



Cabarrus County

North Carolina

Comprehensive Annual Financial Report

For the Year Ended June 30, 2011



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Prepared by
Cabarrus County Finance



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Deputy County Manager

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Introductory Section



Finance Department

October 31, 2011

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, 2011.

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, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2011, are presented fairly in all material respects with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Comprehensive Annual Financial Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement 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 seven municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, Locust and Stanfield are smaller municipalities in the County. The County serves a population of 174,294. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the county manager on or before the end of February each year. The county manager uses these requests as the starting point for developing a proposed budget. The Board of Commissioners is required by law to adopt a final budget by no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., law enforcement). The county's manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund. He may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners except as specified in the budget ordinance related to budget shortfalls, approved change orders, and the Capital Improvement Plan. The manager 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 manager or Finance Director may adjust budgets to match. 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 six counties located in the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (the "*Charlotte MSA*"), which consists of Anson, Cabarrus, Gaston, Mecklenburg and Union Counties in North Carolina and York County in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the largest metropolitan area in the Carolinas, and its population growth is one of the fastest in the southeast.

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

A summary of significant recent developments in these industries follows.

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

Other manufacturing facilities produce a wide variety of goods for national and international distribution. The following are just a few examples of these industries. Corning, Inc.'s fiber optics facility in Midland, which had been "mothballed," has reopened and officials expect the facility to increase capacity as the fiber optic market improves globally. S&D Coffee is a major roaster and distributor of coffee products for institutional and restaurant use and is headquartered in Concord. GGT, a fabricator of custom trailers, is located off of I-85 near exit 55.

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

Warehousing and Distribution. The distribution, warehousing, and shipping industry is another growing sector of the County's economy, as the County continues to be a cost-effective alternative for Charlotte area distributors. This industry benefits from the County's proximity to the City of Charlotte (a regional trucking and manufacturing center with a major commercial international airport) and from access to I-85, which has seven existing interchanges in the County. One of the newest interchanges on I-485, known as the Charlotte "Outerbelt," I-485, opened in 2004 and provided almost direct access to the County in a number of areas. Construction is scheduled to begin on the remaining northeast section of I-485 in 2011, further increasing accessibility to the County. In addition, I-77 intersects with I-85 and three other major highways within 15 miles of the County. Examples of companies building or expanding distribution centers in the County include: Saddle Creek, a large Florida logistics company, which opened a 350,000 square foot rail-served distribution center in Harrisburg (from which it serves Wal-Mart, America's largest retailer) and has recently completed an expansion that more than doubled the size of its Harrisburg facility; and Caffey Distributing, a Greensboro-based beer distributor, which in 2002 began operating a 130,000 square foot distribution center near I-85 and the Concord Regional Airport.

Childress Klein, a leading developer of warehouse and distribution properties, is developing 275 acres of vacant land in Kannapolis. This property is located at the interchange of I-85 and the Kannapolis Parkway and includes a new complex with 2.5 million square feet of flex office, warehouse and distribution space. The development plans also include 400,000 square feet of retail use, called Afton Ridge, much of which is already open. The overall investment is expected to reach \$140 million and create 2,800 jobs over the next decade.

Research. Castle & Cooke has redeveloped the former Pillowtex properties in Kannapolis as a major mixed use development with the centerpiece of the development constituting the North Carolina Research Campus (the "*Research Campus*"). This is a multi-purpose campus that houses state-of-the-art research equipment, research space and laboratory space. The Research Campus is collaboration between public and private sectors. Public sector partners currently located on campus include Appalachian State University, North Carolina A&T University, North Carolina Central University, North Carolina State University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and Rowan-Cabarrus Community College. Duke University plans to construct a new facility on the Research Campus and is managing the M.U.R.D.O.C.K. Study (a large-scale project studying the long-term health of County citizens). Private sector partners include Angiogen, Anatomics, Bio-Marker group, Dole Nutrition Institute, General Mills, Monsanto, RedHat, Sensory and Spectrum.

To facilitate the development and finance needed 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 is needed. The Research Campus is approximately 240 acres within the Development District. The development plan for the Development District contemplates that, when completed, the Research Campus will include more than 2 million square feet of office and laboratory space, 600,000 square feet of new retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units.

The City of Kannapolis recently issued \$35 million in limited obligation bonds (the "*Kannapolis Bonds*") to finance public infrastructure in the Development District. Pursuant to an Interlocal Agreement between the County and the City of Kannapolis executed in connection with the issuance of the Kannapolis Bonds, the County has agreed to pay a portion of its incremental ad valorem tax revenues actually collected in the Development District to the City to be used for the payment of not more than half of the annual payments of principal and interest due on the Kannapolis Bonds. These payments begin in FY 2013 and end in FY 2027, range (subject to a "Maximum County Contribution" ceiling) from a low of \$1,421,804 in FY 2013 to a high of \$1,513,677 in FY 2021, and total \$22,523,021.

Entertainment. 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. Recent expansions include additions to grandstand seating, a new infield media center and RV spaces located between the grandstands in turns one and two. Z-Max Dragway at Concord, a \$60 million drag strip facility that is located on CMS property, has hosted several events, including four NHRA-sanctioned events, since opening in 2008.

The City of Concord and Embassy Suites Hotels constructed a new Convention Center and full-service hotel on Speedway Boulevard. This complex is located equidistant between CMS and the Concord Mills Mall. Other hotels have located in this area, adding over 3,000 new rooms to the County's hotel inventory.

Motorsports. The County is home to CMS, NASCAR Research & Development, World Racing Group, the DIRT Track at CMS, Concord Motorsports Park, Motorsports Radio Network, Z-Max Dragway, and four driving schools, Hendrick Motorsports, Roush Fenway Racing, Earnhardt Ganassi Racing with Felix Sabates, Stewart-Haas Racing, ST/Wood Motorsports/JTG Racing and over 200 other motorsports-related businesses.

Recent developments involving motorsports businesses include Windshear, a California-based company, which has built a \$40 million wind tunnel which 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. ST/Wood Motorsports recently relocated its operations to a 123,000 square-foot building in Harrisburg. Stewart-Haas Racing opened a state-of-the-art, 140,000 square foot racing facility which doubles the size of its former facility. JHE Productions relocated to the Harrisburg area near the Saddle Creek facility and is operating out of a new 46,000 square foot building.

Retail. Concord Mills Mall, is located on approximately 165 acres located at the exit 49 interchange of I-85. The 1.4 million square foot facility has over 200 stores, cost approximately \$240 million to complete and is generating an estimated \$300 million annually in retail sales. Concord Mills Mall is the State's largest tourism draw and continues to create additional spin-off retail development on adjacent properties. Additional projects have been built nearby, including a Wal-Mart and Lowe's, which makes the area a primary retail center for the entire Metropolitan Statistical Area.

There are a number of new retail centers that have been constructed or are under construction throughout the County as a result of the population increase that has occurred. Some of these are part of much larger mixed-use developments that also include services, employment and residential uses. For example, the Northlite Center, in the northern part of the County, is anchored by Sam's Club, Wal-Mart and Kohl's. Harrisburg Town Center is a 100-acre mixed-use development on Highway 49, which includes 400 residential units, all of which have been completed, and up to 500,000 square feet of office and retail space; several of the office/retail buildings are complete. Additionally, there are several

restaurants and a grocery store located in the Town Center. Multiple shopping centers anchored by grocery stores have also been developed near key intersections.

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

Z-Max Industrial Park. Z-Max Industrial Park offers a rail served site with excellent highway access. The site is served by major utilities and is home to motorsports related businesses, including 600 Racing.

International Business Park. The owners of the International Business Park actively pursue private investment from around the world. Among those companies with facilities in the Park are Oiles America Corporation, a Japanese company, which opened a manufacturing plant for self-lubricating bearings in 1991; Pass & Seymour Legrand, a French company, which opened a manufacturing plant for electrical wiring devices in 1991; Dai Nippon Printing Company Ltd. (“DNP”), which began operations in 1995 and produces media (such as ribbons and tapes); Federal Express, which opened its facility in 1997; SYSCO Corporation, a Houston-based food service provider, which built a new warehouse/distribution complex in 1997 to serve nearly all of North and South Carolina, as well as parts of Georgia and Virginia; and the Minka Group, a lighting products company, which built a facility to serve as its east coast distribution center.

Recently, the owners of International Business Park completed a 76,000 square foot high-end speculative building in 2004. This building now is the workplace for over 1,200 persons, including employees of Connexions, a business solutions provider. PreGel America opened its \$20 million North American headquarters in the Park in 2008 with over 100 employees. CellGard is expected to break ground on a \$60 million manufacturing and R&D center in September 2010.

Concord Regional Airport/Airport Business Park. The City of Concord continues to develop a general aviation reliever airport on approximately 850 acres adjacent to I-85. This facility, known as Concord Regional Airport, has a 7,400 foot paved, fully instrumented runway with control tower, which can accommodate all corporate and commuter aircraft. Flight operations began at the airport in September 1994, and since the summer of 1995, the City has completed the construction of 67 T-hangars and 4 large conventional storage hangars at the airport. The airport currently has 170 aircraft based at the airport with an estimated total value of \$160 million.

