

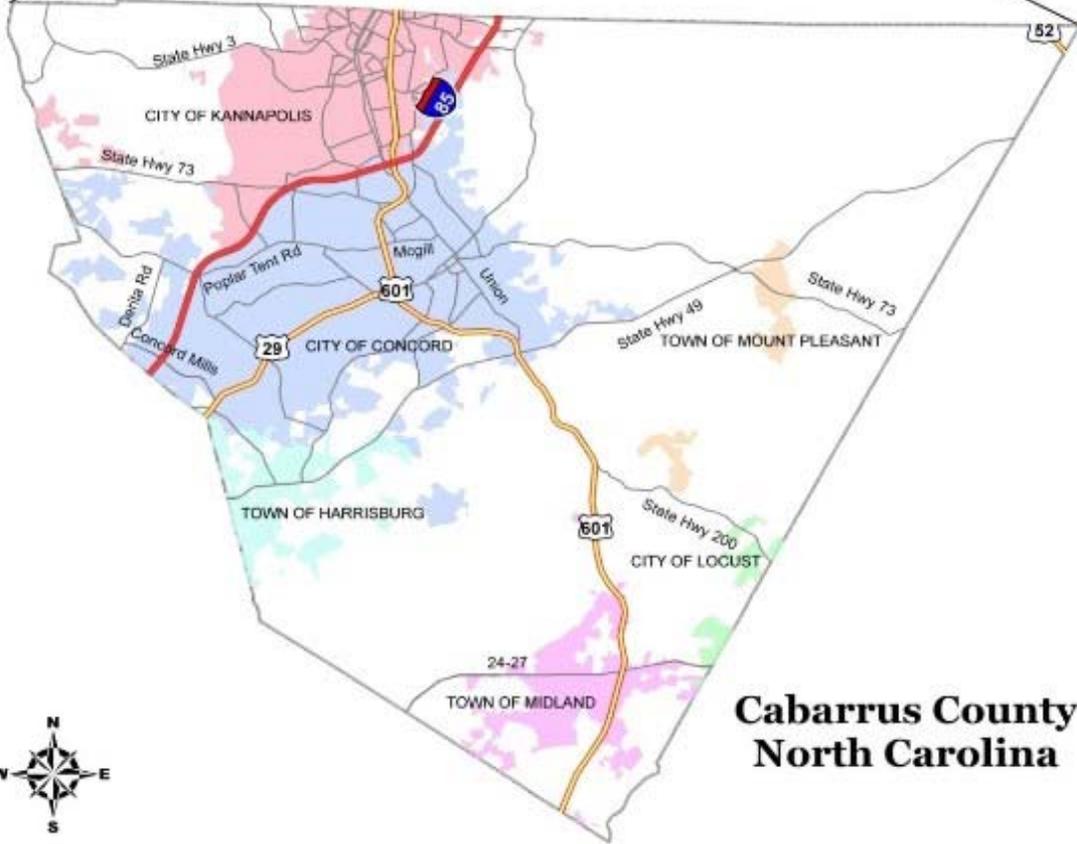
Comprehensive Annual Financial Report

Cabarrus County, North Carolina

For the year ended June 30, 2016



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Cabarrus County North Carolina

Prepared by Cabarrus County GIS

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Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the year ended June 30, 201**6**

Prepared by
Cabarrus County Finance



Susan B. Fearington
Finance Director

**Cabarrus County, North Carolina
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016**

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Introductory Section



Finance Department

December 5, 2016

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, 2016.

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, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2016, 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. The Single Audit report is issued separately from the Comprehensive Annual Financial Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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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 196,762. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

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

Factors Affecting Financial Condition

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

Local Economy

The County is one of ten counties located in the Charlotte-Concord-Gastonia, NC-SC Metropolitan Statistical Area (the “Charlotte MSA”), which consists of Cabarrus, Gaston, Iredell, Lincoln, Mecklenburg, Rowan and Union Counties in North Carolina and Chester, Lancaster and York Counties in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the 22nd 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 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 has rebounded 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”), serves as the primary recruiting and marketing entity. The CEDC is administered by Cabarrus County but is a separate division that is also supported by other public and private entities. This structure greatly enhances efforts in business retention, expansion, 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 50 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 developments in these industries follows:

Biotechnology

The former Pillowtex properties in Kannapolis have been redeveloped as a major mixed use development with the centerpiece of the development constituting the North Carolina Research Campus (the “Research Campus”). It includes facilities for eight major North Carolina universities whose research activities focus on biotechnology and nutrition research. At the center of the Research Campus is the 311,000 square foot David H. Murdock Core Laboratory, which houses the David H. Murdock Research Institute, a nonprofit contract research organization. Dole Food Company, Inc. has a presence on the campus as well. The Dole Nutrition Institute is a leader in nutrition education and occupies a 10,000 square foot chemistry lab within the NC State Plants for Human Health Building. In addition to the NC State University Plants for Human Health Institute’s building, UNC Chapel Hill Nutrition Research Institute is located on the campus. A sixty thousand square foot Medical Office Building opened in 2013 and DataChambers opened a 50,000 square foot research facility on the campus. In 2016, Ei, A Pharmaceutical SolutionsWorks, announced their Kannapolis expansion onto the campus. Ei plans to move a 24-person research and development team into a 10,000 square foot laboratory on the third floor of the David H. Murdock Core Laboratory.

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 two million square feet of office and laboratory space, 600,000 square feet of new

retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units. The total estimated cost of the Research Campus project is expected to exceed \$1 billion. As part of their commitment, the City of Kannapolis recently completed construction of a new 36,000 square foot municipal building on the campus in 2016.

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 (net increase) 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 Healthcare Center (CHS) NorthEast. The hospital is located in Concord and has 457 active licensed beds. CHS 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. CHS NorthEast provides a full range of tertiary and surgical services for residents of the County and surrounding counties. It has a Level III Trauma Center, The Jeff Gordon Children’s Hospital, The Hayes Family Center, The Batte Cancer Center, The Sanger Heart & Vascular Institute and a number of other specialized services and facilities. CHS NorthEast has also built satellite facilities in Kannapolis and Harrisburg and owns most of the family physician offices in the County. Cabarrus County is also served by the Cabarrus Health Alliance which is a public health authority and the only one of its kind in North Carolina.

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, corrugated packaging, automobile parts and racing electronics. Corning, Inc.’s fiber optics facility is located in the southeastern part of the county. Corning is continuing to increase their manufacturing numbers. Although they do not release employment numbers, they have indicated that the Midland workforce is increasing.

One of the largest industrial/manufacturing parcels in the state is located in the center of the County. The campus encompasses over 2,100 acres and includes 2.4 million square feet of buildings. All assets were sold to Victory Industrial Park LLC in April 2014. Alevo (alevo.com), is an energy service provider and has established operations in the facility, manufacturing mobile energy storage banks. Alevo’s production line is in place and orders for their first units have been placed. There is additional land on both sides of U.S. 29 that is available for development. The property is also adjacent to the George Liles Parkway. The Parkway is currently being extended/improved and provides a four lane connector to N.C 49, U.S. 29, I-85, N.C. 73 and N.C. 3.

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 - 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. Pepsi Bottling Ventures announced in April of 2015 that they would construct a \$12.5 million, 200,000 square foot facility in the industrial park. That facility was recently completed and has opened. It is expected to include employment of 200 people when it reaches full employment.

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 and most recently Charlotte Eye Ear Nose and Throat has completed a new facility. The Copperfield Business Park developers built an interchange on I-85 and in 1994 completed a five-lane connector road to link the business park with the interchange. There are a number of hotel, restaurant, retail and service businesses that have been built on the connector road and development continues there. 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 2013 and currently employ 165 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 265 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 over 500 people. 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. 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. 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 most recently opened an \$11.4 million expansion to the facility. 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 additions to the International Business Park are two speculative buildings and two FedEx distribution facilities. An 87,000 square feet speculative building was completed in 2013 and is now occupied by DNP. The facility is expandable up to 144,000 square feet for possible future expansion needs. A smaller industrial speculative building, 50,000 square feet was completed in late summer of 2016. The FedEx SmartPost Division that recently completed a 330,000 square feet facility began operations in fall of 2015. FedEx Ground announced in December 2015 that they would occupy a 343,000 square foot facility adjacent to the SmartPost facility in the International Business Park. SunCap Property Group is constructing the facility for their FedEx Ground tenant. A 75,000 square foot Class A office spec building was announced in May 2016. The expected delivery date is spring 2017. The office building will be located on Lots 7 & 8 at the end of Fortune Avenue in the International Business Park.

Several additional speculative buildings have been completed in Cabarrus County. A 360,000 square foot facility in Afton Ridge Business Park (Kannapolis) broke ground in March 2014, has been completed and is available for lease. The Silverman Group broke ground on two speculative buildings, a 400,000 square foot facility and a smaller building of 150,000 square feet, at the Concord Airport Business Park (Phase I) on Derita Road. More than half of the larger building is occupied by Amazon for a distribution center. Lennox and National Kitchen and Bath Cabinetry occupy the remainder of the building. ETS Express occupies the 150,000 square foot building in Phase I. A fourth speculative building has been constructed

by Trinity Partners at the corner of Poplar Tent Road and International Drive. A third party logistics company will be occupying a portion of the building in late 2016 and 169,000 square feet remains and is available for lease. Additional industrial speculative development continues in the Concord Regional Airport area of Derita Road including the development of the 140+ acre RiverOaks Corporate Center Park and the 120+ acre Concord Airport Business Park West (Phase III) site. With the build out of these two parks, over two million new square feet of industrial space will be constructed in the coming years. Beacon partners recently completed their first building at RiverOaks Park. K1 Speed indoor kart racing and Streetside Classic Cars occupy the first building in the park. Concord Airport Business Park Phase II, which is located on Aviation Boulevard was also completed in 2016. iTek Graphics and FlyRight will occupy the 108,000 square foot building in Fall 2016. Currently other multiple acre sites are under consideration by incoming projects.

The West Winds Industrial Park is located directly across from the airport entrance. Tenants in West Winds Industrial Park include S & D Coffee and Tea and NASCAR R&D. The most recent major addition 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 boosts its production of coffee, tea, and extracts. That redevelopment/construction project has been completed and S & D continues to add production lines as needed. West Winds will also be home to 26 Acres Brewery which recently began construction.

The Midland Business Park and Intermodal Facility is a future business park to be built near NC Highway 24/27 and Highway 601. Aberdeen Carolina and Western Railway is working to develop the 70-acre business park to permit the relocation of an intermodal facility, as well as, additional distribution facilities. There are sewer infrastructure needs which are challenges to bringing rail projects to the sites but the Town of Midland has begun to address these challenges.

The Intertape Polymer Group's 2016 announcement of a new manufacturing plant in Midland is an example of continued growth in the southern part of the County. That plant will have a value of approximately \$40 million and they are expected to employ 50 people in the first phase. There is area on the parcel that they acquired from the County for additional phases.

The Kannapolis Gateway Business Park is an 85-acre park is 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, constructed a speculative industrial building there. It is currently occupied by a distribution firm. That Park is also home to Stewart-Haas Racing.

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 occupies over 600,000 square feet of rail-served distribution space in Harrisburg (from which it serves Wal-Mart, America's largest retailer); Carolina Premium Beverages, 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. Shoe Show Inc. has a headquarters and distribution facility in Kannapolis. Also located in Kannapolis next to Shoe Show is Stanley Black & Decker. Shoe Show and Stanley each have over one million square feet of distribution space. Finally, Gordon Food Service constructed a 300,000 square foot distribution center in Kannapolis in 2015. That distribution center is adjacent to Afton Ridge Business Park and employs over 200 people currently.

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 larger facility includes a dirt track that hosts multiple events. The Speedway facility hosts numerous other events including major car shows and concerts.

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. There are another eight hotels in the area around Embassy Suites and Great Wolf and two more are under construction.

Cabarrus County operates an Arena & Events Center on N.C 49 in the eastern area of Concord. That complex is home to the annual Cabarrus County Fair, concerts, trade shows, sports/entertainment groups and a variety of other events throughout the year.

Motorsports

In addition to being home of the Charlotte Motor Speedway (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, Chip Ganassi Racing, Stewart-Haas Racing, Wood Brothers, JTG Daugherty Racing and several other motorsports-related businesses are all located in the County. 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. Windshear expanded their facility in 2016. 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. JHE was acquired by CSM, a sport and entertainment production company, and will continue to produce events for major sports like NASCAR, NBA, NFL, IndyCar and college sports. The acquisition will allow JHE to continue to expand into other non-sport entertainment events. The national Mustang Museum announced plans in May 2016 to locate in Concord with a proposed opening in summer 2017.

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 partnered with Merlin Entertainment and opened a new \$10 million Sea Life Aquarium at Concord Mills in 2014. The aquarium is expected to generate 350,000 additional visits to Concord Mills as a result. Concord Mills is currently making internal and external modifications to modernize their facility. Additional restaurant spaces and being created and are already leased.

There are a number of new retail centers that were constructed 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 and one next to Concord Mills. 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. 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. In addition, a 360,000 square foot industrial speculative building and Gordon Food Service (southeast distribution center) are located in the business park.

There are a number of other retail centers that have been completed recently, are under construction or are planned throughout the County. Examples of these are Willow Oaks Crossing in Concord which is anchored by the first Publix in the County, a new Harris Teeter anchored center in Harrisburg and a planned Publix anchored center also in Harrisburg. Existing retail in the area of Concord Mills is expanding to the west of Derita Road and includes more restaurants and national retailers.

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. It 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 include 12,500 square feet 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 132 aircraft based at the airport with a combined taxable value of over \$161,911,578. The airport is open 24/7/365 and, to enhance aviation traffic safety, the airport has contracted air traffic control services 16 hours daily with extended hours during race events. For these events there are 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. Concord Regional Airport is now offering commercial flights through Allegiant Air. Service began in December 2013 and has been expanding since. Facility improvements include vehicle parking enhancements, passenger processing facilities, new control tower, and additional hangars. A new parking structure and commercial carrier terminal were completed in 2016 to service the growing commercial passenger traffic at the airport. The passenger complex cost \$12.6 million to construct and the terminal is 32,000 square feet. Concord hopes to add carriers and eventually reach 30 flights per week, up from the current ten. These improvements will also 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.

Several industrial/commercial business parks are located adjacent to 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, Chip Ganassi Racing Headquarters, Roush Fenway Racing Shops / Headquarters / Museum, DIRT Motorsports Headquarters, S & D Coffee and Tea, AC Controls and Flyright Inc. Fly Right is a specialized training center that attracts pilots from all over the world for training and certification.

Tourism

Cabarrus County’s tourism economy has nearly doubled over the last decade. The economic impact from tourism in 2005 was \$222 million dollars. In 2015 the economic impact from tourism was \$412 million. This impact ranks Cabarrus County 11th out of North Carolina’s 100 counties. These numbers are being driven by greater demand for hotel rooms. In calendar 2014 hotel revenue saw a 16% growth over 2013 and that momentum carried into 2015 with hotel revenue 8% higher than 2014. In the first half of 2016 hotel revenue is up 10%. Hotel room supply had a 30% increase in 2009 with the opening of five new hotel properties, including Great Wolf Lodge. Hotel Occupancy averaged 65.5% in 2015 and Average Daily Rate was \$100.28. Both of those hotel barometers were records for Cabarrus County. Based on overall performance two new hotels are currently under construction. Homewood Suites with 120 rooms is scheduled to open in December 2016 while Uptown Suites with 100 rooms is scheduled to open in January 2017. With these new hotel properties coming on line hotel revenues are forecasted to increase by 5% in FY2017. Visitor segmentation has continued to be spread evenly amongst leisure travelers, corporate travelers, and group travelers which creates greater reliability in the hotel industry.

The Cabarrus County Tourism Authority (CCTA) markets Cabarrus County utilizing the 6% Occupancy Tax levied on Hotels. The FY2016 budget for CCTA was \$4,902,703 and the FY2017 budget is \$5,522,723. The CCTA Mission is to “Drive visitation to Cabarrus County to generate the maximum impact through hotel stays and visitor spending.” The CCTA currently promotes Cabarrus County by spending 60.5% of its budget directly on Sales and Marketing. This outperforms other Tourism Authority’s where only 51.5% is spent on Sales and Marketing. In FY2017 the CCTA is utilizing \$1.2 million in leisure advertising. An agency has been hired with the directive of increasing the awareness of Cabarrus County to visitors as well as expanding the overall motorsports brand. The tactics that will come out of this new agency relationship as well as the efforts of the CCTA group sales strategy will keep tourism in Cabarrus County strong for the next decade.

Employment

The following table lists the 10 largest employers in the County as of February 2014:

<u>Employer</u>	<u>Service</u>	<u>Approximate Number of Employees</u>
Carolinas Medical Ctr.-Northeast	Medical Center	4,500
Concord Mills Mall (1)	Retail	4,000
Cabarrus County Schools	Education	3,800
Cabarrus County	Government	950
City of Concord	Government	901
Connexions	Business Solutions	900
Shoe Show	Shoe Distributor	800
S & D Coffee and Tea	Government	800
State of North Carolina	Education	770
Kannapolis City Schools	International Coffee and Tea Distributor	750

Source: Cabarrus County Economic Development Corporation (2014)
 (1) Several Businesses make up this entity.

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 and Dental Insurance Fund) for the fiscal year ending June 30, 2017 totals \$248,053,226 with a tax rate of \$0.70 per \$100 of

assessed value, based on a total valuation of \$21,270,628,690. The valuation increased 6.3% from the prior year as the economy continues to recover.

As part of the annual budget development process, the County re-examines and updates the Capital Improvements Plan (CIP). The CIP is a five-year plan which projects capital needs and expenditures. It details estimated costs, project descriptions and funding sources for capital projects. The CIP generally addresses capital 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 Cabarrus County, a Board Policy recommended target goal of fifteen percent (15%) is needed to meet our cash flow needs. These funds will be used to avoid cash-flow interruptions, generate interest income, and assist in maintaining an investment-grade bond rating. An additional assigned fund balance amount of \$5,000,000 is set aside to 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 and Dental Fund, or to the Self-Funded Workers Compensation and Property 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

On September 1, 2015, Cabarrus County terminated the Carolina Governmental Alliance, which was a non-profit organization that managed and purchased workers' compensation and property liability insurance for Cabarrus County. Upon closing of the books, all the funds were transferred to Cabarrus County and recorded into an Internal Service fund for tracking purposes. The County also insurance hired a broker,

Arthur J. Gallagher, to provide consulting services for risk management as well as procuring excess coverage for the County's self-insured worker's compensation and property liability programs.

In January 2016, the Board of Commissioners funded a second early college program for Cabarrus County Schools. It is located in Concord at 660 Concord Parkway.

In February 2016, the Cabarrus County Tax Office sent out revaluation notices to owners of property in Cabarrus County. The new property values were effective January 1, 2016. At this point, the County anticipates an increase of approximately 3 percent in real property values for the County as a whole.

On March 10, 2016, the Cabarrus County Development Corporation issued \$73,785,000 (2016) Limited Obligation Bonds (LOBS) contracts for the construction of Mount Pleasant Middle School, Kannapolis Middle School and Royal Oaks Elementary School. These 20-year LOBS have interest rates ranging from 2.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$108,697,900. Annual principal and interest payments range from \$3,804,763 to \$7,024,012. The total principal balance due at June 30, 2016 is \$73,785,000.

The Board of Commissioners also approved one-time funding for the purchase of 20 mobile units and ten yellow school buses totaling \$1,985,000. This allowed Cabarrus County Schools to place an order for buses that would be received as early as September 2016 for the upcoming school year as well as mobile units for the increasing enrollment in the school district.

In April 2016, the board approved a new two-acre expansion at the County's Construction and Demolition Landfill Off Irish Potato Road in Concord. The North Carolina Department of Environmental Quality gave the County verbal approval for the landfill expansion. The anticipated cost is \$250,000 which will be funded by the current Landfill Enterprise Fund.

In May 2016, Cabarrus County released the 2016 Community Survey Findings Report. Among residents with an opinion, 79% indicated they were either "very satisfied" or "satisfied" with the overall quality of County services offered to citizens and 68% indicated they were either "very satisfied" to "satisfied" with the value received for tax dollars and fees. The County rated above the national average in all 18 areas that were compared. What especially stands out is that Cabarrus rated significantly above the national average regarding the overall quality of services provided to citizens, and the overall value citizens receive for tax dollars and fees.

In June 2016, the Board of Commissioners approved the use of \$11,698,458 for the following one-time funded projects: \$5,513,875 to the County for design of a downtown parking deck, design of a new courthouse and/or expansion of current facility, additional warehouse space, redesign of county's website, phase I of the Rob Wallace Park project, restroom additions and remodels, and other smaller projects. \$750,000 for Kannapolis City Schools to renovate Kannapolis Intermediate School for use as an elementary school, \$289,075 for the community college to renovate areas of the campus as well as safety and security issues, and to replace A/U units at the facilities. The remaining \$5,145,000 was placed in a land banking account to purchase future sites for school systems, community college and county projects.

The Board of Commissioners' initiative to create and maintain a viable community is their 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, future capital needs of the county, our public schools, and our community college as significant issues to address as we strive to enhance the viability of our county and its residents. Currently county staff, county/city elected officials, school boards, 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. Elected Officials summits (which the County won a 2016 Excellence in Innovation Award sponsored by the NC Federal Credit Union) continue on a

quarterly basis giving our elected officials and their managers the opportunity to update each other on their jurisdiction initiatives and to discuss opportunities to work together to achieve their goals.

The County's Community Paramedic Program also won a 2016 Excellence in Innovation Award sponsored by the NC Federal Credit Union. This program strives for healthy outcomes among medically vulnerable patients and maximizes use of healthcare dollars by creating an environment of healing in the home, promoting community and patient relations, and facilitating the appropriate use of medical resources. It is rare for a municipality to win more than one award in one year.

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, 2015. This was the thirty-first 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, 2016. 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 eighteenth 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, 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



Susan B. Fearrington
Finance Director



Government Finance Officers Association

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

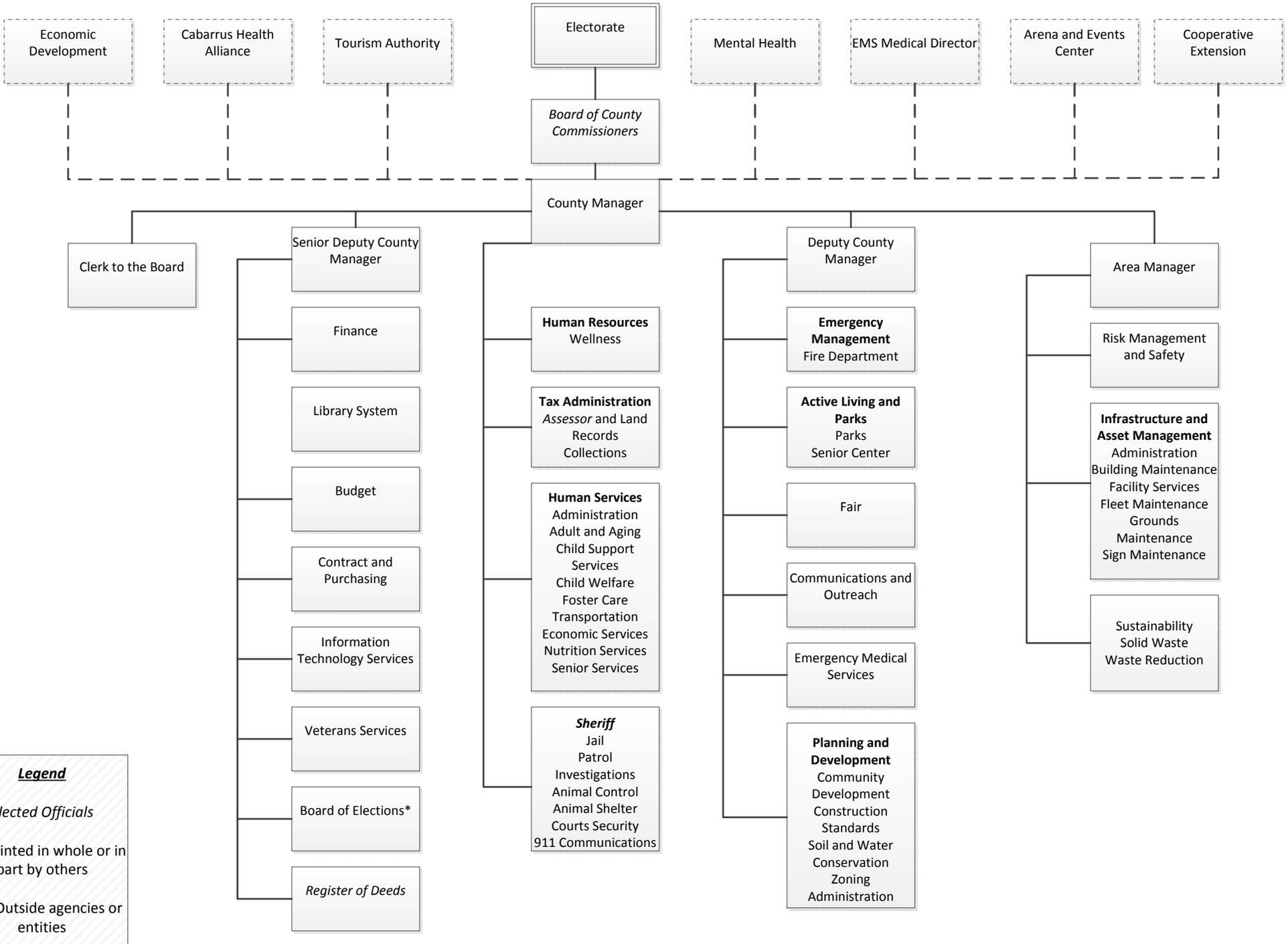
Presented to

**Cabarrus County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



Cabarrus County

List of Principal Officials

Board of County Commissioners

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

Other Elected Officials

Sheriff D. Brad Riley
Register of Deeds M. Wayne Nixon
County Manager Michael K. Downs
Senior Deputy County Manager Pamela S. Dubois
Deputy County Manager Jonathan B. Marshall
Area Manager Kyle D. Bilafer

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 Susan B. Fearington
Infrastructure and Asset Services Michael A. Miller
Human Resources Lundee L. Covington
Information Technology Services Deborah A. Brannan
Libraries Emery M. Ortiz
Parks Londa A. Strong
Social Services William B. Rose
Solid Waste Management Kevin P. Grant
SWCD-Watershed Dennis E. Testerman
Tax Administration Robert E. Mitchum
Transportation Robert W. Bushey
Veterans' Service Timothy J. Tereska



Financial Section

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2016 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 did not audit the financial statements of the Cabarrus Health Alliance. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cabarrus Health Alliance is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from 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.

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 report 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, North Carolina as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Governmental Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We, and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cabarrus County's basic financial statements. The introductory information, combining and individual fund financial statements, budgetary schedules, other schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 section 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 December 5, 2016 on our consideration of 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
December 5, 2016



Management's Discussion and Analysis

Management's Discussion and Analysis

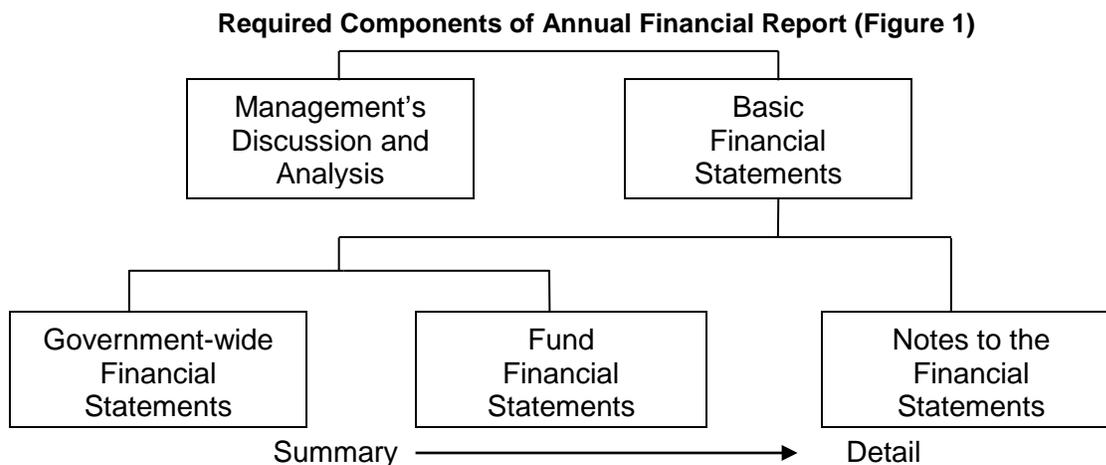
As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Cabarrus County exceeded its liabilities and deferred inflows or resources at the close of the fiscal year by \$36,126,454 (*net position*).
- The total Net Position related to Governmental Activities (Exhibit 1) shows a balance of \$32,814,912 an increase of \$17,103,898 from the prior year's restated balance of \$15,711,014. This increase is primarily due to 1) the establishment of the Workers Compensation and Property Liability Internal Service Fund that had previously been handled by a government corporation and 2) higher than expected collections of property taxes and ambulance fees. 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 \$199,254,988 after a net increase in fund balance of \$76,095,641. Approximately 51.1 percent of this total amount or \$101,764,410 is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$50,718,395, or 21.6 percent of total general fund expenditures for the fiscal year.
- Cabarrus County's total debt increased by \$54,407,736 or 16.8% during the current fiscal year. The key factors in this net increase was the issuance of \$73,785,000 in Limited Obligation Bonds for the construction and equipping of three new schools. Due to normal debt service payments, COPS and LOBS debt decreased by \$20,710,000, General Obligation Bond Debt decreased by \$7,535,000, Capital leases by \$210,083 and Notes Payable by \$91,465.
- 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.



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/dental and workers compensation/property liability activities.

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$36,126,454 as of June 30, 2016. The County's net position increased by \$16,525,535 in the same period. This is a result of revenues recognized in excess of budgeted amounts and expenses coming in under budget. One of the largest portions of net position \$135,001,668 is Net Investment in Capital Assets (e.g. land, buildings, vehicles, equipment and other machinery used in providing services to residents). These assets are not available for future spending. Although the county's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. In accordance with the North Carolina General Statutes, the County is the issuer and payer of debt for capital purposes for the Cabarrus County Schools, Kannapolis City Schools and the Rowan-Cabarrus Community College. This debt, which totals \$305,933,678 at June 30, 2016 and totaled \$244,503,148 at June 30, 2015, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts the net position of the County, creating a large deficit in unrestricted net position. An additional portion of the County's net position, \$20,309,397,

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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 230,685,126	\$ 150,216,054	\$ 4,854,891	\$ 4,389,831	\$ 235,540,017	\$ 154,605,885
Capital assets	199,628,367	203,887,739	2,617,174	2,884,041	202,245,541	206,771,780
Total assets	<u>430,313,493</u>	<u>354,103,793</u>	<u>7,472,065</u>	<u>7,273,872</u>	<u>437,785,558</u>	<u>361,377,665</u>
Deferred outflows of resources	24,157,563	26,283,174	11,034	-	24,168,597	26,283,174
Long-term liabilities outstanding	364,276,694	307,377,919	3,918,757	3,181,021	368,195,451	310,558,940
Other liabilities	54,912,832	47,228,970	245,417	173,082	55,158,249	47,402,052
Total liabilities	<u>419,189,526</u>	<u>354,606,889</u>	<u>4,164,174</u>	<u>3,354,103</u>	<u>423,353,700</u>	<u>357,960,992</u>
Deferred inflows of resources	2,466,618	11,645,540	7,383	40,715	2,474,001	11,686,255
Net Position						
Net investment in capital assets	132,384,494	130,096,524	2,617,174	2,884,041	135,001,668	132,980,565
Restricted	20,309,397	15,952,068	-	-	20,309,397	15,952,068
Unrestricted	(119,878,979)	(131,914,054)	694,368	1,005,864	(119,184,611)	(130,908,190)
Total net position	<u>\$ 32,814,912</u>	<u>\$ 14,134,538</u>	<u>\$ 3,311,542</u>	<u>\$ 3,889,905</u>	<u>\$ 36,126,454</u>	<u>\$ 18,024,443</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.
- General Fund County revenues at June 30, 2016 were \$9,767,268 over budget. This is higher than expected due to the following areas exceeding budgeted amounts: property tax (\$5,355,382), Local Option Sales Tax (\$564,215), Register of Deeds fees (\$397,918) and Construction Standards fees (\$568,094).
- The General Fund received \$4,329,987 in other financing sources from several capital project funds the majority of which was used for payment of debt service and to purchase buses and mobile units for schools.
- The General Fund had budgeted fund balance appropriated of \$24,871,606 that was not used during the fiscal year due to revenues exceeding budget by \$9,767,268 and expenses under budget by \$12,708,205.
- Of the General Fund expenses at June 30, 2016 that were \$12,708,205 under budget, some of the under-spending \$2,013,468 related to expenditures that were re-appropriated into FY2017. There were \$1,478,140 capital outlay and one-time projects funds allocated for Cabarrus County Schools, Kannapolis City Schools and Rowan Cabarrus Community College that were not spent this year and were re-appropriated to FY2017. An additional \$535,328 was re-appropriated for

various projects and grants that were not completed in FY2016. County Departments were conservative in their spending resulting in an additional \$10,694,737 of savings. The largest areas of savings were in 1) Economic and Physical Development \$4,147,357 due to unpaid economic incentive grants, 2) Human Services, \$2,353,895 under budget, due to reduced expenses in Economic Services and Child Welfare and 3) County salary and fringe expenses of \$2,561,026 under budget, due to unfilled positions and turnover.

- The Landfill Enterprise Fund operating FY2016 expenses were \$1,090,625 under budget. The variance primarily resulted from not utilizing all capital reserve funds set aside for closure/post-closure of the landfill, not performing some budgeted capital improvement projects, and a reduction in tire disposal costs relate to normal project operations.

