfill Administration: | | | |
| Salaries and wages | 216,714 | 212,520 | 4,194 |
| FICA | 5,131 | 5,126 | 5 |
| Medicare | 1,201 | 1,199 | 2 |
| Group hospital insurance | 13,986 | 8,626 | 5,360 |
| Vision Care | 42 | 42 | - |
| Retirement | 6,182 | 6,262 | (80) |
| Deferred compensation- 401K | 4,587 | 4,636 | (49) |
| Insurance and bonds | 1,607 | 1,623 | (16) |
| Total salaries and benefits | <u>249,450</u> | <u>240,034</u> | <u>9,416</u> |
| Landfill Operations: | | | |
| General and administrative: | | | |
| Advertising | 750 | - | 750 |
| Bank service charges | 2,300 | 2,527 | (227) |
| Dues and subscriptions | 450 | 49 | 401 |
| Lights and power | 5,000 | 4,280 | 720 |
| Office supplies | 1,500 | 1,369 | 131 |
| Other operating cost | - | 320 | (320) |
| Telephone | 1,609 | 1,668 | (59) |
| Travel | 2,500 | 2,160 | 340 |
| Uniforms | 3,300 | 2,544 | 756 |
| Total general and administrative | <u>17,409</u> | <u>14,917</u> | <u>2,492</u> |

Cabarrus County, North Carolina
Landfill Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2013

| | 2013 | | Variance |
|---|----------------------|----------------------|--|
| | <u>Budget</u> | <u>Actual</u> | <u>Favorable</u> <u>(Unfavorable)</u> |
| Other operating expenditures: | | | |
| Auto and truck maintenance | 10,000 | 9,056 | 944 |
| Building and ground maintenance | 15,000 | 14,384 | 616 |
| Capital reserve | 364,395 | - | 364,395 |
| Engineers | 106,246 | 7,857 | 98,389 |
| Fuel | 75,000 | 73,549 | 1,451 |
| Heavy equipment maintenance | 45,000 | 42,225 | 2,775 |
| Landfill disposal tax remittance | 48,000 | 34,313 | 13,687 |
| Minor equipment maintenance | 1,500 | 1,347 | 153 |
| Minor office equipment | 1,000 | 141 | 859 |
| Permitting fees | 8,000 | 5,665 | 2,335 |
| Service contracts | 2,500 | 1,608 | 892 |
| Tire disposal | 200,000 | 129,199 | 70,801 |
| Tools and minor equipment | 1,500 | 626 | 874 |
| Waste disposal charges | 3,000 | 2,736 | 264 |
| Total other operating expenditures | <u>881,141</u> | <u>322,706</u> | <u>558,435</u> |
| Total expenditures | <u>1,148,000</u> | <u>577,657</u> | <u>570,343</u> |
| Revenues over (under) expenditures | - | 419,215 | 419,215 |
| Other financing sources (uses): | | | |
| Transfers out: | | | |
| General Fund | (122,200) | (122,200) | - |
| Fund Balance Appropriated | <u>122,200</u> | <u>-</u> | <u>(122,200)</u> |
| Revenues over (under) expenditures and other financing sources (uses) | <u>\$ -</u> | <u>297,015</u> | <u>\$ 297,015</u> |

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

| | |
|---|--------------------|
| Reconciling items: | |
| Nonoperating expense - loss on disposal | (54,948) |
| Depreciation | (326,407) |
| Decrease in accrued vacation pay | 6,481 |
| Increase in other postemployment benefits | (5,360) |
| Total reconciling items | <u>(380,234)</u> |
| Change in net position | <u>\$ (83,219)</u> |



Statistical Section

Statistical Section

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

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

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

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

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

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

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

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

| | |
|-------------------------------------|----------|
| Demographic and Economic Statistics | Table 13 |
| Principal Employers | Table 14 |

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

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

Table 1

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

| | Fiscal Year | | | | | | | | | |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | | | | | | | | | | |
| Restricted | \$ 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 | \$ 126,276,528 |
| Unrestricted | 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 | 21,526,048 |
| | (105,277,167) | (146,958,567) | (123,873,155) | (154,540,784) | (209,510,459) | (215,569,630) | (245,337,483) | (237,704,769) | (221,575,904) | (187,041,424) |
| Total governmental activities net position | \$ (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) | \$ (39,238,848) |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | | | | | | | | | | |
| Unrestricted | \$ 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 | \$ 3,220,285 |
| | 603,687 | 849,946 | 2,272,666 | 1,335,651 | 957,349 | 604,100 | (286,743) | (272,454) | 45,035 | 343,174 |
| Total business-type activities net position | \$ 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 | \$ 3,563,459 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | | | | | | | | | | |
| Restricted | \$ 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 | \$ 129,496,813 |
| Unrestricted | 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 | 21,526,048 |
| | (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) | (186,698,250) |
| Total primary government net position | \$ (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) | \$ (35,675,389) |
| Component Unit | | | | | | | | | | |
| Net investment in capital assets | | | | | | | | | | |
| Restricted | \$ 949,138 | \$ 872,124 | \$ 947,632 | \$ 844,904 | \$ 991,163 | \$ 980,806 | \$ 1,561,575 | \$ 725,114 | \$ 1,152,374 | \$ 959,140 |
| Unrestricted | - | - | - | - | - | - | - | 2,936,461 | 4,077,601 | 982,679 |
| | 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 | 5,305,575 |
| Total component unit net position | \$ 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 | \$ 7,247,394 |