The City contracted for a full-time air traffic control tower in September of 1998 to enhance aviation traffic safety. The airport has a full aircraft maintenance facility, three flight schools, four aircraft charter services, a full-time medical examiner, aircraft detailing, four airfreight providers, and a helicopter radio platform service. The City has proposed constructing additional conventional hangar space to accommodate the demand for aircraft basing at Concord Regional Airport. Additional basing will increase revenues from storage and fuel sales.

The City has completed the construction of the Airport Business Park and access roads to service other revenue generating acreage adjacent to the airport on the west side. The Park is home to Roush Fenway Racing’s headquarters and museum.

West Winds Industrial Park. The first phase of the West Winds Industrial Park, located directly across from the airport entrance, is complete, and an 18,000 square foot mixed office/industrial space also has been completed. The West Winds Industrial Park includes a 45,000 square foot NASCAR R&D center to research new safety methods. FlyRight, a flight simulation training facility for King Air Pilots, is also located in the Park. A 56,000 square foot speculative building is available and there is additional land in the Park for development.

Kannapolis Gateway Park. 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 in the Kannapolis Gateway Business Park. That building is now occupied by Novant Health, which is taking advantage of the Park's location between I-85 and I-77. The 85-acre park is located one mile from a new interchange on I-85 and will feature approximately 753,000 square feet of industrial space and a 12-acre retail center, which has recently completed construction. Retail uses have also located in the Park to support the surrounding businesses.

Brookdale. Located in the Town of Harrisburg near the I-485 interchange, Brookdale, a mixed-use development, includes a shopping center anchored by a Harris Teeter grocery store and several retail stores. Residential construction is currently underway for the project.

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

The following table lists the 10 largest manufacturing and non-manufacturing employers in the County as of 2010:

<u>Employer</u>	<u>Service</u>	<u>Approximate Number of Employees</u>
Carolinas Medical Center - Northeast	Medical Center	4,500
Concord Mills Mall	Retail	4,000
Cabarrus County Schools	Education	3,800
Cabarrus County	Government	975
City of Concord	Government	925
Connexions	Business Solutions	900
State of North Carolina	Government	771
Kannapolis City Schools	Education	750
Shoe Show	Shoe Distributor	700
Hendricks Motorsports	Automotive Racing	500

Source: Cabarrus County Economic Development Corporation (2010)

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, Workers Compensation Fund, Health Insurance Fund and Fire District Fund) for the fiscal year ending June 30, 2012 totals \$214,872,987 with a tax rate of \$0.63 per \$100 of assessed value, based on a total valuation of \$20,976,971,895.

As part of the annual budget development process, the County re-examines and updates the Capital Improvements Plan (CIP). The CIP is a five-year plan which projects capital needs and expenditures. It

details estimated costs, project descriptions and funding sources for capital projects. The CIP generally addresses capital assets with a value greater than \$100,000 and a useful life longer than one year. The CIP is readopted annually.

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

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

Relevant Financial Policies

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

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

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

1. Recurring, operational expenses of the County government will only be funded through recurring revenue sources:

2. The County will maintain an undesignated fund balance equal to 15% of general fund expenditures; and

3. Upon completion of the annual audit of the County finances, any undesignated fund balance above 15% will be transferred to the capital Reserve Fund, to reduce reliance on debt financing; or to the Self-Funded Hospitalization Fund, 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.

Major initiatives

The County passed a ¼ cent sales tax referendum on May 17, 2011, which authorizes the levy of an additional ¼ cent sales tax. This additional ¼ cent sales tax, which will become effective on October 1, 2011, is projected to generate approximately \$3 million in FY 2012 and approximately \$4.6 million in FY 2013, the first full fiscal year it will be in effect. Collections of this additional ¼ cent sales tax will be used to pay debt service on indebtedness issued for schools.

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

The Board of Commissioners' initiative to build a sustainable community consists of many efforts. Among them are programs in the county organization and retrofits of county facilities to conserve energy and water. Other organization efforts include maximizing the prevalence of reusable products, minimizing the use of those that are disposable and purchasing products that contain recycled content when possible and feasible. The county's fleet of vehicles is much more fuel efficient and emits fewer emissions. Our current fleet includes 34 hybrid vehicles with an additional 9 on order. These measures conserve natural resources and tax dollars.

The Board's sustainable community initiative also includes many outwardly-directed elements: One is a multifaceted approach to developing a more robust local food economy, including the appointment of 22 people to serve on the newly established Cabarrus County Food Policy Council, the hiring of a Local Food System Project Coordinator, the establishment of an incubator farm. Also, a community food assessment is being performed by North Carolina State University's Center for Environmental Farming Systems

The local food initiative is funded through grants and from money reserved from the payment of deferred taxes on property removed from the present-use value system, providing a rational nexus between the program and its funding source.

This period of economic contraction and hardship we are in offers additional opportunities to build upon what was already begun. In the absence of the immediate pressures resulting from growth and development, our local governments and businesses can collaborate to better position our community for a greener and more prosperous future, one that focuses on the triple bottom line (a healthy environment; a sound, financial position; and social equity), is more independent and enjoys some insulation from the volatility and whims of globalization.

An opportunity is found in a newly formed Sustainability Council, initiated by Cabarrus County and housed at the Cabarrus Regional Chamber of Commerce. This effort provides a forum for business and government to share and collaborate along the path to realizing a positive triple bottom-line for the community we call home.

The latest element of this initiative is the Board of Commissioner's recent creation of the Council for a Sustainable Local Economy. The Council is charged with performing research and analysis, educating the community, developing strategies and making policy recommendations that encourage the development of a resilient, robust and sustainable local economy in which entrepreneurs and creativity thrive and the community prospers.

The CSLE is given discretion in fulfilling its charge; however, it is specifically directed to address the following:

1. To the extent possible, identify "leakage" in the local economy. That is, determine how much money is spent by local businesses, institutions, governments and residents purchasing goods and services from outside Cabarrus County that are available from businesses within Cabarrus County. Additionally, determine the impact, in terms of the number of jobs, of diverting some or all of that spending from outside the county to businesses inside the county. Visit the website of the Business Alliance for Local Living Economies (<http://www.livingeconomies.org/>) for examples.
2. Identify barriers to success encountered by small businesses as a result of government policies and regulations. Conversely, identify government policies and regulations, existing or new those are helpful to small businesses. For examples, review efforts of the New Rules Project (www.newrules.org) and the many recommendations found in *The Small-Mart Revolution: How Local Businesses are Beating the Global Competition* by Michael H. Shuman.

The county government will provide the Council with staff assistance, meeting space and other resources needed to perform its charge,

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, 2010. This was the twenty-sixth 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, 2010. In order to qualify for the Distinguished Budget Presentation Award, the county's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the thirteenth year that Cabarrus County has received this prestigious award.

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

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

Respectfully submitted,



Michael K. Downs
Interim County Manager



Pamela S. Dubois
Deputy County Manager/Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cabarrus County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



