

CABARRUS COUNTY America Thrives Here

POPULAR ANNUAL FINANCIAL REPORT

5

Fiscal Year Ended June 30, 2019



POPULAR ANNUAL FINANCIAL REPORT | FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS

Overview	I
Manager's Message	2
Who We Are	3
How We Work	4
Economic Sectors	5
Community Survey Findings	7
Building The Financial Story	9
Budget Timeline	9
Fiscal Year 2019 Financial Overview	12
Fund Financial Statements	13
Government-Wide Financial Statements	15
Major Financial Changes	17
Capital Assets	18
Property Taxes	19
Phone Listing	20

FINANCIAL EXCELLENCE

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018. This was the 35th consecutive year the County received this prestigious award.

The County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ending June 30, 2019.

FY19 AUDIT OPINION

Auditors Elliott Davis, PLLC found:

Cabarrus County's financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

TO READ THE FULL AUDIT, VISIT CABARRUSCOUNTY.US/CAFRFY19

This report does not include all information on the County's Funds or Component Units.



ELECTED OFFICIALS

Board of Commissioners

Chair: Steve Morris smmorris@cabarruscounty.us

Vice Chair: Diane Honeycutt drhoneycutt@cabarruscounty.us

Member: Lynn Shue lwshue@cabarruscounty.us

Member: Liz Poole efpoole@cabarruscounty.us

Member: Blake Kiger fbkiger@cabarruscounty.us

Board of Commissioners Meeting Information

Work Sessions*:

First Monday of each month, 4:00 p.m., Governmental Center, Multipurpose Room

Regular Meetings*:

Third Monday of each month, 6:30 p.m., Governmental Center, Meeting Chambers

Public invited to comment three minutes at each regular meeting.

Agendas and minutes are available at cabarruscounty.us/meetings.

Meeting Broadcast

Livestream: cabarruscounty.us/live

Live Tweets: twitter.com/cabarruscounty

Cabarrus County Television: Cabarrus County Spectrum Cable, Channel 22

On-demand playback: youtube.com/cabarruscounty



Left to right: Lynn Shue, Diane Honeycutt, Steve Morris, Liz Poole, Blake Kiger

OVERVIEW

FISCAL YEAR 2019 CABARRUS COUNTY BOARD OF COMMISSIONERS GOALS

Goal I: Preserve and enhance the quality of life through public policy that promotes cross-jurisdictional collaboration, encourages growth while balancing its impact and looks ahead to preserve quality of life.

Goal 2: Provide for public safety by communicating preparedness and safety awareness, responding to routine and catastrophic events and maintaining and restoring the well-being of citizens.

Goal 3: Use resources wisely by seeking to collaborate services, share costs, minimize risk and protect county assets and investments.

Goal 4: Support community connections through purposeful and strategic communication, enhanced education active community participation and increased access to and utilization of services.

*Dates, locations and times subject to change

MANAGER'S MESSAGE

Dear fellow Cabarrus County residents,

Government works best when it invites the public inside the inner workings. When taxpayers know and understand the processes, it builds trust and fosters accountability. This report represents just one of the many ways we work to ensure transparency in the process of financial planning.

Simply put, this document is part of an ongoing collaboration between County staff and you, the residents of Cabarrus.

Collaboration is key to arriving at a sound financial plan that provides existing infrastructure support in the county while preparing for a prosperous future. This teamwork helps create programs and services that set Cabarrus apart from other counties. Our goal is to provide a strong quality of life and foster a productive, resilient community. We thank you for being part of that process.

A large amount of information in this report comes from financial statements in the Cabarrus County Comprehensive Annual Financial Report (CAFR). The CAFR is created in accordance with Generally Accepted Accounting Principles (GAAP) and is audited by an independent certified public accounting firm. The CAFR can be found for review at CabarrusCounty.us/CAFRFY19.

We thank you for taking the time to review this report. We hope it provides a glimpse into our processes. If you have any questions about the information contained within or the process of arriving at that information, we welcome you to contact us at Outreach@cabarruscounty.us.