Cabarrus County's Changes in Net Position
Figure 3

	Governmental		Business-type		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 18,829,718	\$ 17,740,897	\$ 741,644	\$ 682,265	\$ 19,571,362	\$ 18,423,162
Operating grants and contributions	28,583,567	23,085,997	-	-	28,583,567	23,085,997
Capital grants and contributions	2,573,803	2,552,184	-	-	2,573,803	2,552,184
General revenues:						
Property taxes	145,851,203	139,956,060	-	-	145,851,203	139,956,060
Local option sales tax	44,145,980	42,572,756	-	-	44,145,980	42,572,756
ABC revenues	99,766	90,185	-	-	99,766	90,185
Other taxes and licenses	844,478	796,167	338,457	315,597	1,182,935	1,111,764
Investment earnings	2,494,713	4,930,583	14,706	4,909	2,509,419	4,935,492
Total revenues	<u>243,423,228</u>	<u>231,724,829</u>	<u>1,094,807</u>	<u>1,002,771</u>	<u>244,518,035</u>	<u>232,727,600</u>
Expenses:						
General government	22,937,803	20,025,751	-	-	22,937,803	20,025,751
Public safety	44,488,831	41,286,464	-	-	44,488,831	41,286,464
Economic and physical development	4,657,763	4,056,316	-	-	4,657,763	4,056,316
Environmental protection	396,644	457,082	-	-	396,644	457,082
Human services	36,753,034	35,979,796	-	-	36,753,034	35,979,796
Education	96,042,477	71,063,433	-	-	96,042,477	71,063,433
Cultural and recreation	7,593,910	6,526,629	-	-	7,593,910	6,526,629
Interest on long-term debt	13,448,868	14,504,045	-	-	13,448,868	14,504,045
Landfill	-	-	1,673,170	833,661	1,673,170	833,661
Total expenses	<u>226,319,330</u>	<u>193,899,516</u>	<u>1,673,170</u>	<u>833,661</u>	<u>227,992,500</u>	<u>194,733,177</u>
Increase (decrease) in net position before transfers	17,103,898	37,825,313	(578,363)	169,110	16,525,535	37,994,423
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	<u>17,103,898</u>	<u>37,825,313</u>	<u>(578,363)</u>	<u>169,110</u>	<u>16,525,535</u>	<u>37,994,423</u>
Net position, beginning, previously reported	14,134,538	(18,094,453)	3,889,905	3,743,972	18,024,443	(14,350,481)
Restatement	1,576,476	(5,596,322)	-	(23,177)	1,576,476	(5,619,499)
Net position, beginning, restated	<u>15,711,014</u>	<u>(23,690,775)</u>	<u>3,889,905</u>	<u>3,720,795</u>	<u>19,600,919</u>	<u>(19,969,980)</u>
Net position ending	<u>\$ 32,814,912</u>	<u>\$ 14,134,538</u>	<u>\$ 3,311,542</u>	<u>\$ 3,889,905</u>	<u>\$ 36,126,454</u>	<u>\$ 18,024,443</u>

Governmental activities

For the year ended June 30, 2016, governmental activities increased the County's net position by \$17,103,898 and business-type activities decreased net position by \$578,363. Key elements of the \$16,525,535 net increase are as follows:

Revenues:

Charges for services had a net increase of \$1,088,821 or 5.8% over FY2015. General Government had a net increase of \$942,109. The Register of Deeds fees increased \$351,319 for recording new property settlements for an improving economy. FY 2016 was a bi-annual municipal election year which added \$104,000 of election fees that were not realized in the non-municipal 2015 year. Public Safety increased by \$724,287 due to a 20.5% increase in the number of building inspections performed indicating that the economy is continuing to improve. The Emergency Management Services Department also began a new contract with the local hospital where they provide transports for hospital patients. Human Services decreased by \$853,485 primarily due to the complete discontinuation of the Community Alternative Program during FY2016. A decrease was also realized by the state reduction in Medicaid reimbursement. Culture and Recreation had a net increase of \$218,847. The majority of this increase was from a favorable FY2016 County fair.

Operating grants and contributions had a net increase of \$5,497,570 or 19.2% over FY2015. This increase is the result of several factors. There was an increase of \$4,137,606 in the General Government revenue category. The majority of the increase was from the addition of a new Internal Service fund in FY2016. For FY2016, the Workers Compensation and Property Liability Fund was added. The accounting for these transactions had previously been handled by a government corporation and was not included on the County's books. The government corporation was dissolved September 1, 2015. All assets were transferred to the County upon dissolution of the corporation. There was a \$283,605 decrease in the amount of state provided 911 Emergency Telephone funds that contributed to a Public Safety decrease from FY2015. Human Service programs had an increase in funding of \$1,403,150 from the federal and state government in the areas of Day Care and Social Service Administration reimbursements.

Capital grants and contributions experienced a slight net increase in the amount of \$21,619 or .8%. This net increase is made up of a \$71,619 increase in transportation grants and a \$150,000 one-time capital contribution from the Management Company that operates the Cabarrus Arena and Events Center for the County and a decrease in Lottery Funds used for Debt Service. For FY2015 an appropriation of \$2,200,000 for Lottery Proceeds was made for the payment of debt service for School Construction and in FY2016 \$2,000,000 was appropriated for the same purpose.

Property tax revenue increased from FY2015 levels by \$5,895,143 or 4.0%. Real property levy increased \$3,573,265 due to increased new construction and real estate improvements indicating an improving economy. Due to diligent tax collection procedures the Real Property Tax rate also increased from 97.08% to 98.02% from FY2015 to FY2016.

Local option sales tax increased by \$1,573,224 or 3.6%. Statewide, Counties experienced 3% growth during FY2016. In March of 2016 the sales tax base was expanded to include services which also contributed to our 3.6% growth.

Investment earnings had a net decrease of \$2,435,870 over FY 2015 or 97.6%. This FY2016 decrease was primarily due to recognizing unamortized bond premium (\$2,846,854) during FY2015 for a bond refinancing that was not experienced in FY2016.

Expenses:

General Government expenses increased overall by \$2,912,052 or 14.5%. An increase of \$743,389 was related to technology upgrades. \$488,435 of additional County building maintenance projects were performed in FY2016 to aid in keeping up some of the County's aging buildings. There was a \$1,056,719 increase in salary and benefits due to the addition of new personnel, increased Health Insurance costs, the reinstatement of merits and the implementation of a FY2016 Salary Compression study.

Public Safety expenses increased \$3,202,367 or 7.8%. This increase is primarily due to the addition of employees in the Sheriff and Planning & Development Departments. In addition to the increase in health insurance, the reinstatement of merits, and the implementation of a salary compression study, the Public Safety employees also saw the implementation of a Public Safety Classification study.

Economic and Physical Development had a net increase of \$601,447 or 14.8%. Community Development grant projects increased for FY2016 and full funding of the Economic Development Corporation was reinstated in FY2016 after having a \$158,000 decrease in funding in FY2015.

Environmental Protection had a net decrease of \$60,438 or 13.2%. During FY2015 expenses were made to assist with a Rotary Square project. This project was completed in FY2015 and no expenses were recorded in FY2016.

Human Services had a net increase of \$773,238 or 2.1%. Six new positions were added to the Human Services department. However, with turnover and unfilled positions this only accounted for \$16,935 of the net increase. The Child Welfare Division experienced a \$205,423 decrease in participants needing assistance and counseling. A new Low Income Energy Assistance program was added in FY2016 which increased expenses by \$475,500. The majority of the increase came from the recording an increase in the County's OBEB liability which resulted in an additional \$650,674 in expenses for FY2016.

Education had a net increase of \$24,979,044 or 35.2%. Additional Current Expense funding of \$4,039,521 was provided to the Public Schools for FY2016. Construction of Odell 3-5 Elementary continued with \$12,562,647 in expenses. Construction of three new schools began in FY2016, 1) Royal Oaks Elementary \$2,099,414, 2) Mt. Pleasant Middle School \$3,338,755, and 3) Kannapolis Middle School \$4,643,588.

Culture and Recreation had an increase of \$1,067,281 or 16.4%. Salary and benefits increased \$628,127. The Library branches added five new positions, the County had health insurance cost increases and the merit pay program was reinstated. Capital expenses for the Arena and Events center in the amount of \$150,000 were completed in FY2016 and additional \$170,285 in circulation stock was purchased for the Libraries. The County Fair had a small increase in expenses of \$48,440 due to the purchase of additional advertising, additional performances and capital expenses.

Interest on long term debt had a net decrease of \$1,055,177 or 7.3%. Due to refinancing of \$119,225,000 in Certificates of Participation debt in March of 2015, the County is now experiencing lower interest payments over the remaining life of the refunded debt. FY2016 was the first full year of the realized savings. The County issued \$73,785,000 in Limited Obligation Bonds for the construction and equipping of three new schools on March 31, 2016. The first interest payment for the new debt will occur in FY2017.

Business-type activities

The County's Business-type activity, the Landfill, experienced a \$578,363 (14.9%) decrease in net position. Tipping fees increased by \$52,905 due to an increase in materials received at the landfill. Total expenses increased \$839,509 from FY 2015. The increase is primarily due to the increase in closure/post-closure care costs. There was a \$25,407 increase in pension expense due to the implementation of GASB 68 and an increase in salaries and benefits of \$45,719 due to the addition of two employees.

Financial Analysis of the County's Funds

As noted earlier, Cabarrus County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's major funds, as defined by GAAP for the fiscal year ended June 30, 2015, were the *General Fund* and the *School Construction 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, 2016, Cabarrus County's total fund balance was \$80,288,983 of which \$62,926,999 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 27.85% of general fund expenditures, while total fund balance represents 34.26% of that same amount. Of the \$65,276,049 available fund balance, the County has restricted \$2,349,050 (3.6%), committed \$4,912,643 (7.5%) and assigned \$7,295,961 (11.2%) for specific projects and obligations. Following the fund balance policy, \$35,412,001 (54.2%) of the available fund balance has been set aside for working capital. This leaves \$15,306,394 (23.4%) of fund balance remaining for appropriation, commitment or assignment.

At June 30, 2016, the governmental funds of Cabarrus County reported a combined fund balance of \$199,254,988, a \$76,095,641 increase from last year. The majority of the increase was from the issuance of \$73,785,000 in Limited Obligation Bonds (LOBS). The LOBS are being recorded in the *School Construction Debt Fund* (Major Fund). Another increase is the restatement of fund balance in the General Fund that reclassified the Law Enforcement Officers' Special Separation Allowance from a pension trust fund to the General Fund in compliance with Governmental Accounting Standards Board Statement 73.

The *General Fund* fund balance decreased \$721,146. Property taxes are the largest revenue source. The collection rate increased from the prior year's 97.32% to 98.19%. Current year tax collections were \$5,355,382 over budget.

Cabarrus County is home to the number one tourist attraction in North Carolina, Concord Mills Mall. In FY2016, sales taxes of \$44,145,980 were collected; \$564,215 in excess of anticipated amounts.

Permits and Fees are primarily collected by the Register of Deeds office for the recording and dissemination of records and by the Planning and Development Department for inspection fees related to construction standards. The economy continues to grow as seen in the \$927,814 increase in revenues in these two areas which was \$1,072,308 over the budget.

Expenditures were under budget by \$12,708,205. Much of the underspending (\$2,013,468) related to expenditures that were re-appropriated into FY2017 for uncompleted projects. County departments were conservative in their spending resulting in an additional \$10,694,737 of savings.

The above highlighted increases in revenues and reduction in expenditures positively affected the General Fund fund balance. However, in total the General Fund had a net \$721,146 decrease. This decrease was caused by \$22,169,097 in transfers from the General Fund to other funds during FY2016. The majority of the transfer amount (\$18,779,157) was related to fulfill the County's 15% Fund Balance policy. The \$18,779,157 was transferred to the Capital Reserve Fund for future capital projects. Another large component of the transfer was \$1,979,828 which represents a transfer from the General Fund to the Construction and Renovation Fund for County capital projects that may spread over multiple fiscal years.

Major and Non-Major Funds. The *School Construction Debt Fund* (Major Fund) was created in FY2014 for the construction of debt financed schools. The actual debt \$73,785,000 in Limited Obligation Bonds was sold on March 31, 2016. Three schools, Royal Oaks Elementary, Mt. Pleasant Middle, and Kannapolis Middle will be built with debt and *Capital Reserve Fund* (Non-Major Fund) funding. During FY2016 \$10,822,127 was spent towards the construction of the three schools.

The *School Construction Fund* (Non-Major Fund) is being used to build a new Elementary school, to build an Early College facility, to make school renovations, to purchase land for future school buildings, and replace roofs on five schools through non-debt sources. The main source of revenue for this fund is through transfers from the *Capital Reserve Fund* (Non-Major Fund). During FY2016 this multi-year fund received \$7,436,902 from the *Capital Reserve Fund* and \$15,290,811 was spent towards the school construction projects.

The *Capital Reserve Fund* (Non-Major Fund) received \$18,779,157 in funds during FY2016 based on the County's 15% fund balance policy. As mentioned in the paragraph above, \$7,436,902 was transferred to the *School Construction Fund* (Non-Major Fund). Another \$5,513,875 was transferred to the *Construction and Renovation Fund* (Non-Major fund) for the construction of Robert Wallace Park, Frank Liske Park Bathroom upgrades, construction of a future warehouse, and other smaller county projects. During FY2016 \$3,493,492 was transferred to the *School Construction Debt Fund* (Major Fund) for the construction of Royal Oaks Elementary, Mt. Pleasant Middle, and Kannapolis Middle schools.

The *Construction and Renovation Fund* (Non-Major Fund) is used to account for County non-debt construction and renovation projects. During FY2016 primary projects included Tax Collector Department renovations, purchase of emergency radios, construction of Robert Wallace Park, and an overflow parking lot at Frank Liske Park.

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 \$27,798,163 with \$18,779,157 related to fund balance appropriated for the transfer of the 15% excess over fund balance.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by \$14,759,351 (5.94%). Actual general fund expenditures and transfers out were more than *final budgetary* figures by \$2,051,146 (.88%).

Major budget increases and decreases during the year include:

- **Budgeting of Fund Balance:** A total of \$24,871,606 of fund balance was budgeted in FY2016. \$4,837,288 in fund balance was re-appropriated in August and \$530,041 in September, in addition to \$147,331 of open contracts and purchase orders from prior year for projects that were not completed in FY2015 and were on-going in FY2016. Fund balance was also appropriated for the transfer of excess fund balance of \$18,779,157 to the Capital Reserve Fund to be used for County and School projects.
- **Proprietary Funds.** Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The Landfill Fund is the County's sole Enterprise fund. The Net position of the Landfill Fund decreased by \$578,363 during the fiscal year ended June 30, 2016. The reduction primarily resulted in not performing various budgeted building and grounds maintenance and engineering projects related to the expansion of the landfill and a reduction in tire disposal costs relate to normal project operations.

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, 2016, totals \$202,245,541 (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 19 vehicles for the Sherriff's department, five crusader vans for Transportation, one vehicle for Animal Control, four vehicles for Construction Standards , two ambulances and one interceptor SUV for Emergency Medical Services, one vehicle for Cannon Memorial Library, one vehicle for Building Maintenance, and one vehicle for Grounds Maintenance , for a total of 35 vehicles.
- Purchased seven dispatch consoles for the 911 center.
- Completed projects included Arena HVAC Equipment Replacement and DA & Probation Officers alterations.

- Construction in Progress projects at the end of the year were the Rob Wallace Park improvements, Downtown Parking Deck, FLP Overflow Parking Lot, Tax Collectors Renovation and ALI Gateway Union County 911 Backup.
- Construction in Progress at the end of the year for the Proprietary Fund was Landfill Expansion #4. Landfill Expansion #3 was completed during FY2016.

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

Figure 4

	Governmental		Business-type		Total	
	Activities		Activities			
	2016	2015	2016	2015	2016	2015
Land	\$ 21,636,186	\$ 21,801,111	\$ 490,447	\$ 490,447	\$ 22,126,633	\$ 22,291,558
Land Improvements	3,180,518	3,657,961	1,047,817	788,240	4,228,335	4,446,201
Buildings	129,684,763	133,551,422	942,744	974,157	130,627,507	134,525,579
Building Improvements	15,630,863	16,221,423	-	-	15,630,863	16,221,423
Equipment	3,646,060	2,489,838	-	-	3,646,060	2,489,838
Furniture and Fixtures	140,142	172,516	-	-	140,142	172,516
Vehicles	3,210,906	3,222,360	126,266	278,520	3,337,172	3,500,880
Reservoir	21,308,420	21,330,186	-	-	21,308,420	21,330,186
Construction in progress	1,190,509	1,440,922	9,900	352,677	1,200,409	1,793,599
Total	\$ 199,628,367	\$ 203,887,739	\$ 2,617,174	\$ 2,884,041	\$ 202,245,541	\$ 206,771,780

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

Long-term Debt. As of June 30, 2016, Cabarrus County had total debt outstanding of \$378,707,800 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	
	2016	2015
General obligation bonds	\$ 73,900,237	\$ 82,447,259
Certificates of participation/ Limited Obligation bonds	301,695,995	238,439,690
Notes Payable	365,858	457,323
Capital lease obligations	2,745,711	2,955,793
Total	\$ 378,707,801	\$ 324,300,065

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 6th consecutive year an Aa1 rating from Moody's and an AA+ rating from Fitch. For the 7th 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 \$1,267,826,961 as of June 30, 2016. Additional information regarding Cabarrus County's long-term obligations can be found beginning in Note 2 section B (7) in the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

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

- Unemployment for the County was 4.5% for April 2016, compared to 4.7% at April 2015. Comparable rates for the State of North Carolina were 5.4% and 5.5% respectively.
- Population growth experienced an increase of approximately 13,600 from a year ago; the County population estimate is 200,827.
- A large diverse tax base with only 8.83% of assessed value attributed to the top ten taxpayers in the County.

These factors, as well as others, were considered when management prepared the County's budget ordinances for the 2017 fiscal year.

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2017

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. The County's five year financial plan ensures the County will maintain a healthy fund balance. In developing the FY2017 budget, the County was successful in keeping the tax rate from growing. The County adopted its FY2017 budget of \$248,053,226 at 5.98% less than the FY2016 amended budget dated April 2016. The County's 2017 budget is based on a tax rate of \$0.70 per \$100 valuation (the same as the rate in FY2016).

The total taxable property tax value was estimated to increase 4.8% from FY2016. The collection percentages used were 97.08% for real property and 99.99% for motor vehicles (the prior year actual experience).

Total sales tax was budgeted at \$45,283,453, a 3.90% increase over the FY2016 revised budget. Two factors influence normal growth in sales tax. The first is growth in retail sales and the second is the value of non-profit refunds.

The County budgeted \$2,000,000 million in lottery proceeds in FY2017, which is the same as the FY2016 revised budget. Expected revenues of \$2 million will be budgeted per year in the coming years for lottery funds due to the State's change in their funding.

Increases in the FY2017 spending relate primarily to: an increase of health insurance costs \$521,394, an increase of \$994,000 for a cost of living and merit increase for County staff, an increase in funding for 38 new positions which totals approximately \$1,549,041 and increases to early debt payments for school construction.

The FY2017 budget added the following approved positions: Two Property Appraisers (one Real Property and one Commercial Property), one Grounds Maintenance Worker, one Building Maintenance Worker, two Civilian Telecommunicators, one School Resource Officer, one Sheriff Deputy designated for the Courthouse, two Codes Enforcement Officers, and one Emergency Planner. New to this year's budget was the addition of a Fire Department, which includes: one Captain, one Lieutenant and two Firefighters. Other new positions include: four Crew Chiefs, six Paramedics, three Child Welfare Social Work Assessment employees, one Child Welfare Administrative Assistant, one Child Welfare Social Work

Trainer, one Child Support Program Associate, one Income Maintenance Supervisor II and last, five Income Maintenance Caseworker II.

The County continues to be conservative and budgeted \$2,746,871 for FY2017, with \$300,000 for contingency for the County, \$979,342 for a Public Safety Training Center, addition of the Fire Department, and Mental Health Responders in the schools. \$1,767,529 is set aside for schools and community college funding pending the approval of the state budget.

Business-type Activities: The Landfill budget decreased \$724,717 or 45.14% from FY2016 to FY2017 to \$880,910. For FY2017, tipping fees are budgeted at \$520,910 as a part of the sales and services category for revenues. Tire disposal fees are projected to remain the same from FY2016 to FY2017 at \$210,000. Expenses for engineers are projected to increase from the FY2016 revised budget of \$61,525 to \$177,500 for FY2017. The increase in costs relates to the landfill expansion engineer fees that are required for the design and quality assurance of the landfill, which the Board approved expansion of in April 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 28025. You can also call 704-920-2104 or visit our website at www.cabarruscounty.us.

Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Position
June 30, 2016

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		
ASSETS				
Cash and cash equivalents	\$ 124,707,427	\$ 4,739,779	\$ 129,447,206	\$ 6,711,044
Receivables (net of allowance for uncollectibles):				
Accounts receivable	4,396,411	3,697	4,400,108	1,986,442
Customers	1,374,259	29,837	1,404,096	732,428
Interest	369,577	6,248	375,825	-
Property taxes	4,937,931	-	4,937,931	-
Due from other governments	9,718,398	75,330	9,793,728	92,911
Inventories	133,802	-	133,802	-
Prepaid items	475,610	-	475,610	-
Restricted cash and cash equivalents	83,614,528	-	83,614,528	896,067
Net pension asset	-	-	-	-
Net Register of Deeds				
Supplemental Retirement Asset	525,183	-	525,183	-
Notes Receivable	432,000	-	432,000	-
Capital Assets not being depreciated:				
Land	21,636,186	490,447	22,126,633	-
Construction in Progress	1,190,509	9,900	1,200,409	-
Capital Assets net of accumulated depreciation:				
Land Improvements	3,180,518	1,047,817	4,228,335	-
Buildings and Building Improvements	145,315,626	942,744	146,258,370	137,996
Reservoir	21,308,420	-	21,308,420	-
Furniture and Fixtures	140,142	-	140,142	92,202
Equipment	3,646,060	-	3,646,060	221,329
Vehicles and Motorized Equipment	3,210,906	126,266	3,337,172	140,467
Total assets	430,313,493	7,472,065	437,785,558	11,010,886
DEFERRED OUTFLOWS OF RESOURCES	24,157,563	11,034	24,168,597	700,557
LIABILITIES				
Accounts payable and other current liabilities	14,163,428	121,066	14,284,494	1,004,656
Liabilities to be paid from restricted assets	-	-	-	896,067
Accrued interest payable	3,533,112	-	3,533,112	-
Retainage payable	1,083,324	-	1,083,324	-
Long-term liabilities:				
Net Pension Liability	3,235,173	12,345	3,247,518	697,381
Due within one year	32,897,795	112,006	33,009,801	563,802
Due in more than one year	364,276,694	3,918,757	368,195,451	847,259
Total long-term liabilities	400,409,662	4,043,108	404,452,770	2,108,442
Total liabilities	419,189,526	4,164,174	423,353,700	4,009,165
DEFERRED INFLOWS OF RESOURCES	2,466,618	7,383	2,474,001	211,811
NET POSITION				
Net Investment in Capital Assets	132,384,494	2,617,174	135,001,668	591,994
Restricted for :				
Stabilization by State Statute	16,820,664	-	16,820,664	2,079,353
Register of Deeds	288,882	-	288,882	-
Jail Housing Unit/Sheriff Admin debt payments	391	-	391	-
Emergency Telephone 911	207,650	-	207,650	-
Sheriff programs	155,995	-	155,995	-
Home Programs	51,664	-	51,664	-
Soil & Water programs	266,026	-	266,026	-
School debt & construction	2,348,659	-	2,348,659	-
Arena & Events Center	51,648	-	51,648	-
Library donations	117,818	-	117,818	-
Unrestricted	(119,878,979)	694,368	(119,184,611)	4,819,120
Total net position	\$ 32,814,912	\$ 3,311,542	\$ 36,126,454	\$ 7,490,467

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, 2016

Function/Program Activities	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 22,937,803	\$ 3,850,542	\$ 5,538,601	\$ -	\$ (13,548,660)	\$ -	\$ (13,548,660)	\$ -
Public safety	44,488,831	12,018,879	1,735,870	-	(30,734,082)	-	(30,734,082)	-
Economic and physical development	4,657,763	137,487	671,661	-	(3,848,615)	-	(3,848,615)	-
Environmental protection	396,644	28,143	11,054	-	(357,447)	-	(357,447)	-
Human services	36,753,034	1,383,584	18,652,890	423,803	(16,292,757)	-	(16,292,757)	-
Education	96,042,477	-	847,822	2,000,000	(93,194,655)	-	(93,194,655)	-
Culture and recreation	7,593,910	1,411,083	1,125,669	150,000	(4,907,158)	-	(4,907,158)	-
Interest on long-term debt	13,448,868	-	-	-	(13,448,868)	-	(13,448,868)	-
Total governmental activities	<u>226,319,330</u>	<u>18,829,718</u>	<u>28,583,567</u>	<u>2,573,803</u>	<u>(176,332,242)</u>	<u>-</u>	<u>(176,332,242)</u>	<u>-</u>
Business-Type Activities:								
Solid Waste	1,673,170	741,644	-	-	-	(931,526)	(931,526)	-
Total business-type activities	<u>1,673,170</u>	<u>741,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(931,526)</u>	<u>(931,526)</u>	<u>-</u>
Total primary government	<u>\$ 227,992,500</u>	<u>\$ 19,571,362</u>	<u>\$ 28,583,567</u>	<u>\$ 2,573,803</u>	<u>(176,332,242)</u>	<u>(931,526)</u>	<u>(177,263,768)</u>	<u>-</u>
Component Unit:								
Cabarrus Health Alliance	<u>\$ 19,906,309</u>	<u>\$ 9,860,172</u>	<u>\$ 10,690,727</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>644,590</u>
General Revenues:								
Property taxes					145,851,203	-	145,851,203	-
Local option sales tax					44,145,980	-	44,145,980	-
ABC revenues					99,766	-	99,766	-
Other taxes and licenses					844,478	338,457	1,182,935	-
Investment earnings					2,494,713	14,706	2,509,419	18,393
Miscellaneous					-	-	-	47,652
Total general revenues					<u>193,436,140</u>	<u>353,163</u>	<u>193,789,303</u>	<u>66,045</u>
Change in net position					<u>17,103,898</u>	<u>(578,363)</u>	<u>16,525,535</u>	<u>710,635</u>
Net position, beginning, previously reported					14,134,538	3,889,905	18,024,443	6,779,832
Restatement					1,576,476	-	1,576,476	-
Net position, beginning, restated					<u>15,711,014</u>	<u>3,889,905</u>	<u>19,600,919</u>	<u>6,779,832</u>
Net position, ending					<u>\$ 32,814,912</u>	<u>\$ 3,311,542</u>	<u>\$ 36,126,454</u>	<u>\$ 7,490,467</u>

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

**Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2016**

Exhibit 3
Page 1 of 2

	<u>Major</u>		<u>Non-Major</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>School Construction Debt</u>	<u>Other Governmental Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 71,905,621	\$ 2,747,381	\$ 39,714,908	\$ 114,367,910
Restricted cash	2,349,050	81,096,012	169,466	83,614,528
Receivables (net of allowance for uncollectibles)				
Accounts receivable	4,199,695	-	196,136	4,395,831
Customers	1,374,259	-	-	1,374,259
Property taxes	4,937,931	-	-	4,937,931
Interest	129,582	-	34,874	164,456
Due from other governments	9,686,704	-	31,694	9,718,398
Prepaid items	225,199	-	-	225,199
Notes receivable	-	-	432,000	432,000
Inventories	133,802	-	-	133,802
Total assets	<u>\$ 94,941,843</u>	<u>\$ 83,843,393</u>	<u>\$ 40,579,078</u>	<u>\$ 219,364,314</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable and accrued liabilities	\$ 7,986,302	\$ 2,681,934	\$ 1,543,577	\$ 12,211,813
Contract retainages	-	321,697	761,627	1,083,324
Total liabilities	<u>7,986,302</u>	<u>3,003,631</u>	<u>2,305,204</u>	<u>13,295,137</u>
DEFERRED INFLOWS OR RESOURCES	<u>6,666,558</u>	<u>-</u>	<u>147,631</u>	<u>6,814,189</u>
Fund Balances:				
Nonspendable:				
Inventories	133,802	-	-	133,802
Prepaid items	225,199	-	-	225,199
Restricted:				
Stabilization by State Statute	14,653,933	-	2,166,731	16,820,664
Register of Deeds	-	-	288,882	288,882
Jail Housing Unit/Sheriff Admin debt payments	391	-	-	391
Emergency Telephone 911	-	-	207,650	207,650
Sheriff Programs	-	-	155,995	155,995
HOME programs	-	-	51,664	51,664
Soil & Water programs	-	-	266,026	266,026
School debt & construction	2,348,659	81,096,012	-	83,444,671
Cabarrus Arena & Events Center	-	-	51,648	51,648
Library donations	-	-	117,818	117,818
Committed:				
General Government	3,336,167	-	2,713,625	6,049,792
Public Safety	1,576,476	-	1,028,756	2,605,232
Economic & Physical Development	-	-	1,154,195	1,154,195
Human Services	-	-	128,012	128,012
Education	-	-	23,054,549	23,054,549
Culture & Recreation	-	-	3,569,655	3,569,655
Assigned:				
General Government	5,497,623	-	501,252	5,998,875
Public Safety	126,938	-	-	126,938
Economic & Physical Development	11,122	-	-	11,122
Environmental Protection	4,062	-	-	4,062
Human Services	167,976	-	-	167,976
Education	1,478,140	-	1,614,665	3,092,805
Culture & Recreation	10,100	-	1,086,814	1,096,914
Unassigned	50,718,395	(256,250)	(31,694)	50,430,451
Total fund balances	<u>80,288,983</u>	<u>80,839,762</u>	<u>38,126,243</u>	<u>199,254,988</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 94,941,843</u>	<u>\$ 83,843,393</u>	<u>\$ 40,579,078</u>	<u>\$ 219,364,314</u>

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

Cabarrus County, North Carolina
Reconciliation of the Balance Sheet of Governmental Funds
June 30, 2016

Exhibit 3A
Page 2 of 2

Total fund balances-total governmental funds		\$ 199,254,988
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	267,512,228	
Less accumulated depreciation	<u>(67,883,861)</u>	199,628,367
Charges related to advance refunding bond issue		
Less current year amortization	<u>23,415,497</u> <u>(2,200,541)</u>	21,214,956
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		6,312,190
Premium on Debt Issuance	(25,996,401)	
Current Year Amortization	<u>1,990,169</u>	(24,006,232)
Net pension asset (liability)		
Net Register of Deeds Supplemental Retirement asset (liability)		(3,235,173) 525,183
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position		
Pension		2,892,738
Register of Deeds Supplemental Retirement		49,869
Internal service funds are used by management to charge the costs of self-insured hospitalization dental, Workers Compensation and Liability Insurance to individual departments		
		8,651,282
Pension related deferrals		
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	(354,701,568)	
Accrued Interest	(3,340,384)	
Compensated Absences	(3,776,560)	
LEO Pension Obligation	(467,370)	
OPEB Obligation	<u>(14,222,759)</u>	<u>(376,508,641)</u>
Net position of governmental activities		<u>\$ 32,814,912</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, 2016

Exhibit 4
Page 1 of 2

	Major		Non-Major	Total Governmental Funds
	General	School Construction Debt	Other Governmental Funds	
REVENUES				
Ad valorem taxes	\$ 142,489,187	\$ -	\$ 4,176,251	\$ 146,665,438
Other taxes and licenses	44,990,458	-	-	44,990,458
Intergovernmental revenues	23,658,555	-	3,060,120	26,718,675
Permits and fees	6,187,633	-	-	6,187,633
Sales and services	11,004,676	-	808,724	11,813,400
Investment earnings	317,985	74,771	83,487	476,243
Donations	-	-	696,118	696,118
Miscellaneous	652,072	-	426,285	1,078,357
Total revenues	229,300,566	74,771	9,250,985	238,626,322
EXPENDITURES				
Current:				
General government	21,158,892	-	303,571	21,462,463
Public safety	34,802,608	-	4,664,098	39,466,706
Economic & physical development	4,442,907	-	217,451	4,660,358
Environmental protection	241,797	-	135,320	377,117
Human services	36,301,549	-	54,974	36,356,523
Education	69,545,459	10,822,126	15,674,892	96,042,477
Culture and recreation	4,786,102	-	1,489,974	6,276,076
Capital outlay:				
Land and land improvements	21,028	-	-	21,028
Building and building improvements	7,893	-	212,884	220,777
Equipment and furniture	390,034	-	843,535	1,233,569
Vehicles and motorized equipment	1,203,825	-	42,916	1,246,741
Construction in progress	37,806	-	694,167	731,973
Debt service:				
Principal retirement	28,413,554	-	132,994	28,546,548
Interest and fees	10,829,148	-	3,629	10,832,777
Total expenditures	212,182,602	10,822,126	24,470,405	247,475,133
Excess (deficiency) of revenues over (under) expenditures	17,117,964	(10,747,355)	(15,219,420)	(8,848,811)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,329,987	3,510,992	35,123,954	42,964,933
Transfers out	(22,169,097)	-	(20,795,836)	(42,964,933)
Limited Obligation Bonds issued	-	73,785,000	-	73,785,000
Premium from Limited Obligation Bonds	-	11,159,452	-	11,159,452
Total other financing sources (uses)	(17,839,110)	88,455,444	14,328,118	84,944,452
Net change in fund balances	(721,146)	77,708,089	(891,302)	76,095,641
Fund balance, July 1, as previously reported	79,433,653	3,131,673	39,017,545	121,582,871
Restatement	1,576,476	-	-	1,576,476
Fund balance, July 1, as restated	81,010,129	3,131,673	39,017,545	123,159,347
Fund balance, June 30	\$ 80,288,983	\$ 80,839,762	\$ 38,126,243	\$ 199,254,988

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, 2016

Exhibit 4A
Page 2 of 2

Net change in fund balances-total governmental funds \$ 76,095,641

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	3,454,088	
Less current year depreciation	<u>(7,362,407)</u>	(3,908,319)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

2,942,607

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

Ambulance	(305,457)	
Property Tax	<u>(814,235)</u>	(1,119,692)

The effect of various miscellaneous transactions involving capital assets.

Donation of capital assets	468,640	
Disposal of capital assets, net book value	<u>(819,693)</u>	(351,053)

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

Debt proceeds	(84,944,452)	
Amortization of current year debt premium	1,990,169	
Principal payments	28,546,548	
Deferred charge on refunding	<u>(2,200,541)</u>	(56,608,276)

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	(283,102)	
Law Enforcement Officers Pension Obligation	(280,274)	
Other Postemployment Benefit Obligations	(2,154,146)	
Accrued Interest	<u>(415,554)</u>	(3,133,076)

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 self-insured hospitalization systems to individual departments.

	<u>4,886,144</u>	4,886,144
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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.