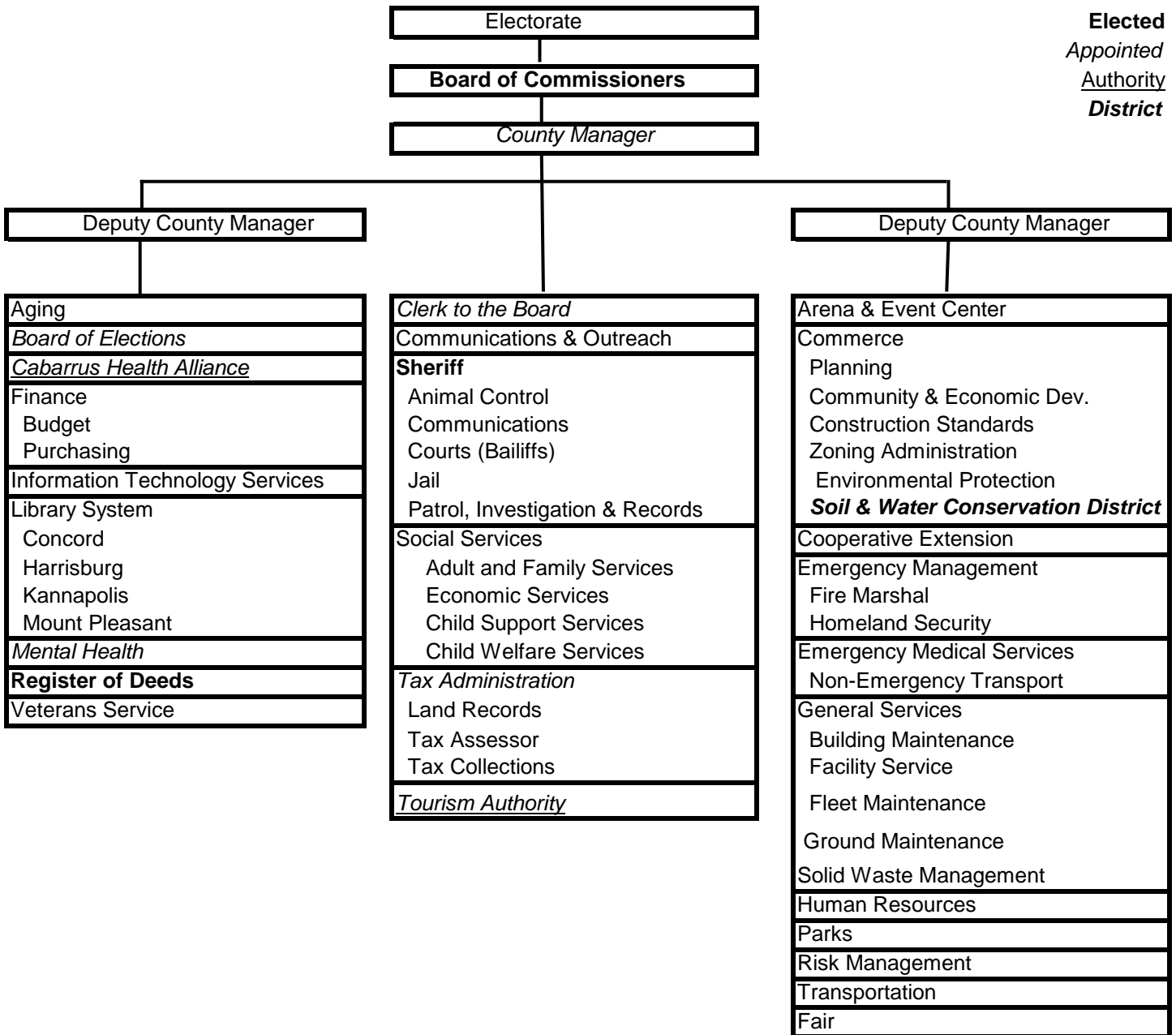
Linda C. Davidson

President

Jeffrey R. Evers

Executive Director

Organization Chart



Elected
Appointed
Authority
District

Board of County Commissioners

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

Other Elected Officials

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

County Manager John D. Day
Deputy County Manager Michael K. Downs
Deputy County Manager Pamela S. Dubois

Clerk to the Board G. Kay Honeycutt

County Department Heads

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

Tourism Authority, President/CEO Donna Carpenter

Financial Section

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

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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Cabarrus County
Concord, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Cabarrus County, North Carolina's management. Our responsibility is to express opinion on these basic financial statements based on our audit. We did not audit the financial statements of the component unit, Cabarrus Health Alliance, which represents 100% of the assets, net assets, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Cabarrus Health Alliance is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina as of June 30, 2011, 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 conformity with accounting principles generally accepted in the United States of America.

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13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2011, on our consideration of Cabarrus County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Law Enforcement Officer's Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 26, 2011

Management Discussion and Analysis

Management's Discussion and Analysis

As management of Cabarrus County, we offer readers of Cabarrus County's financial statements this narrative overview and analysis of the financial activities of Cabarrus County for the fiscal year ended June 30, 2011. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

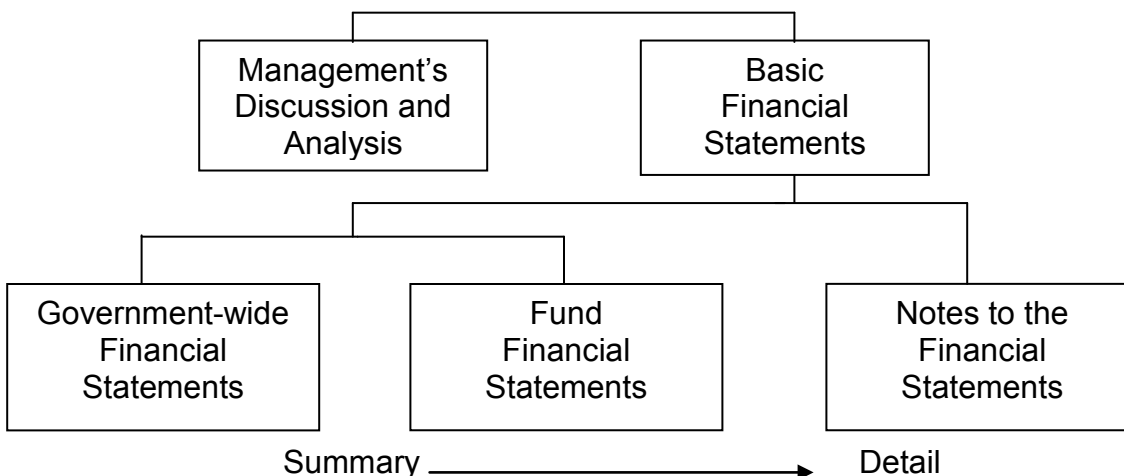
Financial Highlights

- The liabilities of Cabarrus County exceeded its assets at the close of the fiscal year by (\$76,049,523) (*net assets*).
- The total net assets of *governmental* activities was a deficit \$79,755,501 an increase of \$826,958 from the prior year's deficit amount of \$78,928,543, primarily due to school capital spending and the issuance of debt without a corresponding capital asset. In accordance with North Carolina law, the County is financially responsible for funding school facilities and issuing any debt in connection with school facilities; however, since assets are not reflected in the County's financial statements, school capital improvements are expensed.
- As of the close of the current fiscal year, Cabarrus County's governmental funds reported combined ending fund balances of \$126,272,933, after a net decrease in fund balance of \$8,008,475. Approximately 37.8 percent of this total amount, or \$47,679,526, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$46,800,234, or 24.6 percent of total general fund expenditures for the fiscal year.
- Cabarrus County's total debt decreased by \$9,382,295 or 2.2% during the current fiscal year. The key factors in this net decrease was the refunding of \$20,000,000 of Certificates of Participation (COPS), issuance of \$14,635,000 Certificates of Participation and large principal payments of General Obligation and installment financing debt. The payments and refunding of COPS debt was greater than the new COPS issuance.
- Cabarrus County has an AA bond rating and currently has general obligation bond ratings of AA+ / Aa₁ / AA+.

Overview of the Financial Statements

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

Required Components of Annual Financial Report (Figure 1)



Basic Financial Statements

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

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

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

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

Government-wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include landfill services offered by Cabarrus County. The final category is the component units. Cabarrus Health Alliance was incorporated under the hospital authority act to provide public health care to the citizens and residents of the County. The Alliance rents office space from the County on a month to month basis. They are currently constructing a facility of their own. The Chairperson of the Board of Commissioners for Cabarrus County appoints the members of the board of the Alliance.

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

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services

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

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Cabarrus County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 75 of this report.

Government-Wide Financial Analysis

While total net assets are often considered a useful indicator of a government's financial position, it does not adequately reflect the County's position. As noted above the liabilities of Cabarrus County exceeded the assets by \$76,049,523 at June 30, 2011. 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 \$306,883,150 at June 30, 2011 and totaled \$309,119,032 at June 30, 2010, is recorded in long-term liabilities with no offsetting capital assets recorded, as the assets are owned by the agencies. The agencies use the debt proceeds to acquire or construct capital assets. The effect of this accounting distorts net assets of the County, creating a large deficit in unrestricted net assets. Net Assets of \$112,528,290 at June 30, 2011 and \$112,959,895 at June 30, 2010 are invested in capital assets, net of any related outstanding debt of those assets. Capital assets include land, buildings, vehicles, equipment and other machinery used in providing services to residents. Also, net assets of \$46,892,224 at June 30, 2011 and \$57,497,847 at June 30, 2010 are reserved by law for specific purposes. The net decrease in the deficit unrestricted net assets,

resulted from the refunding of debt and the increase in County capital assets net of accumulated depreciation. Net assets do not present the County's position regarding spending, this amount is presented in the governmental funds statements.

Cabarrus County's Net Assets

Figure 2

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 151,949,043	\$ 168,703,222	\$ 3,494,731	\$ 3,952,249	\$ 155,443,774	\$ 172,655,471
Capital assets	218,925,235	219,001,854	3,978,432	4,048,802	222,903,667	223,050,656
Total assets	<u>370,874,278</u>	<u>387,705,076</u>	<u>7,473,163</u>	<u>8,001,051</u>	<u>378,347,441</u>	<u>395,706,127</u>
Long-term liabilities outstanding	404,936,029	415,686,826	3,472,758	1,578,667	408,408,787	417,265,493
Other liabilities	45,693,750	50,946,793	204,754	2,660,325	45,898,504	53,607,118
Total liabilities	<u>450,629,779</u>	<u>466,633,619</u>	<u>3,677,512</u>	<u>4,238,992</u>	<u>454,307,291</u>	<u>470,872,611</u>
Net assets						
Invested in capital assets, net of related debt	111,057,044	108,911,093	3,978,432	4,048,802	115,035,476	112,959,895
Restricted	46,892,224	57,497,847	-	-	46,892,224	57,497,847
Unrestricted	(237,704,769)	(245,337,483)	(272,454)	(286,743)	(235,841,577)	(245,624,226)
Total net assets	<u>\$ (79,755,501)</u>	<u>\$ (78,928,543)</u>	<u>\$ 3,705,978</u>	<u>\$ 3,762,059</u>	<u>\$ (73,913,877)</u>	<u>\$ (75,166,484)</u>

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

- Continued low cost of debt due to the County's high bond rating and the prevailing low interest rate environment.
- General Fund County revenues at June 30, 2011 were \$2,179,373 over budget. This is primarily due to higher than expected property tax collections.
- The General Fund received \$3,967,669 in other financing sources from a capital project fund for a project that was completed during the year and had remaining unspent funds.
- The General Fund had budgeted fund balance appropriated of \$3,269,843 that was not used during the fiscal year.
- County departments were conservative in their spending and General Fund expenditures at June 30, 2011 were \$9,497,641 under budget. The Landfill Enterprise Fund operating expenditures were \$198,808 under budget.