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 12,564,092 | \$ 12,976,891 | \$ 13,908,538 | \$ 15,788,662 | \$ 18,415,916 | \$ 19,804,610 | \$ 20,931,001 | \$ 21,750,176 | \$ 21,958,116 | \$ 20,446,857 |
| Public safety | 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 | 39,553,136 |
| Economic and physical development | 7,258,534 | 7,745,150 | 6,735,574 | 3,470,790 | 5,120,325 | 3,546,315 | 3,128,710 | 3,892,813 | 3,922,813 | 4,073,657 |
| Environmental protection | 219,513 | 192,211 | 222,730 | 239,353 | 273,920 | 251,712 | 541,463 | 619,639 | 583,412 | 547,568 |
| Human Services | 34,882,597 | 35,904,657 | 39,736,884 | 39,793,446 | 42,113,269 | 41,849,320 | 40,925,089 | 38,015,497 | 39,620,352 | 37,438,873 |
| Education | 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 | 63,146,646 |
| Cultural and recreation | 9,395,261 | 5,772,746 | 5,650,717 | 7,357,984 | 7,750,422 | 6,401,250 | 6,771,004 | 6,161,896 | 6,577,413 | 7,465,525 |
| Interest on long term debt | 8,104,861 | 7,611,271 | 9,511,646 | 13,078,276 | 13,267,793 | 15,302,702 | 19,753,769 | 19,633,769 | 19,108,759 | 17,898,970 |
| Total governmental activities | 153,245,616 | 147,953,463 | 177,389,494 | 208,666,542 | 195,258,196 | 213,493,309 | 242,938,624 | 202,573,985 | 197,115,638 | 190,571,222 |
| Business-type activities: | | | | | | | | | | |
| Solid Waste | 961,479 | 783,298 | 1,279,280 | 1,223,462 | 1,746,268 | 1,733,185 | 2,333,383 | 1,312,509 | 1,096,968 | 957,890 |
| Total primary government expenses | \$ 154,227,095 | \$ 148,736,751 | \$ 178,668,774 | \$ 207,890,004 | \$ 197,004,464 | \$ 215,226,494 | \$ 245,272,007 | \$ 203,886,494 | \$ 198,212,606 | \$ 191,529,112 |
| Program Revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services: | \$ 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 | \$ 2,595,260 |
| General government | 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 | 10,031,226 |
| Public safety | 259,266 | 314,608 | 310,922 | 371,374 | 361,302 | 142,332 | 72,730 | 52,364 | 36,062 | 46,169 |
| Economic and physical development | 84,002 | 146,500 | 221,000 | 139 | 1,668 | 647 | 593 | 928 | 53,770 | 42,172 |
| Environmental protection | 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 | 3,176,475 |
| Human Services | 159,425 | 189,341 | 502,358 | 1,522,931 | 2,854,128 | 793,590 | 754,640 | 477,517 | 793,610 | 33,170 |
| Education | 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 | 1,285,260 |
| Cultural and recreation | | | | | | | | | | |
| Operating grants and contributions: | | | | | | | | | | |
| General government | 271,344 | 322,081 | 315,347 | 773,179 | 559,742 | 337,714 | 274,343 | 1,286,545 | 750,094 | 1,243,161 |
| Public safety | 911,270 | 1,262,641 | 1,614,568 | 1,527,390 | 1,227,341 | 974,186 | 1,201,549 | 906,658 | 974,200 | 783,970 |
| Economic and physical development | 212,556 | 85,095 | 547,291 | 277,739 | 186,901 | 452,379 | 729,427 | 953,047 | 999,754 | 593,672 |
| Environmental protection | 26,766 | 554,584 | 27,395 | 45,969 | 64,835 | 38,813 | 31,090 | 32,085 | 8,425 | 6,912 |
| Human Services | 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 | 16,698,603 |
| Education | - | 240,000 | 336,000 | 185,289 | 259,232 | 128,465 | - | - | 743,081 | 770,920 |
| Cultural and recreation | 367,508 | 333,393 | 416,018 | 464,587 | 1,356,447 | 615,988 | 425,927 | 533,322 | 530,772 | 1,184,367 |
| 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 | 329,566 |
| Education | - | - | - | 41,303,456 | 43,768,030 | 956,939 | 6,149,845 | 258,938 | 1,713,555 | 7,307,518 |
| Total governmental activities program revenues | 32,313,371 | 35,974,537 | 38,992,658 | 41,303,456 | 43,768,030 | 38,462,218 | 44,767,626 | 37,111,237 | 39,481,371 | 46,128,421 |
| Business-type activities: | | | | | | | | | | |
| Charges for Services - Solid Waste | 811,043 | 890,124 | 2,868,132 | 1,516,013 | 1,474,242 | 1,565,441 | 1,187,527 | 858,132 | 704,647 | 674,272 |
| Operating grants and contributions - Solid Waste | - | - | - | - | - | - | 44,655 | 21,368 | - | - |
| Capital grants and contributions - Solid Waste | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 811,043 | 890,124 | 2,868,132 | 1,516,013 | 1,474,242 | 1,565,441 | 1,232,182 | 903,240 | 704,647 | 674,272 |
| Total primary government program revenues | \$ 33,124,414 | \$ 36,864,661 | \$ 41,860,790 | \$ 42,819,469 | \$ 45,242,272 | \$ 40,027,659 | \$ 45,999,808 | \$ 38,014,477 | \$ 40,186,018 | \$ 46,802,693 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (120,932,245) | \$ (111,978,926) | \$ (138,396,836) | \$ (165,363,056) | \$ (151,490,146) | \$ (175,031,091) | (198,170,998) | (165,462,748) | (157,634,267) | (144,442,801) |
| Business-type activities | (142,891) | 107,236 | 1,588,852 | 292,551 | (272,026) | (167,744) | (1,101,201) | (409,269) | (392,321) | (283,618) |
| Total primary government net (expense)/revenue | \$ (121,075,136) | \$ (111,871,690) | \$ (136,807,984) | \$ (165,070,505) | \$ (151,762,172) | \$ (175,198,835) | \$ (199,272,199) | \$ (165,872,017) | \$ (158,026,588) | \$ (144,726,419) |

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 133,982,194 |
| Local option sales tax | 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 | 36,890,472 |
| ABC revenues | 45,333 | 51,417 | 58,183 | 64,956 | 69,902 | 241,932 | 66,789 | 188,594 | 86,842 | 90,926 |
| Other taxes and licenses | 458,804 | 82,895 | 93,482 | 102,456 | 109,082 | 770,064 | 669,221 | 642,337 | 752,711 | 760,314 |
| Occupancy tax | 861,194 | 1,000,379 | 1,116,527 | 1,504,566 | 2,110,664 | 2,857,376 | 813,582 | 1,019,648 | 1,352,010 | 1,627,590 |
| Unrestricted investment earnings | 1,229,112 | 1,952,130 | 4,381,530 | 6,481,368 | 6,672,088 | 150,663 | 131,590 | 221,538 | - | - |
| Donations | 7,241,902 | 2,226,102 | 1,971,309 | 3,011,479 | 118,826 | - | - | - | - | - |
| Insurance Proceeds | 2,207 | 2,651 | 21,671 | 43,954 | 33,755 | 691,317 | 32,893 | 21,588 | - | - |
| Miscellaneous | 54,296 | 170,545 | 124,294 | 133,226 | - | - | - | - | 25,615 | 122,200 |
| Transfers In/Out | - | - | - | 147,232,290 | - | 170,709,531 | 167,663,803 | 164,635,790 | 171,430,321 | 173,473,696 |
| Total governmental activities: | <u>104,465,676</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>171,430,321</u> | <u>173,473,696</u> |
| Business-type activities: | | | | | | | | | | |
| Other taxes and licenses | 51,720 | 55,792 | 45,086 | 62,122 | 31,086 | 34,405 | 55,074 | 343,908 | 350,141 | 313,218 |
| Unrestricted investment earnings | 69,476 | 102,014 | 234,795 | 271,539 | 212,399 | 74,925 | 10,630 | 8,205 | 8,495 | 9,381 |
| Donations | - | - | - | - | - | - | - | - | - | - |
| Miscellaneous | - | - | - | 283,714 | 4,000 | 23,054 | 19,143 | 1,075 | - | - |
| Transfers In/Out | - | - | - | - | - | - | - | - | - | - |
| Total business-type activities | <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> | <u>(122,200)</u> |
| Total primary government | <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>\$ 171,763,342</u> | <u>\$ 173,674,095</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ (16,466,569) | \$ (1,938,546) | \$ (4,348,592) | \$ (18,130,766) | \$ 803,383 | \$ (4,321,560) | \$ (30,507,195) | \$ (826,958) | \$ 13,796,054 | \$ 29,030,895 |
| Business-type activities | (21,105) | 265,042 | 1,868,733 | 909,926 | (24,531) | (35,360) | (1,016,354) | (56,081) | (159,300) | (83,219) |
| Total primary government | <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>\$ 13,736,754</u> | <u>\$ 28,947,676</u> |
| Component Unit | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Component Unit: | | | | | | | | | | |
| Cabarrus Health Alliance | \$ 12,748,740 | \$ 14,046,391 | \$ 15,597,483 | \$ 16,594,547 | \$ 17,952,926 | \$ 19,549,624 | \$ 17,292,485 | \$ 19,678,636 | \$ 23,482,772 | \$ 18,091,226 |
| Program Revenues | | | | | | | | | | |
| Component Unit: | | | | | | | | | | |
| Charges for Services | \$ 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 | \$ 6,638,544 |
| Operating grants and contributions | 6,536,489 | 6,383,107 | 6,913,912 | 7,056,193 | 7,886,241 | 9,285,721 | 8,217,449 | 8,530,342 | 7,575,516 | 9,940,137 |
| Capital grants and contributions | - | - | - | - | - | - | - | 4,147,720 | 8,220,193 | 87,418 |
| Total component unit | <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> | <u>\$ 16,666,089</u> |
| Net (Expense)/Revenue | | | | | | | | | | |
| Component Unit: | | | | | | | | | | |
| Net (Expense)/Revenue | \$ (243,553) | \$ 325,862 | \$ 238,452 | \$ 166,025 | \$ (503,745) | \$ (81,289) | \$ (522,170) | \$ (112,918) | \$ (688,590) | \$ (1,425,127) |
| Total component unit | <u>\$ (243,553)</u> | <u>\$ 325,862</u> | <u>\$ 238,452</u> | <u>\$ 166,025</u> | <u>\$ (503,745)</u> | <u>\$ (81,289)</u> | <u>\$ (522,170)</u> | <u>\$ (112,918)</u> | <u>\$ (688,590)</u> | <u>\$ (1,425,127)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Component Unit: | | | | | | | | | | |
| General Revenues | \$ 28,771 | \$ 59,796 | \$ 119,917 | \$ 154,179 | \$ 127,386 | \$ 42,147 | \$ 7,630 | \$ 4,479 | \$ 2,176 | \$ 12,948 |
| Unrestricted investment earnings | 133,168 | 51,779 | 41,197 | 35,856 | 51,232 | 79,643 | 42,616 | 167,482 | 414,004 | 842,073 |
| Miscellaneous | 161,939 | 111,575 | 161,114 | 190,035 | 178,618 | 121,790 | 50,246 | 171,961 | 416,180 | 855,021 |
| Total General Revenues | <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>\$ 2,859,108</u> | <u>\$ 171,961</u> | <u>\$ 416,180</u> | <u>\$ 855,021</u> |
| Special Item | - | - | - | - | - | - | - | - | - | - |
| Total component unit activities | <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>\$ 2,859,108</u> | <u>\$ 171,961</u> | <u>\$ 416,180</u> | <u>\$ 855,021</u> |
| Change in Net Position | | | | | | | | | | |
| Component Unit: | | | | | | | | | | |
| Changes in Net Position | \$ (81,614) | \$ 437,437 | \$ 399,566 | \$ 356,060 | \$ (325,127) | \$ 40,491 | \$ 2,387,184 | \$ 59,043 | \$ (272,410) | \$ (570,105) |
| Total component unit | <u>\$ (81,614)</u> | <u>\$ 437,437</u> | <u>\$ 399,566</u> | <u>\$ 356,060</u> | <u>\$ (325,127)</u> | <u>\$ 40,491</u> | <u>\$ 2,387,184</u> | <u>\$ 59,043</u> | <u>\$ (272,410)</u> | <u>\$ (570,105)</u> |