(1,700,078)

Changes in net position of governmental activities

\$ 17,103,898

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

Cabarrus County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
General Fund
For the Year Ended June 30, 2016

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Ad Valorem Taxes:				
Taxes	\$ 136,714,980	\$ 136,714,980	\$ 141,854,542	\$ 5,139,562
Interest	680,000	680,000	634,645	(45,355)
Other Taxes and Licenses	44,368,765	44,368,765	44,990,458	621,693
Intergovernmental Revenues	20,718,788	21,500,714	23,658,555	2,157,841
Permits and Fees	5,115,325	5,115,325	6,187,633	1,072,308
Sales and Services	10,257,014	10,341,075	11,004,676	663,601
Investment Earnings	145,000	146,653	317,985	171,332
Miscellaneous	374,205	665,786	652,072	(13,714)
Total revenues	<u>218,374,077</u>	<u>219,533,298</u>	<u>229,300,566</u>	<u>9,767,268</u>
EXPENDITURES				
Current:				
General Government	26,463,430	23,753,659	21,453,658	2,300,001
Public Safety	36,155,549	37,674,663	35,852,656	1,822,007
Economic & Physical Development	3,729,067	8,590,264	4,442,907	4,147,357
Environmental Protection	255,612	466,345	241,797	224,548
Human Services	38,378,615	38,897,582	36,543,687	2,353,895
Education	66,312,754	71,027,077	69,545,459	1,481,618
Culture and Recreation	5,139,303	5,214,139	4,859,736	354,403
Debt service:				
Principal retirement	29,785,083	29,743,554	29,743,554	-
Interest and fees	11,857,153	10,853,524	10,829,148	24,376
Total expenditures	<u>218,076,566</u>	<u>226,220,807</u>	<u>213,512,602</u>	<u>12,708,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>297,511</u>	<u>(6,687,509)</u>	<u>15,787,964</u>	<u>22,475,473</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,217,664	3,985,000	4,329,987	344,987
Transfers out	(2,515,175)	(22,169,097)	(22,169,097)	-
Fund balance appropriated	-	24,871,606	-	(24,871,606)
Total other financing sources (uses)	<u>(297,511)</u>	<u>6,687,509</u>	<u>(17,839,110)</u>	<u>(24,526,619)</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(2,051,146)</u>	<u>\$ (2,051,146)</u>
Fund balance, July 1, as previously reported			79,433,653	
Restatement			1,576,476	
Fund balance, July 1, as restated			<u>81,010,129</u>	
Fund balance, June 30			<u>\$ 78,958,983</u>	
Reconciliation:				
Fund Balance, June 30			\$ 78,958,983	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name			<u>1,330,000</u>	
Fund balance, June 30			<u>\$ 80,288,983</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, 2016

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
	<u> </u>	<u> </u>
Operating revenues:		
Charges for sales and services:		
Tipping fees	\$ 677,318	\$ -
Waste disposal fee	64,326	-
Insurance premiums/refunds	-	11,717,941
Program fees	-	16,464
Total operating revenues	<u>741,644</u>	<u>11,734,405</u>
Operating expenses:		
Administration:		
Salary and benefits:		
Salaries and wages	207,911	-
FICA	11,233	-
Medicare	2,627	-
Group hospital insurance	38,725	-
Vision care	105	-
Retirement	8,400	-
Workers' Compensation	10,960	-
Deferred compensation- 401K	9,582	-
Insurance and bonds	3,349	-
Total salaries and benefits	<u>292,892</u>	<u>-</u>
Operations:		
General and administrative:		
Administrative fees	-	2,340,870
Bank Service charges	-	-
Dues and subscriptions	616	-
Lights and power	4,531	1,146
Office supplies/Medical supplies	1,620	69,053
Other operating cost	-	7,840
Telephone	1,512	-
Travel	1,875	-
Uniforms	3,339	-
Total general and administrative	<u>13,493</u>	<u>2,418,909</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, 2016

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
	<u> </u>	<u> </u>
Other operational expenses:		
Auto and truck maintenance	13,962	-
Building and ground maintenance	28,319	-
Claims	-	8,097,908
Consultant	-	3,900
Depreciation	276,767	-
Engineers	920	-
Fuel	31,667	-
Heavy equipment maintenance	50,682	-
Landfill disposal tax remittance	31,871	-
Minor equipment maintenance	1,551	-
Permitting fees	5,850	-
Service contracts	-	278,876
Technology	3,300	-
Tire disposal	93,340	-
Tools and minor equipment	908	45,152
Capital reserve	823,022	-
Waste disposal charges	4,626	-
Total other operational expenses	<u>1,366,785</u>	<u>8,425,836</u>
 Total operating expenses	 <u>1,673,170</u>	 <u>10,844,745</u>
 Operating income (loss)	 <u>(931,526)</u>	 <u>889,660</u>
 Nonoperating revenues:		
Landfill disposal tax	19,187	-
Landfill state tax distribution	40,187	-
Solid waste franchise fee	25,000	-
Tire disposal fees	253,389	-
Investment earnings	14,706	28,303
Miscellaneous revenue	694	-
Total nonoperating revenues	<u>353,163</u>	<u>28,303</u>
 Income (loss) before contributions	 (578,363)	 917,963
 Capital Contributions:		
Workers' Compensation	-	1,847,422
Property Liability	-	2,120,759
 Change in net position	 (578,363)	 4,886,144
 Total net position, July 1	 <u>3,889,905</u>	 <u>3,765,138</u>
Total net position, June 30	<u>\$ 3,311,542</u>	<u>\$ 8,651,282</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, 2016

	Business-type Activities Landfill Enterprise Fund	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 1,116,396	\$ -
Cash received from departments	-	11,794,678
Cash paid to employees	(275,549)	-
Cash paid to suppliers for goods and services	(327,720)	(10,378,074)
Net cash provided (used) for operating activities	513,127	1,416,604
Cash flows from non-capital financing activities:		
Net cash provided (used) by non-capital financing activities	-	3,968,181
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(9,900)	-
Net cash provided (used) by capital financing activities	(9,900)	-
Cash flows from investing activities:		
Interest received on investments	8,457	15,914
Net cash provided by investing activities	8,457	15,914
Net increase (decrease) in cash and cash equivalents	511,684	5,400,699
Cash and cash equivalents, July 1	4,228,095	4,938,818
Cash and cash equivalents, June 30	\$ 4,739,779	\$ 10,339,517
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (931,526)	\$ 889,660
Depreciation expense	276,767	-
Other non-operating items	335,368	-
Decrease in accounts receivable	846	60,272
Decrease in customers receivable	38,538	-
Decrease in net pension asset	16,577	-
Increase in net pension liability	12,345	-
Increase in deferred outflows of resources - pensions	(183)	-
(Decrease) in deferred inflows of resources - pensions	(33,332)	-
Increase in accounts payable and accrued liabilities	16,778	466,672
Increase in landfill closure post-closure care costs	764,667	-
Increase in other postemployment benefits	10,709	-
Increase in compensated absences payable	5,573	-
Total adjustments	1,444,653	526,944
Net cash provided by (used for) operating activities	\$ 513,127	\$ 1,416,604

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, 2016

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 349,000
Accounts receivable	1,862
Due from other Government	701,288
Total assets	1,052,150
LIABILITIES	
Accounts payable and accrued liabilities	3,980
Due to courts	8,634
Due to jail inmates	45,348
Due to municipalities	799,289
Due to program participants	80,666
Due to schools	114,233
Total liabilities	1,052,150
NET POSITION	
Total net position	\$ -

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, 2016**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Cabarrus Development Corporation	Blended	The Development Corporation is governed by a three-member board of directors who are established through the bylaws of the Articles of Incorporation. The Corporation exists to provide debt financing to the County.	None Issued
Cabarrus County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None Issued
Public Health Authority of Cabarrus County d.b.a. Cabarrus Health Alliance	Discrete	Cabarrus Health Alliance (the "Alliance" was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. On April 20 th , 1998, the Cabarrus County Board by resolution authorized the transfer of powers, duties, and responsibilities to the Alliance for communicable disease control, environmental protection, and maintenance of vital records. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. The County funded the Alliance with \$6,011,824 or 29% of its total revenues for the fiscal year ended June 30, 2016. 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, 2016

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 contributed by County employees through annual one time giving and through payroll deductions for the purpose of distribution to charitable non-profit agencies in our area. One hundred percent of the money collected is distributed to the charitable non-profit agencies. The Undistributed Taxes Agency Fund is used to accumulate collected property taxes before they are distributed to local municipalities. The Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina. The Sheriff Civil Records Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiffs. The Jail Commissary Agency Fund is used to account for an inmate's money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release.

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 nine 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.

Justice Center Construction – 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 – 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, 2016

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

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

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.

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

Measurement Focus – Basis of Accounting

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

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

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

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

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

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

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 Finance Director may transfer amounts between objects of expenditure within a function.
2. The County Manager may transfer amounts between objects of expenditures and revenues without limitation.
3. The County Manager may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners, except as specified below for budget shortfalls and change orders.
4. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order.
5. The County Manager is authorized to transfer funds from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvement Plan for the current fiscal year.
6. Additional authority is granted to the 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 Designee may adjust budgets to match, including grants that require a County match for which funds are available.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

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, 2016.

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

As required by General Statute (G.S.) 159-26(d), the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances represent commitments related to unperformed contracts and purchase orders for goods or services. Encumbrances are recognized during the year. Amounts outstanding at June 30, 2016 in the General Fund was \$637,952 and \$1,904,027 in Other Government Funds.

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

1. Deposits and Investments

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

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

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) external investment pool, is measured at amortized cost, which is the NCCMT'S share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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 Cabarrus Health Alliance, pools 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. Money in the Certificates of Participation 2009 Capital Projects Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22.

Governmental Activities

General Fund	Debt Payments held in Escrow by Agent	\$ 2,349,050
School Construction Debt Fund	Unspent debt proceeds	81,096,012
Cabarrus Arena and Events Center Fund	Unexpended Escrow	51,648
Cannon Memorial Library Fund	Unexpended Grant proceeds	117,818
Total Restricted Cash		\$ 83,614,528

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year, and are due on September 1; however, penalties and interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2015. 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 2015-2016 fiscal year was \$0.70 per \$100 valuation.

5. Allowances for Doubtful Accounts

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

6. Inventories and Prepaid items

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

7. Capital Assets

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

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

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

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

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

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

8. Deferred Outflows and Inflows of Resources

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

9. Long-Term Obligations

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

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

10. Compensated Absences

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

11. Net Position/Fund Balances

a. Net Position

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

b. Fund Balances

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

The governmental fund types classify fund balances as follows:

c. Non-spendable Fund Balance

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

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

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

d. Restricted Fund Balance

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

Stabilization by State statute – portion of fund balance that is determined annually and can neither be added to nor spent throughout the year. The amount remains static for the entire fiscal year. Monies restricted by the Restricted for Stabilization by State Statute may not be spent, per North Carolina G.S. 159-8. For the fiscal year ended June 30, 2016, \$14,653,933 was related to the General Fund and \$2,166,731 for other non-major funds.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

Restricted for Register of Deeds– portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office. For the fiscal year ended June 30, 2016 this amount was \$288,882.

Restricted for Jail Housing Unit/Sheriff Admin debt payments – portion of fund balance restricted by revenue source for unspent cost of issuance funds for refinancing the Sheriff Administration and Jail Housing Unit debt. For the fiscal year ended June 30, 2016 this amount was \$391.

Restricted for Emergency Telephone 911 – portion of fund balance restricted by revenue source for purchasing equipment and maintenance of the E-911 system. For the fiscal year ended June 30, 2016 this amount was \$207,650.

Restricted for Sheriff programs – portion of fund balance for the fiscal year ended June 30, 2016 restricted by revenue source for unspent Federal Forfeiture funds \$37,058, unspent NC Substance Control funds \$108,730 and \$10,207 for future firing range improvements.

Restricted for Home programs – portion of fund balance restricted by revenue source for community development low income housing projects. For the fiscal year ended June 30, 2016 this amount was \$51,664.

Restricted for Soil & Water programs – portion of fund balance restricted by revenue source for unspent Conservation Grant proceeds used for Soil and Water Land conservation projects. For the fiscal year ended June 30, 2016, \$13,801 was for the unspent Clark Creek/Cox Mill grant, \$3,225 was for the unspent NC Ecosystem Enhancement grant, and \$249,000 was for the unspent Suther Conservation grant.

Restricted for School debt and School construction – portion of fund balance for the fiscal year ended June 30, 2016 restricted by revenue source to be used for school debt service payments \$2,348,659 and constructing and equipping of Mt. Pleasant Middle, Kannapolis Middle and Royal Oaks Elementary Schools \$81,096,012.

Restricted for Arena & Events Center – portion of fund balance restricted by revenue source for use as an At Risk Fund for the Cabarrus Arena and Events Center operations. For the fiscal year ended June 30, 2016 this amount was \$51,648.

Restricted for Library donations – portion of fund balance restricted by revenue source for unspent Cannon Grant funds to be used for future Library capital purchases. For the fiscal year ended June 30, 2016 this amount was \$117,818.

Restricted fund balance at June 30, 2016 is as follows:

Purpose	General Fund	School Construction Debt	Other Governmental Funds
Stabilization by state statute	\$ 14,653,933	\$ -	\$ 2,166,731
Register of Deeds	-		288,882
Jail Housing Unit/Sheriff Admin Debt payments	391	-	-
Emergency Telephone 911	-	-	207,650
Sheriff programs	-		155,995
Home programs	-	-	51,664
Soil & Water programs	-	-	266,026
School debt & construction	2,348,659	81,096,012	-
Arena & Events Center	-	-	51,648
Library donations	-	-	117,818
	<u>\$ 17,002,983</u>	<u>\$ 81,096,012</u>	<u>\$ 3,306,414</u>

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 as of June 30, 2016 by the amount of unspent debt proceeds of \$81,096,012.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

e. Committed Fund Balance

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

Committed for General Government – portion of fund balance committed by the governing board for 1) construction planning of a downtown parking lot \$181,535, 2) building renovations \$195,000, 3) uncompleted Tax Collector renovations \$53,178, 4) County website development design \$250,000, 5) construction of an Infrastructure and Asset Management Facility and Warehouse \$2,000,000, 6) County capital project \$27,717, 7) Board of Elections equipment purchase \$6,195, and 8) unpaid economic tax incentives \$3,336,167.

Committed for Public Safety – portion of fund balance committed by the governing board for 1) unpaid future pension payments for retired law enforcement personnel \$1,576,476, 2) security camera installation at Detention Center \$47,000, 3) Law Enforcement Center technology and access improvements \$593,748 4) Firing Range improvements \$50,000, 4) Courthouse replacement study \$100,000, 5) Northeast Fire Department fire hydrant project \$22,397, 6) Public Safety Training Center study \$75,000, and 7) replacement of Sheriff and Emergency Medical Services radios \$140,611.

Committed for Economic & Physical Development – portion of fund balance committed by the governing board for, 1) wet lands mitigation projects \$100,000, 2) soil and water conservation projects \$242,363 and 3) future soil and water easement purchases \$811,832.

Committed for Human Services – portion of fund balance committed by the governing board for Senior Citizen activities and projects \$128,012.

Committed for Education – portion of fund balance committed by the governing board for 1) five school roofs and construction of Odell 3-5 Elementary \$11,519,018, and 2) Capital Reserve funding for equipping of Royal Oaks Elementary, Mt. Pleasant Middle, Kannapolis Middle School and Rowan Cabarrus Community College Advanced Technology Building \$11,535,531.

Committed for Culture & Recreation – portion of fund balance committed by the governing board for 1) Construction of Wallace Park \$1,817,396, 2) renovation of two bathrooms at Frank Liske Park \$577,000, 3) improvements to the Carolina Thread hiking trail \$50,000, 4) Frank Liske Park parking lot \$24,270, 5) Cabarrus Arena aisle safety lighting project \$185,000, 6) Cabarrus Arena marquee replacement and sign enhancement \$112,500, and 7) Facility and Field expansion projects \$803,489.

Purpose	General Fund	Other Governmental Funds
General government	\$ 3,336,167	\$ 2,713,625
Public safety	1,576,476	1,028,756
Economic & physical development	-	1,154,195
Human services	-	128,012
Education	-	23,054,549
Culture & recreation	-	3,569,655
	<u>\$ 4,912,643</u>	<u>\$ 31,648,792</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

f. 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 1) property tax appeals \$282,493, 2) extraordinary circumstances \$5,000,000, 3) uncompleted General Service building maintenance projects \$51,858, 4) uncompleted Information System purchases and projects \$82,500, 5) uncompleted communication and tax projects \$80,772 and 5) Capital Reserve funded future county building improvements \$501,252.

Assigned for Public Safety – portion of fund balance intended to be used for 1) funds received for Sheriff Department equipment purchases and operations that will be made after fiscal year end \$15,280, 2) State Criminal Alien Assistance Program operating balance \$99,192, 3) Emergency Management and Emergency Medical Services funds received for equipment and purchase services that will be made after fiscal year \$11,485 and 4) funds received for a public safety service payment that will be conducted after the fiscal year \$981.

Assigned for Economic and Physical Development – portion of fund balance intended to be used for 1) uncompleted Duke rebate projects \$8,884 and 2) uncompleted green growth projects \$2,238.

Assigned for Environmental Protection – portion of fund balance intended to be used for electronic and white goods recycling \$4,062.

Assigned for Human Services – portion of fund intended to be used for 1) Department of Human Services intercom purchase \$21,000, 2) Donations made for Veteran Services for future purchases \$750 and 2) uncompleted Special Needs, Triple P Incentive, and smaller Human Service programs expenditures \$146,226.

Assigned for Education – portion of fund balance intended to be used for 1) uncompleted Rowan Community College construction projects (Building 1000 One Stop, South Campus Student Center renovations, South Campus Building access security enhancements and other smaller improvement projects) \$216,587 , 2) uncompleted capital and technology projects for the Cabarrus County Schools \$1,165,738 and Kannapolis City Schools \$95,815, 3) roof for Harrisburg Elementary and Concord Middle Schools \$1,514,665 and 4) renovation of Kannapolis Intermediate School \$100,000.

Assigned for Culture and Recreation – portion of fund balance intended to be used for 1) Camp Spencer pier \$4,000, 2) Arena wireless upgrade \$16,944, 2) minor technology purchases for the Libraries \$6,100 and 3) future County Fair and Arena projects and improvements \$1,069,870.

Assigned fund balance at June 30, 2016 is as follows:

Purpose	General Fund	Other Governmental Funds
General government	\$ 5,497,623	\$ 501,252
Public safety	126,938	-
Economic & physical development	11,122	-
Environmental protection	4,062	-
Human services	167,976	-
Education	1,478,140	1,614,665
Culture & recreation	10,100	1,086,814
	<u>\$ 7,295,961</u>	<u>\$ 3,202,731</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

g. 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	\$	80,288,983
Less:		
Inventories		133,802
Prepaid items		225,199
Stabilization by state statute		14,653,933
Restricted for debt payments		2,349,050
Committed for unpaid tax incentives		3,336,167
Committed for future pension payments		1,576,476
Uncompleted FY16 project assignments		2,013,468
General Government assignments		5,282,493
Working Capital/Fund Balance Policy		35,412,001
Fund Balance remaining for appropriation	\$	15,306,394

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, 2016 are as follows:

General Fund	Governmental Funds
\$ 637,952	\$ 1,904,027

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

12. Defined Benefit Pension Plans

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

E. Management Estimates

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

F. Other Resources

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

G. Comparative Data/Reclassifications

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

Note 2. Detail Notes on All Funds

A. Assets

1. Deposits

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Cabarrus Health Alliance has no formal policy regarding custodial credit risk for deposits.

At June 30, 2016, the carrying amount of the County's bank deposits, including fiduciary funds, was \$56,913,287, and the bank balance was \$58,257,761. Of the bank balance, \$551,668 was covered by federal depository insurance, and \$57,706,093 was covered by collateral, held by authorized escrow agents in the name of the County, under the Pooling Method. There was \$83,445,062 held in financial institutions for restricted purposes. At June 30, 2016, the County had \$8,050 cash on hand.

At June 30, 2016, the carrying amount of the Cabarrus Health Alliance's bank deposits was \$1,817,332 and the bank balance was \$1,933,309. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Cabarrus Health Alliance's agent in the Alliance's name. At June 30, 2016, the Cabarrus Health Alliance had \$3,600 of cash on hand.

2. Investments

As of June 30, 2016, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method^{2,3}	Fair Value	Less Than 6 Months	6-12 Months
US Government Agencies	Amortized Cost	\$ 44,909,025	\$ 44,909,025	\$ -
US Treasuries	Fair Value-Level 1	10,003,450	5,002,100	5,001,350
Commercial Paper	Amortized Cost	15,892,869	15,892,869	-
NC Capital Management Trust:				
Cash Portfolio	Amortized Cost	1,163,565	N/A	N/A
Term Portfolio ¹	Fair Value-Level 1	1,075,426	1,075,426	-
Total		\$ 73,044,335	\$ 66,879,420	\$ 5,001,350

¹ Because the NC Capital Management Trust Term Portfolio had a duration of 0.14 years, it is presented as an investment with a maturity of less than six months

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

³ Level of fair value hierarchy: Level 1 - debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets

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

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2016, The County's investment in commercial paper were rated A-1 by Standard & Poor's, F-1 by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended. The County's investment in US Agencies (Federal Home Loan Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

Concentration of Credit Risk. With the exception of U.S. Treasury securities, U.S. agencies and authorized pools, Cabarrus County's investment policy does not allow for an investment in any one issuer in excess of 35% of the County's total investments. More than 5% of the County's investments are in Federal Home Loan Bank securities, Federal Farm Credit Bank securities, Fannie Mae Discount Note securities and Credit Suisse of New York commercial paper. These investments represent 32.9%, 24.6%, 16.4% and 16.3%, respectively, of the County's total applicable investments.

At June 30, 2016, the Cabarrus Health Alliance's investments consisted of \$5,786,179 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. The Cabarrus Health Alliance has no policy on credit risk, custodial credit risk or interest rate risk.

<u>Investment Type</u>	<u>Measurement Method</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
NC Capital Management Trust:				
Cash Portfolio	Amortized Cost	\$ 5,786,179	N/A	N/A
		<u>\$ 5,786,179</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Property Tax-Use-Value Assessment on Certain Lands

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 6,778,665	\$ 2,220,013	\$ 8,998,678
2013	6,926,227	1,644,978	8,571,205
2014	6,942,662	1,024,043	7,966,705
2015	6,878,324	395,504	7,273,828
Total	<u>\$ 27,525,878</u>	<u>\$ 5,284,538</u>	<u>\$ 32,810,416</u>

4. Receivables

a. Notes Receivable

On May 22, 2007 Midland Volunteer Fire and Rescue agreed to pay \$900,000 over a 10 year period at zero interest for the construction of a new fire station. The first payment of \$3,000 was due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 are payable each month through June 1, 2017. A final balloon payment of \$360,000 is due on July 1, 2017 for total payments of \$900,000. The unpaid balance of the note at June 30, 2016 was \$432,000. The note receivable is being reported in the Capital Reserve Capital Projects Fund.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

b. Government-wide Receivables

Receivables at the government-wide level for the Primary Government at June 30, 2016, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 4,200,275	\$ 6,859,340	\$ 9,686,704	\$10,437,579	\$ 31,183,898
Other Governmental	196,136	-	31,694	34,874	262,704
Total Receivables	<u>4,396,411</u>	<u>6,859,340</u>	<u>9,718,398</u>	<u>10,472,453</u>	<u>31,446,602</u>
Allowance for doubtful accounts	-	(5,485,081)	-	(5,164,945)	(10,650,026)
Total-governmental activities	<u>\$ 4,396,411</u>	<u>\$ 1,374,259</u>	<u>\$ 9,718,398</u>	<u>\$ 5,307,508</u>	<u>\$ 20,796,576</u>
	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Interest</u>	<u>Total</u>
Business-type activities:					
Landfill	\$ 3,697	\$ 39,172	\$ 75,330	\$ 6,248	\$ 124,447
Allowance for doubtful accounts	-	(9,335)	-	-	(9,335)
Total-business-type activities	<u>\$ 3,697</u>	<u>\$ 29,837</u>	<u>\$ 75,330</u>	<u>\$ 6,248</u>	<u>\$ 115,112</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	\$ 8,548,758	\$ -
Motor Vehicle Tax	1,169,640	-
Solid waste disposal tax	-	9,953
Scrap tire tax	-	65,377
	<u>\$ 9,718,398</u>	<u>\$ 75,330</u>

Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2016, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,986,442	\$ 872,578	\$ 92,911	\$ 2,951,931
Allowance for doubtful accounts	-	(140,150)	-	(140,150)
Total Receivables	<u>\$ 1,986,442</u>	<u>\$ 732,428</u>	<u>\$ 92,911</u>	<u>\$ 2,811,781</u>
Total-governmental activities	<u>\$ 1,986,442</u>	<u>\$ 732,428</u>	<u>\$ 92,911</u>	<u>\$ 2,811,781</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2016:

	Beginning <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending <u>Balance</u>
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 21,801,111	\$ 419,629	\$ (584,554)	\$ -	\$ 21,636,186
Construction in Progress	<u>1,440,922</u>	<u>905,445</u>	<u>-</u>	<u>(1,155,858)</u>	<u>1,190,509</u>
Total capital assets not being depreciated	<u>23,242,033</u>	<u>1,325,074</u>	<u>(584,554)</u>	<u>(1,155,858)</u>	<u>22,826,695</u>
Capital Assets being depreciated:					
Buildings	163,667,641	7,892	(159,693)	155,694	163,671,534
Building Improvements	21,169,762	37,806	(214,462)	-	20,993,106
Equipment	14,703,360	1,195,579	(173,697)	1,000,164	16,725,406
Furniture and Fixtures	1,216,104	68,915	(26,543)	-	1,258,476
Land Improvements	8,281,457	-	-	-	8,281,457
Vehicles	11,452,309	1,287,462	(727,947)	-	12,011,824
Reservoir	<u>21,743,730</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,743,730</u>
Total capital assets being depreciated	<u>242,234,363</u>	<u>2,597,654</u>	<u>(1,302,342)</u>	<u>1,155,858</u>	<u>244,685,533</u>
Less accumulated depreciation for:					
Buildings	30,116,219	4,010,283	(139,731)	-	33,986,771
Building Improvements	4,948,339	528,256	(114,352)	-	5,362,243
Equipment	12,213,522	1,027,201	(161,377)	-	13,079,346
Furniture and Fixtures	1,043,588	101,289	(26,543)	-	1,118,334
Land Improvements	4,623,496	477,443	-	-	5,100,939
Vehicles	8,229,949	1,196,169	(625,200)	-	8,800,918
Reservoir	<u>413,544</u>	<u>21,766</u>	<u>-</u>	<u>-</u>	<u>435,310</u>
Total accumulated depreciation	<u>61,588,657</u>	<u>7,362,407</u>	<u>(1,067,203)</u>	<u>-</u>	<u>67,883,861</u>
Total Capital Assets, being depreciated, net	<u>180,645,706</u>	<u>(4,764,753)</u>	<u>(235,139)</u>	<u>1,155,858</u>	<u>176,801,672</u>
Governmental Capital Assets, net	<u>\$ 203,887,739</u>	<u>\$ (3,439,679)</u>	<u>\$ (819,693)</u>	<u>\$ -</u>	<u>\$ 199,628,367</u>

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

Governmental activities:	
General Government	\$ 854,067
Public Safety	4,743,809
Environmental Protection	47,533
Economic & Physical Development	21,765
Human Services	380,475
Culture & Recreation	<u>1,314,758</u>
Total depreciation expense - governmental activities	<u>\$ 7,362,407</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Capital asset activity for the year ended June 30, 2016:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 490,447	\$ -	\$ -	\$ -	\$ 490,447
Construction in Progress	352,677	9,900	-	(352,677)	9,900
Total Capital assets, not being depreciated:	<u>843,124</u>	<u>9,900</u>	<u>-</u>	<u>(352,677)</u>	<u>500,347</u>
Capital assets, being depreciated:					
Land Improvements	1,591,483	-	-	352,677	1,944,160
Vehicles	2,173,312	-	(6,400)	-	2,166,912
Equipment	209,858	-	-	-	209,858
Buildings	1,256,544	-	-	-	1,256,544
Total Capital assets, being depreciated:	<u>5,231,197</u>	<u>-</u>	<u>(6,400)</u>	<u>352,677</u>	<u>5,577,474</u>
Less accumulated depreciation for:					
Land Improvements	803,243	93,100	-	-	896,343
Vehicles	1,894,792	152,254	(6,400)	-	2,040,646
Equipment	209,858	-	-	-	209,858
Buildings	282,387	31,413	-	-	313,800
Total Accumulated Depreciation	<u>3,190,280</u>	<u>276,767</u>	<u>(6,400)</u>	<u>-</u>	<u>3,460,647</u>
Total Capital assets, being depreciated, net	<u>2,040,917</u>	<u>(276,767)</u>	<u>-</u>	<u>352,677</u>	<u>2,116,827</u>
Proprietary Capital assets, net	<u>\$ 2,884,041</u>	<u>\$ (266,867)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,617,174</u>

Construction commitments

The government has active construction projects as of June 30, 2016. The projects include construction of four new schools, tax department renovations and additions and other improvements at Rob Wallace Park. At year-end, the government's commitments with contractors are as follows:

Project	Spent-To-Date	Remaining Commitment
New School Construction	\$ 21,232,669	\$ 80,196,225
Tax Department Renovations	85,300	34,700
Rob Wallace Park	90,343	1,513,357
Rob Wallace Park Parking Lot	213,245	11,500
	<u>\$ 21,621,557</u>	<u>\$ 81,755,782</u>

Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Furniture and fixtures	\$ 255,162	\$ 54,055	\$ -	\$ 309,217
Vehicles	563,991	49,900	-	613,891
Equipment	1,184,845	69,500	(18,231)	1,236,114
Land Improvements	600,505	-	-	600,505
Total capital assets being depreciated	<u>2,604,503</u>	<u>173,455</u>	<u>(18,231)</u>	<u>2,759,727</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation:				
Furniture and fixtures	156,973	60,042	-	217,015
Vehicles	435,640	37,784	-	473,424
Equipment	891,238	141,778	(18,231)	1,014,785
Land Improvements	422,475	40,034	-	462,509
Total accumulated depreciation	<u>1,906,326</u>	<u>279,638</u>	<u>(18,231)</u>	<u>2,167,733</u>
Total governmental activities, being depreciated (net)	<u>\$ 698,177</u>	<u>\$ (106,183)</u>	<u>\$ -</u>	<u>\$ 591,994</u>
Governmental Capital Assets, net	<u><u>\$ 698,177</u></u>	<u><u>\$ (106,183)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 591,994</u></u>

B. Liabilities

1. Payables

Payables at the government-wide level for the Primary Government at June 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 3,433,634	\$ 3,584,067	\$ 2,920,216	\$ 9,937,917
School Construction Debt	2,681,934	-	-	2,681,934
Other Governmental	1,488,914	4,663	50,000	1,543,577
Total-governmental activities	<u>\$ 7,604,482</u>	<u>\$ 3,588,730</u>	<u>\$ 2,970,216</u>	<u>\$ 14,163,428</u>
Business-type activities				
Landfill	<u>\$ 83,880</u>	<u>\$ 16,841</u>	<u>\$ 20,345</u>	<u>\$ 121,066</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 516,242</u>	<u>\$ 488,414</u>	<u>\$1,004,656</u>
Total-governmental activities	<u>\$ 516,242</u>	<u>\$ 488,414</u>	<u>\$1,004,656</u>

2. Pension Plan and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Cabarrus County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. Cabarrus County's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.74% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Cabarrus County were \$2,903,772 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$3,247,518 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.724%, which was a decrease of 0.016% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$1,695,006. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ -	\$ 763,352
Net difference between projected and actual earnings on pension plan investments	-	924,558
Changes in proportion and differences between County contributions and proportionate share of contributions	-	256,080
County Contributions subsequent to the measurement date	2,903,772	-
	\$ 2,903,772	\$ 1,943,990

\$2,903,772 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$ (1,148,779)
2018	(1,148,779)
2019	(1,147,404)
2020	1,500,972
2021	-
Thereafter	-
	\$ (1,943,990)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100.0%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension liability to changes in the discount rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 22,645,396	\$ 3,247,518	\$ (13,094,765)

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

b. Law Enforcement Officers' Special Separation Allowance

Plan Description. Cabarrus County administers a public employee retirement system (the "Separation Allowance"); a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. 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.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>207</u>
Total	<u><u>218</u></u>

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. For the current year, the County contributed \$186,380 or 1.80% 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, 2016 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was market value. The remaining amortization period at December 31, 2014 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, 2016 are shown:

Annual required contribution	\$ 480,375
Interest on net pension obligation	9,355
Adjustment to annual required contribution	<u>(23,076)</u>
Annual pension cost	466,654
Contributions made	<u>(186,380)</u>
Increase in net pension obligation	280,274
Net pension obligation beginning of year	<u>187,096</u>
Net pension obligation end of year	<u><u>\$ 467,370</u></u>

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Funded Status and Funding Progress.

3 Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 520,187	87.90%	\$ 276,171
6/30/2015	446,748	119.94%	187,096
6/30/2016	466,654	39.94%	467,370

As of December 31, 2015, the most recent actuarial valuation date, the plan was 31.00 percent funded. The actuarial accrued liability for benefits was \$6,532,773, and the actuarial value of assets was \$2,025,182, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,507,591. The covered payroll (annual payroll of active employees covered by the plan) was \$10,335,413 and the ratio of the UAAL to the covered payroll was 43.61 percent.

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

c. Supplemental Retirement Income Plan (401k)

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The County has chosen to extend this benefit to all its full and part-time (who are eligible for North Carolina Local Governmental Employees' Retirement System) employees. Contributions by Cabarrus County for the year ended June 30, 2016 were \$2,907,662 which consisted of \$2,128,020 from the County and \$779,642 from the employees. In February 2009, the Cabarrus Health Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Cabarrus Health Alliance employees made contributions of \$298,173 for the year ended June 30, 2016.

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

d. Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$19,597 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$525,183 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 2.267%, which was an increase of 0.124% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(18,758). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,571	\$ 8,694
Net difference between projected and actual earnings on pension plan investments	26,046	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,654	19,318
County Contributions subsequent to the measurement date	19,597	-
	<u>\$ 49,868</u>	<u>\$ 28,012</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

\$19,597 reported as deferred outflows of resources related to pensions resulting from County's contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	\$	(2,873)
2018		(5,690)
2019		3,792
2020		7,030
2021		-
Thereafter		-
	<u>\$</u>	<u>2,259</u>

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary Increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income class. The best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Cabarrus County, North Carolina
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Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.75 percent) or one percentage point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	(473,830)	(525,183)	(569,375)

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

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, 2015 the date of the latest actuarial valuation:

Retirees receiving benefits	88
Active Plan Members:	
General Employees	721
Law Enforcement	196
Total	1,005

Funding Policy. The Board of Commissioners established the contribution requirements of plan members which may be amended by the Board. 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.

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The current Annual Required Contribution rate is 7.55% of annual covered payroll (4.82% normal costs and 2.73% accrued liability). The County contributed \$1,031,473 or 2.42% 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 8.6% and 6.3% of covered payroll respectively. Employees and retirees who currently use tobacco products and have not signed a non-use tobacco certification forfeit a \$50 monthly premium discount. Employees that have decided not to participate in the County's Accountability Improvement Measures (AIM) program also forfeit a \$50 monthly premium discount. Total contributions from the employees or retirees that forfeit the tobacco or AIM totaled \$71,000 and \$9,450, respectively, for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$867,831.