Cabarrus County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 15,997,636	\$ 16,443,075	\$ 858,132	\$ 1,187,527	\$ 16,855,768	\$ 17,630,602
Operating grants and contributions	20,569,505	21,906,696	21,368	44,655	20,590,873	21,951,351
Capital grants and contributions	544,096	6,417,855	23,740	-	567,836	6,417,855
General revenues:						
Property taxes	136,733,389	137,488,091	-	-	136,733,389	137,488,091
Local option sales tax	25,808,696	28,461,637	-	-	25,808,696	28,461,637
ABC revenues	188,594	66,789	-	-	188,594	66,789
Other taxes and licenses	642,337	669,221	343,908	55,074		
Investment earnings	1,019,648	813,582	8,205	10,630	1,027,853	824,212
Donations	221,538	131,590	-	-	221,538	
Miscellaneous	21,588	32,893	1,075	19,143	22,663	52,036
Total revenues	201,747,027	212,431,429	1,256,428	1,317,029	202,017,210	212,892,573
Expenses:						
General government	21,750,176	20,931,001	-	-	21,750,176	20,931,001
Public safety	36,043,142	31,944,942	-	-	36,043,142	31,944,942
Economic and physical development	3,128,710	3,207,792	-	-	3,128,710	3,207,792
Environmental protection	619,639	541,463	-	-	619,639	541,463
Human services	38,015,497	40,925,099	-	-	38,015,497	40,925,099
Education	77,221,156	118,863,929	-	-	77,221,156	118,863,929
Cultural and recreation	6,161,896	6,771,004	-	-	6,161,896	6,771,004
Interest on long-term debt	19,633,769	19,753,394	-	-	19,633,769	19,753,394
Landfill	-	-	1,312,509	2,333,383	1,312,509	2,333,383
Total expenses	202,573,985	242,938,624	1,312,509	2,333,383	203,886,494	245,272,007
Increase (decrease) in net assets	(826,958)	(30,507,195)	(56,081)	(1,016,354)	(883,039)	(31,523,549)
Net assets, July 1	(78,928,543)	(48,421,348)	3,762,059	4,778,413	(75,166,484)	(43,642,935)
Net assets, June 30	<u>\$(79,755,501)</u>	<u>\$(78,928,543)</u>	<u>\$ 3,705,978</u>	<u>\$ 3,762,059</u>	<u>\$(76,049,523)</u>	<u>\$ (75,166,484)</u>

Governmental activities

Governmental activities decreased Cabarrus County's net assets by \$826,958, thereby accounting for 93.6% of the total decrease in the net assets of County. Key elements of this net decrease are as follows:

Operating grants and contributions experienced a \$1,337,191 or 6.1% decrease from FY 10 to FY 11. This decrease was due to State budget cuts in the day care program and the Federal Government ARRA fund distributions coming to an end.

Capital grants and contributions experienced a net \$5,873,759 or 91.5% decrease. During FY 10, \$6,149,845 of Lottery Proceeds was received to build a new school and add a wing to an existing school. The funds were not received again in FY 11.

Due to the slow economy, property and sales tax revenues declined by \$754,702 (0.5%) and \$2,679,825 (9.2%) respectively.

General Government expenditures increased \$819,175 or 3.9% due to individual small personnel and operating increases including an increase contribution to the pension trust fund.

Public Safety expenditures increased \$4,098,200 or 12.8% due to the operating and staffing of a new Jail Housing Unit which opened during FY 11.

Human Service expenditures decreased \$2,909,602 or 7.1%. Major events that contributed to this decrease included State budget cuts to day care reimbursements and the State takeover of a portion of CAP (Community Alternative Program).

Education expenditures decreased \$41,642,773 or by 35%. This major decrease was the result of three school construction projects at June 30, 2010 were approximately 95% completed. During FY 11 only 2 additional schools were still under construction. The majority of expenditures for all school construction projects were experienced prior to June 30, 2011.

Business-type activities

The County's Business-type activity, the Landfill, experienced a \$1,020,874 decrease or 44% decrease. A transfer to the County Closure/Post closure Liability reserve of \$957,917 was made in FY 10 as estimated by the County's third party Engineers. No transfer was estimated and recommended by the Engineers in FY 11.

Financial Analysis of the County's Funds

As noted earlier, Cabarrus County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's four major funds, as defined by GAAP for the fiscal year ended June 30, 2011, were the *General Fund*, the *Certificates of Participation 2009 Fund*, the *Qualified School Construction Bond Fund* and the *Landfill Fund*, with the last fund being accounted for as an Enterprise Fund.

Governmental Funds. The focus of Cabarrus County's governmental funds is to provide information on near-term inflows, outflows and balances of usable resources. Such information is useful in assessing Cabarrus County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Cabarrus County. At the end of the current fiscal year, Cabarrus County's fund balance available in the General Fund was \$63,755,334, while total fund balance reached \$74,013,411. 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, in addition to meeting the cash flow of the County. The County currently has an available fund balance of 31.3% of general fund expenditures, while total fund balance represents 36.4% of that same amount. Of the \$63,755,334 available fund balance, the County has assigned \$16,955,100 (26.6%) of their available fund balance for specific projects and obligations. Following the fund balance policy, \$30,509,956 (47.9%) of the available fund balance has been set aside for working capital. This leaves \$16,290,278 (25.5%) of fund balance remaining for appropriation.

At June 30, 2011, the governmental funds of Cabarrus County reported a combined fund balance of \$126,272,933, a 6.0% decrease or \$8,008,475 decrease from last year.

The *General Fund* balance increased \$8,357,473. Property taxes are our largest revenue source. Though the collection rate slightly declined from the prior year, it remained relatively high, ending the year with a collection rate of 97.20%. Due to conservative budgeting, property taxes revenue came in at \$3,619,887 or 2% over budget. The most significant variance was in the collection of delinquent taxes.

Cabarrus County is home to the number one tourist attraction in North Carolina which is Concord Mills Mall. In FY2010, sales taxes were collected in excess of anticipated amounts; however in FY2011 sales tax revenues came in at \$1,065,646 or 3.9% less than budgeted. The decline in the sales tax revenue is attributed to the decrease in retail sales as the economy continues to wane and an increasing number of sales tax refunds that the County made to companies obtaining non-profit status.

Permits and Fees are primarily collected by the Register of Deeds for the recording and dissemination of records and by Commerce for inspection fees related to construction standards. The economy continued

to affect fees related to building and other construction related permits as well as document recording fees. In addition, while there have been a decrease in land records recorded, there has been an increase in trustee deeds due to an increase in foreclosures. While this is another indicator of the economy's negative impact on the community, this resulted in increased revenue for this category, collecting \$365,309 or 15% more than budgeted.

The *Certificates of Participation 2009 Fund* balance decreased \$25,233,673. Certificates of Participation were issued during the fiscal year ended June 30, 2010 in the amount of \$85,170,000 for the construction of four schools and the renovation and wing addition at a fifth school. This project will span over several years. Debt was issued in fiscal year 2010. However expenditures of \$21,302,227 were recorded in fiscal year 2011.

The *Qualified School Construction Bond Fund* balance increased \$14,639,218. Certificates of Participation were issued during the fiscal year ended June 30, 2011 in the amount of \$14,637,157 for the planning, design, renovations and repairs of local schools. This project will span over three years.

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 \$27,719,414.

At year-end, *actual* general fund revenues and transfers in exceeded *final amended budget* numbers by 1.07%. Actual general fund expenditures and transfers out were less than *final budgetary* figures by 4.73%, thus eliminating the need to draw upon existing fund balance.