Table 3

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

| | Fiscal Year | | | | | | | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 8,332,006 | \$ 8,634,927 | \$ 9,017,755 | \$ 10,505,737 | \$ 10,988,446 | \$ 9,862,420 | \$ 10,877,813 | \$ - | \$ - | \$ - |
| Unreserved | 28,388,930 | 30,458,561 | 38,887,879 | 40,205,758 | 36,636,176 | 41,476,373 | 54,778,125 | - | - | - |
| Nonspendable | - | - | - | - | - | - | - | 67,302 | 198,809 | 383,680 |
| Restricted | - | - | - | - | - | - | - | 10,190,775 | 12,690,692 | 11,399,498 |
| Committed | - | - | - | - | - | - | - | - | 6,606 | - |
| Assigned | - | - | - | - | - | - | - | 16,955,100 | 17,436,575 | 22,450,700 |
| Unassigned | - | - | - | - | - | - | - | 46,800,234 | 45,700,553 | 61,505,652 |
| Total General Fund | <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> | <u>\$ 95,739,530</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 59,101,722 | \$ 57,497,847 | \$ - | \$ - | \$ - |
| Unreserved | 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 | 10,126,550 |
| Committed | - | - | - | - | - | - | - | 14,383,632 | 10,458,498 | 9,796,323 |
| Assigned | - | - | - | - | - | - | - | 459,881 | 549,755 | 594,899 |
| Unassigned | - | - | - | - | - | - | - | (5,440) | (292,024) | - |
| Total all other governmental funds | <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> | <u>\$ 20,519,772</u> |

Table 4

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|----------------------|------------------------|----------------------|---------------------|---------------------|---------------------|-----------------------|------------------------|---------------------|
| Revenues | | | | | | | | | | |
| Ad valorem taxes | \$ 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 | \$ 134,153,049 |
| Other taxes and licenses | 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 | 37,634,537 |
| Intergovernmental | 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 | 28,092,244 |
| Permits and fees | 6,757,143 | 7,377,224 | 8,688,379 | 9,851,011 | 10,643,086 | 9,975,694 | 5,267,543 | 4,753,093 | 5,789,927 | 5,487,566 |
| Sales and services | 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 | 11,830,022 |
| Investment earnings | 1,080,669 | 1,750,899 | 4,062,175 | 6,131,009 | 6,330,248 | 2,356,043 | 429,465 | 261,016 | 235,440 | 266,534 |
| Donations | 3,625,914 | 2,192,353 | 1,224,022 | 744,972 | 643,402 | 286,433 | 108,709 | 186,638 | 390,239 | 628,598 |
| Miscellaneous | 865,910 | 951,030 | 503,786 | 932,086 | 537,043 | 1,949,592 | 462,114 | 514,504 | 589,467 | 1,039,992 |
| Total Revenues | 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 | 219,132,542 |
| Expenditures | | | | | | | | | | |
| General Government | 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 | 19,601,354 |
| Public Safety | 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 | 32,914,713 |
| Economic & Phy Dev | 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 | 3,997,296 |
| Environmental Prot. | 191,748 | 194,450 | 200,993 | 203,049 | 200,561 | 217,384 | 472,943 | 519,010 | 524,881 | 537,717 |
| Human Services | 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 | 35,912,373 |
| Education | 61,333,173 | 57,161,753 | 78,415,898 | 103,022,790 | 81,520,236 | 96,353,775 | 119,462,406 | 77,464,219 | 66,229,905 | 63,229,560 |
| Culture and recreation | 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 | 5,972,870 |
| Capital Outlay | 2,711,692 | 5,490,401 | 8,068,026 | 26,150,524 | 32,614,235 | 40,813,607 | 31,660,649 | 6,521,906 | 4,467,028 | 4,343,539 |
| Debt Service: | | | | | | | | | | |
| Principal | 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 | 25,968,035 |
| Interest | 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 | 17,911,692 |
| Total Expenditures | 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 | 210,389,149 |
| Excess of revenues over (under) expenditures | (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) | 8,743,393 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 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 | 12,663,434 |
| Transfers out | (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) | (12,898,234) |
| Limited Obligation Bonds Issued | - | - | - | - | - | - | - | - | 37,730,250 | - |
| Issuance of Bonds | 53,912,762 | 50,366,000 | - | 48,562,851 | - | - | - | - | - | 73,020,999 |
| Disbursements for Debt Instruments | (17,701,986) | - | - | - | (7,305,000) | - | - | (20,902,811) | (37,431,142) | (72,479,619) |
| Disbursements to Escrow Agent | (35,866,931) | - | - | - | (18,958,846) | - | - | - | - | - |
| Issuance of Certificates of Participation | 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 | - | - | - | - | - | - |
| Total other financing sources (uses) | 42,561,343 | 54,724,000 | - | 98,766,179 | 49,302,636 | 3,421,394 | 85,462,584 | 13,978,049 | (1,097,580) | 306,580 |
| Net change in fund balances | \$ 9,371,514 | \$ 35,523,680 | \$ (27,674,121) | \$ 42,946,702 | \$ 5,312,213 | \$ 2,953,648 | \$ 9,857,423 | \$ (8,008,475) | \$ (19,063,604) | \$ 9,049,973 |
| Debt service as a percentage of noncapital expenditures | 12.77% | 13.47% | 13.03% | 11.41% | 14.86% | 15.45% | 14.98% | 19.85% | 25.20% | 21.30% |

Table 5

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) |
|------------------------|--------------------------|------------------------------|---|-------------------------------------|---|
| 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 |
| 2013 (1) | 15,623,512,935 | 2,774,393,931 | 297,917,351 | 18,695,824,217 | 0.70 |

(1) Increase/Decrease 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.