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 OPEB 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:

	2016
Annual Required Contribution	\$ 3,174,594
Interest on Net OPEB Obligation	486,342
Adjustment to annual required contribution	(464,608)
Annual OPEB cost (expense)	3,196,328
Contributions made	(1,031,473)
Increase (decrease) in net OPEB obligation	2,164,855
Net OPEB obligation, beginning of year	12,158,555
Net OPEB obligation, end of year	\$ 14,323,410

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 3,096,965	37.0%	\$ 10,250,408
2015	3,100,446	39.0%	12,158,555
2016	3,196,328	32.3%	14,323,410

Funded Status and Funding Progress. As of December 31, 2015 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 \$29,664,669. The covered payroll (annual payroll of active employees covered by the plan) was \$39,265,400 and the ratio of the UAAL to the covered payroll was 75.5%. 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.

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

In the December 31, 2015 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 7.75 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 payrolls on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

f. Other Employment Benefits

The County and the Cabarrus Health Alliance have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employee's Retirement System (Death Benefit Plan), a State administered plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. 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 this combined life insurance coverage exceeds the \$50,000 limit, the excess amount is multiplied by a premium cost factor per \$1,000 based on age at December 31st provided by the IRS. This amount is then added to the employee's taxable wages on a calendar year basis.

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

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,900,534 reported as landfill closure and post closure care liability at June 30, 2016 represents a cumulative amount reported to date based on the use of 87% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post closure cost of \$974,609 as the remaining estimated capacity is filled. These amounts are based on what it cost to perform all closure and post closure care in 2016. Actual Costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

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

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 21,573,269	\$ -
Pensions - difference between expected and actual experience LGERS	2,571	772,046
Pensions - difference between projected and actual investment earnings	26,046	924,558
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	1,655	275,398
Contributions to pension plan in 2015-2016 fiscal year	2,923,369	-
Prepaid taxes not yet earned	-	424,966
Child Support Incentive	-	77,033
Government-wide deferred outflows and inflows of resources	24,526,910	2,474,001
Taxes receivable, net (General)	-	4,937,931
Ambulance receivable, net (General)	-	1,374,259
Total	\$ 24,526,910	\$ 8,786,191

5. 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 property liability program which is financed using a combination of self-funding and purchasing excess insurance coverage through the Carolina Governmental Alliance, Inc., a governmental corporation, through September 1, 2015. Effective September 1, 2015, the property liability insurance program was transferred to Cabarrus County for financial reporting purposes. A property liability insurance fund was established to track all the financial transaction related to this program. The County retains the first \$350,000 in liability claims. Excess liability insurance above the \$350,000 retention is purchased up to a total limit of \$2,500,000 per occurrence and \$5,000,000 aggregate.

The property insurance program is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation, through September 1, 2015. 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.

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The County purchases primary policies for Emergency Medical Services (EMS). The policies provide coverage 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. The transportation policy was non-renewed on May 16, 2016 and the liability coverage was continued with the general liability insurance of the County.

Fidelity exposures are covered through the purchase of Bonds. The Carolina Governmental Alliance, Inc. secured the purchase of these Bonds on behalf of the County through September 1, 2015.

The workers' compensation insurance program is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation, through September 1, 2015. Effective September 1, 2015, the workers' compensation insurance program was transferred to Cabarrus County for financial reporting purposes. A workers' compensation insurance fund was established to track all the financial transaction related to this program. The County has purchased excess workers' compensation insurance for claims in excess of that amount. The self-insured retention for Workers' Compensation is as follows: \$600,000 occurrence Police & Drivers, Fire and EMS (EMS occurrences resulting in an injury to any employee in, upon, entering, or alighting from any employer owned or non-owned ambulance) and \$500,000 for all other occurrence.

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

The County carries commercial coverage for all other risks of loss including flood loss. Flood coverage is an annual aggregate not to exceed \$50,000,000. There have been no significant reductions in insurance coverage from previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

Cabarrus County had 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. Currently Cabarrus County is the sole member and the CGA was discontinued effective September 1, 2015. The County will continue to self-fund and purchase excess insurance coverage for potential exposures. The County also hired Arthur J. Gallagher Risk Management Services Inc. to provide broker services for the County for FY2017 coverage.

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, 2016 is shown.

Self-Insured Workers' Compensation and Property Liability

	6/30/2016
Unpaid claims, beginning of fiscal year	\$ -
Incurred claims	1,068,113
Claims payments	(666,029)
Unpaid claims, end of fiscal year	\$ 402,084

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

**Cabarrus County, North Carolina
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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, 2016 is shown.

Self-Insured Health Insurance		
	6/30/2015	6/30/2016
Unpaid claims, beginning of fiscal year	\$ 1,105,693	\$ 1,448,269
Incurred claims	6,836,564	6,888,932
Claims payments	(6,493,988)	(6,897,612)
Unpaid claims, end of fiscal year	\$ 1,448,269	\$ 1,439,589

6. Contingent Liabilities

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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.

As of June 30, 2016, the County was a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of counsel for the County that resolution of these matters will not have a material adverse impact on the financial condition of the County.

7. Long-Term Obligations

a. Capital Leases

The County has entered into agreements 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 at 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 future minimum lease payments as of the date of inception. In May 2016, the County sold 40.6 acres of this property. The 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. The final payment on the lease was made in June 2016.

Cabarrus County, North Carolina
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The assets acquired through a capital lease are as follows:

	Governmental Activities
County owned Asset:	
Equipment	\$ 603,312
Land	2,836,840
Less: Accumulated depreciation	(603,312)
Total	\$ 2,836,840

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending, June 30	Governmental Activities
2017	\$ 190,000
2018	190,000
2019	190,000
2020	190,000
2021	190,000
2022-2026	950,000
2027-2031	950,000
2032-2036	950,000
2037-2038	380,000
Total Minimum lease payments	4,180,000
Less: amount representing interest	(1,434,289)
Present value of minimum lease payments	\$ 2,745,711

b. Operating Leases

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$1,130,335 for the year ended June 30, 2016. The future minimum lease payments for these leases are as follows:

Year Ending, June 30	Amount
2017	\$ 1,131,439
2018	859,217
2019	750,882
2020	751,747
2021	717,724
2022	657,914
Total	\$ 4,868,923

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c. Notes Payable

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

<u>Year Ending, June 30</u>	<u>Principal</u>
2017	\$ 91,465
2018	91,465
2019	91,464
2020	91,464
	<u>\$ 365,858</u>

d. General Obligation Indebtedness

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

The County's general obligation bonds payable at June 30, 2016 are comprised of the following individual issues:

\$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.	\$ 5,405,000
\$62,360,000 (May 15, 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>59,815,000</u>
	<u>\$ 65,220,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2016, for the County's general obligation bonds are as follows:

<u>Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 7,360,000	\$ 2,758,588
2018	7,190,000	2,431,088
2019	6,380,000	2,208,788
2020	6,425,000	1,889,788
2021	6,380,000	1,644,100
2022-2026	28,675,000	3,709,075
2027-2027	2,810,000	112,400
	<u>\$ 65,220,000</u>	<u>\$ 14,753,827</u>

At June 30, 2016 Cabarrus County had a legal debt margin of \$1,267,826,961.

Cabarrus County, North Carolina
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e. Certificates of Participation/Limited Obligation Bonds

On February 22, 2007, the Cabarrus County Development Corporation issued \$33,595,000 (2007) in Certificates of Participation (COPS) Installment contracts to finance the construction of a sheriff administration facility. The original 20-year COPS had interest rates ranging from 4.0% to 5.625%. Debt Service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a two-year period to be \$3,589,938. One payment of principal and interest remains totaling \$1,753,700. The total principal balance due at June 30, 2016 is \$1,680,000.

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 Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. The original 20-year COPS had interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$10,431,263. Total remaining annual payments of principal and interest range from approximately \$2,462,250 to \$2,661,575. The total principal balance due at June 30, 2016 is \$7,035,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11-year COPS have interest rates ranging from 3.00% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments of principal and interest range from approximately \$1,485,750 to \$1,642,600. Total principal and interest over an 11-year period will be \$20,864,956. The total principal balance due at June 30, 2016 is \$4,325,000.

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. The original 20-year COPS had interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a three-year period to be \$10,182,550. Total remaining annual payments of principal and interest range from approximately \$3,249,750 to \$3,404,500. The total principal balance due at June 30, 2016 is \$6,190,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide fund (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. The original 20-year COPS had interest rates ranging from 3.0% to 5.0%. Debt service is financed by Cabarrus County property tax revenues. A portion of the COPS was refunded on March 26, 2015, leaving the total principal and interest over a four-year period to be \$21,246,450. Total remaining annual payments of principal and interest range from approximately \$4,966,000 to \$5,422,050. The total principal balance due at June 30, 2016 is \$14,195,000.

On September 22, 2010, the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction of Cox Mill Elementary School, Harris Road Middle School, C.C. Griffin Middle School and equipping of two middle schools and one elementary school. These 11-year COPS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$23,666,150. Total remaining payments of principal and interest range from approximately \$1,865,250 to \$2,265,450. The total principal balance due at June 30, 2016 is \$9,160,000.

On April 14, 2011, the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15-year COPS are financed under two bullets using Qualified School Construction Bonds. The first bullet, in the amount of \$7,200,000, will mature in 2023, with an interest rate of 5.10%, and the second bullet, for \$7,435,000, will mature in 2026 with an interest rate of

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

5.50%. The Federal subsidy rate on the deal was a 5.43%. The second bullet will have a net interest cost to the County of 0.07%, while the County will have no interest cost on the first bullet. The principal on this debt is deferred for five years with the first principal payment due on April 1, 2016. The principal payments will be held in an interest bearing sinking fund until the bullet payments are due. Debt Service is financed by Cabarrus County property tax revenues. Total remaining annual payments of principal and interest range from approximately \$776,125 to \$7,843,926. Total principal and interest over a 15-year period will be \$25,147,248 less the federal subsidy of \$10,434,369, with the net cost to the County of \$14,712,879. In fiscal year 2013, the Federal Government began reducing the subsidy payment by approximately 7.6% for a Federal sequestration. The total principal balance at June 30, 2016 is \$14,635,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$11,735,000 (2011B) Limited Obligation Bonds (LOBS) contracts to refund \$11,970,000 of the 2002 COPS issued for the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. These 11-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over an 11-year period will be \$14,988,756. Total remaining annual payments of principal and interest range from approximately \$1,309,150 to \$1,654,400. The total principal balance due at June 30, 2016 is \$7,625,000.

On August 31, 2011, the Cabarrus County Development Corporation issued \$21,780,000 (2011C) Limited Obligation Bonds (LOBS) contracts to refund \$22,425,000 of the 2003 COPS issued for the cost of acquiring real property, construction and equipping of Bethel Elementary School, Pitts Road Elementary, Kannapolis Middle School, expansion of two existing elementary school facilities and various real and personal property improvements. These 13-year LOBS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$29,779,084. Total remaining annual payments of principal and interest range from approximately \$2,047,500 to \$2,785,400. The total principal balance due at June 30, 2016 is \$15,770,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$18,045,000 (2015A) Limited Obligation Bonds (LOBS) contracts to refund \$16,795,000 of the 2007 COPS issued for the construction of a sheriff administration facility. These 12-year LOBS have an interest rate of 2.38%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 12-year period will be \$21,057,440. Total remaining annual payments of principal and interest range from approximately \$642,807 to \$2,322,571. The total principal balance due at June 30, 2016 is \$17,765,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$23,460,000 (2015B) Limited Obligation Bonds (LOBS) contracts to refund \$21,105,000 of the 2008A COPS issued to finance the construction of Cox Mill High School and Engineering and Architect fees for A.T. Allen Elementary School, Hickory Ridge Middle School, Patriots Elementary School and a wing addition at A.L. Brown High School. These 13-year LOBS have an interest rate of 2.49%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 13-year period will be \$28,404,338. Total remaining annual payments of principal and interest range from approximately \$863,716 to \$3,208,776. The total principal balance due at June 30, 2016 is \$23,130,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$38,295,000 (2015C) Limited Obligation Bonds (LOBS) contracts to refund \$34,025,000 of the 2008C COPS issued to fund the cost of construction of a residential tower to house County inmates and related improvements. These 14-year LOBS have an interest rate of 2.51%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$46,368,088. The total remaining annual payments of principal and interest range from approximately \$1,487,340 to \$4,583,409. The total principal balance due at June 30, 2016 is \$37,690,000.

On March 26, 2015, the Cabarrus County Development Corporation issued \$54,435,000 (2015D) Limited Obligation Bonds (LOBS) contracts to refund \$47,300,000 of the 2009 COPS issued a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing Patriots Elementary School, A.T. Allen Elementary School, Hickory Ridge Middle School, Harold E. Winkler Middle School, a wing addition and renovation at A.L. Brown High School and equipping the Facilities. These 14-year LOBS have an interest rate of 2.52%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 14-year period will be \$66,336,892. Total remaining annual payments of principal and interest range from approximately \$2,095,302 to \$6,827,090. The total principal balance due at June 30, 2016 is \$53,385,000.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

On March 10, 2016, the Cabarrus County Development Corporation issued \$73,785,000 (2016) Limited Obligation Bonds (LOBS) contracts for the construction of Mount Pleasant Middle School, Kannapolis Middle School and Royal Oaks Elementary School. These 20-year LOBS have interest rates ranging from 2.00% to 5.00%. Debt Service is financed by Cabarrus County property tax revenues. Total principal and interest over a 20-year period will be \$108,697,900. Annual principal and interest payments range from \$3,804,763 to \$7,024,012. The total principal balance due at June 30, 2016 is \$73,785,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2016 for the County's Certificates of Participation/Limited Obligation Bonds are as follows:

Year Ending, June 30	Principal	Interest
2017	\$ 23,995,000	\$ 10,489,877
2018	23,955,000	9,531,779
2019	23,905,000	8,524,097
2020	22,375,000	7,519,528
2021	22,105,000	6,767,833
2022-2026	103,595,000	22,732,513
2027-2031	47,995,000	7,693,319
2032-2036	18,445,000	2,296,213
Total	<u>\$ 286,370,000</u>	<u>\$ 75,555,159</u>

f. Advance Refundings

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. There is no defeased principal debt outstanding as of June 30, 2016. 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.

On March 26, 2015, Cabarrus County issued \$134,235,000 of Limited Obligation Bonds, Series 2015 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 2007, 2008A, 2008C and 2009 Certificates of Participation. The refunded debt consists of a portion (\$16,795,000) of the County's Series 2007 Certificates of Participation dated February 22, 2007, and maturing February 1, 2018 through February 1, 2027, a portion (\$21,105,000) of the County's Series 2008A Certificates of Participation dated January 25, 2008 and maturing June 1, 2021, 2023, 2025, and 2028, a portion (\$34,025,000) of the County's Series 2008C Certificates of Participation dated December 1, 2008 and maturing June 1, 2019 through June 1, 2029, and a portion (\$47,300,000) of the County's Series 2009 Certificates of Participation dated July 16, 2009 and maturing January 1, 2020 through January 1, 2029. The refunding debt was issued at a net interest cost of 2.496059%. As a result, the refunded Certificates of Participation are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net position. The amount of defeased principal debt that remains outstanding as of June 30, 2016 is \$119,225,000. This refunding was undertaken to reduce total debt service payments over the following 14 years by \$8,946,701 and resulted in a present value cash flow savings of \$7,655,952.

Debt related to Capital Activities – Of the total Governmental Activities debt listed only \$72,774,122 relates to assets for which the County holds title. There is no unspent restricted cash related to the debt amounts.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016

g. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 72,755,000	\$ -	\$ 7,535,000	\$ 65,220,000	\$ 7,360,000
Plus: Premiums on issuance	9,692,259	-	1,012,022	8,680,237	-
Total General Obligation Bonds	<u>82,447,259</u>	<u>-</u>	<u>8,547,022</u>	<u>73,900,237</u>	<u>7,360,000</u>
Certificates of Participation/ Limited Obligation Bonds	233,295,000	73,785,000	20,710,000	286,370,000	23,995,000
Plus: Premiums on issuance	5,144,690	11,159,452	978,147	15,325,995	-
Total Certificates of Participation/ Limited Obligation Bonds	<u>238,439,690</u>	<u>84,944,452</u>	<u>21,688,147</u>	<u>301,695,995</u>	<u>23,995,000</u>
Notes Payable	457,323	-	91,465	365,858	91,465
Capital Leases	2,955,793	-	210,083	2,745,711	80,172
Compensated absences	3,493,458	2,545,311	2,262,210	3,776,559	1,371,158
Net Pension liability (LRS)	-	3,235,173	-	3,235,173	-
Other postemployment benefits	12,068,613	3,185,619	1,031,473	14,222,759	-
Unfunded Pension Cost	187,096	466,654	186,380	467,370	-
Total governmental activities	<u>\$ 340,049,232</u>	<u>\$ 94,377,209</u>	<u>\$ 34,016,780</u>	<u>\$ 400,409,662</u>	<u>\$ 32,897,795</u>
	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Business-type activities					
Compensated absences	\$ 24,006	\$ 27,259	\$ 21,687	\$ 29,578	\$ 24,006
Net pension liability (LRS)	-	12,345	-	12,345	-
Other postemployment benefits	89,942	10,709	-	100,651	-
Landfill Closure/Post-Closure	3,135,867	764,667	-	3,900,534	88,000
Total business-type activities	<u>\$ 3,249,815</u>	<u>\$ 814,980</u>	<u>\$ 21,687</u>	<u>\$ 4,043,108</u>	<u>\$ 112,006</u>
	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Discretely presented component unit:					
Compensated absences	\$ 572,106	\$ 615,085	\$ (611,883)	\$ 575,308	\$ 563,802
OPEB Obligation	\$ 759,862	\$ 131,703	\$ (55,811)	\$ 835,754	-
Total discretely presented component unit	<u>\$ 1,331,968</u>	<u>\$ 746,788</u>	<u>\$ (667,694)</u>	<u>\$ 1,411,062</u>	<u>\$ 563,802</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.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

h. Conduit Debt Obligations

Cabarrus County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

The composition of interfund balances as of June 30, 2016 is as follows:

			Transfers In	Total Transfers Out
	<u>General</u>	<u>School Construction Debt</u>	<u>Non Major</u>	
General	\$ -	\$ 17,500	\$ 22,151,597	\$ 22,169,097
Non-Major	4,329,987	3,493,492	12,972,357	20,795,836
Total	<u>\$ 4,329,987</u>	<u>\$ 3,510,992</u>	<u>\$ 35,123,954</u>	<u>\$ 42,964,933</u>

Transfers to and from other funds at June 30, 2016 consists of the following:

To the General Fund from the Justice Center Construction Capital Projects Fund to close the Justice Center Construction Capital Projects Fund	\$ 83,642
To the General Fund from the Public School Building Capital Projects Fund for debt service payments.	2,000,000
To the General Fund from the Capital Reserve Fund for purchase of school buses and mobile units	1,985,000
To the General Fund from the Certificates of Participation 2009 Capital Projects Fund for debt service payments	261,345
To the Community Development Special Revenue Fund from the General Fund for HOME grant County match	25,000
To the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund for the operations of the facility.	603,789

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

To the Construction and Renovation Capital Projects Fund from the General Fund for various County projects	1,979,828
To the School Construction Capital Projects Fund from the General Fund for new early college at RCCC	727,960
To the Special Projects Fund Capital Projects Fund from the General Fund for elections voting equipment	35,863
To the Capital Reserve Fund from the General Fund to fulfill the 15% Fund Balance policy	18,779,157
To the Capital Reserve Fund from the School Construction Capital Projects Fund for additional classrooms at Odell Elementary School	6,600
To the Construction and Renovation Capital Projects Fund from the Capital Reserve Fund for various County projects	5,513,875
To the School Construction Capital Projects Fund from the Utility - Capital Projects Fund for utility extension at Odell Elementary School	14,980
To the School Construction Capital Projects Fund from the Capital Reserve Fund for the purchase of land, renovations and additions for various schools	7,436,902
To the School Construction Debt Capital Projects Fund from the General Fund for Kannapolis Middle School	17,500
To the School Construction Debt Capital Projects Fund from the Capital Reserve Fund for construction of Mt. Pleasant Middle School, Royal Oaks Elementary and Kannapolis Middle School School	<u>3,493,492</u>
Total	<u><u>\$ 42,964,933</u></u>

D. Net Investment in Capital Assets

Governmental Activity, net investment in capital assets at June 30, 2016, are computed as follows:

Capital assets, net of accumulated depreciation	\$ 199,628,367
Deferred outflows of resources	21,573,269
Less: capital debt	
Gross debt	(378,707,800)
School debt related to assets to which the County does not capitalize	305,933,678
Unspent debt proceeds, non school related debt	<u>-</u> (72,774,122)
Deferred outflows related to school debt	<u>(16,043,020)</u>
Net investment in capital assets	<u><u>\$ 132,384,494</u></u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2016 the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

F. Public School Building Capital Fund

The Public School Building Capital Fund 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 maintain an ADM allocation account for the County. At June 30, 2016 the balance of the County's ADM allocation account was \$299. 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, 2016 the County's disbursing account had a \$0 balance.

G. Internal Service

The County has two internal service funds, one for self-insured hospitalization insurance and the other for workers' compensation and property liability insurance. The self-insured hospitalization insurance fund accumulates premiums and pays all claims and related expenses for health insurance activities. At June 30, 2016 the self-insured hospitalization internal service fund had an unrestricted net position of \$4,042,650. The self-insured workers' compensation and property liability insurance fund accumulates premiums and pays all claims and related expenses for workers' compensation and property liability insurance activities. At June 30, 2016 the self-insured hospitalization | dental internal service fund had an unrestricted net position of \$4,608,632. In the basic financial statements, the net assets and activities have been allocated to all governmental fund types, and business types as applicable. These surpluses are being retained for anticipated future catastrophic losses.

H. 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. The amounts are not included in the County's or Cabarrus Health Alliance's financial statements since the County and the Alliance have no primary responsibilities beyond making eligibility determinations.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

	<u>Federal</u>	<u>State</u>
Food Stamp - WIC	\$ 3,335,355	\$ -
Temporary assistance to needy families	602,549	-
Refugee	466	-
LINKS	5,377	-
Foster Care	275,622	92,735
Adoption assistance	523,225	134,921
Medical assistance	118,369,651	62,613,692
State Children's Health Insurance	3,919,241	189,763
Special assistance to adults	-	929,928
Total	<u>\$ 127,031,486</u>	<u>\$ 63,961,039</u>

Note 3. Joint Ventures

The County participates in a joint venture to operate Cardinal Innovations Healthcare Solution with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because Cardinal Innovations Healthcare Solution's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in Cardinal Innovations Healthcare Solution, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,020 to Cardinal Innovations Healthcare Solution to supplement its activities. Complete financial statements for Cardinal Innovations Healthcare Solution can be obtained from Cardinal Innovations Healthcare Solution's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan-Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan-Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an *ex-officio* non-voting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2006 General Obligation bonds issued, no debt is still outstanding. Of the 2013 Refunding General Obligation bonds issued, \$2,116,073 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$2,268,205 to the community college for operating purposes and \$567,855 for capital outlay during the fiscal year ended June 30, 2016. In addition, the County made debt service payments of \$129,167 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. 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.

Note 4. Jointly Governed Organization

The County in conjunction with the Cities of Concord and Kannapolis and the Towns of Harrisburg and Mount Pleasant organized the Water and Sewer Authority of Cabarrus County in order to operate and maintain a regional interceptor sewer system and wastewater treatment system. Although not a user of the wastewater treatment services, the County is a related party by virtue of joint governance of the Water and Sewer Authority of Cabarrus County.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2016**

Note 5. Change in Accounting Principles/Restatement

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the County reclassified the Law Enforcement Officers' Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased \$1,576,476.

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, 2016.

**Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2016**

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)
12/31/2006	\$ 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%
12/31/2013	1,317,523	3,575,604	2,258,081	36.85%	8,494,577	26.58%
12/31/2014	1,669,698	3,938,958	2,269,260	42.39%	9,163,789	24.76%
12/31/2015	2,025,182	6,532,773	4,507,591	31.00%	10,335,413	43.61%

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	12/31/2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar open basis
Remaining amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50% to 7.35%
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, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%
12/31/2013	-	29,435,762	29,435,762	0.0%	35,882,634	82.0%
12/31/2015	-	29,664,669	29,664,669	0.0%	39,265,400	75.5%

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

<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 1,850,169	\$ 817,009	44.2%
2009	2,156,844	1,401,505	65.0%
2010	2,513,177	795,031	31.6%
2011	2,513,177	1,372,104	54.6%
2012	3,060,420	1,371,402	44.8%
2013	3,060,420	1,132,984	37.0%
2014	3,082,130	1,148,893	37.3%
2015	3,082,130	1,192,298	38.7%
2016	3,174,594	1,031,473	32.5%

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	12/31/2015
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	7.75% - 5.00%
Year of Ultimate trend rate	2022

*Includes inflation at 3.00%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.724%	0.740%	0.741%
County's proportionate share of the net pension liability (asset) \$	3,247,518	(4,362,472)	8,935,512
County's covered-employee payroll	39,999,294	39,888,050	38,285,570
County's proportionate share of the net pension Liability (asset) as a percentage of its covered-employee payroll	8.12%	(10.94%)	23.34%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

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

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

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

Exhibit 14

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,903,772	\$ 2,855,518	\$ 2,836,414
Contributions in relation to the contractually required contribution	<u>2,903,772</u>	<u>2,855,518</u>	<u>2,836,414</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	42,621,387	39,999,294	39,888,050
Contributions as a percentage of covered-employee payroll	6.81%	7.14%	7.11%

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

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

Exhibit 15

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	2.267%	2.143%	2.163%
County's proportionate share of the net pension liability (asset) \$	(525,183)	(485,686)	(462,104)
County's covered-employee payroll	71,326	71,286	60,367
County's proportionate share of the net pension Liability (asset) as a percentage of its covered-employee payroll	(736.31%)	(681.31%)	(765.49%)
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

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

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

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

Exhibit 16

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 19,597	\$ 18,134	\$ 17,494
Contributions in relation to the contractually required contribution	<u>19,597</u>	<u>18,134</u>	<u>17,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	71,669	71,326	71,286
Contributions as a percentage of covered-employee payroll	27.34%	25.42%	24.54%

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



Other Supplemental Information

Combining Statements for Non-Major Funds

Special Revenue Funds

Capital Projects Funds

Fiduciary Funds

Cabarrus County, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds							Capital Projects Funds						Total Non-major Governmental Funds	
	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts' Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds	Justice Center Construction Fund	Construction and Renovations Fund	School Construction Fund	Capital Reserve Fund	Small Projects Fund	Cannon Memorial Library Fund		Total Capital Projects Funds
ASSETS															
Cash and cash equivalents	\$ 372,157	\$ 53,829	\$ 1,218,642	\$ 16,817	\$ 156,540	\$ 128,012	\$ 1,945,997	\$ 89,476	\$ 8,620,961	\$ 13,026,457	\$ 14,022,937	\$ 2,009,080	\$ -	\$ 37,768,911	\$ 39,714,908
Accounts receivable	48,057	-	109,153	-	-	-	157,210	-	6,827	-	24,099	8,000	-	38,926	196,136
Interest receivable	576	-	1,731	-	216	171	2,694	-	-	-	29,658	2,365	157	32,180	34,874
Due from other governments	-	-	-	31,694	-	-	31,694	-	-	-	-	-	-	-	31,694
Notes receivable	-	-	-	-	-	-	-	-	-	-	432,000	-	-	432,000	432,000
Resticted cash	-	-	51,648	-	-	-	51,648	-	-	-	-	-	117,818	117,818	169,466
Total assets	420,790	53,829	1,381,174	48,511	156,756	128,183	2,189,243	89,476	8,627,788	13,026,457	14,508,694	2,019,445	117,975	38,389,835	40,579,078
LIABILITIES															
Accounts payable and accrued liabilities	87,144	2,165	131,828	48,511	545	-	270,193	89,476	411,276	754,594	-	18,038	-	1,273,384	1,543,577
Contract retainages	-	-	-	-	-	-	-	-	8,782	752,845	-	-	-	761,627	761,627
Total liabilities	87,144	2,165	131,828	48,511	545	-	270,193	89,476	420,058	1,507,439	-	18,038	-	2,035,011	2,305,204
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-	-	-	-	-	-	147,631	-	147,631	147,631
FUND BALANCES															
Restricted															
Stabilization by State statute	125,996	-	110,884	31,694	216	171	268,961	-	1,605,378	-	53,757	238,478	157	1,897,770	2,166,731
General government	-	-	-	-	-	-	-	-	-	-	-	288,882	-	288,882	288,882
Public safety	207,650	-	-	-	155,995	-	363,645	-	-	-	-	-	-	-	363,645
Economic and physical development	-	51,664	-	-	-	-	51,664	-	-	-	-	266,026	-	266,026	317,690
Culture and recreation	-	-	51,648	-	-	-	51,648	-	-	-	-	-	117,818	117,818	169,466
Committed															
General government	-	-	-	-	-	-	-	-	2,707,430	-	-	6,195	-	2,713,625	2,713,625
Public safety	-	-	-	-	-	-	-	-	1,028,756	-	-	-	-	1,028,756	1,028,756
Economic and physical development	-	-	-	-	-	-	-	-	100,000	-	-	1,054,195	-	1,154,195	1,154,195
Human services	-	-	-	-	-	128,012	128,012	-	-	-	-	-	-	-	128,012
Education	-	-	-	-	-	-	-	-	-	11,519,018	11,535,531	-	-	23,054,549	23,054,549
Culture and recreation	-	-	-	-	-	-	-	-	2,766,166	-	803,489	-	-	3,569,655	3,569,655
Assigned															
General government	-	-	-	-	-	-	-	-	-	-	501,252	-	-	501,252	501,252
Education	-	-	-	-	-	-	-	-	-	-	1,614,665	-	-	1,614,665	1,614,665
Culture and recreation	-	-	1,086,814	-	-	-	1,086,814	-	-	-	-	-	-	-	1,086,814
Unassigned															
	-	-	-	(31,694)	-	-	(31,694)	-	-	-	-	-	-	-	(31,694)
Total fund balances	333,646	51,664	1,249,346	-	156,211	128,183	1,919,050	-	8,207,730	11,519,018	14,508,694	1,853,776	117,975	36,207,193	38,126,243
Total liabilities, deferred inflows of resources and fund balances	\$ 420,790	\$ 53,829	\$ 1,381,174	\$ 48,511	\$ 156,756	\$ 128,183	\$ 2,189,243	\$ 89,476	\$ 8,627,788	\$ 13,026,457	\$ 14,508,694	\$ 2,019,445	\$ 117,975	\$ 38,389,835	\$ 40,579,078

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue Funds							Capital Projects Funds										Total Non-major Governmental Funds
	Emergency Telephone System Fund	Community Development Block Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts' Fund	Sheriff's Department Fund	Dept of Aging Fund	Total Non-major Special Revenue Funds	Public School Building Fund	Justice Center Construction Fund	Construction and Renovations Fund	School Construction Fund	Certificates of Participation 2009 Fund	Capital Reserve Fund	Utility Fund	Small Projects Fund	Cannon Memorial Library Fund	Total Capital Projects Funds	
REVENUES																		
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 3,499,633	\$ -	\$ -	\$ 3,499,633	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 676,618	\$ -	\$ 676,618	\$ 4,176,251
Home consortium (restricted)	-	161,012	-	-	-	-	161,012	-	-	-	-	-	-	-	-	-	-	161,012
Restricted Intergovernmental	678,084	-	-	-	13,150	-	691,234	-	-	-	-	-	-	-	207,874	-	207,874	899,108
Intergovernmental - Lottery	-	-	-	-	-	-	-	2,000,000	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Program fees	-	34,997	685,963	-	1,917	-	722,877	-	-	79,125	-	-	-	-	6,722	-	85,847	808,724
Investment earnings	1,341	-	4,217	-	527	407	6,492	-	-	-	-	1,281	69,765	14	5,561	374	76,995	83,487
Donations	-	-	417,183	-	-	1,752	418,935	-	-	10,000	-	-	267,183	-	-	-	277,183	696,118
Miscellaneous	-	-	24,090	-	-	-	24,090	-	-	402,195	-	-	-	-	-	-	402,195	426,285
Total revenues	679,425	196,009	1,131,453	3,499,633	15,594	2,159	5,524,273	2,000,000	-	491,320	-	1,281	336,948	14	896,775	374	3,726,712	9,250,985
EXPENDITURES																		
General Government	-	-	-	-	-	-	-	-	-	138,582	-	-	-	-	164,989	-	303,571	303,571
Public Safety	501,476	-	-	3,499,633	5,971	-	4,007,080	-	237,585	419,433	-	-	-	-	-	-	657,018	4,664,098
Economic and Physical Development	-	217,451	-	-	-	-	217,451	-	-	-	-	-	-	-	-	-	-	217,451
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	2,383	132,937	-	-	135,320	135,320
Education	-	-	-	-	-	-	-	-	-	-	15,290,811	384,081	-	-	-	-	15,674,892	15,674,892
Human Services	-	-	-	-	-	-	-	-	-	54,974	-	-	-	-	-	-	54,974	54,974
Culture and Recreation	-	-	1,343,292	-	-	-	1,343,292	-	-	146,682	-	-	-	-	-	-	146,682	1,489,974
Capital outlay:																		
Construction in Progress	-	-	-	-	-	-	-	-	-	694,167	-	-	-	-	-	-	694,167	694,167
Building and Building Improvements	-	-	-	-	-	-	-	-	-	109,884	-	-	-	-	103,000	-	212,884	212,884
Equipment and Furniture	419,786	-	13,591	-	14,000	-	447,377	-	89,476	306,682	-	-	-	-	-	-	396,158	843,535
Vehicles	-	-	-	-	42,916	-	42,916	-	-	-	-	-	-	-	-	-	-	42,916
Debt Service:																		
Principal Interest	132,994	-	-	-	-	-	132,994	-	-	-	-	-	-	-	-	-	-	132,994
Interest and fees	3,629	-	-	-	-	-	3,629	-	-	-	-	-	-	-	-	-	-	3,629
Total expenditures	1,057,885	217,451	1,356,883	3,499,633	62,887	-	6,194,739	-	327,061	1,870,404	15,290,811	384,081	-	2,383	400,926	-	18,275,666	24,470,405
Excess (deficiency) of revenues over (under) expenditures	(378,460)	(21,442)	(225,430)	-	(47,293)	2,159	(670,466)	2,000,000	(327,061)	(1,379,084)	(15,290,811)	(382,800)	336,948	(2,369)	495,849	374	(14,548,954)	(15,219,420)
OTHER FINANCING SOURCES (USES)																		
Transfer in	-	25,000	603,789	-	-	-	628,789	-	-	7,493,703	8,179,842	-	18,785,757	-	35,863	-	34,495,165	35,123,954
Transfer (out)	-	-	-	-	-	-	-	(2,000,000)	(83,642)	-	(6,600)	(261,345)	(18,429,269)	(14,980)	-	-	(20,795,836)	(20,795,836)
Total other financing sources (uses):	-	25,000	603,789	-	-	-	628,789	(2,000,000)	(83,642)	7,493,703	8,173,242	(261,345)	356,488	(14,980)	35,863	-	13,699,329	14,328,118
Net change in fund balances	(378,460)	3,558	378,359	-	(47,293)	2,159	(41,677)	-	(410,703)	6,114,619	(7,117,569)	(644,145)	693,436	(17,349)	531,712	374	(849,625)	(891,302)
Fund balance, July 1	712,106	48,106	870,987	-	203,504	126,024	1,960,727	-	410,703	2,093,111	18,636,587	644,145	13,815,258	17,349	1,322,064	117,601	37,056,818	39,017,545
Fund balance, June 30	\$ 333,646	\$ 51,664	\$ 1,249,346	\$ -	\$ 156,211	\$ 128,183	\$ 1,919,050	\$ -	\$ -	\$ 8,207,730	\$ 11,519,018	\$ -	\$ 14,508,694	\$ -	\$ 1,853,776	\$ 117,975	\$ 36,207,193	\$ 38,126,243