Sincerely,

Mike Downs | County Manager | Cabarrus County



DEMOGRAPHICS



POPULATION (July 2018 estimated, Census)

18.7%

POPULATION INCREASE (April 2010 to July 2018, Census)

7.8% EMPLOYMENT INCREASE (2016-2017, Census)



UNEMPLOYMENT RATE (2019, AccessNC)



MEDIAN FAMILY INCOME (2016, AccessNC)



CABARRUS COUNTY

WHO WE ARE

Cabarrus County, incorporated in 1792, is located in the Piedmont of North Carolina. Cabarrus 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. There are six municipalities in the roughly 230,400 acres of the county. The county seat and largest city, Concord, is roughly 18 miles northeast of Charlotte and 124 miles from Raleigh.



MUNICIPALITIES LOCATED WITHIN CABARRUS COUNTY

- City of Concord
- City of Locust
- Town of Midland

- Town of Harrisburg
- City of Kannapolis
- Town of Mt. Pleasant

HOW WE WORK

Cabarrus County has operated under the Board of Commissioners/County Manager form of government since 1976. Board members are elected at-large in county-wide elections to serve staggered four-year terms.

The County Manager serves as the chief executive and is responsible for carrying out the policies and ordinances of the governing board, for overseeing day-to-day operations of the government and appointing the heads of the various departments.

We follow a successful collaborative model, which includes shared services and partnerships between departments and with our municipalities.

The County has implemented collaborative efforts with municipalities and partner agencies to manage the effect of growth on programs. Joint programs and services in the FY19 budget include:

A new library branch in Midland.

The County is the designated tax collection service provider for all Cabarrus municipalities, which reduces administrative costs.

Central permitting services with Concord and Harrisburg, with plans to include Kannapolis in the near future.

Capital projects, such as, the downtown parking deck in Concord and the revitalization project in historic downtown Kannapolis.

Quarterly summits among elected officials and staff, which continue to provide opportunities for open discussions and a cohesive vision.





LOCAL INDUSTRIES



TOP 10 TAXPAYERS

- I. Corning, Incorporated
- 2. Castle & Cooke North Carolina, LLC / David H Murdock
- 3. Mall at Concord Mills, LP
- 4. Charlotte Motor Speedway, Incorporated
- 5. Celgard, LLC
- 6. Duke Energy Corporation
- 7. Great Wolf Lodge of the Carolinas
- 8. Weinstein Properties
- 9. Hendricks Automotive
- 10. The Silverman Group

TO LEARN MORE ABOUT THE ROLE THESE INDUSTRIES PLAY IN CABARRUS. VISIT CABARRUSCOUNTY.US/CAFRFY19

ECONOMIC SECTORS

Cabarrus is one of 10 counties *located in the Charlotte-Gastonia-Concord, NCSC Metropolitan Statistical Area (the Charlotte MSA). The Charlotte MSA, anchored by the City of Charlotte, was* **the 23rd largest metropolitan statistical area** *in the United States as of July 1, 2018.*

The Cabarrus Economic Development Corporation (CEDC) serves as the county's primary recruiting and marketing entity. The CEDC concentrates its efforts on business retention and expansion, entrepreneurship and new business recruitment. This includes keeping an inventory of available sites within commercial and industrial parks with all municipal services available located near major highways and interstates. All of these position the county for continued strong economic development.

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

10 LARGEST EMPLOYERS IN THE COUNTY

June 30, 2019

Employer	Service	Number of Employees
Atrium Health Cabarrus	Medical Center	4,259
Cabarrus County Schools	Education	3,775
Amazon	Distribution	2,350
S & D Coffee and Tea	International Coffee/	
	Tea Distributor	١,239
Walmart	Retail	1,200
Cabarrus County		
Government	Government	1,169
City of Concord	Government	1,016
Shoe Show	Shoe Distributor	I ,000
Kannapolis City Schools	Education	801
Corning	Manufacturing Facility	<i>،</i> 650

Source: Cabarrus County Economic Development Corporation (2019)



COMMUNITY SURVEY FINDINGS

Cabarrus County remains a place where folks want to live, work and build a family, and residents are largely content with County programs and services, according to the 2018 Community Survey Findings Report administered by ETC Institute.