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

| | | Year Taxes Are Payable | | | | | | | | | |
|--------------------------------------|----|------------------------|----------|----------|-----------|-----------|----------|----------|----------|----------|----------|
| | | 2004 | 2005 (1) | 2006 | 2007 | 2008 | 2009 (1) | 2010 | 2011 | 2012 | 2013 (1) |
| County Total Direct Rate (3) | \$ | 0.560 | \$ 0.530 | \$ 0.630 | \$ 0.629 | \$ 0.630 | \$ 0.630 | \$ 0.630 | \$ 0.630 | \$ 0.630 | \$ 0.700 |
| Fire Protection Districts (4) | \$ | 0.050 | \$ 0.049 | \$ 0.051 | \$ 0.053 | \$ 0.053 | \$ 0.053 | \$ 0.053 | \$ 0.049 | \$ 0.051 | \$ 0.062 |
| Municipality Rates: (5) | | | | | | | | | | | |
| Concord | \$ | 0.45 | \$ 0.43 | \$ 0.43 | \$ 0.4475 | \$ 0.4475 | \$ 0.42 | \$ 0.42 | \$ 0.42 | \$ 0.42 | \$ 0.48 |
| Kannapolis | | 0.53 | 0.497 | 0.497 | 0.497 | 0.497 | 0.49 | 0.49 | 0.49 | 0.49 | 0.56 |
| Harrisburg | | 0.135 | 0.135 | 0.135 | 0.135 | 0.135 | 0.125 | 0.125 | 0.125 | 0.135 | 0.1585 |
| Mt. Pleasant | | 0.42 | 0.42 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.44 | 0.505 |
| Midland | | 0.15 | 0.15 | 0.15 | 0.15 | 0.15 | 0.14 | 0.14 | 0.14 | 0.14 | 0.16 |
| Locust | | 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 | N/A | 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. Cabarrus County has a unified tax rate and therefore has no components to display.
- (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. The Cabarrus County Board of Commissioners set each Fire District Rate. This rate combined with the County rate is the totally overlapping tax rate.
- (5) Municipalities set their own direct rate. This rate, combined with the County rate is the total overlapping tax rate.

Table 7

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

| Taxpayer | Type of Business | Fiscal Year 2013 | | | Fiscal Year 2004 | | |
|---|----------------------|-------------------------|------|--|-------------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Assessed Valuation | Assessed Valuation | Rank | Percentage of Total Assessed Valuation |
| Castle & Cooke, NC LLC/ David H Murdock | Land Developer | \$ 328,076,170 | 1 | 1.75% | \$ - | - | - |
| Charlotte Motor Speedway, Inc. | Auto Racing | 294,264,873 | 2 | 1.57% | 136,584,809 | 4 | 1.17% |
| Corning, Inc | Fiber Optics Mfg | 291,644,561 | 3 | 1.56% | 462,709,814 | 2 | 3.96% |
| Concord Mills LTD Partnership | Shopping Center | 250,571,200 | 4 | 1.34% | 168,177,144 | 3 | 1.44% |
| Hendricks Motorsports Inc | Auto Racing | 119,326,544 | 5 | 0.64% | - | - | - |
| Duke Energy Corp | Public Service Co | 98,999,820 | 6 | 0.53% | 61,520,072 | 7 | 0.53% |
| Great Wolf Lodge of the Carolinas | Amusement Water Park | 98,071,995 | 7 | 0.52% | - | - | - |
| Phillip Morris Inc (Altria) | Cigarette Mfg | 93,107,045 | 8 | 0.50% | 1,034,892,391 | 1 | 8.85% |
| Celgard, LLC | Manufacturer | 92,655,533 | 9 | 0.50% | - | - | - |
| Weinstein Properties | Real Estate | 63,239,110 | 10 | 0.34% | - | - | - |
| Walmart/Sams | Retail | - | - | - | - | - | - |
| JQH-Concord Development LLC | Hotel | - | - | - | - | - | - |
| Fieldcrest Cannon, Inc | Textiles | - | - | - | 126,070,940 | 5 | 1.08% |
| Concord Telephone | Public Service Co | - | - | - | 74,036,468 | 6 | 0.63% |
| Pass & Seymour/Legrand | Electronics | - | - | - | 37,796,932 | 8 | 0.32% |
| Bell/Sysco Food Services, Inc. | Food Supplier | - | - | - | 30,626,033 | 9 | 0.26% |
| Public Service of NC | Public Service Co | - | - | - | 29,269,707 | 10 | 0.25% |
| Totals | | <u>\$ 1,729,956,851</u> | | 9.25% | <u>\$ 2,161,684,310</u> | | 18.49% |

Source: Cabarrus County Tax Department

Table 8

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

| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | | Discoveries | Abatements | Total Adjusted Levy | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|-------------|--|-------------|-------------|------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
| | | | | | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| 2004 | \$ | 66,077,761 | \$ | 1,185,407 | \$ | 66,459,272 | 96.53% | \$ | 66,377,581 | 99.88% |
| 2005 | | 74,893,721 | | 724,786 | | 74,720,131 | 97.70% | | 74,652,242 | 99.91% |
| 2006 | | 92,892,138 | | 762,582 | | 92,805,330 | 97.87% | | 92,712,391 | 99.90% |
| 2007 | | 97,095,301 | | 1,250,243 | | 95,699,309 | 98.16% | | 97,094,135 | 99.59% |
| 2008 | | 102,936,378 | | 929,435 | | 101,560,468 | 98.35% | | 103,151,271 | 99.89% |
| 2009 | | 132,180,385 | | 1,954,310 | | 130,244,108 | 98.06% | | 132,631,000 | 99.86% |
| 2010 | | 135,474,421 | | 1,105,947 | | 131,784,146 | 97.45% | | 134,763,108 | 99.65% |
| 2011 | | 134,263,178 | | 770,711 | | 130,734,404 | 97.20% | | 133,768,583 | 99.46% |
| 2012 | | 133,644,515 | | 1,150,153 | | 128,622,399 | 96.58% | | 131,960,306 | 99.08% |
| 2013 | | 130,560,111 | | 2,110,895 | | 126,968,672 | 96.67% | | 126,968,672 | 96.67% |

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) |
|------------------------|---|--|--------------------------|
| 2004 | \$ 52,495,000 | 0.46% | 359 |
| 2005 | 97,805,000 | 0.84% | 652 |
| 2006 | 91,845,000 | 0.66% | 585 |
| 2007 | 133,980,000 | 0.91% | 814 |
| 2008 | 126,895,000 | 0.83% | 743 |
| 2009 | 119,835,000 | 0.74% | 685 |
| 2010 | 112,565,000 | 0.54% | 631 |
| 2011 | 105,660,000 | 0.50% | 584 |
| 2012 | 98,695,000 | 0.46% | 537 |
| 2013 | 88,390,000 | 0.47% | 474 |

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

(1) See Table 13 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) |
|-------------|--------------------------|---|---------------|------------|-----------------------------------|-----------------------|----------------|--------------------------|----------------|-----------------------------------|
| | | | | | | | | | | |
| 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 | 5.84% | | |
| 2013 | 88,390,000 | 255,735,000 | - | - | 3,348,072 | 347,473,072 | 1,883 | * | | |

* 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 2012 personal income not available to calculate fiscal year 2013.

Table 11

Cabarrus County, North Carolina
Computation of Direct and Overlapping
Governmental Activities Debt
For the Year Ended June 30, 2013

| Cabarrus County: | Assessed Valuation | Percent of Countywide Total | Pro Rata Share of Governmental Activities Debt | Municipalities Debt (2) | Total Overlapping Debt |
|-------------------------|-------------------------------|--|---|------------------------------------|---------------------------------------|
| Concord (1) | \$ 9,071,489,483 | 48.52% | \$ 168,599,056 | \$ 23,308,820 | \$ 191,907,876 |
| Kannapolis | 2,976,924,526 | 15.92% | 55,327,922 | 45,725,133 | 101,053,055 |
| Harrisburg (1) | 1,607,462,497 | 8.60% | 29,875,652 | 1,979,180 | 31,854,832 |
| Mt. Pleasant | 130,739,768 | 0.70% | 2,429,877 | 444,601 | 2,874,478 |
| Midland | 319,735,698 | 1.71% | 5,942,479 | - | 5,942,479 |
| Locust | 50,361,669 | 0.27% | 936,002 | 2,329,816 | 3,265,818 |
| Unincorporated Areas | 4,539,110,576 | 24.28% | 84,362,084 | - | 84,362,084 |
| Countywide Totals | <u>\$ 18,695,824,217</u> | <u>100.00%</u> | <u>\$ 347,473,072.00</u> | <u>\$ 73,787,550.00</u> | <u>\$ 421,260,622.00</u> |

(1) Assessed Valuation provided by Municipality

(2) Debt provided by each Municipality as of 6-30-13 except for Mt. Pleasant and Locust which is 6-30-12.