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, 2016

	<u>Actual</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Restricted intergovernmental:			
NC 911 service fees	\$ 576,689	\$ 576,689	\$ -
Local contributions	258,880	101,395	(157,485)
Investment earnings	1,500	1,341	(159)
Total revenues	<u>837,069</u>	<u>679,425</u>	<u>(157,644)</u>
EXPENDITURES			
Public Safety:			
Operations	580,610	501,476	79,134
Capital Outlay	513,392	419,786	93,606
Debt service:			
Principal	132,994	132,994	-
Interest	3,629	3,629	-
Total expenditures	<u>1,230,625</u>	<u>1,057,885</u>	<u>172,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(393,556)</u>	<u>(378,460)</u>	<u>15,096</u>
Appropriated fund balance	<u>393,556</u>	<u>-</u>	<u>(393,556)</u>
Net change in fund balance	<u>\$ -</u>	<u>(378,460)</u>	<u>\$ (378,460)</u>
Fund balance, July 1		<u>712,106</u>	
Fund balance, June 30		<u>\$ 333,646</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, 2016

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Restricted intergovernmental:				
CDGB program fees	\$ 34,997	\$ -	\$ 34,997	\$ 34,997
HOME Consortium Grants	417,818	90,646	161,012	251,658
HOME program revenues	26,290	26,290	-	26,290
Total Revenues	<u>479,105</u>	<u>116,936</u>	<u>196,009</u>	<u>312,945</u>
EXPENDITURES				
Economic and physical development:				
CDGB:				
Sub-contractor construction	34,997	-	12,541	12,541
Total CDGB	<u>34,997</u>	<u>-</u>	<u>12,541</u>	<u>12,541</u>
HOME Consortium:				
Consultants	24,649	12,084	2,219	14,303
Sub-contractor construction	524,459	136,996	202,691	339,687
Total HOME consortium	<u>549,108</u>	<u>149,080</u>	<u>204,910</u>	<u>353,990</u>
Total expenditures	<u>584,105</u>	<u>149,080</u>	<u>217,451</u>	<u>366,531</u>
Revenues over (under) expenditures	<u>(105,000)</u>	<u>(32,144)</u>	<u>(21,442)</u>	<u>(53,586)</u>
OTHER FINANCING SOURCES				
Transfer in - General Fund	<u>105,000</u>	<u>80,250</u>	<u>25,000</u>	<u>105,250</u>
Total other financing sources	<u>105,000</u>	<u>80,250</u>	<u>25,000</u>	<u>105,250</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 48,106</u>	3,558	<u>\$ 51,664</u>
Fund balance, July 1			<u>48,106</u>	
Fund balance, June 30			<u>\$ 51,664</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, 2016

	Actual		Variance Positive (Negative)
	Budget	Actual	
REVENUES			
Arena and Events Center:			
Donations - Cabarrus Visitors Bureau	\$ 229,670	\$ 257,183	\$ 27,513
Donations - SMG	150,000	150,000	-
Investment earnings	-	16	16
Total Arena and Events Center	<u>379,670</u>	<u>407,199</u>	<u>27,529</u>
County Fair:			
Program fees	597,350	685,963	88,613
Investment earnings	255	4,201	3,946
Miscellaneous	9,000	18,090	9,090
Total County Fair	<u>606,605</u>	<u>708,254</u>	<u>101,649</u>
Visitor Related Events:			
Sale of Fixed Assets	-	6,000	6,000
Donations - Cabarrus Visitors Bureau	10,000	10,000	-
Total Visitor Related Events	<u>10,000</u>	<u>16,000</u>	<u>6,000</u>
Total revenues	<u>996,275</u>	<u>1,131,453</u>	<u>135,178</u>
EXPENDITURES			
Cultural and recreational:			
Arena and Events Center			
Management Company	692,450	414,945	277,505
Other operating expenses	445,224	336,958	108,266
Capital Outlay	13,591	13,591	-
Total Arena & Events Center	<u>1,151,265</u>	<u>765,494</u>	<u>385,771</u>
County Fair:			
Salaries and employee benefits	123,728	112,764	10,964
Other operating expenses	482,877	468,625	14,252
Total County Fair	<u>606,605</u>	<u>581,389</u>	<u>25,216</u>
Visitor Related Events:			
Total Visitor Related Events	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total expenditures	<u>1,767,870</u>	<u>1,356,883</u>	<u>410,987</u>
Revenues over (under) expenditures	<u>(771,595)</u>	<u>(225,430)</u>	<u>546,165</u>
OTHER FINANCING SOURCES			
Transfer in - General Fund	603,789	603,789	-
Fund Balance Appropriated	167,806	-	(167,806)
Total other financing sources	<u>771,595</u>	<u>603,789</u>	<u>(167,806)</u>
Net change in fund balance	<u>\$ -</u>	<u>378,359</u>	<u>\$ 378,359</u>
Fund balance, July 1		<u>870,987</u>	
Fund balance, June 30		<u>\$ 1,249,346</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, 2016

	<u>Actual</u>		Variance Positive (Negative)
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Property tax collections	\$ 3,635,250	\$ 3,499,633	\$ (135,617)
Total revenues	<u>3,635,250</u>	<u>3,499,633</u>	<u>(135,617)</u>
EXPENDITURES			
Public Safety	<u>3,635,250</u>	<u>3,499,633</u>	<u>135,617</u>
Total expenditures	<u>3,635,250</u>	<u>3,499,633</u>	<u>135,617</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, 2016

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
REVENUES				
Federal Forfeiture Sharing	\$ 96,242	\$ 96,242	\$ 1,500	\$ 97,742
Federal Forfeiture Sharing -Treasury	257,611	257,611	-	257,611
NC Substance Control Tax	374,808	356,496	11,650	368,146
Firing Range fees	23,395	21,894	1,917	23,811
Investment earnings:				
Federal Forfeiture sharing	6,886	6,869	26	6,895
Federal Forf sharing-Treasury	10,635	10,531	147	10,678
NC Substance Control Tax	53,906	53,667	334	54,001
Firing Range	230	218	20	238
Total revenues	<u>823,713</u>	<u>803,528</u>	<u>15,594</u>	<u>819,122</u>
EXPENDITURES				
Public Safety	608,964	442,191	5,971	448,162
Capital Outlay:				
Equipment	153,701	139,701	14,000	153,701
Vehicles	238,499	195,583	42,916	238,499
Total expenditures	<u>1,001,164</u>	<u>777,475</u>	<u>62,887</u>	<u>840,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,451)</u>	<u>26,053</u>	<u>(47,293)</u>	<u>(21,240)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	285,138	285,138	-	285,138
Transfer (out)-General Fund	(107,687)	(107,687)	-	(107,687)
Total other financing sources (uses)	<u>177,451</u>	<u>177,451</u>	<u>-</u>	<u>177,451</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 203,504</u>	<u>(47,293)</u>	<u>\$ 156,211</u>
Fund balance, July 1			<u>203,504</u>	
Fund balance, June 30			<u>\$ 156,211</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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
REVENUES				
Contributions and private donations	\$ 183,951	\$ 180,751	\$ 1,752	\$ 182,503
Investment earnings	14,373	14,118	407	14,525
Total revenues	<u>198,324</u>	<u>194,869</u>	<u>2,159</u>	<u>197,028</u>
EXPENDITURES				
Human Services:				
Special Projects	<u>198,324</u>	<u>68,845</u>	<u>-</u>	<u>68,845</u>
Total expenditures	<u>198,324</u>	<u>68,845</u>	<u>-</u>	<u>68,845</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 126,024</u>	2,159	<u>\$ 128,183</u>
Fund balance, July 1			<u>126,024</u>	
Fund balance, June 30			<u>\$ 128,183</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.

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

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.

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.

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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Intergovernmental - State:				
Lottery Proceeds	\$ 16,419,308	\$ 14,419,308	\$ 2,000,000	\$ 16,419,308
Lottery Proceeds: Rowan County	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>16,719,308</u>	<u>14,419,308</u>	<u>2,000,000</u>	<u>16,419,308</u>
EXPENDITURES				
Capital outlay - education:				
Rowan County projects	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,419,308</u>	<u>14,419,308</u>	<u>2,000,000</u>	<u>16,419,308</u>
OTHER FINANCING SOURCES (USES)				
Transfer (out) - General Fund	<u>(16,419,308)</u>	<u>(14,419,308)</u>	<u>(2,000,000)</u>	<u>(16,419,308)</u>
Total other financing sources (uses)	<u>(16,419,308)</u>	<u>(14,419,308)</u>	<u>(2,000,000)</u>	<u>(16,419,308)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, July 1			<u>-</u>	
Fund balance, June 30			<u>\$ -</u>	

Cabarrus County, North Carolina
Justice Center Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
REVENUES				
Investment earnings	\$ 2,220,192	\$ 2,220,191	\$ -	\$ 2,220,191
Total revenues	<u>2,220,192</u>	<u>2,220,191</u>	<u>-</u>	<u>2,220,191</u>
EXPENDITURES				
Public Safety	380,930	143,344	237,585	380,929
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	58,747,228	-	58,747,228
7th Floor Sheriff's Admin Renovation	1,739,031	1,739,031	-	1,739,031
Equipment	89,476	-	89,476	89,476
Total expenditures	<u>118,785,230</u>	<u>118,458,168</u>	<u>327,061</u>	<u>118,785,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,565,038)</u>	<u>(116,237,977)</u>	<u>(327,061)</u>	<u>(116,565,038)</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	93,323,782	93,323,782	-	93,323,782
Premium on issuance of Certificates of Participation	362,184	362,184	-	362,184
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	(3,007,085)	(2,923,443)	(83,642)	(3,007,085)
Total other financing sources (uses)	<u>116,565,038</u>	<u>116,648,680</u>	<u>(83,642)</u>	<u>116,565,038</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 410,703</u>	<u>(410,703)</u>	<u>\$ -</u>
Fund balance, July 1			<u>410,703</u>	
Fund balance, June 30			<u>\$ -</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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Contributions and private donations	\$ 273,536	\$ 273,536	\$ 10,000	\$ 283,536
Rental Fees	578,137	499,960	79,125	579,085
Sale of capital assets	423,417	21,222	402,195	423,417
PARTF Project Grant	350,000	-	-	-
Total revenues	<u>1,625,090</u>	<u>794,718</u>	<u>491,320</u>	<u>1,286,038</u>
EXPENDITURES				
Improvement				
General Government	2,619,138	-	138,582	138,582
Public Safety	1,542,719	674,226	419,433	1,093,659
Economic & Physical Development	100,000	-	-	-
Human Services	54,974	-	54,974	54,974
Culture & Recreation	1,752,598	531,414	146,682	678,096
Total Improvements	<u>6,069,429</u>	<u>1,205,640</u>	<u>759,671</u>	<u>1,965,311</u>
Capital Outlay:				
Land and Land Improvements				
<i>Culture & Recreation</i>	3,840,534	3,546,548	-	3,546,548
Building and Building Improvements				
<i>Public Safety</i>	1,827,529	1,797,735	29,794	1,827,529
<i>Human Services</i>	-	-	-	-
<i>Culture & Recreation</i>	1,068,004	987,914	80,090	1,068,004
Equipment and Furniture				
<i>Public Safety</i>	1,897,882	1,139,887	104,247	1,244,134
<i>Human Services</i>	68,915	-	68,915	68,915
<i>Culture & Recreation</i>	133,520	-	133,520	133,520
Construction in Progress				
<i>General Government</i>	394,500	-	167,625	167,625
<i>Public Safety</i>	-	-	-	-
<i>Culture & Recreation</i>	4,264,544	394,947	526,542	921,489
Total Capital Outlay	<u>13,495,428</u>	<u>7,867,031</u>	<u>1,110,733</u>	<u>8,977,764</u>
Total expenditures	<u>19,564,857</u>	<u>9,072,671</u>	<u>1,870,404</u>	<u>10,943,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,939,767)</u>	<u>(8,277,953)</u>	<u>(1,379,084)</u>	<u>(9,657,037)</u>
OTHER FINANCING SOURCES (USES)				
Lease Financing issued	3,421,394	3,421,394	-	3,421,394
Transfer in - General Fund	3,889,335	1,834,507	1,979,828	3,814,335
Transfer in - Capital Reserve Fund	13,367,989	7,854,114	5,513,875	13,367,989
Transfer out - Capital Projects Fund	(2,738,951)	(2,738,951)	-	(2,738,951)
Total other financing sources (uses)	<u>17,939,767</u>	<u>10,371,064</u>	<u>7,493,703</u>	<u>17,864,767</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,093,111</u>	6,114,619	<u>\$ 8,207,730</u>
Fund balance, July 1			<u>2,093,111</u>	
Fund balance, June 30			<u>\$ 8,207,730</u>	

Cabarrus County, North Carolina
School Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Education				
Rocky River Elementary School	708,370	409,607	190,297	599,904
Winecoff Elementary School	733,320	399,508	256,063	655,571
Northwest Middle School	981,732	446,191	439,279	885,470
JM Robinson High School	1,151,094	305,705	841,047	1,146,752
Mt. Pleasant High School	638,894	156,545	482,349	638,894
Odell Elementary 3-5 School	22,509,435	5,107,495	12,562,647	17,670,142
Kannapolis Intermediate	750,000	-	-	-
Early College RCCC	727,960	-	519,129	519,129
Cabarrus Business Technical Center	289,075	-	-	-
Land Acquisition for New School	5,145,000	-	-	-
Total expenditures	<u>33,634,880</u>	<u>6,825,051</u>	<u>15,290,811</u>	<u>22,115,862</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(33,634,880)</u>	<u>(6,825,051)</u>	<u>(15,290,811)</u>	<u>(22,115,862)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in - Utility - Capital Projects Fund	2,753,931	2,738,951	14,980	2,753,931
Transfer in - General Fund	4,948,299	4,220,339	727,960	4,948,299
Transfer in - Capital Reserve Fund	25,939,250	18,502,348	7,436,902	25,939,250
Transfer out - Capital Reserve Fund	<u>(6,600)</u>	<u>-</u>	<u>(6,600)</u>	<u>(6,600)</u>
Total other financing sources (uses)	<u>33,634,880</u>	<u>25,461,638</u>	<u>8,173,242</u>	<u>33,634,880</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 18,636,587</u>	<u>(7,117,569)</u>	<u>\$ 11,519,018</u>
Fund balance, July 1			<u>18,636,587</u>	
Fund balance, June 30			<u>\$ 11,519,018</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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Contribution and private donations	\$ 3,230	\$ 3,230	\$ -	\$ 3,230
Investment earnings	172,040	170,759	1,281	172,040
Total revenues	<u>175,270</u>	<u>173,989</u>	<u>1,281</u>	<u>175,270</u>
EXPENDITURES				
Cost of Debt Issuance	576,148	576,148	-	576,148
Education				
AT Allen Elementary	13,816,599	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	1,572,857	1,188,776	384,081	1,572,857
A L Brown High Addition/Renovation	9,723,664	9,723,664	-	9,723,664
Total Education	<u>82,211,852</u>	<u>81,827,771</u>	<u>384,081</u>	<u>82,211,852</u>
Total expenditures	<u>82,788,000</u>	<u>82,403,919</u>	<u>384,081</u>	<u>82,788,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(82,612,730)</u>	<u>(82,229,930)</u>	<u>(382,800)</u>	<u>(82,612,730)</u>
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	2,292,583	2,292,583	-	2,292,583
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	<u>(16,029,571)</u>	<u>(15,768,226)</u>	<u>(261,345)</u>	<u>(16,029,571)</u>
Total other financing sources (uses)	<u>82,612,730</u>	<u>82,874,075</u>	<u>(261,345)</u>	<u>82,612,730</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 644,145</u>	(644,145)	<u>\$ -</u>
Fund balance, July 1			<u>644,145</u>	
Fund balance, June 30			<u>\$ -</u>	

Cabarrus County, North Carolina
Capital Reserve Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Contribution - Tourism Authority	\$ 573,771	\$ 584,504	\$ 267,183	\$ 851,687
Investment earnings	329,142	334,101	69,765	403,866
Total revenues	<u>902,913</u>	<u>918,605</u>	<u>336,948</u>	<u>1,255,553</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>902,913</u>	<u>918,605</u>	<u>336,948</u>	<u>1,255,553</u>
OTHER FINANCING SOURCES (USES)				
Transfer in - General Fund	54,832,114	36,052,957	18,779,157	54,832,114
Transfer in - School Construction Fund	6,600	-	6,600	6,600
Transfer (out) - General Fund	(2,265,043)	(280,043)	(1,985,000)	(2,265,043)
Transfer (out) - Construction & Renovation Fund	(6,907,288)	(1,393,413)	(5,513,875)	(6,907,288)
Transfer (out) - School Construction Fund	(28,904,690)	(18,502,348)	(7,436,902)	(25,939,250)
Transfer (out) - School Construction Debt Fund	(17,664,606)	(2,980,500)	(3,493,492)	(6,473,992)
Total other financing sources (uses)	<u>(902,913)</u>	<u>12,896,653</u>	<u>356,488</u>	<u>13,253,141</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,815,258</u>	693,436	<u>\$ 14,508,694</u>
Fund balance, July 1			<u>13,815,258</u>	
Fund balance, June 30			<u>\$ 14,508,694</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, 2016

	<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	95,204	95,190	14	95,204
Total revenues	<u>694,108</u>	<u>694,094</u>	<u>14</u>	<u>694,108</u>
EXPENDITURES				
Environmental Protection:				
Urgent Repair	73,988	71,605	2,383	73,988
Water line improvements	620,120	605,140		605,140
Total expenditures	<u>694,108</u>	<u>676,745</u>	<u>2,383</u>	<u>679,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>17,349</u>	<u>(2,369)</u>	<u>14,980</u>
OTHER FINANCING SOURCES (USES)				
Transfer out - School Constrution Fund			(14,980)	<u>\$ (14,980)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,349</u>	<u>(17,349)</u>	<u>\$ -</u>
Fund balance, July 1			<u>17,349</u>	
Fund balance, June 30			<u>\$ -</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, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Board of Elections:				
Investment earnings	\$ 33,498	\$ 33,282	\$ 635	\$ 33,917
Total Board of Elections	<u>33,498</u>	<u>33,282</u>	<u>635</u>	<u>33,917</u>
Register of Deeds:				
Automation & enhancement fees	1,322,669	1,219,273	118,274	1,337,547
Investment earnings	37,851	37,423	1,302	38,725
Total Register of Deeds	<u>1,360,520</u>	<u>1,256,696</u>	<u>119,576</u>	<u>1,376,272</u>
Soil & Water:				
Grants	2,403,670	735,058	89,600	824,658
Stewardship Fund	9,588	9,588	-	9,588
Deferred tax collections	375,000	250,000	125,000	375,000
Program fees	10,742	8,652	1,722	10,374
Finder fees	-	-	5,000	5,000
Contribution and donations	2,898	2,898	-	2,898
Investment earnings	1,693	1,693	-	1,693
Total Soil & Water	<u>2,803,591</u>	<u>1,007,889</u>	<u>221,322</u>	<u>1,229,211</u>
Local Agriculture Preservation:				
Deferred tax collections	1,292,370	518,203	551,618	1,069,821
Investment earnings	3,051	1,865	3,624	5,489
Total Soil & Water	<u>1,295,421</u>	<u>520,068</u>	<u>555,242</u>	<u>1,075,310</u>
Total revenues	<u>5,493,030</u>	<u>2,817,935</u>	<u>896,775</u>	<u>3,714,710</u>
EXPENDITURES				
Operations:				
General Govt - Board of Elections	117,452	52,904	58,773	111,677
General Govt - Register of Deeds	1,438,025	1,058,679	106,216	1,164,895
Environmental Protection - Soil & Water	2,916,600	700,892	132,937	833,829
Environ Protect - Local Agric Preservat	1,270,420	-	-	-
Total Operations	<u>5,742,497</u>	<u>1,812,475</u>	<u>297,926</u>	<u>2,110,401</u>
Capital Outlay:				
Land and Land Improvements	26,792	26,792	-	26,792
Equipment and Furniture	127,530	24,530	103,000	127,530
Total Capital Outlay	<u>154,322</u>	<u>51,322</u>	<u>103,000</u>	<u>154,322</u>
Total expenditures	<u>5,896,819</u>	<u>1,863,797</u>	<u>400,926</u>	<u>2,264,723</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(403,789)</u>	<u>954,138</u>	<u>495,849</u>	<u>1,449,987</u>
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	278,789	242,926	35,863	278,789
Transfer in-Capital Reserve Fund	150,000	150,000	-	150,000
Transfer out-General Fund	(25,000)	(25,000)	-	(25,000)
Total other financing sources (uses)	<u>403,789</u>	<u>367,926</u>	<u>35,863</u>	<u>403,789</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,322,064</u>	<u>531,712</u>	<u>\$ 1,853,776</u>
Fund balance, July 1			<u>1,322,064</u>	
Fund balance, June 30			<u>\$ 1,853,776</u>	

Cabarrus County, North Carolina
Cannon Memorial Library Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Contributions and donations	\$ 935,089	\$ 935,089	\$ -	\$ 935,089
Investment earnings	198,828	198,588	374	198,962
Total revenues	<u>1,133,917</u>	<u>1,133,677</u>	<u>374</u>	<u>1,134,051</u>
EXPENDITURES				
Cultural and Recreation: Special Projects	<u>113,627</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Total expenditures	<u>113,627</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Excess (deficiency) of revenues over (under) expenditures	1,020,290	1,130,092	374	1,130,466
OTHER FINANCING SOURCES (USES)				
Transfer in-General Fund	9,740	9,740	-	9,740
Transfer (out)-General Fund	<u>(1,030,030)</u>	<u>(1,022,231)</u>	<u>-</u>	<u>(1,022,231)</u>
Total other financing sources (uses)	<u>(1,020,290)</u>	<u>(1,012,491)</u>	<u>-</u>	<u>(1,012,491)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 117,601</u>	374	<u>\$ 117,975</u>
Fund balance, July 1			<u>117,601</u>	
Fund balance, June 30			<u>\$ 117,975</u>	



Fiduciary Funds

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

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

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

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

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

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

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

Cabarrus County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<u>Department of Social Services</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 86,506	\$ 216,394	\$ 236,228	\$ 66,672
Total	<u>\$ 86,506</u>	<u>\$ 216,394</u>	<u>\$ 236,228</u>	<u>\$ 66,672</u>
<u>Liabilities:</u>				
Accounts payable	\$ 3,320	\$ 183,431	\$ 182,771	\$ 3,980
Due to program participants	83,186	232,434	252,928	62,692
Total	<u>\$ 86,506</u>	<u>\$ 415,865</u>	<u>\$ 435,699</u>	<u>\$ 66,672</u>
<u>Charitable Campaign</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 15,341	\$ 36,233	\$ 35,462	\$ 16,112
Accounts receivable	1,411	1,862	1,411	1,862
Total	<u>\$ 16,752</u>	<u>\$ 38,095</u>	<u>\$ 36,873</u>	<u>\$ 17,974</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 33,599	\$ 33,599	\$ -
Due to program participants	16,752	33,825	32,603	17,974
Total	<u>\$ 16,752</u>	<u>\$ 67,424</u>	<u>\$ 66,202</u>	<u>\$ 17,974</u>
<u>Undistributed Taxes</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 180,812	\$ 170,759,683	\$ 170,842,494	\$ 98,001
Due from State DOT	620,147	701,288	620,147	701,288
Total	<u>\$ 800,959</u>	<u>\$ 171,460,971</u>	<u>\$ 171,462,641</u>	<u>\$ 799,289</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 34,853,393	\$ 34,853,393	\$ -
Intergovernmental payable - Municipalities	800,959	205,123,105	205,124,775	799,289
Total	<u>\$ 800,959</u>	<u>\$ 239,976,498</u>	<u>\$ 239,978,168</u>	<u>\$ 799,289</u>
<u>Intergovernmental</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 128,593	\$ 2,231,941	\$ 2,246,301	\$ 114,233
Accounts receivable	-	-	-	-
Total	<u>\$ 128,593</u>	<u>\$ 2,231,941</u>	<u>\$ 2,246,301</u>	<u>\$ 114,233</u>
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 1,880,638	\$ 1,880,638	\$ -
Due to Schools - Fines & Forfeitures	128,593	1,963,797	1,978,157	114,233
Total	<u>\$ 128,593</u>	<u>\$ 3,844,435</u>	<u>\$ 3,858,795</u>	<u>\$ 114,233</u>
<u>Sheriff Civil Records</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 6,056	\$ 540,176	\$ 537,598	\$ 8,634
<u>Liabilities:</u>				
Accounts payable	\$ 2,700	\$ 537,000	\$ 539,700	\$ -
Due to courts	3,356	540,177	534,899	8,634
Total	<u>\$ 6,056</u>	<u>\$ 1,077,177</u>	<u>\$ 1,074,599</u>	<u>\$ 8,634</u>
<u>Jail Commissary</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 31,911	\$ 501,570	\$ 488,133	\$ 45,348
<u>Liabilities:</u>				
Due to jail inmates	31,911	546,436	532,999	45,348
Total	<u>\$ 31,911</u>	<u>\$ 546,436</u>	<u>\$ 532,999</u>	<u>\$ 45,348</u>
<u>Total All Agency Funds</u>				
<u>Assets:</u>				
Cash and cash equivalents	\$ 449,219	\$ 174,285,997	\$ 174,386,216	\$ 349,000
Accounts receivable	1,411	1,862	1,411	1,862
Due from State DOT	620,147	701,288	620,147	701,288
Total	<u>\$ 1,070,777</u>	<u>\$ 174,989,147</u>	<u>\$ 175,007,774</u>	<u>\$ 1,052,150</u>
<u>Liabilities:</u>				
Accounts payable	\$ 6,020	\$ 37,488,061	\$ 37,490,101	\$ 3,980
Due to courts	3,356	540,177	534,899	8,634
Due to jail inmates	31,911	546,436	532,999	45,348
Due to municipalities	800,959	205,123,105	205,124,775	799,289
Due to program participants	99,938	266,259	285,531	80,666
Due to schools	128,593	1,963,797	1,978,157	114,233
Total	<u>\$ 1,070,777</u>	<u>\$ 245,927,835</u>	<u>\$ 245,946,462</u>	<u>\$ 1,052,150</u>



Internal Service Funds

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

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

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

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Net Position
June 30, 2016

	Self-Insured Workers' Compensation and Property Liability Fund	Self-Insured Hospitalization Dental Fund	Total
ASSETS			
Cash and cash equivalents	\$ 5,017,069	\$ 5,322,448	\$ 10,339,517
Accounts receivable	-	580	580
Interest receivable	6,495	5,894	12,389
Prepaid expenses	-	250,411	250,411
Total assets	5,023,564	5,579,333	10,602,897
LIABILITIES			
Accounts payable	12,848	97,094	109,942
Amounts payable for future claims	402,084	1,439,589	1,841,673
Total liabilities	414,932	1,536,683	1,951,615
NET POSITION			
Unrestricted	4,608,632	4,042,650	8,651,282
Total Net Position	\$ 4,608,632	\$ 4,042,650	\$ 8,651,282

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2016

	Self-Insured Workers' Compensation and Property Liability Fund	Self-Insured Hospitalization Dental Fund	Total
Operating revenues:			
Insurance premiums	\$ 1,638,603	\$ 9,876,488	\$ 11,515,091
Program fees	-	16,464	16,464
Insurance refunds	-	202,850	202,850
Total operating revenues	<u>1,638,603</u>	<u>10,095,802</u>	<u>11,734,405</u>
Operating expenses:			
General and administrative	126,646	2,620,191	2,746,837
Claims	885,481	7,212,427	8,097,908
Total operating expenses	<u>1,012,127</u>	<u>9,832,618</u>	<u>10,844,745</u>
Operating income	<u>626,476</u>	<u>263,184</u>	<u>889,660</u>
Nonoperating revenues:			
Investment earnings	<u>13,975</u>	<u>14,328</u>	<u>28,303</u>
Total nonoperating revenues	<u>13,975</u>	<u>14,328</u>	<u>28,303</u>
Income before contributions	<u>640,451</u>	<u>277,512</u>	<u>917,963</u>
Capital Contributions:			
Workers Compensation	1,847,422	-	1,847,422
Property Liability	2,120,759	-	2,120,759
Total capital contributions	<u>3,968,181</u>	<u>-</u>	<u>3,968,181</u>
Change in net position	4,608,632	277,512	4,886,144
Net position, July 1	<u>-</u>	<u>3,765,138</u>	<u>3,765,138</u>
Net position, June 30	<u>\$ 4,608,632</u>	<u>\$ 4,042,650</u>	<u>\$ 8,651,282</u>

Cabarrus County, North Carolina
Self Insured Workers' Compensation and Property Liability Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Workers' Compensation:			
Operating revenues:			
Insurance premiums	\$ 760,000	\$ 769,192	\$ 9,192
Insurance refunds	-	7,382	7,382
Total workers compensation	<u>760,000</u>	<u>776,574</u>	<u>16,574</u>
Nonoperating revenues:			
Investment earnings	<u>220</u>	<u>-</u>	<u>(220)</u>
Total workers' compensation	<u>760,220</u>	<u>776,574</u>	<u>16,354</u>
Property Liability:			
Operating revenues:			
Insurance premiums	774,000	829,817	55,817
Insurance refunds	56,000	32,212	(23,788)
Total liability	<u>830,000</u>	<u>862,029</u>	<u>32,029</u>
Nonoperating revenues:			
Investment earnings	<u>260</u>	<u>13,975</u>	<u>13,715</u>
Total property liability	<u>830,260</u>	<u>876,004</u>	<u>45,744</u>
Total revenues	<u>1,590,480</u>	<u>1,652,578</u>	<u>62,098</u>
EXPENDITURES			
Workers' Compensation:			
General and administrative - Premiums	196,770	22,311	174,459
Claims	561,000	730,386	(169,386)
Consultant	2,450	1,950	500
Total workers' compensation	<u>760,220</u>	<u>754,647</u>	<u>5,573</u>
Liability:			
General and administrative - Premiums	389,550	100,435	289,115
Claims	438,260	155,095	283,165
Consultants	2,450	1,950	500
Total liability	<u>830,260</u>	<u>257,480</u>	<u>572,780</u>
Total expenditures	<u>1,590,480</u>	<u>1,012,127</u>	<u>578,353</u>
Revenues over (under) expenditures	<u>-</u>	<u>640,451</u>	<u>640,451</u>
OTHER FINANCING SOURCES			
Capital Contributions - Workers' Compensation	-	1,847,422	1,847,422
Capital Contributions - Liability	<u>-</u>	<u>2,120,759</u>	<u>2,120,759</u>
Total other financing sources	<u>-</u>	<u>3,968,181</u>	<u>3,968,181</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>4,608,632</u>	<u>\$ 4,608,632</u>
Change in net position		<u>\$ 4,608,632</u>	

Cabarrus County, North Carolina
Self Insured Hospitalization and Dental Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2016

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Hospitalization:			
Operating revenues:			
Insurance premiums	\$ 9,127,237	\$ 9,464,522	\$ 337,285
Insurance refunds	202,000	202,850	850
Program fees	13,300	16,464	3,164
Total hospitalization	<u>9,342,537</u>	<u>9,683,836</u>	<u>341,299</u>
Dental:			
Operating revenues:			
Insurance premiums	401,556	411,966	10,410
Insurance refunds	-	-	-
Program fees	-	-	-
Total Dental	<u>401,556</u>	<u>411,966</u>	<u>10,410</u>
Nonoperating revenues:			
Investment earnings	4,000	14,328	10,328
Total nonoperating revenues	<u>4,000</u>	<u>14,328</u>	<u>10,328</u>
Total revenues	<u>9,748,093</u>	<u>10,110,130</u>	<u>362,037</u>
EXEPNDITURES			
Hospitalization:			
General and administrative	2,678,446	2,565,317	113,129
Claims	7,737,395	6,888,932	848,463
Total hospitalization	<u>10,415,841</u>	<u>9,454,249</u>	<u>961,592</u>
Dental:			
General and administrative	56,009	54,874	1,135
Claims	361,547	323,495	38,052
Total dental	<u>417,556</u>	<u>378,369</u>	<u>39,187</u>
Total expenditures	<u>10,833,397</u>	<u>9,832,618</u>	<u>1,000,779</u>
Revenues over (under) expenditures	(1,085,304)	277,512	1,362,816
Fund Balance Appropriated	<u>1,085,304</u>	<u>-</u>	<u>1,085,304</u>
Revenues over (under) expenditures	<u>\$ -</u>	277,512	<u>\$ 277,512</u>
Change in net position		<u>\$ 277,512</u>	

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2016

	Self-Insured Workers' Compensation and Property Liability Fund	Self-Insured Hospitalization Dental Fund	Total
Cash flows from operating activities:			
Cash received from departments	\$ 1,638,603	\$ 10,156,075	\$ 11,794,678
Cash paid to suppliers for goods and services	(597,195)	(9,780,879)	(10,378,074)
Net cash provided (used) by operating activities	1,041,408	375,196	1,416,604
Cash flows from non-capital financing activities:			
Non-capital subsidy - Workers' Compensation	1,847,422	-	1,847,422
Non-capital subsidy - Property Liability	2,120,759	-	2,120,759
Net cash provided (used) by non-capital financing activities	3,968,181	-	3,968,181
Cash flows from investing activities:			
Interest received on investments	7,480	8,434	15,914
Net cash provided (used) by investing activities	7,480	8,434	15,914
Net increase (decrease) in cash and cash equivalents	5,017,069	383,630	5,400,699
Cash and cash equivalents - July 1	-	4,938,818	4,938,818
Cash and cash equivalents - June 30	<u>\$ 5,017,069</u>	<u>\$ 5,322,448</u>	<u>\$ 10,339,517</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 626,476	\$ 263,184	\$ 889,660
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable and prepaid expenses	-	60,273	60,272
Increase in accounts payable and accrued liabilities	414,933	51,739	466,672
Total adjustments	414,933	112,012	526,944
Net cash provided (used) by operating activities	<u>\$ 1,041,409</u>	<u>\$ 375,196</u>	<u>\$ 1,416,604</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.