Cabarrus County rated above the national average in 19 of 20 comparison areas and rated 20% above the national average in the overall quality of County services. According to the survey, 88% of respondents were either very satisfied or satisfied with Cabarrus County as a place to raise children, while 87% said the same for the county as a place to live.

According to the survey, top priorities of residents include growth management, crime prevention, protection of water quality and the environment and educational facilities.

HOW RESIDENTS RATE THEIR COMMUNITY



SATISFACTION WITH CUSTOMER SERVICE



How well your issue was handled

GENERAL PERCEPTIONS OF THE COMMUNITY



CABARRUS COUNTY



OUR VALUES

Family. From generation to generation, our family values nurture our community. We invest in our youth and their success. We take pride in our community accomplishments and welcome those who seek a supportive community.

Faith. We are a community of diverse beliefs, united in mutual support of others. Faith inspires compassion among our people and guides our strong moral fiber.

Collaboration. We celebrate our accomplishments based on our mutual goals. We work together, play together and take pride in our thriving community.

Tradition. While building a progressive future, we make time to appreciate what makes our lives special. We come together to share experiences and pass on ideals that are uniquely shaped by each generation.

OUR MISSION

We embrace growth and continued improvement of quality of life for all citizens. Collaboration is at the heart of our mission—people, communities and government working together and focused on our successful future.

OUR VISION

We have a bright and prosperous future through well-managed growth that delivers an exceptional business and living environment for those who seek it.

Cabarrus County respects tradition while focusing on progress. We enjoy strong collaboration among our businesses.

We are united by our shared values of family, faith, collaboration and tradition. These instill our exceptional work ethic and great sense of community.

We embrace freedom and opportunity, which leads to our diverse talents and mindsets.

By recognizing our talents, which are driven by our values, and working together for our future, this is the place where America thrives.



BUILDING THE FINANCIAL STORY

Collaboration is a key element of the budget process. It takes a multi-disciplined group of dedicated staff members, along with regular input from residents to arrive at the the budget ordinance. Once adopted, the ordinance becomes the operations guide for County financial activity in the upcoming fiscal year.

To make that happen, staff follows an extended timeline to gather feedback and make adjustments before presenting the final recommendation to commissioners.

The Board of Commissioners must adopt the budget by June 30 to levy taxes and appropriate revenues. The budget must balance, and with few exceptions, the County can only spend funds according to the plan.

To keep future focused, the County also follows a five-year planning model that helps forecast market changes and community needs while tracking debt obligations.



TO LEARN MORE ABOUT THE BUDGET PROCESS, VISIT CABARRUSCOUNTY.US/BUDGET

KEY ROLES IN THE BUDGET PROCESS

Departments

- Determine needs and requests (projects and personnel)
- Present budget requests to County staff
- Present at budget retreat/workshops

Management

- Assesses needs and requests of internal departments
- Assesses needs of outside entities
- Reviews budget requests and makes necessary adjustments
- Balances the budget
- Presents at budget retreat/workshops
 Presents budget to the Board

BUDGET TIMELINE

Begin FY19 Budget Preparation

November - December '17

CIP materials distributed Departments formulate objectives and determine needs Budget manuals distributed

January '18 Board of Commissioners hold budget retreat

• February - April '18

Revenue projections completed

Departments present

Budget staff reviews and makes recommendations

• <u>May</u> '18

Budget workshop public meetings held

County Manager presents preliminary budget to commissioners

Budget made available for public review

FY 2018

requests

CABARRUS COUNTY



• June '18

- Public participates in Government 101: Budget Breakdown
- Public participates with budget
- questions via social media
- Commissioners hold public hearing
- Preliminary budget finalized
- Budget adopted by June 30

• July '18

New fiscal year begins and continues through June 30, 2019

• September - October '19

Financial audit on previous year presented to Commissioners

December '19

CAFR on previous fiscal year presented to Commissioners

FY 2019

CABARRUSCOUNTY.US





FY19 FINANCIAL OVERVIEW

UNDERSTANDING THE CAFR

This annual report highlights information presented in Cabarrus County's FY19 CAFR, the year-end evaluation of the budget that began July 1, 2018 and closed June 30, 2019. Commissioners approved the FY2019 CAFR at their December 2019 Regular Meeting.