Table 12

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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assessed Value of Property | \$ 11,689,948,568 | \$ 13,994,645,443 | \$ 14,737,845,840 | \$ 15,334,805,970 | \$ 16,268,259,277 | \$ 20,871,969,227 | \$ 21,329,688,137 | \$ 21,245,738,750 | \$ 21,004,123,586 | \$ 18,695,824,217 |
| Debt Limit, 8% of Assessed Value (Statutory Limitation) | 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 | 1,495,665,937 |
| Debt applicable to debt limitations: | | | | | | | | | | |
| Total Bonded Debt | 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 | 88,390,000 |
| Total Installment Payment Revenue Bonds | 22,500,000 | 21,000,000 | 19,500,000 | 18,000,000 | - | - | - | - | - | - |
| Total Capital Leases | 4,123,695 | 1,801,483 | - | 443,568 | 331,964 | 3,458,315 | 3,282,345 | 3,102,621 | 3,631,107 | 3,348,072 |
| 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 | 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 | 255,735,000 |
| Total debt applicable to limitations | 177,883,695 | 218,344,483 | 203,085,427 | 286,256,423 | 316,382,250 | 358,546,029 | 423,582,488 | 414,200,193 | 376,781,107 | 347,473,072 |
| Legal debt limit | \$ 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 | \$ 1,148,192,865 |
| Total net debt applicable to the limit as a percentage of debt limit | 19.02% | 19.50% | 17.22% | 23.33% | 24.31% | 21.47% | 24.82% | 24.37% | 22.42% | 23.23% |

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

The legal debt margin is the difference between the debt limit and the county's net debt outstanding applicable to the limit, and represents the county's legal borrowing authority.

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

Table 13

| <u>Year</u> | <u>Population(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> |
|-------------|----------------------|--------------------------------|---|--|---------------------------------|--|
| 2004 | 146,053 | \$ 4,199,579 | \$ 29,431 | 26,229 | 6.20% | 48,795 |
| 2005 | 150,019 | 4,441,339 | 30,752 | 27,138 | 4.60% | 51,464 |
| 2006 | 157,025 | 4,752,216 | 31,871 | 28,582 | 4.10% | 65,340 |
| 2007 | 164,521 | 5,157,773 | 33,161 | 30,507 | 4.40% | 68,755 |
| 2008 | 170,901 | 5,551,258 | 34,099 | 32,219 | 5.80% | 57,339 |
| 2009 | 174,961 | 5,946,765 | 35,280 | 32,781 | 11.20% | 16,529 |
| 2010 | 178,519 | 5,869,800 | 34,083 | 33,014 | 11.40% | 18,890 |
| 2011 | 180,794 | 6,057,692 | 33,926 | 34,096 | 10.10% | 23,241 |
| 2012 | 183,806 | 6,453,148 | 35,561 | 34,588 | 9.20% | 26,565 |
| 2013 | 186,446 | * | * | 35,125 | 8.80% ** | 30,780 |

* Information not yet available.

**Fiscal Year 2013 is as of June 30, 2013

Notes:

(1) Office of State Budget and Management and Cabarrus County Planning and Development Department

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

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

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

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

Table 14

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

| <u>Employer</u> | <u>2013</u> | | | <u>2004</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 | 5.37% | 3,200 | 1 | 4.43% |
| Cabarrus County Schools | 3,800 | 2 | 4.53% | 2,476 | 3 | 3.43% |
| Cabarrus County | 950 | 3 | 1.13% | 1,000 | 4 | 1.38% |
| City of Concord | 901 | 4 | 1.08% | 822 | 5 | 1.14% |
| Connexions | 900 | 5 | 1.07% | - | - | - |
| State of North Carolina | 770 | 6 | 0.92% | - | - | - |
| Kannapolis City Schools | 750 | 7 | 0.89% | 649 | 7 | 0.90% |
| S&D Coffee and Tea | 575 | 8 | 0.69% | - | - | - |
| Shoe Show | 550 | 9 | 0.66% | - | - | - |
| ACN | 500 | 10 | 0.60% | - | - | - |
| Philip Morris | - | - | - | 2,900 | 2 | 4.01% |
| CT Communications | - | - | - | 700 | 6 | 0.97% |
| Pass & Seymour Legrand | - | - | - | 550 | 8 | 0.76% |
| Sysco Food Service | - | - | - | 520 | 9 | 0.72% |
| Wal-Mart | - | - | - | 480 | 10 | 0.66% |
| Total | <u>14,196</u> | | <u>16.94%</u> | <u>13,297</u> | | <u>18.40%</u> |

Source: NC Employment Security Commission, Cabarrus County EDC, and Cabarrus County's 2005
Official Statement

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 | | | | | | | | | |
|-----------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| General Government | 160 | 153 | 156 | 162 | 173 | 178 | 161 | 165 | 166 | 159 |
| Cultural and Recreation | 77 | 79 | 57 | 59 | 64 | 65 | 48 | 51 | 51 | 60 |
| Public Safety | 241 | 272 | 274 | 297 | 314 | 347 | 344 | 421 | 419 | 421 |
| Economic & Phy. Development | 15 | 15 | 16 | 16 | 17 | 17 | 12 | 12 | 15 | 16 |
| Human Services | 227 | 246 | 267 | 289 | 303 | 310 | 307 | 313 | 297 | 289 |
| Environmental Protection | 11 | 11 | 11 | 12 | 12 | 12 | 11 | 11 | 8 | 7 |
| Total | 731 | 776 | 781 | 835 | 883 | 929 | 883 | 973 | 956 | 952 |