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

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
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2016

<u>Fiscal Year Ended June 30,</u>	<u>Uncollected Balance June 30, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2016	\$ -	\$ 143,507,187	\$ 140,909,405	\$ 2,597,782
2015	3,722,004		1,260,755	2,461,249
2014	3,171,550		335,995	2,835,555
2013	1,337,590		138,520	1,199,070
2012	443,448		197,776	245,672
2011	350,076		55,736	294,340
2010	196,891		27,048	169,843
2009	140,817		14,220	126,597
2008	94,956		5,211	89,745
2007	87,636		4,613	83,023
2006	84,033		84,033	-
	<u>\$ 9,629,001</u>	<u>\$ 143,507,187</u>	<u>\$ 143,033,312</u>	10,102,876
Less: Allowance for uncollectible accounts:				
General Fund				<u>(5,164,945)</u>
Ad valorem taxes receivable (net):				
General Fund				<u>\$ 4,937,931</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 142,489,187
Penalties collected on ad valorem taxes - Agency Fund				<u>287,139</u>
Total ad valorem taxes and penalties				<u>142,776,326</u>
Reconciling items:				
Deferred taxes				593,866
Interest collected				(634,645)
Taxes written-off				190,448
Collection of taxes previously written-off				(13,999)
Abatement of prior year taxes				61,200
NCVTS refunds				<u>60,116</u>
Total reconciling items				<u>256,986</u>
Total collections and credits				<u>\$ 143,033,312</u>

**Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2016**

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 20,279,909,197	0.7000	\$ 141,955,982	\$ 129,469,588	\$ 12,486,394
Penalties	-		101,432	101,432	-
Total original levy	20,279,909,197		142,057,414	129,571,020	12,486,394
Discoveries:					
Current year taxes	37,614,033	0.7000	263,299	261,444	1,855
Prior year taxes	-		1,243,775	1,240,117	3,658
Penalties	-		204,132	204,132	-
Total discoveries	37,614,033		1,711,206	1,705,693	5,513
Abatements	(35,916,614)		(261,433)	(260,340)	(1,093)
Total property valuation	<u>\$ 20,281,606,616</u>				
Ney levy			143,507,187	131,016,373	12,490,814
Uncollected taxes at June 30, 2016			2,597,782	2,597,685	97
Current year's taxes collected			<u>\$ 140,909,405</u>	<u>\$ 128,418,688</u>	<u>\$ 12,490,717</u>
Current levy collection percentage			<u>98.19%</u>	<u>98.02%</u>	<u>100.00%</u>

**Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2016**

Secondary Market Disclosures:

Assessed valuation:	
Assessment ratio ⁽¹⁾	100%
Real property	\$ 16,451,336,581
Personal property	3,452,698,898
Public service companies ⁽²⁾	<u>377,571,137</u>
Total assessed valuation	<u>\$ 20,281,606,616</u>
Tax rate per \$100	0.7000
Levy (includes discoveries, releases and abatements) ⁽³⁾	<u>\$ 143,507,187</u>
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, 2016:	
Fire protection districts ⁽⁴⁾	<u>\$ 3,292,662</u>

Notes:

- ⁽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⁾ The levy excludes motor vehicle taxes

Continued on next page.

Cabarrus County, North Carolina
Analysis of Current Tax Levy
Ten Largest Taxpayers ⁽¹⁾
For the Year Ended June 30, 2016

Secondary Market Disclosures (continued):

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Castle & Cooke, NC LLC/David H Murdock	Land Developer	\$ 343,358,673	1.69%
Corning, Inc	Fiber Optics Manufacturer	288,694,694	1.42%
Concord Mills LTD Partnership	Shopping Center	252,360,387	1.24%
Charlotte Motor Speedway, Inc	Auto Racing	212,250,696	1.05%
Celgard, LLC	Battery Manufacturer	208,412,833	1.03%
Duke Energy Corporation	Public Service Company	118,494,410	0.58%
Hendricks Motorsports, Inc	Auto Racing	98,837,587	0.49%
Weinstein Properties	Property Management	94,517,490	0.47%
Great Wolf Lodge of the Carolinas	Amusement Water Park	90,843,363	0.45%
Hendricks Automotive	Automotive Sales	83,525,757	0.41%
Total		<u>\$ 1,791,295,890</u>	<u>8.83%</u>

Note:

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

**Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Ad Valorem Taxes:			
Taxes - Current	\$ 134,659,980	\$ 140,015,362	\$ 5,355,382
Taxes - Delinquent	2,055,000	1,839,180	(215,820)
Interest	680,000	634,645	(45,355)
Total	<u>137,394,980</u>	<u>142,489,187</u>	<u>5,094,207</u>
Local Option Sales Taxes:			
Sales tax - one cent	17,035,556	16,917,184	(118,372)
Sales tax - half cent (40)	8,462,919	8,886,507	423,588
Sales tax - half cent (42)	10,228,838	10,352,928	124,090
Sales tax - half cent (44)	-	2,661	2,661
Sales tax - half cent (46)	7,046,267	7,150,105	103,838
Sales tax fire districts	808,185	836,595	28,410
Total	<u>43,581,765</u>	<u>44,145,980</u>	<u>564,215</u>
Other Taxes:			
Franchise fees	539,000	518,335	(20,665)
Gross receipts tax	150,000	208,662	58,662
Heavy equipment tax	43,000	52,487	9,487
Disposal Tax on White Goods	55,000	64,994	9,994
Total	<u>787,000</u>	<u>844,478</u>	<u>57,478</u>
Intergovernmental Revenues:			
Federal and state grants	20,010,836	21,621,487	1,610,651
Court facilities fees	325,000	353,135	28,135
ABC profit distribution	88,000	99,767	11,767
Other intergovernmental	1,076,878	1,584,166	507,288
Total	<u>21,500,714</u>	<u>23,658,555</u>	<u>2,157,841</u>
Permits and Fees:			
Inspection fees	2,770,000	3,338,094	568,094
Register of deeds	2,093,500	2,491,418	397,918
Other permits	251,825	358,121	106,296
Total	<u>5,115,325</u>	<u>6,187,633</u>	<u>1,072,308</u>
Sales and Services:			
Rental fees	34,037	34,538	501
Ambulance fees	4,614,000	5,050,148	436,148
Jail fees	773,000	1,202,674	429,674
Library fees	145,000	184,291	39,291
Recreation fees	482,402	529,940	47,538
Human services	169,850	156,038	(13,812)
Transportation	1,197,482	1,152,399	(45,083)
Tax collection fees	316,000	298,318	(17,682)
Other sales and services	2,609,304	2,396,330	(212,974)
Total	<u>10,341,075</u>	<u>11,004,676</u>	<u>663,601</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Investment Earnings:			
Interest on investments	146,653	317,985	171,332
Total	<u>146,653</u>	<u>317,985</u>	<u>171,332</u>
Miscellaneous:			
Private contributions and donations	326,156	374,895	48,739
Sale of materials and capital assets	35,000	43,274	8,274
Gain (Loss) on Foreclosures	-	25,629	25,629
Other	304,630	208,274	(96,356)
Total	<u>665,786</u>	<u>652,072</u>	<u>(13,714)</u>
 Total revenues	 <u>219,533,298</u>	 <u>229,300,566</u>	 <u>9,767,268</u>
EXPENDITURES			
General Government			
Board of Commissioners			
Personal services	272,384	264,696	7,688
Operations	743,195	658,281	84,914
Total	<u>1,015,579</u>	<u>922,977</u>	<u>92,602</u>
County Manager			
Personal services	836,108	820,605	15,503
Operations	54,221	51,381	2,840
Total	<u>890,329</u>	<u>871,986</u>	<u>18,343</u>
Communications & Outreach			
Personal services	310,842	309,975	867
Operations	156,119	68,904	87,215
Capital Outlay	89,000	85,875	3,125
Total	<u>555,961</u>	<u>464,754</u>	<u>91,207</u>
Human Resources			
Personal services	468,253	469,205	(952)
Operations	182,236	151,614	30,622
Total	<u>650,489</u>	<u>620,819</u>	<u>29,670</u>
Tax Collector			
Personal services	510,763	505,224	5,539
Operations	497,104	440,248	56,856
Total	<u>1,007,867</u>	<u>945,472</u>	<u>62,395</u>
Tax Administration			
Personal services	2,048,599	1,930,494	118,105
Operations	309,430	229,418	80,012
Total	<u>2,358,029</u>	<u>2,159,912</u>	<u>198,117</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Board of Elections			
Personal services	716,098	552,223	163,875
Operations	581,242	374,366	206,876
Total	<u>1,297,340</u>	<u>926,589</u>	<u>370,751</u>
Register of Deeds			
Personal services	462,641	461,280	1,361
Operations	82,401	77,276	5,125
Total	<u>545,042</u>	<u>538,556</u>	<u>6,486</u>
Finance			
Personal services	792,551	752,120	40,431
Operations	169,910	144,160	25,750
Total	<u>962,461</u>	<u>896,280</u>	<u>66,181</u>
Information Technology Services			
Personal services	2,107,727	2,016,292	91,435
Operations	2,725,523	2,419,659	305,864
Capital outlay	316,021	314,370	1,651
Total	<u>5,149,271</u>	<u>4,750,321</u>	<u>398,950</u>
Grounds Maintenance			
Personal services	429,889	429,488	401
Operations	820,270	726,971	93,299
Capital outlay	193,065	139,619	53,446
Total	<u>1,443,224</u>	<u>1,296,078</u>	<u>147,146</u>
Infrastructure and Asset Management			
Personal services	583,405	571,429	11,976
Operations	1,140,218	1,083,440	56,778
Total	<u>1,723,623</u>	<u>1,654,869</u>	<u>68,754</u>
Street Sign Maintenance			
Personal services	135,432	121,483	13,949
Operations	52,750	43,161	9,589
Total	<u>188,182</u>	<u>164,644</u>	<u>23,538</u>
Building Maintenance			
Personal services	660,317	637,470	22,847
Operations	2,185,168	1,866,233	318,935
Total	<u>2,845,485</u>	<u>2,503,703</u>	<u>341,782</u>
Facility Services			
Personal services	1,094,839	1,055,560	39,279
Operations	286,903	272,059	14,844
Total	<u>1,381,742</u>	<u>1,327,619</u>	<u>54,123</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fleet Maintenance			
Personal services	376,513	376,186	327
Operations	54,354	38,856	15,498
Capital outlay	212,106	175,637	36,469
Total	<u>642,973</u>	<u>590,679</u>	<u>52,294</u>
Other General Government			
Salary Adjustments	108,229	-	108,229
Other benefits	566,918	566,918	-
Unemployment compensation	73,281	24,238	49,043
Contingency	79,612	-	79,612
Board Directed Expenses	100,000	100,000	-
Other Operations	168,022	127,244	40,778
Total	<u>1,096,062</u>	<u>818,400</u>	<u>277,662</u>
Total General Government	<u>23,753,659</u>	<u>21,453,658</u>	<u>2,300,001</u>
Public Safety			
County Sheriff			
Personal services	10,632,551	10,311,250	321,301
Operations	2,071,329	1,837,425	233,904
Capital outlay	459,900	459,140	760
Total	<u>13,163,780</u>	<u>12,607,815</u>	<u>555,965</u>
Jail			
Personal services	8,760,424	8,547,853	212,571
Operations	2,064,378	1,756,222	308,156
Capital Outlay	159,215	23	159,192
Total	<u>10,984,017</u>	<u>10,304,098</u>	<u>679,919</u>
Animal Control			
Personal services	667,387	666,432	955
Operations	178,772	141,606	37,166
Capital Outlay	27,585	27,585	-
Total	<u>873,744</u>	<u>835,623</u>	<u>38,121</u>
Animal Shelter			
Personal services	74,104	64,725	9,379
Operations	50,547	41,613	8,934
Total	<u>124,651</u>	<u>106,338</u>	<u>18,313</u>
Courts			
Personal services	34,005	33,453	552
Operations	294,834	213,377	81,457
Total	<u>328,839</u>	<u>246,830</u>	<u>82,009</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Construction Standards			
Personal services	1,645,513	1,648,286	(2,773)
Operations	156,997	119,316	37,681
Total	<u>1,802,510</u>	<u>1,767,602</u>	<u>34,908</u>
Emergency Management			
Personal services	463,800	462,318	1,482
Operations	111,325	103,742	7,583
Total	<u>575,125</u>	<u>566,060</u>	<u>9,065</u>
Fire Department			
Operations	300,000	300,000	-
Total	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Emergency Medical Services			
Personal services	6,465,818	6,227,957	237,861
Operations	1,202,207	1,045,170	157,037
Capital outlay	338,581	332,009	6,572
Total	<u>8,006,606</u>	<u>7,605,136</u>	<u>401,470</u>
Other Public Safety			
Personal services (LEO Retirees)	186,600	186,380	220
Operations (LEO Retirees)	525	525	-
Juvenile Crime Prevention Council	323,723	322,742	981
Medical Examiner	122,500	106,250	16,250
Forester	73,858	60,662	13,196
Fire District	808,185	836,595	(28,410)
Total	<u>1,515,391</u>	<u>1,513,154</u>	<u>2,237</u>
Total Public Safety	<u>37,674,663</u>	<u>35,852,656</u>	<u>1,822,007</u>
Economic and Physical Development			
Planning and Development Services			
Personal services	408,016	387,752	20,264
Operations	58,001	29,899	28,102
Total	<u>466,017</u>	<u>417,651</u>	<u>48,366</u>
Community Development			
Personal services	185,036	182,495	2,541
Operations	527,833	398,012	129,821
Capital outlay	372	371	1
Total	<u>713,241</u>	<u>580,878</u>	<u>132,363</u>
Soil & Water Conservation			
Personal services	198,772	197,981	791
Operations	54,948	31,944	23,004
Total	<u>253,720</u>	<u>229,925</u>	<u>23,795</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Zoning Administration			
Personal services	191,451	169,571	21,880
Operations	14,613	7,027	7,586
Total	<u>206,064</u>	<u>176,598</u>	<u>29,466</u>
Economic Development			
Personal services	55,021	31,115	23,906
Operations	777	-	777
Total	<u>55,798</u>	<u>31,115</u>	<u>24,683</u>
Economic Development Incentives			
Flyright	63,000	-	63,000
PreGel	143,000	121,494	21,506
Concord Creamery	11,000	10,289	711
390 Business Blvd.	24,000	23,857	143
Celgard LLC	1,676,093	-	1,676,093
DNP IMP America	418,000	326,997	91,003
SP Richards	62,287	60,357	1,930
Sea Life	53,000	-	53,000
Beacon Properties	930,240	510,942	419,298
S & D Coffee Inc.	119,000	-	119,000
Corning Industries	1,443,000	-	1,443,000
Total	<u>4,942,620</u>	<u>1,053,936</u>	<u>3,888,684</u>
Other Economic and Physical Development			
Carolina Farm Steward	40,000	40,000	-
Economic Development Corp	400,000	400,000	-
City of Kannapolis - Obligation bonds	1,512,804	1,512,804	-
Total	<u>1,952,804</u>	<u>1,952,804</u>	<u>-</u>
Total Economic and Physical Development	<u>8,590,264</u>	<u>4,442,907</u>	<u>4,147,357</u>
Environmental Protection			
Waste Reduction/Recycling			
Personal services	103,572	101,783	1,789
Operations	362,773	140,014	222,759
Total	<u>466,345</u>	<u>241,797</u>	<u>224,548</u>
Total Environmental Protection	<u>466,345</u>	<u>241,797</u>	<u>224,548</u>
Human Services			
Veterans Services			
Personal services	229,899	228,144	1,755
Operations	10,859	8,079	2,780
Total	<u>240,758</u>	<u>236,223</u>	<u>4,535</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, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation			
Personal services	1,344,733	1,240,422	104,311
Operations	760,833	653,679	107,154
Capital outlay	285,500	242,138	43,362
Total	<u>2,391,066</u>	<u>2,136,239</u>	<u>254,827</u>
Cooperative Extension			
Personal services	332,338	291,038	41,300
Operations	94,080	64,228	29,852
Total	<u>426,418</u>	<u>355,266</u>	<u>71,152</u>
HS - Administration Operations			
Personal services	1,018,089	999,020	19,069
Operations	2,132,264	1,996,025	136,239
Total	<u>3,150,353</u>	<u>2,995,045</u>	<u>155,308</u>
HS - Child Welfare			
Personal services	5,014,684	4,709,997	304,687
Operations	2,458,313	1,834,599	623,714
Total	<u>7,472,997</u>	<u>6,544,596</u>	<u>928,401</u>
HS - Child Support Services			
Personal services	1,291,660	1,234,812	56,848
Operations	249,920	239,659	10,261
Total	<u>1,541,580</u>	<u>1,474,471</u>	<u>67,109</u>
HS - Economic Services			
Personal services	7,041,678	6,666,144	375,534
Operations	5,420,042	5,306,022	114,020
Total	<u>12,461,720</u>	<u>11,972,166</u>	<u>489,554</u>
HS - Adult and Family Services			
Personal services	2,014,599	1,953,716	60,883
Operations	1,374,330	1,226,461	147,869
Total	<u>3,388,929</u>	<u>3,180,177</u>	<u>208,752</u>
HS Aging - Nutrition Title III			
Personal services	202,730	179,145	23,585
Operations	274,385	227,262	47,123
Total	<u>477,115</u>	<u>406,407</u>	<u>70,708</u>
HS Aging - Senior Services			
Personal services	260,925	259,846	1,079
Operations	393,477	304,000	89,477
Total	<u>654,402</u>	<u>563,846</u>	<u>90,556</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other Human Services			
Operations	51,400	51,397	3
Veterinarian Services-Spay	15,000	2,010	12,990
Public Health Authority	6,011,824	6,011,824	-
Mental Health Center	614,020	614,020	-
Total	<u>6,692,244</u>	<u>6,679,251</u>	<u>12,993</u>
Total Human Services	<u>38,897,582</u>	<u>36,543,687</u>	<u>2,353,895</u>
Education			
Schools - Current Expense			
Cabarrus County Schools	55,169,090	55,169,090	-
Kannapolis City Schools	7,364,372	7,364,372	-
Rowan Cabarrus Community College	2,268,205	2,268,205	-
Total	<u>64,801,667</u>	<u>64,801,667</u>	<u>-</u>
Schools - Capital Outlay			
Cabarrus County Schools	4,499,481	3,333,743	1,165,738
Kannapolis City Schools	833,800	734,507	99,293
Rowan Cabarrus Community College	784,442	567,855	216,587
Total	<u>6,117,723</u>	<u>4,636,105</u>	<u>1,481,618</u>
Schools - Other			
Cabarrus County Schools	107,687	107,687	-
Total Education	<u>71,027,077</u>	<u>69,545,459</u>	<u>1,481,618</u>
Culture & Recreation			
Active Living and Parks - Operations			
Personal services	991,225	988,187	3,038
Operations	321,597	280,115	41,482
Capital outlay	165,496	46,431	119,065
Total	<u>1,478,318</u>	<u>1,314,733</u>	<u>163,585</u>
Active Living and Parks - Senior Centers			
Personal services	398,533	369,560	28,973
Operations	213,194	142,952	70,242
Total	<u>611,727</u>	<u>512,512</u>	<u>99,215</u>
Library System			
Personal services	2,465,446	2,419,062	46,384
Operations	632,648	587,429	45,219
Total	<u>3,098,094</u>	<u>3,006,491</u>	<u>91,603</u>
Other Culture and Recreation			
Cabarrus Arts Council	26,000	26,000	-
Total	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total Culture & Recreation	<u>5,214,139</u>	<u>4,859,736</u>	<u>354,403</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, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt Service			
Principal:			
Bonds			
Public schools	7,405,834	7,405,834	-
Community college	129,167	129,167	-
Certificates of Participation/ Limited Obligation Bonds			
Public schools	15,454,625	15,454,625	-
County buildings	6,585,375	6,585,375	-
Notes Payable	91,465	91,465	-
Lease Financing			
Land	77,088	77,088	-
Total	<u>29,743,554</u>	<u>29,743,554</u>	<u>-</u>
Interest and Fees:			
Bonds	3,058,163	3,058,163	-
Certificates of Participation/ Limited Obligation Bonds	7,632,449	7,632,449	-
Lease Financing	112,912	112,912	-
Bond issuance costs	50,000	25,624	24,376
Total	<u>10,853,524</u>	<u>10,829,148</u>	<u>24,376</u>
Total Debt Service	<u>40,597,078</u>	<u>40,572,702</u>	<u>24,376</u>
Total expenditures	<u>226,220,807</u>	<u>213,512,602</u>	<u>12,708,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,687,509)</u>	<u>15,787,964</u>	<u>22,475,473</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, 2016**

	Final Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in:			
From Justice Center Construction Fund	-	83,642	83,642
From Public School Bldg. Fund-Lottery	2,000,000	2,000,000	-
From Capital Reserve Fund	1,985,000	1,985,000	-
From Cert of Participation 2009 Fund	-	261,345	261,345
Total	3,985,000	4,329,987	344,987
Transfers (out):			
To Community Development Fund	(25,000)	(25,000)	-
To Cabarrus Arena & Events Fund	(603,789)	(603,789)	-
To Construction and Renovation Fund	(1,979,828)	(1,979,828)	-
To School Construction Fund	(727,960)	(727,960)	-
To School Construction Debt	(17,500)	(17,500)	-
To Special Projects Fund	(35,863)	(35,863)	-
To Capital Reserve Fund	(18,779,157)	(18,779,157)	-
Total	(22,169,097)	(22,169,097)	-
Total net transfers	(18,184,097)	(17,839,110)	344,987
Fund balance appropriated	24,871,606	-	(24,871,606)
Total other financing sources (uses)	6,687,509	(17,839,110)	(24,526,619)
Net change in fund balance	<u>\$ -</u>	<u>(2,051,146)</u>	<u>\$ (2,051,146)</u>
Fund balance, July 1, as previously reported		79,433,653	
Restatement		1,576,476	
Fund balance, July 1, as restated		81,010,129	
Fund Balance, June 30		<u>\$ 78,958,983</u>	
Reconciliation:			
Fund Balance, June 30		\$ 78,958,983	
A legally budgeted principal debt service payment was made to a sinking fund held by a trustee in the County's name		1,330,000	
Fund balance, June 30 (Exhibit 4)		<u>\$ 80,288,983</u>	

Cabarrus County, North Carolina
School Construction Debt Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2016

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Interest on Investments	\$ 18,817	\$ -	\$ 74,771	\$ 74,771
Total revenues	<u>18,817</u>	<u>-</u>	<u>74,771</u>	<u>74,771</u>
EXPENDITURES				
Education				
Royal Oaks Elementary	21,781,200	29,280	2,099,414	2,128,694
Mt. Pleasant Middle School	32,370,692	826,591	3,338,755	4,165,346
Kannapolis Middle School	37,881,500	311,956	4,643,588	4,955,544
Legal Fees	<u>740,370</u>	<u>-</u>	<u>740,370</u>	<u>740,370</u>
Total expenditures	<u>92,773,762</u>	<u>1,167,827</u>	<u>10,822,127</u>	<u>11,989,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(92,754,945)</u>	<u>(1,167,827)</u>	<u>(10,747,356)</u>	<u>(11,915,183)</u>
OTHER FINANCING SOURCES (USES)				
Premium on Debt Issue	11,159,453	-	11,159,453	11,159,453
Proceeds from COPS	73,785,000	-	73,785,000	73,785,000
Transfer in - Capital Reserve	6,473,992	2,980,500	3,493,492	6,473,992
Transfer in - General Fund	<u>1,336,500</u>	<u>1,319,000</u>	<u>17,500</u>	<u>1,336,500</u>
Total other financing sources (uses)	<u>92,754,945</u>	<u>4,299,500</u>	<u>88,455,445</u>	<u>92,754,945</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,131,673</u>	77,708,089	<u>\$ 80,839,762</u>
Fund balance, July 1			<u>3,131,673</u>	
Fund balance, June 30			<u>\$ 80,839,762</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, 2016

Schedule 28
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	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 592,000	\$ 677,318	\$ 85,318
Total operating revenues	<u>592,000</u>	<u>677,318</u>	<u>-</u>
Nonoperating revenues:			
Landfill disposal tax	32,000	19,187	(12,813)
Landfill state tax distribution	36,000	40,187	4,187
Solid waste franchise fee	25,000	25,000	-
Tire disposal fees	210,000	253,389	43,389
Waste disposal fee	55,000	64,326	9,326
Investment earnings	-	14,706	14,706
Miscellaneous revenue	-	694	694
Total nonoperating revenues	<u>358,000</u>	<u>417,489</u>	<u>59,489</u>
Total revenues	<u>950,000</u>	<u>1,094,807</u>	<u>59,489</u>
EXPENDITURES			
Landfill Administration:			
Salaries and wages	194,467	191,630	2,837
FICA	10,936	11,233	(297)
Medicare	2,559	2,627	(68)
Group hospital insurance	38,725	38,725	-
Vision Care	105	105	-
Retirement	12,646	12,993	(347)
Deferred compensation- 401K	9,381	9,582	(201)
Workers' Compensation	10,315	10,960	(645)
Insurance and bonds	3,284	3,349	(65)
Total salaries and benefits	<u>282,418</u>	<u>281,204</u>	<u>1,214</u>
Landfill Operations:			
General and administrative:			
Dues and subscriptions	950	616	334
Lights and power	5,250	4,531	719
Office supplies	1,750	1,620	130
Other operating cost	320	-	320
Telephone	1,513	1,512	1
Travel	2,000	1,875	125
Uniforms	4,200	3,339	861
Total general and administrative	<u>15,983</u>	<u>13,493</u>	<u>2,490</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, 2016

Schedule 28
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	Budget	Actual	Variance Positive (Negative)
Other operating expenditures:			
Auto and truck maintenance	14,000	13,962	38
Building and ground maintenance	41,000	28,319	12,681
Capital reserve	823,022	58,355	764,667
Engineers	171,470	10,820	160,650
Fuel	55,679	31,666	24,013
Heavy equipment maintenance	51,000	50,682	318
Landfill disposal tax remittance	32,000	31,871	129
Minor equipment maintenance	4,000	1,551	2,449
Permitting fees	9,000	5,850	3,150
Tire disposal	210,000	93,340	116,660
Tools and minor equipment	1,500	908	592
Waste disposal charges	4,500	4,626	(126)
Technology	5,000	3,300	1,700
Total other operating expenditures	1,422,171	335,250	1,086,921
 Total expenditures	 1,720,572	 629,947	 1,090,625
 Revenues over (under) expenditures	 (770,572)	 464,860	 1,235,432
 OTHER FINANCING SOURCES (USES)			
Fund Balance Appropriated	770,572	-	(770,572)
 Revenues over (under) expenditures and other financing sources (uses)	 \$ -	 464,860	 \$ 464,860
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlays		9,900	
Depreciation		(276,767)	
Decrease in net pension asset		(16,577)	
Increase in net pension liability		(12,345)	
Increase in deferred outflows of resources - pensions		183	
Decrease in deferred inflows of resources - pensions		33,332	
Increase in accrued landfill closure post-closure care costs		(764,667)	
Increase in compensated absences payable		(5,573)	
Increase in other postemployment benefits		(10,709)	
Total reconciling items		(1,043,223)	
 Change in net position		 \$ (578,363)	



Statistical Section

Statistical Section

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

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

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

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

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

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

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

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

Demographic and Economic Statistics	Table 13
Principal Employers	Table 14

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

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

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 59,636,476	\$ 91,564,956	\$ 108,046,560	\$ 108,911,093	\$ 111,057,044	\$ 123,980,302	\$ 126,276,528	\$ 128,602,206	\$ 130,096,524	\$ 132,384,494
Restricted	52,443,535	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397
Unrestricted	(154,540,784)	(209,510,459)	(215,569,630)	(245,337,483)	(237,704,769)	(221,575,904)	(187,041,424)	(163,966,006)	(131,914,054)	(119,878,979)
Total governmental activities net position	<u>\$ (42,460,773)</u>	<u>\$ (44,099,788)</u>	<u>\$ (48,421,348)</u>	<u>\$ (78,928,543)</u>	<u>\$ (79,755,501)</u>	<u>\$ (65,093,245)</u>	<u>\$ (39,238,848)</u>	<u>\$ (18,094,453)</u>	<u>\$ 14,134,538</u>	<u>\$ 32,814,912</u>
Business-type activities										
Net investment in capital assets	\$ 3,502,753	\$ 3,856,424	\$ 4,174,313	\$ 4,048,802	\$ 3,978,432	\$ 3,601,643	\$ 3,220,285	\$ 3,019,858	\$ 2,884,041	\$ 2,617,174
Unrestricted	1,335,551	957,349	604,100	(286,743)	(272,454)	45,035	343,174	724,114	1,005,864	694,368
Total business-type activities net position	<u>\$ 4,838,304</u>	<u>\$ 4,813,773</u>	<u>\$ 4,778,413</u>	<u>\$ 3,762,059</u>	<u>\$ 3,705,978</u>	<u>\$ 3,646,678</u>	<u>\$ 3,563,459</u>	<u>\$ 3,743,972</u>	<u>\$ 3,889,905</u>	<u>\$ 3,311,542</u>
Primary government										
Net investment in capital assets	\$ 63,139,229	\$ 95,421,380	\$ 112,220,873	\$ 112,959,895	\$ 115,035,476	\$ 127,581,945	\$ 129,496,813	\$ 131,622,064	\$ 132,980,565	\$ 135,001,668
Restricted	65,446,629	73,845,715	59,101,722	57,497,847	46,892,224	32,502,357	21,526,048	17,269,347	15,952,068	20,309,397
Unrestricted	(166,208,327)	(208,553,110)	(214,965,530)	(245,624,226)	(237,977,223)	(221,530,869)	(186,698,250)	(163,241,892)	(130,908,190)	(119,184,611)
Total primary government net position	<u>\$ (37,622,469)</u>	<u>\$ (39,286,015)</u>	<u>\$ (43,642,935)</u>	<u>\$ (75,166,484)</u>	<u>\$ (76,049,523)</u>	<u>\$ (61,446,567)</u>	<u>\$ (35,675,389)</u>	<u>\$ (14,350,481)</u>	<u>\$ 18,024,443</u>	<u>\$ 36,126,454</u>
Component Unit										
Net investment in capital assets	\$ 844,904	\$ 991,163	\$ 980,806	\$ 1,561,575	\$ 725,114	\$ 1,152,374	\$ 959,140	\$ 771,532	\$ 698,177	\$ 591,994
Restricted	-	-	-	-	2,936,461	4,077,601	982,679	900,338	1,768,998	2,079,353
Unrestricted	5,083,418	4,726,508	4,267,097	1,561,575	4,428,335	2,587,525	5,305,575	5,782,236	4,312,657	4,819,120
Total component unit net position	<u>\$ 5,928,322</u>	<u>\$ 5,717,671</u>	<u>\$ 5,247,903</u>	<u>\$ 8,030,867</u>	<u>\$ 8,089,910</u>	<u>\$ 7,817,500</u>	<u>\$ 7,247,394</u>	<u>\$ 7,454,106</u>	<u>\$ 6,779,832</u>	<u>\$ 7,490,467</u>