Major budget increases (decreases) during the year include:

- **Two American Reinvestment and Recovery Act (ARRA) Grants for Juvenile Crime Prevention:** \$108,720 for Juvenile Crime Prevention Council Gang Prevention and Intervention Pilot administered through the Bureau of Justice Assistance Edward Byrne Memorial Justice Assistance Grant Program and \$75,000 in additional ARRA funds for gang violence prevention administered through Department of Juvenile Justice and Delinquency Prevention and awarded to Cabarrus Health Alliance and Boys and Girls Club.
- **Additional ARRA Funds for Energy Programs:** \$611,066 awarded to the Commerce department to increase energy efficiency in the community.
- **Contributions from Other Funds:** \$350,000 contribution from capital reserve fund to the general fund for economic incentive grant to Celgard, LLC for the purchase, closing and recording of real estate at the International Business Park in Cabarrus County. \$2,579,438 fund balance re-appropriation from prior year for projects that were not completed in FY2010 and were ongoing in FY2011.
- **Contributions to Other Funds:** (\$348,407) transferred from the general fund to the special projects fund for Agriculture Department of Farmland & Preservation grant/project. Funds transferred were taxes collected and interest earned on farm land. (\$570,000) transferred from general fund to worker's compensation fund for insurance and claims and to replenish the worker's compensation fund's reserve balance.
- **Cannon Funds:** \$753,910 contribution from Cannon Memorial Trust for renovations to the Cannon Memorial Library and another \$50,000 received from the Cannon foundation to support the County's Council for Sustainable Local Economy, which funded one part-time position and other operational needs for the program.
- **Additional funding for Health and Human Services:** \$132,182 received from NC Division of Aging for the Title V Senior Community Employment Program. This additional funding provided for the 13 temporary part-time positions for low income individuals age 55 years or older.

\$399,937 received from the federal government for Social Services Crisis Intervention Program. Funds are used for social service clients who are in need of emergency assistance to pay utilities. \$ 172,000 in additional dollars Medicaid funds to provide additional transportation services for Medicaid clients.

- **NC Dept of Crime Control Grant:** \$190,000 Buffer zone Protection Grant received from the North Carolina Department of Crime Control and Public Safety to enhance emergency management and security at Charlotte Motor Speedway.
- **Refinancing of Debt:** On September 22, 2010, the County refinanced all of the callable 2001 Certificates of Participation debt. The savings over the remaining 11 years totals \$2,366,350 or 10.47%. The overall yield is 2.390%. The County will experience this savings over the next 10 years at an amount of approximately \$235,000 per year. This transaction resulted in proceeds and premium in the amount of \$21,163,703 with a required disbursement to the Bond trustee in the amount of \$20,902,811.

Proprietary Funds. Cabarrus County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. The *Landfill Fund* is the County's sole Enterprise Fund. Net assets for the *Landfill Fund* decreased \$56,081 during the fiscal year ended June 30, 2011. Due to economic times, Landfill tipping fees decreased \$54,062 or 7% from the previous fiscal year.

Capital Asset and Debt Administration

Capital assets. Cabarrus County's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$222,903,667 (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 14 new vehicles for the Sheriff's department, 7 vehicles for General Services, 2 ambulances, 1 vehicle for Emergency Medical Services and 1 vehicle for the Department of Social Services.
- Purchased a horse trailer for Animal Control, a medically equipped evacuation utility vehicle for Emergency Medical Services and a golf cart for the Fair Grounds.
- Purchased and renovated premises for the Board of Elections.
- Projects that have started but are not complete include a Jail Housing Unit, Arena storage facility, Concord Library expansion, Landfill expansion and soccer complex improvements.
- Completed projects include a Library Automation system and a Transportation Mobile Data System.
- Renovations were completed for the Governmental Center, Firing Range, Emergency Medical Services and Mt. Pleasant Library.
- Purchased a Caterpillar bulldozer and Bobcat skid steer for Landfill operations.

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

Figure 4

	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Land	\$ 24,009,781	\$ 24,013,499	\$ 490,447	\$ 490,447	\$ 24,500,228	\$ 24,503,946
Land Improvements	4,282,568	4,701,248	842,857	919,231	5,125,425	5,620,479
Buildings	87,103,964	88,805,728	1,124,715	1,157,319	88,228,679	89,963,047
Building Improvements	12,779,927	12,820,428	4,113	4,250	12,784,040	12,824,678
Equipment	4,586,849	5,616,904	42,426	66,210	4,629,275	5,683,114
Furniture and Fixtures	98,496	156,596	-	-	98,496	156,596
Vehicles	3,289,387	3,905,741	1,121,197	1,195,384	4,410,584	5,101,125
Reservoir	21,417,248	21,439,013	-	-	21,417,248	21,439,013
Construction in progress	61,357,015	57,542,697	352,677	215,961	61,709,692	57,758,658
Total	\$ 218,925,235	\$ 219,001,854	\$ 3,978,432	\$ 4,048,802	\$ 222,903,667	\$ 223,050,656

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

Long-term Debt. As of June 30, 2011, Cabarrus County had total debt outstanding of \$414,200,193 of which includes General Obligation Bonds that are backed by the full faith and credit of the County and all other debt is covered by pledged collateral and is subject to appropriation.

Cabarrus County's Outstanding Debt
All Debt Funding Sources

Figure 5

	Governmental	
	Activities	
	2011	2010
General obligation bonds	\$ 105,660,000	\$ 112,565,000
Capital lease obligations	3,102,621	3,282,345
Certificates of participation	294,315,000	294,990,000
Installment financing	11,122,572	12,745,143
Total	\$ 414,200,193	\$ 423,582,488

As mentioned in the financial highlights section of this document, Cabarrus County maintained for the 2nd consecutive year its Aa1 rating from Moody's and a AA+ rating from Fitch. For the 3rd consecutive year, a rating of AA+ from Standard and Poor's has been maintained. These bond ratings are a clear indication of the sound financial condition of Cabarrus County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Cabarrus County is \$1,285,458,907. Additional information regarding Cabarrus County's long-term obligations can be found beginning in note 2 section J of this report.

Economic Factors and Next Year's Budgets and Rates

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

conditions, FY 2010 and FY 2011 have created fiscal challenges. Overall, the County has a fiscally strong bottom line, with a balanced diverse economy, and commitment to conservatism and strategic focus in its approach to evaluating both revenue and expenditures for fiscal solutions. The following key economic indicators reflect the current dynamics facing the County.

Indicator	Cabarrus County
Population, 2010	178,011
Population, 2000 Census	131,063
Population Change 2000 - 2010	35.8%
Unemployment, Annual Average	11.3%
Per Capita Personal Income, 2009	\$34,083
Poverty, 2009	11.4%

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

Budget Highlights for the Upcoming Fiscal Year Ending June 30, 2012

Governmental Activities: The County's conservative financial management practices have positioned it to sustain services while keeping expenditures flat over the next five years. The County's five year financial plan freezes expenditures through 2016 and maintains a healthy fund balance. In developing the FY12 budget, the County froze spending at FY 2011 levels and stayed on course with the five year financial plan. In effect the County adopted its FY12 budget of \$214,872,987 at \$20.6 million, or 8.74%, less than the FY 2011 amended budget, maintaining the county's tax rate of \$0.63 per \$100 valuation.

A decline in the tax base and the reduction of one-time revenue sources reduced available revenues. The county is still feeling the effects of closure of its largest taxpayer, Philip Morris. In addition, there are a number of property tax appeals that remain unsettled. One-time revenues, specifically grant funds like those from the America Recovery and Reinvestment Act (ARRA), represent the second largest decrease in available revenue. Expenditures were decreased to match available funds.

There were some operational increases to the FY12 budget. Significant increases include the cost of adding 77 detention officers to staff the new jail facility. These positions were hired late FY 2011, the annualized salaries and benefits will the county expenditures by nearly \$3m. The County's personnel management plan calls for cost of living adjustment (COLA) based on December CPI. For FY 2012 this increase is 1.5%. The last significant increase was new debt service for the schools, which increased by \$4.7m.

Lastly, the county passed a ¼ cent sales tax referendum on May 17, 2011. This new sales tax, effective October 2011, is projected to generate \$3 million in FY 2012 and an additional \$1.6 million in FY 2013, its first full fiscal year of enactment. Collections will be used to pay school debt service. The new ¼ cent sales tax will position the County to replenish its capital reserve fund with revenues in excess of expenditures by FY2016.

Business-type Activities: The Solid Waste Management (Landfill) Fund budget decreased 61.59% from FY2011 to FY2012 to \$1,305,000. Prior to FY 2012, the Landfill and Waste Reduction programs constituted the Solid Waste Fund. Effective July 1, 2011, the Waste Reduction and Recycling programs were removed from Solid Waste Management Fund and transferred to the General Fund.

There were revenue changes as well. Most significantly, the disposal tax on white goods declined by 14.2% and tipping fees budgeted decreased by 7.8%, all primarily related to the current economic conditions. There is, however, a 1.63% increase in tire disposal fees.

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 Assistant Director of Finance, Cabarrus County, 65 Church Street SE, Concord, NC 28027, (704) 920-2894.