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 16

| Functional Area | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Government | | | | | | | | | | |
| Tax Collection Rate | 96.53% | 97.70% | 97.87% | 98.16% | 98.35% | 98.06% | 97.45% | 97.20% | 96.58% | 96.67% |
| Land Records Recorded ¹ | 43,283 | 45,742 | 48,762 | 46,376 | 37,329 | 32,256 | 28,410 | 28,238 | 30,763 | 36,145 |
| Culture & Recreation | | | | | | | | | | |
| Circulation of Library Materials-All Branches | 615,167 | 692,244 | 748,537 | 789,453 | 781,606 | 882,322 | 841,916 | 697,539 | 681,192 | 701,278 |
| Acres of Park Land-Developed/Undeveloped | 411/67 | 411/67 | 411/67 | 411/67 | 411/67 | 329/252 | 347/343 | 381/310 | 381/310 | 381/310 |
| Public Safety | | | | | | | | | | |
| Sheriff Response Time (Emergency Calls) | 6.58 | 7.53 | 7.00 | 8.20 | 8.00 | 9.25 | 7.57 | 7.50 | 7.13 | 7.50 |
| Detention Center Average Daily Population | 202.3 | 212 | 216 | 220 | 220 | 253 | 275 | 350 | 358 | 367 |
| Animals Picked Up | 5,259 | 4,946 | 4,980 | 4,513 | 4,500 | 3,982 | 3,982 | 3,800 | 3,505 | 3,408 |
| Building Inspections Completed | 48,795 | 51,464 | 65,340 | 68,755 | 57,339 | 42,610 | 46,871 | 22,410 | 26,568 | 30,780 |
| EMS Average Response Time Countywide | 7.49 | 7.69 | 7.20 | | 7.03 | 7.29 | 7.02 | 7.01 | 6.40 | 6.68 |
| Economic & Physical Development | | | | | | | | | | |
| Construction Permits Issued ⁴ | - | - | - | - | - | - | - | 9,558 | 10,350 | 10,119 |
| Zoning Permits Issued ⁴ | - | - | - | - | - | - | - | 307 | 295 | 313 |
| Human Services | | | | | | | | | | |
| Veteran /Dependent Contacts | 8,978 | 7,205 | 7,802 | 9,132 | 9,950 | 10,750 | 12,138 | 12,119 | 9,901 | 9,950 |
| Human Service Transportation Trips ² | 112,286 | 116,818 | 85,713 | 85,721 | 96,696 | 82,404 | 85,692 | 81,844 | 86,316 | 74,839 |
| Family Medicaid Cases | 8,365 | 8,969 | 10,049 | 10,779 | 11,794 | 13,727 | 14,460 | 15,884 | 16,039 | 17,659 |
| Adult Medicaid Cases ³ | 4,379 | 4,746 | 4,858 | 5,045 | 5,216 | 5,380 | 5,565 | 6,019 | 6,101 | 6,273 |
| WFFA (formerly AFDC) | 534 | 487 | 316 | 315 | 289 | 290 | 266 | 254 | 263 | 275 |
| Child Protective Service Reports Investigated | 1,212 | 1,426 | 1,897 | 1,697 | 1,602 | 1,476 | 1,488 | 1,537 | 2,955 | 2,389 |
| Adoptions Completed | 0 | 59 | 0 | 15 | 43 | 18 | 10 | 7 | 1 | 3 |
| Food Stamp Cases | 4,350 | 4,950 | 5,358 | 5,456 | 5,890 | 6,880 | 8,391 | 10,497 | 11,652 | 11,700 * |
| Adult Protective Services Reports | 135 | 114 | 131 | 170 | 232 | 210 | 225 | 189 | 226 | 199 |
| Environmental Protection | | | | | | | | | | |
| Tons of MSW and C&D Waste Managed | 25,570 | 32,049 | 159,106 | 68,950 | 54,488 | 44,354 | 28,818 | 24,969 | 21,454 | 17,876 |
| Tons of Recyclable Materials Collected | 2,275 | 2,007 | 1,710 | 1,687 | 1,800 | 2,500 | 3,284 | 3,498 | 4,250 | 4,196 |
| Education | | | | | | | | | | |
| Per Pupil Current Expense Funding | \$ 1,186.78 | \$ 1,204.58 | \$ 1,292.01 | \$ 1,328.78 | \$ 1,443.91 | \$ 1,541.14 | \$ 1,541.14 | \$ 1,597.64 | \$ 1,688.25 | \$ 1,548.92 |
| Per Pupil Capital Outlay Funding | \$ 52.95 | \$ 56.78 | \$ 89.74 | \$ 140.36 | \$ 127.23 | \$ 124.36 | \$ 59.60 | \$ 32.59 | \$ 32.20 | \$ 110.89 |
| Per Pupil Debt Service Funding | \$ 620.53 | \$ 717.20 | \$ 796.37 | \$ 683.18 | \$ 705.68 | \$ 845.19 | \$ 835.51 | \$ 877.37 | \$ 1,011.39 | \$ 967.27 |

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

Table 17

| <u>Function/Program</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> | <u>2013</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Parks¹ | | | | | | | | | | |
| Park facility | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Tennis courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Picnic shelters | 20 | 20 | 20 | 20 | 21 | 21 | 23 | 24 | 24 | 24 |
| Softball fields | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Playgrounds | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 10 | 10 | 10 |
| Soccer Fields | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Camping cabins | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 6 | 6 |
| Tent sites | 7 | 7 | 7 | 7 | 6 | 6 | 7 | 7 | 7 | 7 |
| Bathhouse for campgrounds | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Swimming Pool | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Pool Bathhouse | - | - | - | - | - | 1 | 1 | 1 | 1 | 1 |
| Fire protection¹ | | | | | | | | | | |
| Stations | 14 | 14 | 14 | 14 | 11 | 11 | 11 | 10 | 10 | 10 |
| Sheriff¹ | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Substations | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Patrol units | 65 | 65 | 65 | 65 | 94 | 113 | 117 | 118 | 118 | 135 |

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

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

³Prior 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

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*

Independent Auditor's Report

Board of Commissioners
Cabarrus County, North Carolina

We have audited, in accordance with the 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 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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 24, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 24, 2013

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

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

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Cabarrus County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cabarrus County's major federal programs for the year ended June 30, 2013. Cabarrus County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cabarrus County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133 and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cabarrus County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

730 13th Avenue Drive SE ♦ Hickory, North Carolina 28602 ♦ Phone 828-327-2727 ♦ Fax 828-328-2324
13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cabarrus County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cabarrus County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cabarrus County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cabarrus County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 24, 2013

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

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

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Circular A-133; and the State Single Audit Implementation Act

Independent Auditor's Report

Board of Commissioners
Cabarrus County, North Carolina

Report on Compliance for Each Major State Program

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Cabarrus County's major state programs for the year ended June 30, 2013. Cabarrus County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cabarrus County's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Cabarrus County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Cabarrus County's compliance.

Opinion on Each Major State Program

In our opinion, the Cabarrus County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 as described in the *Audit Manual for Government Auditors in North Carolina* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2013-001. Our opinion on each major State program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Cabarrus County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cabarrus County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
October 24, 2013

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditor's Results

Financial Statements

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Non-compliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? _____ Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses? X Yes _____ No

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget, Circular A-133, Audits of States, Local Governments, and Non Profit Organizations, section .510(a)?

 X Yes _____ No

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

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 |
| N.C. Health Choice (Child Health Insurance Program) | 93.767 |

Dollar threshold used to distinguish between
Type A and Type B Programs

\$3,000,000

Auditee qualified as low-risk auditee?

_____ Yes X No

State Awards

Internal control over major State programs:

● Material weaknesses identified? _____ Yes X No

● Significant deficiency(s) identified that
are not considered to be material
weaknesses? X Yes _____ No

Type of auditor's report issued on
compliance for major State programs:

Unmodified

Any findings disclosed that are required to
be reported in accordance with the State
Single Audit Implementation Act?

 X Yes _____ No

Identification of major State programs:

Program Name

Medicaid Cluster
Subsidized Child Care Cluster
State/County Special Assistance for Adults
N.C. Health Choice (Child Health Insurance Program)

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

2. Financial Statements Findings

None reported.

3. Federal and State Award Findings and Questioned Costs

2013-001

Finding: Computers were not logged off state system.

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should control physical access to the State network terminals or personal computers that are connected to the State mainframe.

Condition: Upon surprise inspection, several unattended work stations of DSS employees were logged onto the State network without anyone attending to the work stations.

Context: While performing compliance testing related to the Division of Social Services, we noted the above condition.

Effect: Unauthorized access to the State system could be obtained due to the unattended logon to the system throughout the DSS building.

Cause: Lack of proper internal controls over data security.

Questioned Costs: The finding represents an internal control issue; therefore, questioned costs are not applicable.

Recommendation: Management should reiterate the importance of securing computer terminals every time a computer is left unattended. The County should implement control procedures to require logout of workstations where access to the State DSS system is granted. The control procedures should include random verification of logout in instances where offices are unattended.

DSS Programs affected:

Medicaid

TANF

Child Care Development Fund Cluster

N.C. Health Choice (Child Health Insurance Program)

Corrective Action/ Management Response: Management will advise staff to lock their workstations when they leave the work area. This will be communicated through staff meetings.

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

2013-002

Finding: Supervisor review of day sheets was performed but not documented.

Criteria: Documentation of internal control procedures over day sheet reviews should be maintained.

Condition: While testing internal control over compliance for major programs, it was noted that supervisors review day sheets but the review process is not documented.

Context: While performing compliance testing related to the Division of Social Services, we noted the above condition.

Effect: Documentation of review of day sheets was not available.

Cause: Lack of proper internal controls over documentation of supervisor review of day sheets.

Questioned Costs: The finding represents an internal control issue; therefore, questioned costs are not applicable.