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

Table 2
Page 1 of 2

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 15,788,662	\$ 18,415,916	\$ 19,804,610	\$ 20,931,001	\$ 21,750,176	\$ 21,958,116	\$ 20,446,857	\$ 29,319,941	\$ 20,025,751	\$ 22,937,803
Public safety	24,259,457	27,859,820	29,872,453	31,944,942	36,043,142	39,222,178	39,553,136	42,377,716	41,286,464	44,488,831
Economic and physical development	3,470,790	5,120,325	3,546,315	3,207,792	3,128,710	3,892,813	4,073,657	4,132,476	4,056,316	4,657,763
Environmental protection	239,353	273,920	251,712	541,463	619,639	583,412	547,558	259,725	457,082	396,644
Human Services	39,793,446	42,113,299	41,849,320	40,925,099	38,015,497	39,620,352	37,438,873	37,786,315	35,979,796	36,753,034
Education	102,678,574	80,456,701	96,464,947	118,863,929	77,221,156	66,152,595	63,146,646	65,435,585	71,063,433	96,042,477
Cultural and recreation	7,357,984	7,750,422	6,401,250	6,771,004	6,161,896	6,577,413	7,465,525	7,370,579	6,526,629	7,593,910
Interest on long term debt	13,078,276	13,267,793	15,302,702	19,753,394	19,633,769	19,108,759	17,898,970	16,436,391	14,504,045	13,448,868
Total governmental activities	206,666,542	195,258,196	213,493,309	242,938,624	202,573,985	197,115,638	190,571,222	203,118,728	193,899,516	226,319,330
Business-type activities:										
Solid Waste	1,223,462	1,746,268	1,733,185	2,333,383	1,312,509	1,096,968	957,890	823,069	833,661	1,673,170
Total primary government expenses	<u>\$ 207,890,004</u>	<u>\$ 197,004,464</u>	<u>\$ 215,226,494</u>	<u>\$ 245,272,007</u>	<u>\$ 203,886,494</u>	<u>\$ 198,212,606</u>	<u>\$ 191,529,112</u>	<u>\$ 203,941,797</u>	<u>\$ 194,733,177</u>	<u>\$ 227,992,500</u>
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 4,442,084	\$ 4,253,175	\$ 2,764,580	\$ 2,450,708	\$ 2,253,561	\$ 2,576,452	\$ 2,595,260	\$ 2,834,998	\$ 2,908,433	\$ 3,850,542
Public safety	9,079,190	9,009,527	7,227,219	8,759,169	8,883,156	9,117,930	10,031,226	10,662,877	11,294,592	12,018,879
Economic and physical development	371,374	361,302	142,332	72,730	52,364	36,062	46,169	76,791	53,589	137,487
Environmental protection	139	1,668	647	593	928	53,770	42,172	63,757	54,978	28,143
Human Services	3,718,235	3,627,327	3,501,902	3,400,337	3,189,986	2,262,905	3,176,475	2,612,401	2,237,069	1,383,584
Education	1,522,931	2,854,128	793,590	754,640	477,517	793,610	33,170	-	-	-
Cultural and recreation	929,183	1,013,966	1,036,875	1,004,898	1,140,124	1,064,273	1,285,260	1,423,298	1,192,236	1,411,083
Operating grants and contributions:										
General government	773,179	559,742	337,714	274,343	1,286,545	750,094	1,243,161	796,903	1,400,995	5,538,601
Public safety	1,527,390	1,227,341	974,186	1,201,549	906,658	974,200	783,970	1,039,695	1,990,379	1,735,870
Economic and physical development	277,739	186,901	452,379	729,427	953,047	999,754	593,672	483,393	671,151	671,661
Environmental protection	45,969	64,835	38,813	31,090	32,085	8,425	6,912	7,373	8,808	11,054
Human Services	15,317,430	17,305,815	18,827,015	19,244,360	16,857,848	17,595,622	16,698,603	15,598,848	17,249,740	18,652,890
Education	185,289	259,232	128,465	-	-	743,081	770,920	786,774	714,643	847,822
Cultural and recreation	464,587	1,356,447	615,998	425,927	533,322	530,772	1,184,367	1,183,120	1,050,281	1,125,669
Capital grants and contributions:										
Human Services	-	298,051	663,564	268,010	285,158	260,866	329,566	357,278	352,184	423,803
Education	2,648,767	1,388,593	956,939	6,149,845	258,938	1,713,555	7,307,518	4,911,790	2,200,000	2,000,000
Cultural and recreation	-	-	-	-	-	-	-	-	-	150,000
Total governmental activities program revenues	41,303,486	43,768,050	38,462,218	44,767,626	37,111,237	39,481,371	46,128,421	42,839,296	43,379,078	49,987,088
Business-type activities:										
Charges for Services - Solid Waste	1,516,013	1,474,242	1,565,441	1,187,527	858,132	704,647	674,272	691,618	682,265	741,644
Operating grants and contributions - Solid Waste	-	-	-	44,655	21,368	-	-	-	-	-
Capital grants and contributions - Solid Waste	-	-	-	-	23,740	-	-	-	-	-
Total business-type activities program revenues	1,516,013	1,474,242	1,565,441	1,232,182	903,240	704,647	674,272	691,618	682,265	741,644
Total primary government program revenues	<u>\$ 42,819,499</u>	<u>\$ 45,242,292</u>	<u>\$ 40,027,659</u>	<u>\$ 45,999,808</u>	<u>\$ 38,014,477</u>	<u>\$ 40,186,018</u>	<u>\$ 46,802,693</u>	<u>\$ 43,530,914</u>	<u>\$ 44,061,343</u>	<u>\$ 50,728,732</u>
Net (Expense)/Revenue										
Governmental activities	\$ (165,363,056)	\$ (151,490,146)	\$ (175,031,091)	\$ (198,170,998)	\$ (165,462,748)	\$ (157,634,267)	\$ (144,442,801)	\$ (160,279,432)	\$ (150,520,438)	\$ (176,332,242)
Business-type activities	292,551	(272,026)	(167,744)	(1,101,201)	(409,269)	(392,321)	(283,618)	(131,451)	(151,396)	(931,526)
Total primary government net (expense)/revenue	<u>\$ (165,070,505)</u>	<u>\$ (151,762,172)</u>	<u>\$ (175,198,835)</u>	<u>\$ (199,272,199)</u>	<u>\$ (165,872,017)</u>	<u>\$ (158,026,588)</u>	<u>\$ (144,726,419)</u>	<u>\$ (160,410,883)</u>	<u>\$ (150,671,834)</u>	<u>\$ (177,263,768)</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 99,451,423	\$ 105,322,403	\$ 134,629,314	\$ 137,488,091	\$ 136,733,389	\$ 135,600,306	\$ 133,982,194	\$ 142,079,572	\$ 139,956,060	\$ 145,851,203
Local option sales tax	36,438,842	37,721,273	31,568,865	28,461,637	25,808,696	33,612,837	36,890,472	36,209,579	42,572,756	44,145,980
ABC revenues	64,956	69,902	241,932	66,789	188,594	86,842	90,926	155,755	90,185	99,766
Other taxes and licenses	102,456	109,062	770,064	669,221	642,337	752,711	760,314	754,194	796,167	844,478
Occupancy tax	1,504,586	2,110,664	-	-	-	-	-	-	-	-
Unrestricted investment earnings	6,481,368	6,672,098	2,657,376	813,582	1,019,648	1,352,010	1,627,590	2,224,727	4,930,583	2,494,713
Donations	3,011,479	135,546	150,663	131,590	221,538	-	-	-	-	-
Insurance Proceeds	43,954	118,826	-	-	-	-	-	-	-	-
Miscellaneous	133,226	33,755	691,317	32,893	21,588	-	-	-	-	-
Transfers In/Out	-	-	-	-	-	25,615	122,200	-	-	-
Total governmental activities:	<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>	<u>181,423,827</u>	<u>188,345,751</u>	<u>193,436,140</u>
Business-type activities:										
Other taxes and licenses	62,122	31,096	34,405	55,074	343,908	350,141	313,218	300,666	315,597	338,457
Unrestricted investment earnings	271,539	212,399	74,925	10,630	8,205	8,495	9,381	11,298	4,909	14,706
Miscellaneous	283,714	4,000	23,054	19,143	1,075	-	-	-	-	-
Transfers In/Out	-	-	-	-	-	(25,615)	(122,200)	-	-	-
Total business-type activities	<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>200,399</u>	<u>311,964</u>	<u>320,506</u>	<u>353,163</u>
Total primary government	<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>	<u>\$ 181,735,791</u>	<u>\$ 188,666,257</u>	<u>\$ 193,789,303</u>
Change in Net Position										
Governmental activities	\$ (18,130,766)	\$ 803,383	\$ (4,321,560)	\$ (30,507,195)	\$ (826,958)	\$ 13,796,054	\$ 29,030,895	\$ 21,144,395	\$ 37,825,313	\$ 17,103,898
Business-type activities	909,926	(24,531)	(35,360)	(1,016,354)	(56,081)	(59,300)	(83,219)	180,513	169,110	(578,363)
Total primary government	<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>	<u>\$ 21,324,908</u>	<u>\$ 37,994,423</u>	<u>\$ 16,525,535</u>
Expenses										
Component Unit:										
Cabarrus Health Alliance	<u>\$ 16,594,547</u>	<u>\$ 17,952,926</u>	<u>\$ 19,549,624</u>	<u>\$ 17,292,485</u>	<u>\$ 19,678,636</u>	<u>\$ 23,482,772</u>	<u>\$ 18,091,226</u>	<u>\$ 17,848,876</u>	<u>\$ 18,276,621</u>	<u>\$ 19,906,309</u>
Program Revenues										
Component Unit:										
Charges for Services	\$ 9,704,379	\$ 9,562,940	\$ 10,182,604	\$ 8,552,866	\$ 6,887,656	6,998,473	6,638,544	6,745,631	8,450,064	9,860,172
Operating grants and contributions	7,056,193	7,886,241	9,285,721	8,217,449	8,530,342	7,575,516	9,940,137	10,491,677	10,219,352	10,690,727
Capital grants and contributions	-	-	-	-	4,147,720	8,220,193	87,418	-	-	-
Total component unit	<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>\$ 16,666,099</u>	<u>\$ 17,237,308</u>	<u>\$ 18,669,416</u>	<u>\$ 20,550,899</u>
Net (Expense) Revenue										
Component Unit:										
Total component unit	<u>\$ 166,025</u>	<u>\$ (503,745)</u>	<u>\$ (81,299)</u>	<u>\$ (522,170)</u>	<u>\$ (112,918)</u>	<u>\$ (688,590)</u>	<u>\$ (1,425,127)</u>	<u>\$ (611,568)</u>	<u>\$ 392,795</u>	<u>\$ 644,590</u>
General Revenues and Other Changes in Net Position										
Component Unit:										
General Revenues										
Unrestricted investment earnings	\$ 154,179	\$ 127,386	\$ 42,147	\$ 7,630	\$ 4,479	\$ 2,176	\$ 12,948	\$ 2,033	\$ 6,283	\$ 18,393
Miscellaneous	35,856	51,232	79,643	42,616	167,482	414,004	842,073	816,247	21,333	47,652
Total General Revenues	<u>190,035</u>	<u>178,618</u>	<u>121,790</u>	<u>50,246</u>	<u>171,961</u>	<u>416,180</u>	<u>855,021</u>	<u>818,280</u>	<u>27,616</u>	<u>66,045</u>
Special Item										
Total component unit	<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>	<u>\$ 818,280</u>	<u>\$ 27,616</u>	<u>\$ 66,045</u>
Change in Net Position										
Component Unit:										
Total component unit	<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>\$ (570,106)</u>	<u>\$ 206,712</u>	<u>\$ 420,411</u>	<u>\$ 710,635</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 10,505,737	\$ 10,988,446	\$ 9,862,420	\$ 10,877,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	40,205,758	36,636,176	41,476,373	54,778,125	-	-	-	-	-	-
Nonspendable	-	-	-	-	67,302	198,809	383,680	231,522	244,553	359,001
Restricted	-	-	-	-	10,190,775	12,690,692	11,399,498	14,863,874	14,059,301	17,002,983
Committed	-	-	-	-	-	6,606	-	-	172,493	4,912,643
Assigned	-	-	-	-	16,955,100	17,436,575	22,450,700	16,089,311	11,210,329	7,295,961
Unassigned	-	-	-	-	46,800,234	45,700,553	61,505,652	37,717,055	53,746,977	50,718,395
Total General Fund	<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>	<u>\$ 68,901,762</u>	<u>\$ 79,433,653</u>	<u>\$ 80,288,983</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 59,101,722	\$ 57,497,847	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	65,446,629	73,845,715	13,983,470	11,127,623	-	-	-	-	-	-
Nonspendable	-	-	-	-	720,000	648,200	-	-	510,000	-
Restricted	-	-	-	-	36,701,449	19,811,665	10,126,550	3,355,247	2,564,488	84,402,426
Committed	-	-	-	-	14,383,632	10,458,498	9,798,323	39,301,702	38,332,485	31,648,792
Assigned	-	-	-	-	459,881	549,755	594,899	758,630	797,361	3,202,731
Unassigned	-	-	-	-	(5,440)	(292,024)	-	(34,772)	(55,116)	(287,944)
Total all other governmental funds	<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>	<u>\$ 43,380,807</u>	<u>\$ 42,149,218</u>	<u>\$ 118,966,005</u>

Note:

The County implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011

Four years are presented in the format prior to the implementation of GASB 54 (fiscal years 2007 through 2010)

Six years are presented in the format after the implementation of GASB 54 (fiscal years 2011 through 2016)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad valorem taxes	\$ 99,627,797	\$ 105,594,464	\$ 134,848,876	\$ 136,532,544	\$ 136,169,662	\$ 134,789,473	\$ 134,153,049	\$ 140,937,468	\$ 139,912,235	\$ 146,665,438
Other taxes and licenses	38,452,888	40,552,308	32,338,928	29,130,858	26,451,032	34,360,229	37,634,537	36,939,920	43,368,922	44,990,458
Intergovernmental	20,695,684	21,592,591	23,107,472	28,022,905	20,763,435	23,255,568	28,092,244	24,403,824	24,935,222	26,718,675
Permits and fees	9,851,011	10,643,086	5,975,694	5,267,543	4,753,093	5,789,927	5,487,566	5,949,742	6,610,335	6,187,633
Sales and services	9,595,669	10,165,675	9,680,365	10,600,602	10,310,115	10,073,950	11,830,022	11,364,724	10,882,609	11,813,400
Investment earnings	6,131,009	6,330,248	2,356,043	429,465	261,016	235,440	266,534	277,771	211,522	476,243
Donations	744,972	643,402	286,433	108,709	186,638	390,239	628,598	649,853	506,259	696,118
Miscellaneous	932,086	537,043	1,949,592	462,114	514,504	589,467	1,039,992	487,090	444,037	1,078,357
Total Revenues	186,031,116	196,058,817	210,543,403	210,554,740	199,409,495	209,484,293	219,132,542	221,010,392	226,871,141	238,626,322
Expenditures										
General Government	15,075,679	16,845,197	18,450,904	19,084,912	19,342,247	20,296,887	19,601,354	28,338,931	19,636,478	21,462,463
Public Safety	23,503,592	25,580,475	28,583,439	29,201,271	31,114,290	33,696,397	32,914,713	36,406,706	36,187,257	39,466,706
Economic & Phy Dev	3,451,435	5,024,745	3,427,600	3,166,913	3,071,760	3,794,160	3,997,296	4,084,616	4,407,764	4,660,358
Environmental Prot.	203,049	200,561	217,384	472,943	519,010	524,881	537,717	222,128	399,128	377,117
Human Services	39,343,438	40,873,762	41,077,166	39,418,305	35,904,789	37,348,400	35,912,373	37,018,148	36,126,712	36,356,523
Education	103,022,790	81,520,236	96,353,775	119,462,406	77,464,219	66,289,905	63,229,560	65,435,585	71,063,433	96,042,477
Culture and recreation	6,496,945	6,568,340	5,819,871	5,567,673	4,811,274	4,848,579	5,972,870	6,144,326	5,415,569	6,276,076
Capital Outlay	26,150,524	32,614,235	40,813,607	31,660,649	6,521,906	4,467,028	4,343,539	5,012,301	3,056,097	3,454,088
Debt Service:										
Principal	14,113,550	17,539,175	20,067,615	20,133,541	22,937,295	37,142,398	25,968,035	26,886,635	26,590,644	28,546,548
Interest	10,489,591	13,282,514	15,371,972	17,991,288	19,709,229	19,041,682	17,911,692	15,437,749	15,277,809	10,832,777
Total Expenditures	241,850,593	240,049,240	270,183,333	286,159,901	221,396,019	227,450,317	210,389,149	224,987,125	218,160,891	247,475,133
Excess of revenues over (under) expenditures	(55,819,477)	(43,990,423)	(59,639,930)	(75,605,161)	(21,986,524)	(17,966,024)	8,743,393	(3,976,733)	8,710,250	(8,848,811)
Other Financing Sources (Uses)										
Transfers in	32,604,840	25,556,744	29,233,852	23,142,651	7,542,255	16,283,727	12,663,434	63,488,791	18,047,562	42,964,933
Transfers out	(32,604,840)	(25,556,744)	(29,233,852)	(25,142,651)	(8,462,255)	(18,283,727)	(12,898,234)	(63,488,791)	(18,197,562)	(42,964,933)
Limited Obligation Bonds Issued	-	-	-	-	-	37,730,250	-	-	134,235,000	73,785,000
Premium from Limited Obligation Bonds Issuance of Bonds	48,562,851	-	-	-	-	-	73,020,999	-	-	11,159,452
Disbursements for Debt Instruments	-	(7,305,000)	-	-	(20,902,811)	(37,431,142)	(72,479,619)	-	(133,494,948)	-
Disbursements to Escrow Agent	-	(18,958,846)	-	-	-	-	-	-	-	-
Issuance of Certificates of Participation	34,513,782	68,261,482	59,172,184	87,462,584	35,800,860	-	-	-	-	-
Issuance of Installment Financings	15,000,000	7,305,000	-	-	-	-	-	-	-	-
Issuance of lease	689,546	-	3,421,394	-	-	603,312	-	-	-	-
Total other financing sources (uses)	98,766,179	49,302,636	62,593,578	85,462,584	13,978,049	(1,097,580)	306,580	-	590,052	84,944,452
Net change in fund balances	\$ 42,946,702	\$ 5,312,213	\$ 2,953,648	\$ 9,857,423	\$ (8,008,475)	\$ (19,063,604)	\$ 9,049,973	\$ (3,976,733)	\$ 9,300,302	\$ 76,095,641
Debt service as a percentage of noncapital expenditures	11.41%	14.86%	15.45%	14.98%	19.85%	25.20%	21.30%	19.24%	19.46%	16.14%

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

Table 5

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

Notes:

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

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

Table 6

	Year Taxes are Payable									
	2007	2008	2009 ⁽¹⁾	2010	2011	2012	2013 ⁽¹⁾	2014	2015	2016
County Total Direct Rate ⁽²⁾	\$ 0.6289	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.6300	\$ 0.7000	\$ 0.7000	\$ 0.7000	\$ 0.7000
Fire Protection Districts ⁽³⁾	0.0531	0.0531	0.0525	0.0525	0.0509	0.0528	0.0616	0.0651	0.0651	0.0722
Municipal Rates: ⁽⁴⁾										
Concord	0.4475	0.4475	0.4200	0.4200	0.4200	0.4200	0.4800	0.4800	0.4800	0.4800
Kannapolis	0.4970	0.4970	0.4900	0.4900	0.4900	0.4900	0.5600	0.5600	0.6000	0.6300
Harrisburg	0.1350	0.1350	0.1250	0.1250	0.1250	0.1350	0.1585	0.1585	0.1585	0.1585
Mt. Pleasant	0.4400	0.4400	0.4400	0.4400	0.4400	0.4400	0.5050	0.5050	0.5050	0.5050
Midland	0.1500	0.1500	0.1400	0.1400	0.1400	0.1400	0.1600	0.2000	0.2000	0.2000
Locust	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600

Notes:

⁽¹⁾ Real property was revalued on January 1

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

⁽³⁾ Most property in the unincorporated areas is subject to one of sixteen 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

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

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

Table 7

Taxpayer	Type of Business	Fiscal Year 2016			Fiscal Year 2007		
		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	\$ 343,358,673	1	1.69%	\$ -	-	-
Corning, Inc	Fiber Optics Manufacturer	288,694,694	2	1.42%	171,287,524	4	1.12%
Concord Mills LTD Partnership	Shopping Center	252,360,387	3	1.24%	206,066,012	2	1.34%
Charlotte Motor Speedway, Inc	Auto Racing	212,250,696	4	1.05%	171,998,164	3	1.12%
Celgard, LLC	Battery Manufacturer	208,412,833	5	1.03%	-	-	-
Duke Energy Corporation	Public Service Company	118,494,410	6	0.58%	85,641,505	5	0.56%
Hendricks Motorsports, Inc	Auto Racing	98,837,587	7	0.49%	-	-	-
Weinstein Properties	Property Management	94,517,490	8	0.47%	-	-	-
Great Wolf Lodge of the Carolinas	Amusement Water Park	90,843,363	9	0.45%	-	-	-
Hendricks Automotive	Automotive Sales	83,525,757	10	0.41%	-	-	-
Phillip Morris, Inc. (Altria)	Cigarette Manufacturer	-	-	-	1,107,455,258	1	7.22%
Concord Telephone Company	Public Service Company	-	-	-	74,576,809	6	0.49%
Pass & Seymour/Legrand	Electronics	-	-	-	44,462,147	7	0.29%
Public Service of NC	Public Service Company	-	-	-	38,933,571	8	0.25%
CitiCorp North American, Inc.	Financial Services	-	-	-	32,351,750	9	0.21%
S&D Coffee & Tea	Coffee/Tea Manufacturer	-	-	-	29,488,548	10	0.19%
Totals		<u>\$ 1,791,295,890</u>		<u>8.83%</u>	<u>\$ 1,962,261,288</u>		<u>12.80%</u>

Source:
Cabarrus County Tax Administration Department

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

Table 8

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Discoveries	Abatements	Discoveries		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	\$ 97,095,301	\$ 1,250,243	\$ (855,526)	\$ 97,490,018	\$ 95,699,309	98.16%	\$ 1,394,826	\$ 97,094,135	99.59%
2008	102,936,378	929,435	(605,617)	103,260,196	101,560,468	98.35%	1,609,983	103,170,451	99.91%
2009	132,180,385	1,954,310	(1,315,618)	132,819,077	130,244,108	98.06%	2,448,372	132,692,480	99.90%
2010	135,474,421	1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	3,277,419	135,061,565	99.87%
2011	134,263,178	770,711	(535,353)	134,498,536	130,734,404	97.20%	3,469,792	134,204,196	99.78%
2012	133,644,515	1,150,153	(1,615,063)	133,179,605	128,622,399	96.58%	4,311,534	132,933,933	99.82%
2013	130,560,111	2,110,895	(1,331,736)	131,339,270	126,968,672	96.67%	3,171,528	130,140,200	99.09%
2014	138,496,852	1,624,863	(673,856)	139,447,859	134,327,532	96.33%	2,284,772	136,612,304	97.97%
2015	137,821,405	1,364,427	(240,129)	138,945,703	135,223,699	97.32%	1,260,755	136,484,454	98.23%
2016	142,057,414	1,711,206	(261,433)	143,507,187	140,909,405	98.19%	-	140,909,405	98.19%

Source:
Cabarrus County Finance Department

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

Table 9

Fiscal Year	General Obligation Bonds ⁽¹⁾	Percentage of Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
2007	\$ 133,980,000	0.91%	814
2008	126,895,000	0.83%	743
2009	122,708,844	0.75%	701
2010	115,122,677	0.55%	645
2011	107,901,510	0.51%	597
2012	100,620,346	0.47%	547
2013	100,138,753	0.54%	537
2014	91,115,506	0.46%	487
2015	82,447,259	0.42%	429
2016	73,900,237	0.36%	376

Notes:

- ⁽¹⁾ Details regarding the County's outstanding debt can be found in the notes to the financial statements
- ⁽²⁾ See Table 5 for total assessed value of property
- ⁽³⁾ See Table 13 for population data

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

Table 10

Fiscal Year	Governmental Activities						Total Primary Government	Per Capita ⁽²⁾	Percentage of Personal Income ⁽²⁾
	General Obligation Bonds ⁽¹⁾	Certificates Of Participation/ Limited Obligation Bonds	Installment Payment Revenue Bonds	Installment Financing	Notes Payable	Capital Leases			
2007	\$ 133,980,000	\$ 116,220,000	\$ 18,000,000	\$ 17,612,855	\$ -	\$ 443,568	\$ 286,256,423	1,740	5.55%
2008	126,895,000	173,165,000	-	15,990,284	-	331,964	316,382,248	1,851	5.70%
2009	122,708,844	225,880,860	-	14,367,714	-	3,458,315	366,415,733	2,094	6.16%
2010	115,122,677	301,846,620	-	12,745,143	-	3,282,345	432,996,785	2,425	7.38%
2011	107,901,510	302,779,526	-	11,122,572	-	3,102,621	424,906,229	2,350	7.01%
2012	100,620,346	285,329,194	-	-	-	3,531,107	389,480,647	2,119	6.04%
2013	100,138,753	265,437,062	-	-	-	3,348,072	368,923,887	1,979	5.25%
2014	91,115,506	245,865,197	-	-	-	3,156,437	340,137,140	1,817	4.66%
2015	82,447,259	238,439,690	-	-	457,323	2,955,793	324,300,065	1,688	4.38%
2016	73,900,237	301,695,995	-	-	365,858	2,745,710	378,707,800	1,925	*

Notes:

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

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

* Calendar year 2015 personal income is not yet available to calculate the percentage of personal income for fiscal year 2016

Cabarrus County, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016

Table 11

Governmental Unit ⁽¹⁾	Outstanding Debt ⁽²⁾	Estimated Percentage Applicable ⁽³⁾	Amount Applicable to Primary Government
Concord	\$ 33,340,865	49.08%	\$ 16,362,491
Kannapolis	62,120,690	19.39%	12,046,425
Harrisburg	3,245,036	8.04%	260,954
Mt. Pleasant	460,654	0.65%	2,988
Locust	2,118,337	0.26%	5,506
Subtotal, overlapping debt			\$ 28,678,364
Cabarrus County direct debt			378,707,800
Total direct and overlapping debt			<u>\$ 407,386,164</u>

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Notes:

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

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

Table 12

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value of Property	\$ 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	\$ 19,665,629,375	\$ 19,696,579,578	\$ 20,281,606,616
Debt Limit, 8% of Assessed Value (Statutory Limitation)	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	1,573,250,350	1,575,726,366	1,622,528,529
Debt applicable to debt limitations:										
Total Bonded Debt	133,980,000	126,895,000	119,835,000	112,565,000	105,660,000	98,695,000	88,390,000	80,395,000	72,755,000	65,220,000
Total Installment Payment Revenue Bonds	18,000,000	-	-	-	-	-	-	-	-	-
Total Notes Payable	-	-	-	-	-	-	-	-	457,323	365,858
Total Capital Leases	443,568	331,964	3,458,315	3,282,345	3,102,621	3,531,107	3,348,072	3,156,437	2,955,793	2,745,710
Total Installment Financing	17,612,855	15,990,286	14,367,714	12,745,143	11,122,572	-	-	-	-	-
Total Certificates of Participation/ Limited Obligation Bonds	116,220,000	173,165,000	220,885,000	294,990,000	294,315,000	274,555,000	255,735,000	237,035,000	233,295,000	286,370,000
Total debt applicable to limitations	286,256,423	316,382,250	358,546,029	423,582,488	414,200,193	376,781,107	347,473,072	320,586,437	309,463,116	354,701,568
Legal debt limit	<u>\$ 940,528,055</u>	<u>\$ 985,078,492</u>	<u>\$ 1,311,211,509</u>	<u>\$ 1,282,792,563</u>	<u>\$ 1,285,458,907</u>	<u>\$ 1,303,548,780</u>	<u>\$ 1,148,192,865</u>	<u>\$ 1,252,663,913</u>	<u>\$ 1,266,263,250</u>	<u>\$ 1,267,826,961</u>
Total net debt applicable to the limit as a percentage of debt limit	23.33%	24.31%	21.47%	24.82%	24.37%	22.42%	23.23%	20.38%	19.64%	21.86%

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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>
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	7,025,450	38,079	35,125	8.80%	30,780
2014	187,226	7,301,723	39,000	34,763	6.00%	42,541
2015	192,103	7,399,908	38,521	34,609	5.50%	46,267
2016	196,762	*	*	35,376	4.60% **	55,741

* Information not yet available.

**Fiscal Year 2016 is as of June 30, 2016

Notes:

(1) 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**

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Carolinas Medical Center - Northeast	4,500	1	4.83%	4,116	1	5.24%
Concord Mills Mall ⁽¹⁾	4,000	2	4.29%	-	-	-
Cabarrus County Schools	3,800	3	4.08%	2,476	3	3.15%
Cabarrus County Government	950	4	1.02%	875	6	1.11%
City of Concord	901	5	0.97%	857	7	1.09%
Connexions	900	6	0.97%	-	-	-
S&D Coffee and Tea	800	7	0.86%	-	-	-
Shoe Show	800	8	0.86%	575	10	0.73%
State of North Carolina	770	9	0.83%	-	-	-
Kannapolis City Schools	750	10	0.80%	-	-	-
Philip Morris	-	-	-	2,600	2	3.31%
McGee Brothers Company	-	-	-	1,300	4	1.66%
Wal-Mart	-	-	-	983	5	1.25%
Pass & Seymour Legrand	-	-	-	692	8	0.88%
CT Communications	-	-	-	631	9	0.80%
Total	18,171		19.50%	15,105		19.23%

Note:

⁽¹⁾ Several businesses make up this entity

Source:

NC Employment Security Commission, Cabarrus County Economic Development Commission and FY 2007 CAFR

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

Table 15

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	162	173	178	161	165	166	159	161	168	171
Cultural and Recreation	59	64	65	48	51	51	60	62	68	69
Public Safety	297	314	347	344	421	419	421	445	453	472
Economic and physical development	16	17	17	12	12	15	16	16	15	18
Human Services	289	303	310	307	313	297	289	299	302	308
Environmental Protection	12	12	12	11	11	8	7	5	7	7
Total	835	883	929	883	973	956	952	988	1,013	1,045

Note:

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

Source:

Cabarrus County Finance Department

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

Table 16

Functional Area	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Tax Collection Rate	98.16%	98.35%	98.06%	97.45%	97.20%	96.58%	96.67%	96.33%	97.32%	98.19%
Land Records Recorded ⁽¹⁾	46,376	37,329	32,256	28,410	28,238	34,086	34,533	28,397	32,188	33,207
Culture & Recreation										
Circulation of Library Materials-All Branches	789,453	781,606	882,322	841,916	697,539	681,192	701,278	699,884	668,249	675,234
Acres of Park Land-Developed/Undeveloped	411/67	411/67	329/252	347/343	381/310	381/310	381/310	381/310	381/310	356/257
Public Safety										
Sheriff Response Time (Emergency Calls)	8.20	8.00	9.25	7.57	7.50	7.13	7.50	7.35	6.41	6.48
Detention Center Average Daily Population	220	220	253	275	350	358	367	369	326	285
Animals Picked Up	4,513	4,500	3,982	3,982	3,800	3,505	3,408	2,817	2,865	2,955
Building Inspections Completed	68,755	57,339	42,610	46,871	22,410	26,568	30,780	42,541	46,267	55,966
EMS Average Response Time Countywide		7	7	7	7	6	7	7	7	7
Economic & Physical Development										
Construction Permits Issued ⁽⁴⁾	-	-	-	-	9,558	10,350	10,119	13,695	15,217	16,985
Zoning Permits Issued ⁽⁴⁾	-	-	-	-	307	295	313	367	450	444
Human Services										
Veteran /Dependent Contacts	9,132	9,950	10,750	12,138	12,119	9,901	9,950	9,312	9,477	9,610
Human Service Transportation Trips ⁽²⁾	85,721	96,696	82,404	85,692	81,844	86,316	74,839	82,123	87,544	92,402
Family Medicaid Cases	10,779	11,794	13,727	14,460	15,884	16,039	17,659	17,553	9,805	18,662
Adult Medicaid Cases ⁽³⁾	5,045	5,216	5,380	5,565	6,019	6,101	6,273	6,483	7,090	10,817
WFFA (formerly AFDC)	315	289	290	266	254	263	275	304	193	273
Child Protective Service Reports Investigated	1,697	1,602	1,476	1,488	1,537	2,955	2,389	1,224	1,217	1,748
Adoptions Completed	15	43	18	10	7	1	3	3	12	16
Food Stamp Cases	5,456	5,890	6,880	8,391	10,497	11,652	11,700	11,900	11,288	11,450
Adult Protective Services Reports	170	232	210	225	189	226	199	181	388	377
Environmental Protection										
Tons of MSW and C&D Waste Managed	68,950	54,488	44,354	28,818	24,969	21,454	17,876	17,756	16,511	16,126
Tons of Recyclable Materials Collected	1,687	1,800	2,500	3,284	3,498	4,250	4,196	3,507	3,114	3,461
Education										
Per Pupil Current Expense Funding	\$ 1,328.78	\$ 1,443.91	\$ 1,541.14	\$ 1,541.14	\$ 1,597.64	\$ 1,688.25	\$ 1,548.92	\$ 1,528.00	\$ 1,608.00	\$ 1,699.00
Per Pupil Capital Outlay Funding	\$ 140.36	\$ 127.23	\$ 124.36	\$ 59.60	\$ 32.59	\$ 32.20	\$ 110.89	\$ 90.93	\$ 58.27	\$ 137.18
Per Pupil Debt Service Funding	\$ 683.18	\$ 705.68	\$ 845.19	\$ 835.51	\$ 877.37	\$ 1,011.39	\$ 967.27	\$ 878.93	\$ 857.03	\$ 848.80
Per Pupil - Server Space	-	-	-	-	-	-	\$ 0.81	\$ 2.78	\$ 2.30	\$ 2.28
Per Pupil - Fines & Forfeitures	-	-	-	-	-	-	\$ 43.19	\$ 41.13	\$ 41.07	\$ 54.49
Per Pupil - School Nurses	-	-	-	-	-	-	-	\$ 48.66	\$ 55.33	\$ 64.59

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
 - Data Not Available, * Estimate

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

Table 17

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parks ⁽¹⁾										
Park facility	4	4	5	5	5	5	5	5	5	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	20	21	21	23	24	24	24	24	28	28
Softball fields	8	8	8	8	8	8	8	8	8	8
Playgrounds	7	8	8	8	10	10	10	10	10	10
Soccer Fields	12	12	11	11	11	11	11	11	11	11
Camping cabins	4	6	6	6	6	6	6	6	6	6
Tent sites	7	6	6	7	7	7	7	7	7	7
Bathhouse for campgrounds	1	1	1	1	1	1	1	1	1	1
Swimming Pool	-	-	1	1	1	1	1	1	1	1
Pool Bathhouse	-	-	1	1	1	1	1	1	1	1
Fire protection ⁽¹⁾										
Stations ⁽²⁾	14	11	11	11	10	10	10	11	11	11
Sheriff ⁽¹⁾										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	5	5	5	5	5	5	5	5	5	5
Patrol units	65	94	113	117	118	118	135	145	181	170

Notes:

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

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

Compliance Section

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"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

To the Board of Commissioners
Cabarrus County
Concord, 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, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 5, 2016. Our report includes a reference to other auditors who audited the financial statements of the Cabarrus Health Alliance as described in our report on Cabarrus County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

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 purposes 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.

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, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

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
December 5, 2016

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

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Report On Compliance With Requirements Applicable To Each Major Federal Program; And Internal Control Over Compliance; In Accordance With OMB Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report On Compliance for Each Major Federal Program

We have audited Cabarrus County, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of Cabarrus County's major federal programs for the year ended June 30, 2016. Cabarrus County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, OMB Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cabarrus County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on CFDA# 93.575 & 93.596 Child Care Development Fund Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Cabarrus County did not comply with requirements regarding CFDA# 93.575 & 93.596 Child Care Development Fund Cluster as described in finding number 2016-006 for eligibility. Compliance with such requirements is necessary, in our opinion, for Cabarrus County to comply with the requirements applicable to that program.

Qualified Opinion on CFDA# 93.575 & 93.596 Child Care Development Fund Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 Child Care Development Fund Cluster for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-003, 2016-004, 2016-009, and 2016-011. Our opinion on each major federal program is not modified with respect to these matters.

Cabarrus County's responses to the non-compliance findings identified in our audit are described in the accompanying Corrective Action Plan. 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.

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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-001, 2016-002, 2016-003, 2016-004, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, and 2016-011 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-012 and 2016-013 to be significant deficiencies.

Cabarrus County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 5, 2016

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

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

Report On Compliance With Requirements Applicable to Each Major State Program; And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of County Commissioners
Cabarrus County
Concord, North Carolina

Report On Compliance for Each Major State Program

We have audited Cabarrus County, North Carolina's, 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 Cabarrus County's major State programs for the year ended June 30, 2016. Cabarrus County's major State programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, 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 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; applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Cabarrus County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Subsidized Child Care Cluster

As described in the accompanying Schedule of Findings, Responses, and Questioned Costs, Cabarrus County did not comply with requirements regarding Subsidized Child Care Cluster as described in finding number 2016-006 for eligibility. Compliance with such requirements is necessary, in our opinion, for Cabarrus County to comply with the requirements applicable to that program.