Basic Financial Statements

Cabarrus County, North Carolina
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 94,524,733	\$ 3,349,072	\$ 97,873,805	\$ 5,135,384
Receivables (net of allowance for uncollectibles):				
Accounts receivable	3,686,225	1,275	3,687,500	2,540,403
Customers	1,726,540	61,716	1,788,256	1,688,563
Interest	288,633	1,154	289,787	-
Property taxes	3,926,259	-	3,926,259	-
Due from other governments	6,615,612	81,514	6,697,126	126,540
Inventories	8,102	-	8,102	-
Prepaid items	90,888	-	90,888	50,482
Restricted cash and cash equivalents	33,532,554	-	33,532,554	-
Deferred charges	6,793,497	-	6,793,497	-
Notes Receivable	756,000	-	756,000	-
Capital Assets not being depreciated:				
Land	24,009,781	490,447	24,500,228	-
Construction in Progress	61,357,015	352,677	61,709,692	-
Capital Assets net of accumulated depreciation:				
Land Improvements	4,282,568	842,857	5,125,425	338,166
Buildings and Building Improvements	99,883,891	1,128,828	101,012,719	-
Reservoir	21,417,248	-	21,417,248	-
Furniture and Fixtures	98,496	-	98,496	4,609
Equipment	4,586,849	42,426	4,629,275	349,815
Vehicles and Motorized Equip	3,289,387	1,121,197	4,410,584	32,524
Total assets	370,874,278	7,473,163	378,347,441	10,266,486
Liabilities				
Accounts payable and other current liabilities	9,162,538	89,673	9,252,211	1,179,046
Unearned revenues	392,632	-	392,632	-
Accrued interest payable	5,778,822	-	5,778,822	-
Retainage payable	335,724	-	335,724	-
Long-term liabilities:				
Due within one year	30,024,034	204,754	30,228,788	536,298
Due in more than one year	404,936,029	3,472,758	408,408,787	461,232
Total long-term liabilities	434,960,063	3,677,512	438,637,575	997,530
Total liabilities	450,629,779	3,767,185	454,396,964	2,176,576
Net Assets				
Invested in Capital Assets, (net of related debt)	111,057,044	3,978,432	115,035,476	725,114
Restricted for :				
Stabilization by State Statute	10,368,857	-	10,368,857	2,616,461
Public Safety	5,026,278	-	5,026,278	-
Human Services	-	-	-	320,000
Education	31,494,611	-	31,494,611	-
Culture & Recreation	2,478	-	2,478	-
Unrestricted	(237,704,769)	(272,454)	(237,977,223)	4,428,335
Total net assets	\$ (79,755,501)	\$ 3,705,978	\$ (76,049,523)	\$ 8,089,910

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, 2011**

	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Program Revenues		Primary Government		Total	Component Unit	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities			
Function/Program Activities							
Primary Government:							
Governmental Activities:							
General government	\$ 21,750,176	\$ 1,286,545	\$ -	\$ (18,210,070)	\$ -	\$ (18,210,070)	\$ -
Public safety	36,043,142	906,658	-	(26,253,328)	-	(26,253,328)	-
Econ. & physical development	3,128,710	953,047	-	(2,123,299)	-	(2,123,299)	-
Environmental protection	619,639	32,085	-	(586,626)	-	(586,626)	-
Human services	38,015,497	16,857,848	285,158	(17,682,505)	-	(17,682,505)	-
Education	77,221,156	-	258,938	(76,484,701)	-	(76,484,701)	-
Culture and recreation	6,161,896	533,322	-	(4,488,450)	-	(4,488,450)	-
Interest on long-term debt	19,633,769	-	-	(19,633,769)	-	(19,633,769)	-
Total governmental activities	<u>202,573,985</u>	<u>20,569,505</u>	<u>544,096</u>	<u>(165,462,748)</u>	<u>-</u>	<u>(165,462,748)</u>	<u>-</u>
Business-Type Activities:							
Solid Waste	1,312,509	21,368	23,740	-	(409,269)	(409,269)	-
Total business-type activities	<u>1,312,509</u>	<u>21,368</u>	<u>23,740</u>	<u>-</u>	<u>(409,269)</u>	<u>(409,269)</u>	<u>-</u>
Total primary government	<u>\$ 203,886,494</u>	<u>\$ 20,590,873</u>	<u>\$ 567,836</u>	<u>(165,462,748)</u>	<u>(409,269)</u>	<u>(165,872,017)</u>	<u>-</u>
Component Unit:							
Cabarrus Health Alliance	<u>\$ 19,678,636</u>	<u>\$ 4,147,720</u>	<u>\$ 8,530,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(112,918)</u>
General Revenues:							
Property taxes				136,733,389	-	136,733,389	-
Local option sales tax				25,808,696	-	25,808,696	-
ABC revenues				188,594	-	188,594	-
Other taxes and licenses				642,337	343,908	986,245	-
Investment earnings				1,019,648	8,205	1,027,853	4,479
Donations				221,538	-	221,538	-
Miscellaneous				21,588	1,075	22,663	167,482
Total general revenues				<u>164,635,790</u>	<u>353,188</u>	<u>164,988,978</u>	<u>171,961</u>
Change in net assets				(826,958)	(56,081)	(883,039)	59,043
Net assets - July 1				(78,928,543)	3,762,059	(75,166,484)	8,030,867
Net assets - June 30				<u>\$ (79,755,501)</u>	<u>\$ 3,705,978</u>	<u>\$ (76,049,523)</u>	<u>\$ 8,089,910</u>

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

Cabarrus County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2011

	Major			Non-Major	Total Governmental Funds
	General	Certificates of Participation 2009	Qualified School Construction Bonds	Other Governmental Funds	
Assets					
Cash and cash equivalents	\$ 69,838,294	\$ -	\$ -	\$ 20,242,667	\$ 90,080,961
Restricted cash	34,311	17,499,934	14,639,218	1,359,091	33,532,554
Receivables (net of allowance for uncollectibles)					
Accounts receivable	3,544,529	-	-	137,857	3,682,386
Customers	1,726,540	-	-	-	1,726,540
Property taxes	3,926,259	-	-	-	3,926,259
Interest	30,634	-	-	4,225	34,859
Due from other governments	6,615,612	-	-	-	6,615,612
Prepaid items	59,200	-	-	-	59,200
Notes receivable	-	-	-	756,000	756,000
Inventories	8,102	-	-	-	8,102
Total assets	<u>\$ 85,783,481</u>	<u>\$ 17,499,934</u>	<u>\$ 14,639,218</u>	<u>\$ 22,499,840</u>	<u>\$ 140,422,473</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 5,699,463	\$ 1,365,794	\$ -	\$ 703,128	\$ 7,768,385
Contract retainages	25,176	280,709	-	29,839	335,724
Deferred revenue	5,652,799	-	-	-	5,652,799
Unearned revenue	392,632	-	-	-	392,632
Total liabilities	<u>11,770,070</u>	<u>1,646,503</u>	<u>-</u>	<u>732,967</u>	<u>14,149,540</u>
Fund Balances:					
Nonspendable:					
Inventories	8,102	-	-	-	8,102
Prepaid items	59,200	-	-	-	59,200
Notes receivable	-	-	-	720,000	720,000
Restricted:					
Stabilization by State Statute	10,190,775	-	-	178,082	10,368,857
Public Safety	-	-	-	5,026,278	5,026,278
Education	-	15,853,431	14,639,218	1,001,962	31,494,611
Culture & recreation	-	-	-	2,478	2,478
Committed:					
General government	-	-	-	4,810,004	4,810,004
Public Safety	-	-	-	2,653,454	2,653,454
Economic & physical development	-	-	-	568,557	568,557
Environmental protection	-	-	-	43,721	43,721
Human services	-	-	-	1,594,485	1,594,485
Education	-	-	-	1,040,766	1,040,766
Culture & recreation	-	-	-	3,672,645	3,672,645
Assigned:					
General government	6,291,127	-	-	-	6,291,127
Public safety	295,969	-	-	-	295,969
Economic & physical development	825,397	-	-	-	825,397
Environmental protection	1,200,000	-	-	-	1,200,000
Human services	436,276	-	-	-	436,276
Education	7,345,783	-	-	-	7,345,783
Culture & recreation	560,548	-	-	459,881	1,020,429
Unassigned	46,800,234	-	-	(5,440)	46,794,794
Total fund balances	<u>74,013,411</u>	<u>15,853,431</u>	<u>14,639,218</u>	<u>21,766,873</u>	<u>126,272,933</u>
Total liabilities and fund balances	<u>\$ 85,783,481</u>	<u>\$ 17,499,934</u>	<u>\$ 14,639,218</u>	<u>\$ 22,499,840</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds					
Government capital assets				258,821,597	
Less accumulated depreciation				<u>(39,896,362)</u>	218,925,235
Other assets used in governmental activities are not financial resources and, therefore are not reported in the governmental funds					
Deferred Revenue					5,652,799
Debt Issuance Costs				7,523,701	
Current Year Amortization				<u>(730,204)</u>	6,793,497
Premium on Debt Issuance				(11,660,157)	
Current Year Amortization				<u>954,121</u>	(10,706,036)
Internal service funds are used by management to charge the costs of workers' compensation and self-insured hospitalization to individual departments.					3,086,479
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				(414,200,193)	
Accrued Interest				(5,526,381)	
Compensated Absences				(3,150,709)	
LEO Pension Obligation				(340,558)	
OPEB Obligation				<u>(6,562,567)</u>	(429,780,408)
Net assets of governmental activities					<u>\$ (79,755,501)</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, 2011