The CAFR includes:

- Organizational information
- Auditor's report
- Management's discussion and analysis
- Financial statements
- Notes to the financial statements
- Supplemental financial data and information
- Funds
- Schedules
- Statistics
- Compliance

To help convey the complex information presented in the CAFR, we'll divide the information into these two sections:

Fund financial statements

Government-wide financial statements

TO VIEW THE CAFR, VISIT CABARRUSCOUNTY.US/CAFRFY19. FOR QUESTIONS REGARDING THE CAFR, EMAIL FINANCE@CABARRUSCOUNTY.US.





FUND BALANCE AND QUICK FACTS FY19

- The General Fund's fund balance increased \$3,843,993.
- As of June 30, 2019, Cabarrus County's total general fund balance was \$87,885,641. Of that, \$63,372,769 was available for commitments, assignments and appropriations.
- Commissioners have determined that the County should maintain an available fund balance of 15% of general fund expenditures for unforeseen needs or opportunities and to meet the cash flow needs of the County.
- Cabarrus County's total debt decreased by \$40,180,227, or 9.1%, during the current fiscal year.
- Cabarrus decreased the following through normal debt service payments in FY19:
 - COPS and LOBS debt: \$31,045,000
 - General Obligation Bond Debt: \$6,380,000
 - Installment financing: \$501,927
 - Capital leases: \$274,483
 - Notes payable: \$91,465

FUND FINANCIAL STATEMENTS

Through the budget process (page 9), the County designates resources into funds, or groupings of related accounts. Governmental entities in North Carolina use fund accounting to ensure and reflect compliance (or noncompliance) with finance-related legal requirements, such as the N.C. General Statutes or the County's Budget Ordinance.

THE GENERAL FUND

The General Fund is the primary operating fund of the County. It includes most of the County's basic service offerings.

SERVICES WITHIN GENERAL FUND

General Government

- Board of Commissioners
- Board of Elections
- County Manager's Office
- Communications & Outreach
- Finance
- Human Resources
- Information Technology Services
- Infrastructure & Asset Management
- Register of Deeds
- Tax Administration

Public Safety

- Construction Standards
- Emergency Management
- Emergency Medical Services
- Fire Marshal's Office
- Sheriff's Office

Economic and

Physical Development

- Economic Development Commission
- Planning & Development

Environmental Protection

- Construction & Demolition Landfill
- Waste Reduction
- Soil & Water Conservation

Education

- Cabarrus County Schools
- Kannapolis City Schools
- Rowan-Cabarrus Community College

Cultural and Recreational

- Active Living & Parks
- Cabarrus Arena & Events Center
- E Fair
- Library System





GENERAL FUND EXPENDITURES





QUICK REFERENCE:

levenues

Ad valorem taxes Revenue derived from property tax.

Local option sales taxes/ other taxes

Tax revenues distributed to the County that are collected for sales taxes, cable franchise fees, etc.

Intergovernmental grants/other

State and federal grant money received in support of County programs, and revenues collected from other governmental units that are not grant related.

Permits & fees

Fees collected for various services or privileges performed or approved by the governmental unit.

Sales & services

Fees collected by various departments for goods or services rendered to the public, other departments or other governments.

14

Investment earnings

Revenue earned on savings held by the County for investment.

Miscellaneous

Revenues collected that do not fit other categories.

Other financial sources

Includes interfund transfers and fund balance appropriations.

Expenditures

Personnel services

Personnel management, cost-ofliving salary adjustments and merit pay raises.

Operations Day-to-day functions.