Qualified Opinion on Subsidized Child Care Cluster

In our opinion, except for the non-compliance described in the Basis for Qualified Opinion paragraph, 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 Subsidized Child Care Cluster for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major State Programs

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 other major State programs identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of non-compliance, which are required to be reported in accordance with the applicable sections of Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-003, 2016-004, and 2016-011. Our opinion on each major State program is not modified with respect to these matters.

Cabarrus County's responses to the non-compliance findings identified in our audit are described in the accompanying Corrective Action Plan. 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.

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 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 the Uniform Guidance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material non-compliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-001, 2016-002, 2016-003, 2016-004, 2016-005, 2016-006, 2016-010, and 2016-011 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings, Responses, and Questioned Costs as items 2016-012 and 2016-013 to be significant deficiencies.

Cabarrus County's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
December 5, 2016

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiency (s) identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness (es) identified? ___X___ Yes _____ No
- Significant deficiency (s) identified? ___X___ Yes _____ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified for all federal programs except for Child Care Development Fund Cluster which was qualified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___X___ Yes _____ No

Identification of major federal programs:

<u>Federal Program/Cluster Name</u>	<u>CFDA#</u>
Medicaid Cluster	93.775, 93.777, 93.778
Child Care Development Fund Cluster	93.575, 93.596
Children's Health Insurance Program - N.C. Health Choice	93.767
Temporary Assistance for Needy Families Cluster	93.558, 93.714

Dollar threshold used to distinguish between Type A and Type B programs \$3,000,000

Auditee qualified as low-risk auditee? _____ Yes ___X___ No

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I. Summary of Auditor's Results (continued)

State Awards

Internal control over major State programs:

- Material weakness(es) identified? X Yes No
- Significant deficiency (s) identified? X Yes None reported

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

Unmodified for all State programs except for
Subsidized Child Care Cluster which
was qualified.

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:

Medicaid Cluster
Subsidized Child Care Cluster
Child Welfare Adoption Subsidy
Children's Health Insurance Program – N.C. Health Choice

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

None

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Finding: 2016-001

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

Condition: The County Department of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being made and documented. The County did not perform reviews over the program tested for three months during period under audit.

Context: The County did not perform reviews over the program tested for three months during the period under audit.

Effect: Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are not eligible.

Cause: Weakness in implementation of controls over second party review procedures performed by management.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Management should adhere to the County's policy in implementing second party reviews. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Finding: 2016-002

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure casefiles are complete for determining eligibility including residency forms, properly calculated budgets, citizenship verification, and signed applications. Management should ensure that such documentation is retained in the applicants' case file. Management should ensure that timely ex parte reviews are completed for recertification.

Condition: One of the applicants only had evidence of one form of residency in the file and had an application that was completed, but had not been signed by applicant. Three of the applicants had budgets that had not been calculated properly. One applicant did not have evidence of citizenship verification at time of application. Two applicants were due for ex parte reviews, and the reviews were not conducted timely. Upon further review, all seven applicants were ultimately eligible.

Context: Of the 10,436 casefiles, we examined 60 and determined that seven applicants lacked information available for eligibility determination or timely redetermination. One applicant had documentation of only one form of residency in the file as being provided by the client. The caseworker stated voter registration was used, but there was no evidence in the file. The casefile also contained a completed application, but the application had not been signed. Three applicant files lacked a properly calculated budget. One applicant did not have citizenship verified at time of application. Two applicants did not have ex parte reviews completed in a timely manner. Upon further review and recalculation, all seven applicants were deemed eligible.

Effect: Casefiles could be missing the required documentation which would allow benefits to be provided to individuals who were not eligible.

Cause: The caseworker had improperly calculated the budget or lacked obtaining and retaining a signed application, two forms of residency, or the verification of citizenship in the casefile. The caseworker did not re-determine the file timely or properly retain eligibility determination documentation.

Questioned Costs: None. The County was able to substantiate that the applicants were eligible to receive benefits.

Recommendation: Caseworkers should look over their eligibility determinations and ensure all items on their checklist of items required before approving benefits are contained in the casefile.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Finding: 2016-003

NONMATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure active casefiles are eligible for benefits. Management should ensure that during recertification period applicant is still eligible for program.

Condition: One applicant had a change in SSI benefits prior to the recertification period. The change of benefits was not considered in determining eligibility of applicant for Medicaid.

Context: Of the 10,436 casefiles, we examined 60, and one applicant we determined was ineligible due to a change in SSI benefits prior to recertification period. There was a reduction in benefits evidenced on the OLV, but that was not entered into NCFAST for Medicaid eligibility determination.

Effect: Applicant could receive benefits they are not eligible for due to change in SSI benefits.

Cause: The caseworker did not reflect change of SSI benefits in the casefile causing recertification to not properly be completed.

Questioned Costs: \$38,957.40

Recommendation: Caseworkers should look over their eligibility determinations and ensure all items on their checklist of items required are complete before approving benefits are contained in the casefile.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Finding: 2016-004

NONMATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure transfer cases are handled according to program policy.

Condition: One of the applicants was transferred from another County, and the receiving County had no evidence of requesting file from transferring County or requesting applicant to appear before the caseworker for completion of new file.

Context: Of the 10,436 casefiles, we examined 60 and for one applicant we determined ineligible due to lack of case file or evidence of transfer request from transferring County. The receiving County has responsibility to request file or complete new file for transfer case.

Effect: Applicant could receive benefits they are not eligible for due to inability to determine eligibility based on lack of case file.

Cause: No evidence of the County requesting file from the transfer County or not contacting the applicant to complete file if transfer file was unavailable.

Questioned Costs: \$432.27

Recommendation: Caseworkers should complete form DSS-2216 requesting transfer file from transferring County. A copy of the form should be retained in the file for applicant.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Child Care Development Fund Cluster

CFDA # 93.596, 93.575

Grant Number: DMA 2016

Finding: 2016-006

MATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to properly determine and review amounts calculated for parent fees, center payment amounts, and properly dated vouchers. Management should also have an adequate system of internal control procedures in place to ensure that employees cannot override payment systems without management approval.

Condition: Two applicants were assessed the wrong parent fees during the benefit period. One applicant had backdated vouchers. The Reimbursement Specialist overrode payment system without management approval on one case.

Context: Of the 1,339 casefiles, we examined 60 and determined that two of the applicants were paying the wrong amount for parent fees based on income, budget, and services provided. One of the applicants did not have vouchers timely created during review. Vouchers were backdated to cover expenditures during period when review was not conducted timely. One of the applicants only appeared on the population report due to reimbursement specialist correcting prior period error. Controls were not in place for reimbursement specialist correcting or adjusting previous payments made to centers.

Effect: Parent fees not being properly charged/applied could cause the County to expend unnecessary funds or for center to be underpaid for services provided. Not having timely reviews and proper voucher dating could cause County to expend funds for applicant that is not eligible. Center fees could be adjusted without approval causing potential over or underpayment to centers for services provided.

Cause: The Reimbursement Specialist did not apply/charge proper parent fee based on action notices and vouchers. The Reimbursement Specialist did not gain supervisor approval to adjust prior period amount paid to center. The Center then paid less in current year to offset over payment in prior year. Caseworkers backdating vouchers to cover applicant benefits for period where evidence of current eligibility was not documented.

Questioned Costs: \$1,547.60

Recommendation: Management should ensure that parent fees are properly applied to applicant files, vouchers are properly dated, and controls are in place to ensure payment system cannot be overridden without management approval.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: G1602NCTANF

Finding: 2016-007

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

Condition: The County Department of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being made and documented. The County did not have a formal review policy in place for the period under audit.

Context: The County did not have a review policy formally in place for the period under audit.

Effect: Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are not eligible.

Cause: Weakness in implementation of controls over second party review procedures performed by management.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Management should adopt and adhere to a policy in implementing second party reviews. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: G1602NCTANF

Finding: 2016-008

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification unless the caseworker performs an automated income and resources match verification for the applicant, which retrieves and verifies applicant information from several federal and State benefit and reporting systems.

Condition: The County Department of Social Services failed to provide evidence of documentation of the caseworker performing the automated income and resource match verification for one applicant. We were able to re run OLV and determine that applicant was ultimately eligible.

Context: Of the 389 casefiles, we examined 60 and determined that one applicant received benefits during the fiscal year without their information verified using the automated income and resources match verification systems.

Effect: Casefiles were missing the required documentation of verification of automated income and resource match verification which would allow benefits to be provided to individuals who are not eligible.

Cause: The caseworker failed to perform the required verification procedures.

Questioned Costs: None. The County was able to substantiate that the applicant was eligible to receive benefits.

Recommendation: Caseworkers should process all new and recertifying applicants through the automated income and resource match verification systems as required by program requirements and retain documentation of such in the applicant's casefile.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: G1602NCTANF

Finding: 2016-009

NONMATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure an applicant is not considered verified as eligible for approval or recertification unless the caseworker has completed the entire eligibility determination process including a signed Mutual Responsibility Agreement (MRA).

Condition: The County Department of Social Services failed to provide evidence of documentation of the caseworker obtaining a signed MRA for one applicant.

Context: Of the 389 casefiles, we examined 60 and determined that one applicant received benefits during the fiscal year without a signed MRA.

Effect: Casefiles were missing the required documentation of eligibility which would allow benefits to be provided to individuals who are not eligible.

Cause: The caseworker failed to perform the required completed signed agreement with applicant.

Questioned Costs: \$3,264

Recommendation: Caseworkers should process all new and recertifying applicants according to eligibility checklist to ensure that casefiles are complete in determining eligibility.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Finding: 2016-010

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file.

Condition: Two applicants had budgets improperly calculated in their case file during the fiscal year. Upon further review and recalculation, both applicants were still eligible for benefits.

Context: Of the 341 casefiles, we examined 60 and determined that budgets had not been properly included in the casefile for two applicants. Upon further review and calculation based on automatic match and resource verification documentation, both applicants were still deemed eligible for benefits.

Effect: Casefiles could contain incorrect budget calculations or no budget calculation thus making an applicant eligible, when they should not be, or causing applicant to be denied when they should be eligible.

Cause: The caseworker failed to calculate budget properly based on supporting documentation.

Questioned Costs: None. The County was able to substantiate that the applicants were eligible to receive benefits.

Recommendation: Caseworkers should look over their eligibility determinations and review their checklist of items required before approving benefits.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Finding: 2016-011

NONMATERIAL NON-COMPLIANCE

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants' case file.

Condition: One applicant had a budget improperly calculated in their case file during the fiscal year. Upon further review and recalculation, applicant was deemed ineligible for benefits.

Context: Of the 341 casefiles, we examined 60 and determined that budgets had not been properly included in the casefile for one applicant. Upon further review and calculation based on automatic match and resource verification documentation, the applicant was deemed ineligible for benefits.

Effect: Casefiles could contain incorrect budget calculations or no budget calculation, thus, making a applicant eligible when they should not be, or causing applicant to be denied when they should be eligible.

Cause: The caseworker failed to calculate budget properly based on supporting documentation.

Questioned Costs: \$156.50

Recommendation: Caseworkers should look over their eligibility determinations and go back through their checklist of items required before approving benefits.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Passed through the NC Dept. of Health and Human Services

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: G1602NCTANF

Passed through the NC Dept. of Health and Human Services

Program Name: Child Development Fund Cluster

CFDA # 93.596, 93.575

Grant Number: DMA 2016

Finding: 2016-012

SIGNIFICANT DEFICIENCY

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, five unattended work stations of DSS employees were logged onto the State network without anyone attending to the work stations.

Context: During a surprise walkthrough, we examined twelve workstations and determined that five workstations were not properly secured. The workstations were unattended and currently logged into the State system with no security measures in place.

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, no questioned costs are applicable.

Recommendation: Require the County Data Processing Department to implement 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.

View of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs (continued)

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

CFDA # 93.778

Grant Number: DMA 2016

Passed through the NC Dept. of Health and Human Services

Program Name: Children's Health Insurance Program

CFDA # 93.767

Grant Number: DMA 2016

Passed through the NC Dept. of Health and Human Services

Program Name: Temporary Assistance for Needy Families (TANF)

CFDA # 93.558

Grant Number: G1602NCTANF

Passed through the NC Dept. of Health and Human Services

Program Name: Child Development Fund Cluster

CFDA # 93.596, 93.575

Grant Number: DMA 2016

Finding: 2016-013

SIGNIFICANT DEFICIENCY

Criteria: In accordance with the Division of Social Services Fiscal Manual, DSS employees should submit completed daysheets to supervisors for approval.

Condition: While reviewing signed daysheets as a part of testing, we noted three daysheets were not signed by a supervisor as reviewed.

Context: Three daysheets lacked evidence of supervisor review and approval.

Effect: The caseworker time entry could be charged to the wrong program/grant causing administrative costs to be misallocated.

Cause: Lack of proper internal controls over time entry coding.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Require the County Program Directors to implement procedures to ensure that daysheets are timely reviewed and approved by supervisors. Stated review ensures programs are being properly charged based on the caseworker's time.

View of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

N.C. Department of Health and Human Services

Program Name: State Children’s Health Insurance Program

Finding: 2016-001 – Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures. See more details at Finding 2016-001 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Finding: 2016-002 – Management should have an adequate system of internal control procedures in place to ensure casefiles are complete for determining eligibility including residency forms, properly calculated budgets, citizenship verification, and signed applications. Management should ensure that such documentation is retained in the applicants’ case files. Management should ensure that timely ex parte reviews are completed for recertification. See more details at Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Finding: 2016-003 – Management should have an adequate system of internal control procedures in place to ensure active casefiles are eligible for benefits. Management should ensure that during recertification period applicant is still eligible for program. See more details at Finding 2016-003 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Finding: 2016-004 – Management should have an adequate system of internal control procedures in place to ensure transfer cases are handled according to program policy. See more details at Finding 2016-004 in Section III – Federal Award Findings and Questioned Costs.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs (continued)

N.C. Department of Health and Human Services

Program Name: Child Welfare Services- State Grants- Adoption Subsidy

Finding: 2016-005

MATERIAL WEAKNESS

Criteria: Management should have an adequate system of internal control procedures in place to properly review and assess the eligibility of individuals to ensure the accuracy of the benefits being provided is within program requirements. Verification of accuracy of information used in determining eligibility should be performed by management. Evidence of the review should be documented and include authorized signatures.

Condition: The County Department of Social Services did not have adequate review controls in place to ensure the proper eligibility determinations were being made and documented. The County did not have evidence of reviews being performed over the program tested for the entire period under audit.

Context: The County did not have evidence of reviews being performed over the program tested for over four months during period under audit.

Effect: Casefiles could be missing the required eligibility determination documentation which would allow benefits to be provided to individuals who are truly not eligible.

Cause: Weakness in implementation of controls over second party review procedures performed by management.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2015-002.

Questioned Costs: The finding represents an internal control issue; therefore, no questioned costs are applicable.

Recommendation: Management should adhere to the County's policy in implementing second party reviews. Evidence of documentation of reviews should be retained and include signatures of all parties involved during the review. Any deficiencies noted during the review should be corrected within a timely manner and documented as such.

Views of Responsible Officials and Planned Corrective Actions: Management concurs with this finding. Please refer to the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs (continued)

N.C. Department of Health and Human Services

Program Name: Subsidized Childcare Cluster

Finding: 2016-006 – Management should have an adequate system of internal control procedures in place to properly determine and review amounts calculated for parent fees, center payment amounts, and properly dated vouchers. Management should also have an adequate system of internal control procedures in place to ensure that employees cannot override payment systems without management approval. See more details at Finding 2016-006 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: State Children’s Health Insurance Program

Finding: 2016-010– Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants’ case file. See more details at Finding 2016-010 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: State Children’s Health Insurance Program

Finding: 2016-011– Management should have an adequate system of internal control procedures in place to ensure budgets are properly calculated for applicants during eligibility review process and such documentation is retained in the applicants’ case file. See more details at Finding 2016-011 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Program Name: State Children’s Health Insurance Program

Program Name: Child Welfare Services- State Grants- Adoption Subsidy

Program Name: Subsidized Child Care Cluster

Finding: 2016-012– 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. See more details at Finding 2016-012 in Section III – Federal Award Findings and Questioned Costs.

N.C. Department of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX)

Program Name: State Children’s Health Insurance Program

Program Name: Child Welfare Services- State Grants- Adoption Subsidy

Program Name: Subsidized Child Care Cluster

Finding: 2016-013– In accordance with the Division of Social Services Fiscal Manual, DSS employees should submit completed daysheets to supervisors for approval. See more details at Finding 2016-013 in Section III – Federal Award Findings and Questioned Costs.

CABARRUS COUNTY, NORTH CAROLINA

**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

Section II – Financial Statement Findings

None

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding: 2016-001

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition. Second party reviews were temporarily suspended in February and March, 2016 when there was a FNC case backlog. At the point the backlog was completed, second party reviews resumed

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-002

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Management will ensure second party reviews are completed on cases. Findings will be reported to Administrator and Director weekly. Will incorporate reviews into our County performance measures to ensure compliance and monitoring of compliance standards. Will also provide refresher training on checklist of items required to determine eligibility for staff.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-003

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Staff will receive refresher training on checklist of items required to determine eligibility. Supervisors will monitor cases and compile a report for management review

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding: 2016-004

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Review and establish standard operating procedure to ensure agency is in compliance with standards for County file transfers. Supervisors and Managers will be notified of all County transfers to allow additional audit reviews.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-006

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Second party reviews will be performed by Daycare Supervisor. Results will be compiled and shared with management monthly. Will incorporate reviews into our County performance measures to ensure compliance and monitoring of compliance standards. Standard operating procedure will be developed to address backdating. Management will ensure appropriate internal controls and segregation of duties are implemented to ensure no single employee has control over all components.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-007

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Management will adopt and adhere to policy in implementing second party reviews of Work First program. Documentation will be retained with all pertinent signatures included. All errors found during the review will be documented and corrected in a timely manner. The review tool will include eligibility check list to ensure all necessary documents are present. Review findings will be compiled and submitted to management weekly

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding: 2016-008

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Online verification was obtained and scanned into the record on 11/22/14 and 11/10/16 not for 2015. Current online verification has been verified and client is eligible. Staff will receive refresher training to ensure they are processing all new and recertifying applicants through the required automated income and resource match verification with documentation retained in case file.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-009

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Management will establish protocol for the management of cases for any vacant caseloads to ensure that all cases continue to be processed per program requirements.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-010

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management’s Response: Management concurs with the condition, context, and recommendations. Caseworkers will receive refresher training which will include a checklist of items required before approving benefits. Supervisors will perform second party reviews on cases. Results will be compiled and provided to management for review. Will incorporate reviews into our County performance measures to ensure compliance and monitoring of compliance standards

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section III – Federal Award Findings and Questioned Costs

Finding: 2016-011

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. Caseworkers will receive refresher training which will include a checklist of items required before approving benefits. Supervisors will perform second party reviews on cases. Results will be compiled and provided to management for review

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-012

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. Security Officer will perform random internal audits once per month. Results will be compiled and submitted to management to review

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

Finding: 2016-013

Name of Contact Person: William Rose, DSS Director

Corrective Action/Management's Response: Management concurs with the condition, context, and recommendations. Refresher training will be provided to all staff on daysheet requirements. DHS internal audits of daysheet will be increased from 50% to 100% to ensure supervisor reviewed and approved and are in compliance with requirements.

Proposed Completion Date: Management and the Board will implement the above procedure immediately.

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs

- Finding:** **2016-001**
- See Finding 2016-001 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.
- Finding:** **2016-002**
- See Finding 2016-002 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.
- Finding:** **2016-003**
- See Finding 2016-003 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.
- Finding:** **2016-004**
- See Finding 2016-004 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.
- Finding:** **2016-005**
- Name of Contact Person:** William Rose, DSS Director
- Corrective Action/Management’s Response:** Management concurs with the condition, context, and recommendations. Second party reviews were being completed but not initialed by the reviewer. A log has been implemented and second party reviews are being initialed as completed by reviewer
- Proposed Completion Date:** Management and the Board will implement the above procedure immediately.
- Finding:** **2016-006**
- See Finding 2016-006 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.
- Finding:** **2016-010**
- See Finding 2016-010 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN FOR THE YEAR ENDED JUNE 30, 2016

Section IV – State Award Findings and Questioned Costs

Finding: 2016-011

See Finding 2016-011 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

Finding: 2016-012

See Finding 2016-012 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

Finding: 2016-013

See Finding 2016-013 in Section III – Federal Award Findings and Questioned Costs of the Corrective Action Plan.

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016**

Section IV – State Award Findings and Questioned Costs (continued)

Finding: **2015-001**

Status: Corrected

Finding: **2015-002**

Status: Finding was modified and repeated as 2016-005

Corrective Action: Management concurs with the condition, context, and recommendations. Second party reviews were being completed but not initialed by the reviewer. A log has been implemented and second party reviews are being initialed as completed by reviewer.

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
FEDERAL AWARDS						
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
Supplemental Nutrition Assistance Program (SNAP) Cluster:						
State Administrative Matching Grants						
for Supplemental Nutrition Assistance Program						
	10.561	WC302	\$ 1,569,030	\$ 1,427	\$ -	\$ 1,569,030
Total Supplemental Nutrition Assistance Program						
			<u>1,569,030</u>	<u>1,427</u>	<u>-</u>	<u>1,569,030</u>
Total U.S. Department of Agriculture						
			<u>1,569,030</u>	<u>1,427</u>	<u>-</u>	<u>1,569,030</u>
U.S. DEPARTMENT OF JUSTICE						
Direct Program:						
Edward Byrne Memorial Justice Assistance Grant Program						
	16.738		<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Dept. of Justice						
			<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF TRANSPORTATION						
Passed-through the N.C. Department of Transportation:						
Formula Grants for Rural Areas- Administrative						
	20.509	16-CT-042	99,154	111,548	-	37,183
Formula Grants for Rural Areas- Capital						
	20.509	16-CT-042	<u>73,875</u>	<u>139,227</u>	<u>-</u>	<u>23,678</u>
Total U.S. Department of Transportation						
			<u>173,029</u>	<u>250,775</u>	<u>-</u>	<u>60,861</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
Passed-through N.C. Dept. of Public Safety:						
Division of Emergency Management						
Emergency Management Performance Grant						
	97.042	EMW-2015-EP-00011-S01	<u>52,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Homeland Security						
			<u>52,698</u>	<u>-</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Division of Aging and Adult Services						
Passed through Centralina Council of Governments:						
National Family Caregiver Support, Title III, Part E						
	93.052	FY16 Region F County 013	36,678	2,445	-	-
Special Programs for the Aging, Title III, Part D, Disease						
	93.043	FY16 Region F County 013	5,470	965	-	-
Prevention and Health Promotion Services						
	93.053	FY16 Region F County 013	<u>28,147</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nutrition Services Incentive Program						

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CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
<u>Aging Cluster:</u>						
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	FY16 Region F County 013	92,761	16,370	-	12,126
Special Programs for the Aging - Title III, Part B Grants for Supportive Services and Senior Centers:						
Transportation Grant	93.044	FY16 Region F County 013	123,913	21,867	-	16,198
Adult Day Services	93.044	FY16 Region F County 013	76,511	13,502	-	10,001
In-Home Aide I&II	93.044	FY16 Region F County 013	180,300	31,818	-	23,569
Housing Housing Improvement	93.044	FY16 Region F County 013	29,810	5,260	-	3,898
Senior Center Operations Grant	93.044	FY16 Region F County 013	68,539	12,095	-	8,959
Senior Center Operations Grant General Purpose			-	4,054	-	-
Total Aging Cluster (Note 3)			<u>571,834</u>	<u>104,966</u>	<u>-</u>	<u>74,751</u>
Total Division of Aging and Adult Services			<u>642,129</u>	<u>108,376</u>	<u>-</u>	<u>74,751</u>
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Temporary Assistance for Needy Families (TANF) Cluster						
Temporary Assistance for Needy Families (TANF) State Programs Administration:						
Temporary Assistance Needy Families (TANF)	93.558	G1602NCTANF	214,625	-	-	302,372
Services:						
Temporary Assistance Needy Families (TANF)	93.558	G1602NCTANF	1,501,165	-	-	1,024,243
Direct Benefit Payments:						
Temporary Assistance Needy Families (TANF)	93.558	G1602NCTANF	602,549	-	-	764
Total TANF Cluster			<u>2,318,339</u>	<u>-</u>	<u>-</u>	<u>1,327,379</u>
Child Support Enforcement - Section IV-D Administration	93.563	WC302	<u>1,310,543</u>	<u>-</u>	<u>-</u>	<u>675,128</u>
Refugee and Entrant Assistance State Administered Program	93.566	WC302	466	-	-	-
Direct Benefit Payments						
Refugee and Entrant Assistance State Administered Program	93.566	WC302	1,922	-	-	-
Total Refugee and Entrant Assistance			<u>2,388</u>	<u>-</u>	<u>-</u>	<u>-</u>
Low-Income Home Energy Assistance						
Administration	93.568	G16B1NCLIEA	86,367	-	-	-
Energy Assistance	93.568	G16B1NCLIEA	475,500	-	-	-
Crisis Intervention Program	93.568	G16B1NCLIEA	533,202	-	-	-
Total Low-Income Energy Assistance			<u>1,095,069</u>	<u>-</u>	<u>-</u>	<u>-</u>

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Stephanie Tubbs Jones Child Welfare Services Program Permanency Planning - Families for Kids	93.645	G1501NCCWSS	49,352	-	-	16,451
Chafee Foster Care Independence Program Administration	93.674	G1501NCCILP	14,295	3,574	-	-
Direct Benefit Payment	93.674	G1501NCCILP	5,377	-	-	-
Total Chafee Foster Care Independence Program			19,672	3,574	-	-
Promoting Safe and Stable Families	93.556	G1501NCFPSS	41,806	-	-	-
Social Service Block Grant (SSGB) - In Home Services					-	
Adult Day Care (Division of Adult and Aging Services)	93.667	G1601NCSOSR	27,050	34,249	-	8,757
In-Home Services	93.667	G1601NCSOSR	84,884	-	-	12,126
Adult Protective Services	93.667	G1601NCSOSR	17,415	-	-	5,805
Child Protective Services - TANF to SSBG	93.667	G1601NCSOSR	507,102	-	-	-
Social Services Block Grant Administration	93.667	G1601NCSOSR	414,970	38,718	-	151,229
Total Social Services Block Grant (SSBG) In Home Services			1,051,421	72,967	-	177,917
Total Division of Social Services - Other Programs			5,888,590	76,541	-	2,196,875
Passed Through N.C. Department of Health and Human Services:						
Division of Social Services:						
Foster Care and Adoption Cluster:						
Foster Care Title IV - E Administration	93.658	1601NCFOST	27,325	-	-	27,325
Foster Care Title IV - E Child Protective Services	93.658	1601NCFOST	179,721	63,602	-	108,936
Foster Care Title IV - E Foster Care and Training	93.658	1601NCFOST	26,595	-	-	8,865
Foster Care Title IV - E Foster Care and Off Training	93.658	1601NCFOST	347,935	-	-	347,934
Direct Benefit Payment:						
Foster Care Title IV - E Foster Care	93.658	1601NCFOST	275,622	92,735	-	92,735
Adoption Assistance- Training	93.659	WC302	46,941	-	-	46,941
Adoption Assistance	93.659	WC302	133,635	-	-	40,711
Adoption Assistance - Direct Benefit Payment	93.659	WC302	523,225	134,921	-	134,921
Total Foster Care and Adoption Cluster (Note 3)			1,560,999	291,258	-	808,368
Passed Through N.C. Department of Health and Human Services:						
Subsidized Child Care:						
Child Care Development Fund Cluster:						
Division of Social Services:						
Child Care Mandatory and Matching Funds of the Childcare and Development Fund	93.596	WC302	218,894	23,475	-	-

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
Division of Child Development:						
Child Care Development Block Grant	93.575	G1601NCCCDF	2,069,025	-	-	-
Child Care Mandatory and Matching Funds of the Childcare and Development Fund - Mandatory	93.596	WC302	663,003	-	-	-
Child Care Mandatory and Matching Funds of the Childcare and Development Fund - Match	93.596	WC302	<u>252,028</u>	-	-	-
Total Child Care Development Fund Cluster			<u>3,202,950</u>	23,475	-	-
Temporary Assistance for Needy Families Cluster	93.558	1601 NCTANF	587,017	-	-	-
Foster Care Title IV-E	93.658	1601NCFOST	40,354	20,676	-	-
State Funding Appropriations	N/A	XXXX	-	390,034	-	-
TANF Maintenance of Effort	N/A	XXXX	-	<u>204,243</u>	-	-
Total Subsidized Child Care Cluster (Note 3)			<u>3,830,321</u>	<u>638,428</u>	-	-
Division of Social Services:						
Medicaid Cluster:						
Medical Assistance Program	93.778	WC302	4,199,177	-	-	1,502,559
Medical Assistance Program	93.778	WC302	45,913	10,203	-	35,710
Division of Medical Assistance:						
Direct Benefit Payments:						
Medical Assistance Program	93.778	WC302	<u>118,369,651</u>	<u>62,613,692</u>	-	-
Total Medicaid Cluster			<u>122,614,741</u>	<u>62,623,895</u>	-	<u>1,538,269</u>
Division of Social Services:						
Children's Health Insurance Program - N.C. Health Choice	93.767	WC302	<u>196,974</u>	<u>7,622</u>	-	<u>978</u>
Division of Medical Assistance:						
Direct Benefit Payments:						
Children's Health Insurance Program - N.C. Health Choice	93.767	WC302	<u>3,919,241</u>	<u>189,763</u>	-	-
Total U.S. Department of Health and Human Services			<u>138,652,995</u>	<u>63,935,883</u>	-	<u>4,619,241</u>

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U.S. DEPARTMENT OF ENERGY						
Passed Through N.C. Department of Health and Human Services:						
Office of Economic Opportunities:						
Weatherization Assistance for Low-Income Persons	81.042	DEEE0006173	50,678	-	-	-
Low-Income Home Energy Assistance	93.568	16B1NCLIEA	192,413	-	-	-
Weatherization Assistance for Low Income Persons - Heating and Air Conditioning Repair	81.042	DEEE0006173	110,584	-	-	-
Total U.S. Department of Energy			353,675	-	-	-
TOTAL FEDERAL AWARDS			140,801,450	64,188,085	-	6,249,132
STATE AWARDS						
N.C. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Division of Social Services:						
AFDC Incentives		XXXX	-	833	-	-
Child Welfare/CPS/CS		XXXX	-	194,760	-	-
County Funded Programs		XXXX	-	-	-	2,337,383
Non-Allocating County Cost		XXXX	-	-	-	654,379
Work First Non Reimbursement		XXXX	-	-	-	675,860
Direct Benefit Payments:						
Foster Care at Risk Maximization		XXXX	-	2,155	-	1,098
State Foster Home		XXXX	-	92,046	-	92,046
SFHF Maximization		XXXX	-	90,451	-	90,451
Child Welfare Adoption Subsidy		XXXX	-	622,733	-	177,750
Total Division of Social Services			-	1,002,978	-	4,028,967
Division of Aging:						
Direct Benefit Payments:						
State/County Special Assistance for Adults		XXXX	-	929,928	-	929,928
Total Division of Aging			-	929,928	-	929,928
Office of Emergency Medical Services:						
Carolinas Medical Center - Metrolina Trauma Advisory Committee:						
Project Medical Surge		XXXX	-	3,272	-	-
Total Office of Emergency Medical Services			-	3,272	-	-
Total N. C. Department of Health and Human Services			-	1,936,178	-	4,958,895

CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
N.C. DEPARTMENT OF ENVIRONMENTAL QUALITY						
Division of Waste Management:						
Electronics Recycling Management Funds		XXXX	-	11,053	-	-
White Goods Management Program		XXXX	-	64,994	-	-
Scrap Tire Program		XXXX	-	253,389	-	-
Solid Waste Disposal		XXXX	-	40,187	-	-
Total Division of Waste Management			-	369,623	-	-
Soil and Water Conservation		XXXX	-	3,600	-	173,067
Soil and Water Conservation - Water Quality Cost Share Grant		XXXX	-	26,629	-	26,629
Total NC Department of Environmental Quality and Natural Resources			-	399,852	-	199,696
N.C. DEPARTMENT OF PUBLIC SAFETY						
Division of Juvenile Justice and Delinquency Prevention:						
Juvenile Crime Prevention Programs:						
Boys and Girls Club		XXXX	-	114,887	114,887	-
Rowan County Youth Services Bureau:						
Rowan County Youth Services		XXXX	-	4,016	4,016	-
Shift Mentoring		XXXX	-	74,216	74,216	-
Teen Court		XXXX	-	52,230	52,230	-
Teen Court Resolve Program		XXXX	-	69,301	69,301	-
Cabarrus County:						
JCPC Certification		XXXX	-	15,500	-	-
Total N.C. Department of Public Safety			-	330,150	314,650	-
N.C. DEPARTMENT OF INSURANCE						
Division of Seniors Health Insurance Information Program						
SHIIP Grant		XXXX	-	5,822	-	-
Total N.C. Department of Insurance			-	5,822	-	-
N.C. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES						
NC Agricultural Development and Farmland Preservation						
Trust Fund		XXXX	-	89,600	-	-
Total N.C. Department of Agriculture and Consumer Services			-	89,600	-	-
N.C. DEPARTMENT OF CULTURAL AND NATURAL RESOURCES						
Division of State Library						
State Aid to Libraries		DCR-4	-	195,223	-	2,376,976
Total N.C. Department of Cultural and Natural Resources			-	195,223	-	2,376,976

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CABARRUS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Fiscal Year Ended June 30, 2016

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
N.C. DEPARTMENT OF ADMINISTRATION						
N.C. Unauthorized Substance Control Tax			-	11,651	-	-
Veterans Service Grant			-	2,288	-	233,635
Total N.C. Department of Administration			-	13,939	-	233,635
N.C. DEPARTMENT OF TRANSPORTATION						
Rural Operating Assistance Program (ROAP) Cluster:						
ROAP Elderly and Disabled Assistance Transportation Program		DOT-16CL	-	60,127	-	-
ROAP Work First/ Employment Transportation Program		DOT-16CL	-	43,301	-	-
ROAP Rural General Public Transportation Program		DOT-16CL	-	60,882	-	-
Total ROAP Cluster			-	164,310	-	-
N.C. DEPARTMENT OF PUBLIC INSTRUCTION						
Public School Building Capital Fund						
Lottery proceeds			-	2,000,000	-	-
Total N.C. Department of Public Instruction			-	2,000,000	-	-
TOTAL STATE AWARDS			-	5,135,074	314,650	7,769,202
TOTAL FEDERAL AND STATE AWARDS			\$ 140,801,450	\$ 69,323,159	\$ 314,650	\$ 14,018,334

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

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of Cabarrus County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Cabarrus County, it is not intended to and does not present the financial position, changes in net position or cash flows of Cabarrus County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Cabarrus County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption

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