Exhibit 4
Page 1 of 2

	Major			Non-Major	Total Governmental Funds
	General	Certificates of Participation 2009	Qualified School Construction Bonds	Other Governmental Funds	
Revenues:					
Ad valorem taxes	\$ 133,565,453	\$ -	\$ -	\$ 2,604,209	\$136,169,662
Other taxes and licenses	26,451,032	-	-	-	26,451,032
Intergovernmental revenues	20,127,954	-	-	635,481	20,763,435
Permits and fees	2,779,814	-	-	1,973,279	4,753,093
Sales and services	10,310,115	-	-	-	10,310,115
Investment earnings	186,819	36,223	2,061	35,913	261,016
Donations	-	-	-	186,638	186,638
Miscellaneous	501,219	-	-	13,285	514,504
Total revenues	193,922,406	36,223	2,061	5,448,805	199,409,495
Expenditures:					
Current:					
General government	19,073,497	-	-	268,750	19,342,247
Public safety	28,119,496	-	-	2,994,794	31,114,290
Economic & physical development	2,771,997	-	-	299,763	3,071,760
Environmental protection	215,106	-	-	303,904	519,010
Human services	35,762,121	-	-	142,668	35,904,789
Education	55,554,062	21,302,227	-	607,930	77,464,219
Culture and recreation	3,553,681	-	-	1,257,593	4,811,274
Capital outlay:					
Land and land improvements	-	-	-	-	-
Building and building improvements	165,797	-	-	856,134	1,021,931
Equipment and furniture	317,181	-	-	-	317,181
Vehicles and motorized equipment	513,259	-	-	18,601	531,860
Construction in progress	1,310,885	-	-	3,340,049	4,650,934
Debt service:					
Principal retirement	22,937,295	-	-	-	22,937,295
Interest and fees	19,709,229	-	-	-	19,709,229
Total expenditures	190,003,606	21,302,227	-	10,090,186	221,396,019
Excess (deficiency) of revenues over (under) expenditures	3,918,800	(21,266,004)	2,061	(4,641,381)	(21,986,524)
Other financing sources (uses):					
Transfers in	6,086,188	-	-	1,456,067	7,542,255
Transfers out	(1,908,407)	(3,967,669)	-	(2,586,179)	(8,462,255)
Certificates of Participation issued	18,920,000	-	14,635,000	-	33,555,000
Premium on Certificates of Participation issued	2,243,703	-	2,157	-	2,245,860
Disbursement for Refunding COPS	(20,902,811)	-	-	-	(20,902,811)
Total other financing sources (uses)	4,438,673	(3,967,669)	14,637,157	(1,130,112)	13,978,049
Net change in fund balances	8,357,473	(25,233,673)	14,639,218	(5,771,493)	(8,008,475)
Fund balance, July 1	65,655,938	41,087,104	-	27,538,366	134,281,408
Fund balance, June 30	<u>\$ 74,013,411</u>	<u>\$ 15,853,431</u>	<u>\$ 14,639,218</u>	<u>\$ 21,766,873</u>	<u>\$126,272,933</u>

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

Cabarrus County, North Carolina
Reconciliation of the Statement of Revenues, Expenditures
And Changes in Fund Balance to the Statement of Activities of Governmental Funds
For the Year Ended June 30, 2011

Exhibit 4A
Page 2 of 2

Net change in fund balances-total governmental funds \$ (8,008,475)

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	6,521,906	
Less current year depreciation	<u>(6,223,261)</u>	298,645

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

Ambulance	922,417	
Property Tax	<u>563,727</u>	1,486,144

The effect of various miscellaneous transactions involving capital assets.

Donation of capital assets	121,538	
Disposal of capital assets, net book value	<u>(496,802)</u>	(375,264)

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

Debt proceeds	(35,800,860)	
Debt costs	412,111	
Amortization of current year debt premium	954,121	
Principal payments	22,937,295	
Disbursements for refunding	<u>20,902,811</u>	9,405,478

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	(120,324)	
LEO Pension Obligation	(127,661)	
OPEB Obligation	(1,849,204)	
Accrued Interest	327,899	
Amortization of current year debt costs	<u>(730,204)</u>	(2,499,494)

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

Internal service funds are used by management to charge the cost of workers' compensation and self-insured hospitalization systems to individual departments.	<u>(1,133,992)</u>	<u>(1,133,992)</u>
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Changes in net assets of governmental activities		<u>\$ (826,958)</u>
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The notes to the financial statements are an integral part of this statement.

**Cabarrus County, North Carolina
General Fund**

Exhibit 5

**Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
For the Year Ended June 30, 2011**

	<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	\$ 129,395,566	\$ 129,395,566	\$ 132,939,278	\$ 3,543,712
Interest	550,000	550,000	626,175	76,175
Other Taxes and Licenses	27,537,341	27,537,341	26,451,032	(1,086,309)
Intergovernmental Revenues	19,309,367	21,664,736	20,127,954	(1,536,782)
Permits and Fees	2,399,505	2,414,505	2,779,814	365,309
Sales and Services	10,004,652	9,678,421	10,310,115	631,694
Investment Earnings	180,000	180,000	186,819	6,819
Miscellaneous	184,644	322,464	501,219	178,755
	<u>189,561,075</u>	<u>191,743,033</u>	<u>193,922,406</u>	<u>2,179,373</u>
Expenditures:				
Current:				
General Government	22,174,245	23,168,957	20,690,157	2,478,800
Public Safety	27,646,916	29,861,105	28,638,146	1,222,959
Economic & Physical Development	2,632,876	3,712,654	2,771,997	940,657
Environmental Protection	234,962	233,858	215,106	18,752
Human Services	39,664,843	40,476,740	35,933,933	4,542,807
Education	55,519,540	55,558,845	55,554,062	4,783
Culture and Recreation	3,460,016	3,836,993	3,553,681	283,312
Debt service:				
Principal retirement	22,842,297	22,937,297	22,937,295	2
Interest and fees	19,427,356	19,714,798	19,709,229	5,569
	<u>193,603,051</u>	<u>199,501,247</u>	<u>190,003,606</u>	<u>9,497,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,041,976)</u>	<u>(7,758,214)</u>	<u>3,918,800</u>	<u>11,677,014</u>
Other financing sources (uses):				
Transfers in	5,052,524	6,156,434	6,086,188	(70,246)
Transfers out	(1,010,548)	(1,928,955)	(1,908,407)	20,548
Refunding COPS				
Proceeds		18,920,000	18,920,000	
Premium		2,243,703	2,243,703	
Disbursements		(20,902,811)	(20,902,811)	
Fund balance appropriated	-	3,269,843	-	(3,269,843)
	<u>4,041,976</u>	<u>7,758,214</u>	<u>4,438,673</u>	<u>(3,319,541)</u>
Total other financing sources (uses)	<u>4,041,976</u>	<u>7,758,214</u>	<u>4,438,673</u>	<u>(3,319,541)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	8,357,473	<u>\$ 8,357,473</u>
Fund balance, July 1			<u>65,655,938</u>	
Fund balance, June 30			<u>\$ 74,013,411</u>	

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

Cabarrus County, North Carolina
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,349,072	\$ 4,443,772
Receivables (net):		
Accounts	1,275	3,839
Customers	61,716	-
Due from other governments	81,514	-
Interest	1,154	1,335
Prepays	-	31,688
Total current assets	3,494,731	4,480,634
Capital assets:		
Land & land improvements	1,831,050	-
Construction in progress	352,677	-
Buildings & improvements	1,309,664	-
Vehicles and equipment	2,685,026	-
Less: Accumulated depreciation	(2,199,985)	-
Total capital assets (net)	3,978,432	-
Total assets	7,473,163	4,480,634
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued liabilities	89,673	349,694
Closure/postclosure costs payable	178,664	-
Compensated absences payable	26,090	-
Total current liabilities	294,427	349,694
Noncurrent liabilities:		
Amounts payable for future claims	-	1,044,461
Closure/postclosure costs payable	3,394,608	-
Compensated absences payable	6,523	-
Other postemployment benefits	71,627	-
Total noncurrent liabilities	3,472,758	1,044,461
Total liabilities	3,767,185	1,394,155
<u>Net Assets</u>		
Invested in capital assets	3,978,432	-
Unrestricted	(272,454)	3,086,479
Total net assets	\$ 3,705,978	\$ 3,086,479