Capital outlay

Expenditures budgeted to purchase or add to fixed assets costing between \$5,000 and \$100,000.

CABARRUSCOUNTY.US

Government-wide financial statements are similar in format to private-sector financial statements. They present a comprehensive retrospective of the County's revenue collected and the amounts spent.

There are three types of government-wide financial statements: governmental activities, business-type activities and component units. The information on the following pages focuses only on governmental activities.

Statement of Net Position

Shows what the government has in relation to assets (what we own) and liabilities (what we owe).

In FY19, the Net Position of government activities had a balance of \$(68,735,218), a decrease of \$18,586,182 from FY18. The decrease is primarily due to County and school construction project expenditures.

Statement of Activities

Shows the revenues (sources of income) and expenses (uses of money) that yield the annual change in net position.

LEARN MORE ABOUT THE COUNTY'S BUSINESS-TYPE ACTIVITIES AND COMPONENT UNITS IN THE CAFR.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

	GOVERNMENTAL ACTIVITIES	
	2019	2018
Current and other assets	\$ 190,946,952	\$ 255,510,971
Capital assets	207,303,364	198,106,044
Total assets	398,250,316	453,617,015
Deferred outflows of resources	31,517,577	27,703,798
Long-term liabilities outstanding	474,596,697	405,237,953
Other liabilities	18,744,021	122,084,569
Total liabilities	493,340,718	527,322,522
Deferred inflows of resources	5,162,393	4,147,327
Net Position		
Net investment in		
capital assets	147,584,065	140,299,370
Restricted	34,418,834	32,255,525
Unrestricted	(250,738,117)	(222,703,931)
Total net position	\$ (68,735,218)	\$ (50,149,036)



POPULAR ANNUAL FINANCIAL REPORT | FISCAL YEAR ENDED JUNE 30, 2019

STATEMENT OF ACTIVITIES

	GOVERNMENT	AL ACTIVITIES
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 21,582,449	\$ 21,533,590
Operating grants and contributions	25,776,371	23,162,695
Capital grants and contributions	2,722,423	2,192,089
General revenues:		
Property taxes	173,109,015	161,470,648
Local option sales tax	51,750,608	47,725,592
ABC revenues	147,027	122,995
Other taxes and licenses	903,349	950,776
Investment earnings	4,056,689	2,042,086
Total revenues	280,047,931	259,200,471
Expenses:		
General government	26,373,901	25,410,503
Public safety	53,570,795	48,772,340
Economic and physical development	4,765,182	6,448,102
Environmental protection	1,371,094	509,267
Human services	38,699,195	36,361,691
Education	151,618,111	141,487,058
Cultural and recreation	8,013,339	8,474,373
Interest on long-term debt	14,222,496	13,488,064
Landfill		
Total expenses	298,634,113	280,951,398
Increase (decrease) in net position	(18,586,182)	(21,750,927)
Net position, beginning	(50,149,036)	(28,398,109)
Net position, ending	\$ (68,735,218)	\$ (50,149,036)



GENERAL OBLIGATION BOND RATINGS

AA + RATING S&P GLOBAL RATINGS





17

MAJOR FINANCIAL CHANGES

Major revenue increases came through property tax, local option sales tax, the City of Concord contribution for downtown parking deck and investment earnings.

Major expense increases include education funds (Cabarrus County and Kannapolis City schools and Rowan-Cabarrus Community College), County salary and benefits and capital outlay.

OUTSTANDING DEBT

As of June 30, 2019, Cabarrus County had outstanding debt (governmental activities) of \$402,433,263, which includes general obligation bonds. The County's outstanding debt decreased by \$40,180,227. The decrease is primarily due to premium amortization and principal payments.

In accordance with the N.C. General Statutes, Cabarrus is the issuer and payer of debt for capital purposes for the Cabarrus County and Kannapolis City school districts, and Rowan-Cabarrus Community College. This debt totaled \$338,535,739 at June 30, 2019 and totaled \$371,634,947 at June 30, 2018.