Recommendation: Management should reiterate the importance of documentation of review of day sheets. The County should implement control procedures to require supervisor review and documentation of review on all day sheets. The control procedures should include random verification of the process being documented.

DSS Programs affected:

Medicaid

Subsidized Child Care Cluster

State/County Special Assistance for Adults

N.C. Health Choice (Child Health Insurance Program)

Corrective Action/ Management Response: Management will implement control procedures recommended above.

CABARRUS COUNTY, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

None reported.

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013**

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | State/Pass Through Grantor's Number | Federal Direct and Pass Through Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|---|--|-----------------------|-----------------------|
| <u>Federal Awards:</u> | | | | | |
| <u>U.S. Department of Agriculture</u> | | | | | |
| Passed Through N.C. Department of Health and Human Services: Division of Social Services: | | | | | |
| Administration: | | | | | |
| Supplemental Nutrition Assistance Program (SNAP) Cluster: | | | | | |
| State Administrative Matching Grants | | | | | |
| for Supplemental Nutrition Assistance Program | 10.561 | | \$ 1,269,326 | \$ - | \$ 1,269,326 |
| Total Supplemental Nutrition Assistance Program Cluster | | | 1,269,326 | - | 1,269,326 |
| Passed through Centralina Council of Governments: | | | | | |
| Food Distribution Elderly Nutrition Program - USDA Supplement | 10.570 | | 40,170 | - | - |
| Total U.S. Department of Agriculture | | | 1,309,496 | - | 1,269,326 |
| <u>U. S. Department of Health and Human Services</u> | | | | | |
| <u>Administration on Aging:</u> | | | | | |
| Passed through Centralina Council of Governments: | | | | | |
| Title III-E Caregiver Grant | 93.052 | | 45,216 | 2,886 | - |
| Title V Revenues | 17.235 | | 107,076 | - | - |
| Consumer Directed Services Grant | 93.779 | | 5,958 | 39,875 | - |
| Aging Cluster: | | | | | |
| Nutrition Project for the Elderly Title III-C1 | 93.045 | | 90,045 | 2,625 | - |
| Title III-B (Access); | | | | | |
| Transportation Grant | 93.044 | | 59,803 | 89,705 | - |
| Information case Assistant | 93.044 | | 18,502 | 27,754 | - |
| Title III-B (In-Home): | | | | | |
| Adult Day Services | 93.044 | | 16,612 | 111,169 | - |
| In-Home Aide I & II | 93.044 | | 49,918 | 63,531 | - |
| Housing/Home Improvement | 93.044 | | 5,017 | 33,578 | - |
| Senior Center Operations Grant | | | - | 95,018 | - |
| Total Aging Cluster | | | 239,897 | 423,380 | - |
| Total Administration on Aging | | | 398,147 | 466,141 | - |
| Passed Through N.C. Department of Health and Human Services: | | | | | |
| Division of Social Services: | | | | | |
| Administration: | | | | | |
| Temporary Assistance Needy Families (TANF)/ WorkFirst Cluster: | | | | | |
| Temporary Assistance Needy Families (WorkFirst) | 93.558 | | 219,815 | - | 192,290 |
| Services: | | | | | |
| Temporary Assistance Needy Families (WorkFirst) | 93.558 | | 1,676,054 | - | 1,102,186 |
| Direct Benefit Payments: | | | | | |
| Temporary Assistance Needy Families | 93.558 | | 718,544 | - | 400 |
| Total Temporary Assistance Needy Families (TANF)/ WorkFirst Cluster: | | | 2,614,413 | - | 1,294,876 |

CABARRUS COUNTY, NORTH CAROLINA

| 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 |
|---|---------------------|-------------------------------------|--|--------------------|--------------------|
| Refugee Assistance | 93.566 | | 9,710 | - | - |
| Independent Living Transitional Payments and Penalties | 93.674 | | 21,289 | | |
| AFDC Family Preservation | 93.560 | | (430) | (118) | (118) |
| Child Support Enforcement | 93.556 | | 5,210 | - | - |
| Crisis Intervention Program | 93.563 | | 1,223,343 | - | 630,207 |
| Low Income Energy Admin/Assistance | 93.568 | | 568,491 | - | - |
| Refugee Assistance | 93.568 | | 454,350 | - | - |
| Permanency Planning | 93.566 | | 3,513 | - | - |
| Independent Living Initiative/LINKS | 93.645 | | 88,234 | 1,325 | 29,853 |
| Adult Day Care | 93.674 | | 20,798 | 5,199 | - |
| In-Home Services | 93.667 | | 30,309 | 25,411 | 7,960 |
| Adult Protective Services | 93.667 | | 72,955 | - | 10,422 |
| Child Protective Services - TANF to SSBG | 93.667 | | 5,259 | - | 1,753 |
| Social Services Block Grant Administration | 93.667 | | 280,378 | - | - |
| State County Special Assistance | 93.667 | | 409,450 | 40,048 | 147,700 |
| | 93.566 | | 12,005 | - | 36,269 |
| Total Division of Social Services - Other Programs | | | 5,819,277 | 71,865 | 2,158,922 |
| 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 | | 4,080 | - | 4,080 |
| Title IV - E Child Protective Services | 93.658 | | 281,873 | 43,626 | 238,247 |
| Title IV - E Foster Care Training | 93.658 | | 159,342 | - | 143,760 |
| Public Assistance: | | | | | |
| Title IV - E Foster Care | 93.658 | | 133,805 | 41,763 | 41,821 |
| Title IV - E Adoption Training | 93.659 | | 2,995 | - | 2,755 |
| Adoption/Foster Care | 93.659 | | 67,399 | 22,469 | - |
| Family Finding Pilot Program | 93.659 | | 1,143 | 1,143 | - |
| Adoption Assistance - Direct Benefit | 93.659 | | 554,940 | 146,551 | 146,551 |
| Total Foster Care and Adoption Cluster (Note 2) | | | 1,205,577 | 255,552 | 577,214 |
| 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 | | 177,539 | - | - |
| Division of Child Development: | | | | | |
| Child Care Development Fund Discretionary | 93.575 | | 1,470,124 | - | - |
| Child Care Development Fund Mandatory | 93.596 | | 686,104 | - | - |
| Child Care Development Fund Match | 93.596 | | 857,063 | 382,781 | - |
| Total Child Care Development Fund Cluster | | | 3,190,830 | 382,781 | - |

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013**

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | State/Pass Through Grantor's Number | Federal Direct and Pass Through Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|---|--|-----------------------|-----------------------|
| Temporary Assistance for Needy Families | | | | | |
| Foster Care Title IV-E | 93.558 | | 832,811 | - | - |
| Social Services Block Grant | 93.658 | | 33,596 | 15,256 | - |
| Smart Start | 93.667 | | 23,238 | - | - |
| State Funding Appropriations | N/A | | - | 20,730 | - |
| Smart Start TANF Maintenance of Effort | N/A | | - | 538,584 | - |
| | N/A | | - | 386,563 | - |
| Total Subsidized Child Care (Note 2) | | | 4,080,475 | 1,343,914 | - |
| Division of Social Services: | | | | | |
| Medicaid Cluster: | | | | | |
| Title XIX - Medicaid | 93.778 | | 1,987,327 | 19,470 | 1,947,244 |
| Adult Care Home Case Management | 93.778 | | 45,796 | 21,611 | 24,186 |
| Division of Medical Assistance: | | | | | |
| Direct Benefit Payments: | | | | | |
| Title XIX - Medicaid | 93.778 | | 97,543,872 | 53,579,638 | 6,595 |
| Total Medicaid Cluster | | | 99,576,995 | 53,620,719 | 1,978,025 |
| N.C. Health Choice (Child Health Insurance Program) | 93.767 | | 33,159 | 6,998 | 2,971 |
| Total U.S. Department of Health and Human Services | | | 112,423,126 | 55,765,189 | 5,986,458 |
| U.S. Election Assistance Commission | | | | | |
| Passed through NC State Board of Elections: | | | | | |
| 2013 Election Coding Grant | 90.401 | | 6,830 | - | - |
| Total U.S. Election Assistance Commission | | | 6,830 | - | - |
| U.S. Department of Energy | | | | | |
| Passed Through N.C. Department of Health and Human Services: | | | | | |
| Office of Economic Opportunities: | | | | | |
| Weatherization Assistance Program | 81.042 | | 15,826 | - | - |
| Low Income Heating Assistance Program | 93.568 | | 87,118 | - | - |
| Heating and Air Conditioning Repair Program (HARP) | 81.042 | | 46,524 | - | - |
| Total U.S. Department of Energy | | | 149,468 | - | - |
| Federal Emergency Management Agency | | | | | |
| Passed through N.C. Department of Crime Control and Public Safety: | | | | | |
| Division of Emergency Management: | | | | | |
| Buffer Zone Protection Grant | 97.078 | 2010-BF-T0-0040 | 42,392 | - | - |
| Emergency Management Performance Grant | 97.042 | EMPG-2011-37025 | 49,878 | - | - |
| Total Federal Emergency Management Agency | | | 92,270 | - | - |