OUTSTANDING DEBT

	Governmental Activities	
	2019	2018
General obligation bonds	\$ 50,318,541	\$ 57,460,041
Certificates of participation/		
Limited obligation bonds	347,902,739	380,726,387
Notes payable	91,463	182,928
Capital lease obligations	713,127	334,814
Installment financing	3,407,393	3,909,320
Total	\$ 402,433,263	\$ 442,613,490

CAPITAL ASSETS

Capital assets have 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.

CAPITAL ASSETS

(net of accumulated depreciation)

Governmental Activities	
2019	2018
\$ 21,533,301	\$ 21,533,301
4,976,094	5,452,771
132,382,406	120,460,361
15,563,607	15,428,315
4,994,110	4,505,423
90,935	95,746
3,951,037	3,842,996
21,243,124	21,264,890
2,568,750	5,522,241
\$ 207,303,364	\$ 198,106,044
	2019 \$ 21,533,301 4,976,094 132,382,406 15,563,607 4,994,110 90,935 3,951,037 21,243,124 2,568,750



18

99.3% CABARRUS COUNTY'S FY19 TAX COLLECTION RATE

PROPERTY TAX RATES

\$0.72 PER \$100 OF VALUATION

FY13 - FY18 **\$0.70**PER \$100 OF VALUATION

19

PROPERTY TAXES

Cabarrus County receives funding through ad valorem taxes, known as property taxes. Commissioners set the ad valorem tax rate when they adopt the annual budget ordinance. Owners of residential, commercial and industrial properties pay this tax. Entities that receive tax exemptions must pay tax when the property falls outside the scope of the exclusion.

CABARRUS COUNTY'S SINGLE-BILL INITIATIVE

Residents in Concord, Harrisburg, Kannapolis, Locust, Mt. Pleasant and Midland receive one tax bill for both municipal and Cabarrus County property taxes. The County's single-bill initiative is a cost-saving measure that streamlines the billing process and minimizes administrative overlap.

Since Cabarrus municipalities no longer provide tax collection services, taxpayers across Cabarrus County now have a single point of contact, the Cabarrus County Tax Administration Office. The new system allows taxpayers to view their consolidated tax bill and make payments online through the County website at cabarruscounty.us/tax.



POPULAR ANNUAL FINANCIAL REPORT | FISCAL YEAR ENDED JUNE 30, 2019

PHONE LISTING

GENERAL GOVERNMENT

Board of Commissioners & County Manager's Office	704-920-2100
Communications & Outreach	704-920-2336
Human Resources	704-920-2200
Tax Administration	704-920-2166
Board of Elections	704-920-2860
Register of Deeds	704-920-2112
Finance	704-920-2104
Information Technology Services	704-920-2487
Infrastructure & Asset Management	704-920-3213

CULTURE AND RECREATION

Cabarrus Arena & Events Center	704-920-3976
Active Living & Parks	704-920-3484
Fair	704-786-7221
Library	704-920-2050

PUBLIC SAFETY

Emergency Management	704-920-2143
Emergency Medical Services Non-emergency	704-920-2600
Sheriff's Office Non-emergency	704-920-3000
Construction Standards	704-920-2128
Fire Marshal's Office	704-920-2143

PLANNING AND DEVELOPMENT

Community Development	
Planning	704-920-2141
Zoning	

HUMAN SERVICES

Veterans Services	704-920-2868
Cooperative Extension	704-920-3310
Department of Human Services	704-920-1400

ENVIRONMENTAL PROTECTION

Construction & Demolition Landfill	704-920-2950
Household Hazardous Waste Facility	704-920-3278
Soil & Water	704-920-3300





CONNECT WITH

Faceboo

A

@CabarrusCounty
@CabCoALP
@CabarrusCountyLibrary
@CabarrusSheriff
@CabarrusCountyCE

Twitter

@CabarrusCounty @CabCoEM

O Instagram @CabarrusCounty

YouTube
 @CabarrusCounty

CabCoTV Livestream cabarruscounty.us/live

Cabarrus Update Newsletter Text CTW to 22828