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013**

| 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>U.S. Department of Housing and Urban Development</u> Passed through NC Department of Commerce: Community Development Block Grant- State Administered CDBG Cluster | 14.228 | 10-C-2166 | 39,823 | - | - |
| Total U.S. Election Assistance Commission | | | 39,823 | - | - |
| <u>US Department of Justice</u> Passed through Office of Justice Programs: State Criminal Alien Assistance Program Grant | 16.606 | | 44,819 | - | - |
| Total US Department of Justice | | | 44,819 | - | - |
| <u>National Endowment for the Humanities</u> Passed through NC Humanities Council: NC Humanities Council Library Grant | 45.129 | S11-31 and S12-36 | - | 2,000 | - |
| <u>N.C. Department of Transportation</u> Public Transportation Division: Transit Services Programs Cluster: 5316 Job Access Reverse Commute Program (ARRA) 5316 Job Access Reverse Commute Program Capital (ARRA) 5310 Elderly and Disabled Program 5310 Elderly and Disabled Program Capital Total Transit Services Programs Cluster: | 20.516 20.516 20.513 20.513 | 13-JA-042 13-JA-042 13-ED-042 13-ED-042 | 133,864 36,673 39,296 112,853 322,686 | - 4,584 - 12,539 17,123 | - - - - - |
| NC Governors Highway Safety Program Grant (ARRA) Community Transportation Program: Administrative Grant - Section 5311 Capital Grant - Section 5311 Total N.C. Department of Transportation | 20.600 20.509 20.509 | PT-2012-03-04-01 13-CT-042 13-CT-042 | 30,842 129,795 42,335 525,658 | - 115,101 42,335 174,559 | - - - - |
| Total Federal Awards | | | 113,281,994 | 55,941,748 | 5,986,458 |
| <u>State Awards:</u> | | | | | |
| <u>N.C. Department of Health and Human Services</u> Division of Social Services: DCD-Smart Start State Foster Home Foster Care At-Risk Maximization SFHF Maximization AFDC Incentives Direct Benefit Payments: Child Welfare Adoption Subsidy Total Division of Social Services | N/A N/A N/A N/A N/A N/A | | - - - - - - - - - | 63,275 146,483 6,481 276,008 941 725,425 1,218,613 | - 146,482 3,436 276,008 - 210,240 636,166 |

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013**

| 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 Aging: | | | | | |
| Senior Center General Purpose | N/A | | - | 15,670 | - |
| Direct Benefit Payments: | | | | | |
| State/County Special Assistance for Adults | N/A | | - | 1,113,648 | 1,114,312 |
| Total Division of Aging | | | - | 1,129,318 | 1,114,312 |
| Office of Emergency Medical Services: | | | | | |
| Carolinas Medical Center - Metrolina Trauma Advisory Committee: | | | | | |
| Project Medical Surge | N/A | | - | 4,905 | - |
| Total Office of Emergency Medical Services | | | - | 4,905 | - |
| Total N. C. Department of Health and Human Services | | | - | 2,352,836 | 1,750,478 |
| <u>N. C. Department of Environmental and Natural Resources</u> | | | | | |
| Clean Water Management Trust Fund | N/A | 2010-703 | - | 283,511 | - |
| Division of Waste Management: | | | | | |
| Electronics Recycling Management Funds | N/A | | - | 6,318 | - |
| Division of Soil and Water Conservation: | | | | | |
| Soil and Water Conservation | N/A | | - | 3,600 | 162,616 |
| Soil and Water Conservation - Water Quality Cost Share Grant | N/A | | - | 26,675 | 26,675 |
| Total NC Department of Environmental and Natural Resources | | | - | 320,104 | 189,291 |
| <u>N.C. Department of Crime Control and Public Safety:</u> | | | | | |
| Department of Juvenile Justice & Delinquency Prevention: | | | | | |
| Juvenile Crime Prevention Programs (JCPP): | | | | | |
| JCPC Certification | N/A | 313000 | - | 15,500 | - |
| Home Based Services | N/A | 313005 | - | 70,000 | - |
| Total N.C. Department of Crime Control and Public Safety | | | - | 85,500 | - |
| <u>N. C. Department of Administration</u> | | | | | |
| N.C. Substance Control Tax | N/A | | - | 9,745 | - |
| Division of Veteran's Affairs: | | | | | |
| Veteran's Service Grant | N/A | | - | 1,452 | 224,491 |
| Total N.C. Department of Administration | | | - | 11,197 | 224,491 |

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013**

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | State/Pass Through Grantor's Number | Federal Direct and Pass Through Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|---|--|----------------------------|-----------------------|
| <u>N.C. Rural Department of Insurance</u> Division of Seniors Health Insurance Information Program SHIIP Grant | N/A | | - | 5,879 | - |
| Total N.C. Rural Department of Insurance | | | - | 5,879 | - |
| <u>N.C. Department of Agriculture and Consumer Services</u> Structural Pest Control and Pesticides Division: Pesticide Environmental Trust Grant | N/A | | - | 594 | - |
| Total N.C. Rural Department of Insurance | | | - | 594 | - |
| <u>N.C. Department of Cultural Resources</u> Passed through State Library of N.C.: State Aid to Libraries | N/A | DCR-4 | - | 160,614 | 1,882,842 |
| Total N.C. Department of Cultural Resources | | | - | 160,614 | 1,882,842 |
| <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 | - - - | 94,589 22,721 80,640 | - - - |
| Total N.C. Department of Transportation | | | - | 197,950 | - |
| <u>N.C. Department of Public Instruction</u> NC Lottery Fund | N/A | | - | 7,307,518 | - |
| Total N.C. Department of Public Instruction | | | - | 7,307,518 | - |
| Total State Awards | | | \$ - | \$ 10,442,192 | \$ 4,047,102 |
| Total Federal and State Awards | | | \$ 113,281,994 | \$ 66,383,940 | \$ 10,033,560 |

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2013

| Grantor/Pass Through Grantor/Program Title | Federal CFDA Number | State/Pass Through Grantor's Number | Federal Direct and Pass Through Expenditures | State Expenditures | Local Expenditures |
|--|---------------------------|---|--|-----------------------|-----------------------|
| <p>Notes to the Schedule of Expenditures of Federal and State Awards:</p> <p>1. <u>Basis of Presentation</u> The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Cabarrus County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, 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.</p> <p>2. The following are clustered by NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption.</p> <p>3. Of the federal and state expenditures presented in this schedule, Cabarrus County provided awards to sub recipients as follows:</p> | | | | | |
| Boys and Girls Club | N/A | | - | 78,079 | - |
| Rowan County Youth Services | N/A | | - | 16,921 | - |
| Shift Mentoring | N/A | | - | 23,125 | - |
| Teen Court | N/A | | - | 60,918 | - |
| Teen Court Resolve Program | N/A | | - | 65,683 | - |
| | | | \$ - | \$ 244,726 | \$ - |