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

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
	<u> </u>	<u> </u>
Operating revenues:		
Charges for sales and services:		
Tipping fees	\$ 807,125	\$ -
Recycling revenue	51,007	-
Insurance premiums/refunds	-	7,723,332
Overages	-	-
Total operating revenues	<u>858,132</u>	<u>7,723,332</u>
Operating expenses:		
Administration:		
Salary and benefits:		
Salaries and wages	335,632	-
FICA	20,249	-
Medicare	4,736	-
Group hospital insurance	82,873	-
Retirement	21,137	-
Deferred compensation- 401K	16,393	-
Insurance and bonds	5,746	-
Total salaries and benefits	<u>486,766</u>	<u>-</u>
Operations:		
General and administrative:		
Administrative fees	-	1,576,228
Advertising	1,367	-
Bank Service charges	2,023	-
Dues and subscriptions	1,047	-
Lights and power	6,729	-
Office supplies	2,586	-
Postage	156	-
Printing and binding	768	-
Telephone	4,142	-
Travel	5,513	-
Uniforms	4,798	-
Total general and administrative	<u>29,129</u>	<u>1,576,228</u>
Other operational expenses:		
Auto and truck maintenance	13,219	-
Building and ground maintenance	6,026	-
Carolina Governmental Alliance	-	2,212,409
Claims	-	6,088,469
Depreciation	401,072	-
Engineers	47,094	-
Fuel	73,515	-
Heavy equipment maintenance	29,239	-

Cabarrus County, North Carolina
Statement of Revenues, Expenses, And Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2011

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
	<u> </u>	<u> </u>
Landfill disposal tax remittance	47,737	-
Minor equipment maintenance	74	-
Minor office equipment	184	-
Permitting fees	7,830	-
Purchased service	50,269	-
Recycling program	19,399	-
Service contracts	2,747	-
Tire disposal	90,376	-
Tools and minor equipment	5,544	-
Waste disposal charges	2,289	-
Total other operational expenses	<u>796,614</u>	<u>8,300,878</u>
Total operating expenses	<u>1,312,509</u>	<u>9,877,106</u>
Operating income (loss)	<u>(454,377)</u>	<u>(2,153,774)</u>
Nonoperating revenues:		
Early retiree reinsurance program (EERP)	-	87,149
Gain on sale of capital assets	1,075	-
Landfill disposal tax	47,737	-
Landfill state tax distribution	38,217	-
Recycling grant	21,368	-
Solid waste franchise fee	-	-
Tire disposal fees	206,186	-
White goods disposal tax	51,768	-
Investment earnings	8,205	12,633
Total nonoperating revenues	<u>374,556</u>	<u>99,782</u>
Income or (loss) before capital contributions and transfers	(79,821)	(2,053,992)
Capital contributions	<u>23,740</u>	<u>-</u>
Transfers:		
Transfer in - General Fund	<u>-</u>	<u>920,000</u>
Change in net assets	(56,081)	(1,133,992)
Total net assets, July 1	<u>3,762,059</u>	<u>4,220,471</u>
Total net assets, June 30	<u>\$ 3,705,978</u>	<u>\$ 3,086,479</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, 2011

	Business-type Activities- Landfill Enterprise Fund	Governmental Activities- Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 933,785	\$ -
Cash received from departments	-	7,694,508
Cash paid to employees	(473,726)	-
Cash paid to suppliers for goods and services	(909,517)	(10,538,920)
Net cash used for operating activities	(449,458)	(2,844,412)
Cash flows from non-capital and related financing activities:		
Other operating revenues	362,969	87,149
Transfers from other funds	-	920,000
Net cash provided by non-capital financing activities	362,969	1,007,149
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(306,962)	15,127
Proceeds from sale of capital assets	1,075	-
Net cash used for capital and related financing activities	(305,887)	15,127
Cash flows from investing activities:		
Interest received on investments	9,192	-
Net cash provided by investing activities	9,192	-
Net increase (decrease) in cash and cash equivalents	(383,184)	(1,822,136)
Cash and cash equivalents, July 1	3,732,256	6,265,908
Cash and cash equivalents, June 30	\$ 3,349,072	\$ 4,443,772
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (454,377)	\$ (2,153,774)
Adjustments not affecting cash:		
Depreciation expense	401,072	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	40,079	235
(Increase) decrease in customers receivable	35,575	-
(Increase) decrease in prepaid rent	-	(29,059)
Increase (decrease) in accounts payable and accrued liabilities	2,333	(661,814)
Increase (decrease) in landfill closure and post closure care cost	(418,994)	-
Increase (decrease) in OPEB payable	19,756	-
Increase (decrease) in retainage payable	(71,411)	-
Increase (decrease) in compensated absences payable	(3,491)	-
Total adjustments	4,919	(690,638)
Net cash provided by (used for) operating activities	\$ (449,458)	\$ (2,844,412)

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

Non-cash capital and related financing activities:

Capital assets in the Business-type activities were increased by \$23,740 for contributed assets

Cabarrus County, North Carolina
Combining Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust Funds	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,435	\$ 447,803	\$ 810,990
Accounts receivable	-	-	12,723
Interest receivable	1	162	11
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>2,436</u>	<u>447,965</u>	<u>823,724</u>
<u>Liabilities</u>			
Accounts payable and accrued liabilities	-	10,629	2,100
Due to courts	-	-	4,485
Due to jail inmates	-	-	26,177
Due to municipalities	-	-	534,700
Due to program participants	-	-	90,044
Due to schools	-	-	153,897
Due to State of North Carolina	-	-	12,321
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>10,629</u>	<u>823,724</u>
<u>Net Assets</u>			
Assets held in trust for pension benefits	-	437,336	-
Assets held in trust for other purposes	2,436	-	-
	<u> </u>	<u> </u>	<u> </u>
Total net assets	<u>\$ 2,436</u>	<u>\$ 437,336</u>	<u>\$ -</u>

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

Cabarrus County, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust Funds	Pension Trust Fund
	<u> </u>	<u> </u>
Additions:		
Contributions	\$ -	\$ 412,065
Investment earnings	14	1,026
	<u> </u>	<u> </u>
Total additions	<u> </u> 14	<u> </u> 413,091
Deductions:		
Awards and distributions	17,471	-
Pension plan benefits	-	287,323
	<u> </u>	<u> </u>
Total deductions	<u> </u> 17,471	<u> </u> 287,323
Change in net assets	(17,457)	125,768
Net assets, July 1	<u> </u> 19,893	<u> </u> 311,568
Net assets, June 30	<u> </u> \$ 2,436	<u> </u> \$ 437,336

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, 2011**

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.	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 Alliance has leased office space from the County for a 10-year term. The members of the Board of Alliance are appointed by the Chairperson of the Board of Commissioners for Cabarrus County. The County provides funding to the Alliance. Funding is flat based on adopted funding for FY 2009. The County funded the Alliance with \$4,148,969 or 27% of its total revenues for the fiscal year ended June 30, 2011. A financial benefit or burden relationship exists between the Alliance and the County.	Cabarrus Health Alliance 1307 South Cannon Blvd. Kannapolis, NC 28083

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust for use by a not-for-profit organization. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. The Kevin Pugh Fund and the Foster Care Scholarship Fund accounts for assets where the interest and principal can be spent. The Kevin Pugh Private Purpose Trust Fund is used to account for a donation given in memory of Sheriff Deputy Kevin Pugh. Disbursements are made to a rookie officer and a veteran officer each year. This program was discontinued and the fund was closed as of June 30, 2011. The Foster Care Scholarship Private Purpose Trust Fund is used for the purpose of collecting and disbursing contributions and private donations received for special programs for Foster Children.

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

The *Agency Fund* is custodial in nature and does not involve the measurement of operating results. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. The County maintains seven agency funds, the Department of Social Services Agency Fund, the Work Over Welfare Agency Fund, the Charitable Campaign Agency Fund, the Undistributed Taxes Agency Fund, the Intergovernmental Agency Fund, the Jail Commissary Agency Fund and the Sheriff Civil Agency Fund. The Department of Social Services Agency Fund is used to account for money deposited with the County through the social services department under a program which manages the financial affairs of persons unable or incapable of managing them on their own. The Work Over Welfare Agency Fund accounts for monies held by the Department of Social Services as an agent for various individuals who are participating in a work program in lieu of receiving AFDC/Food Stamps. The Charitable Campaign Agency Fund is used to account for money County employees contribute through annual one time giving and through payroll deductions for the purpose of distribution to charitable non-profit agencies in our area. One hundred percent of the money collected is distributed to the charitable non-profit agencies. The Undistributed Taxes Agency Fund is used to accumulate collected property taxes before they are distributed to local municipalities. The Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; accounts for the accumulation of the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina. The Jail Commissary Agency Fund is used to account for an inmates money deposited with the County when an inmate is housed at the County Jail. The money can be used by the inmate to purchase commissary items. Any unused monies are returned to the inmate upon their release. The Sheriff Civil Agency Fund is used to account for collections of civil writs from citizens prior to distribution to plaintiffs.

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

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

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

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

Parks and Recreation Commission – collects and appropriates contributions and private donations received specifically for the Cabarrus County Parks and Recreation's programs and projects.

The **Capital Projects Funds** account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by proprietary funds and trust funds). In addition to the two major governmental funds, Certificates of Participation 2009 Fund and Qualified School Construction Bond Fund, reported above, the County maintains eleven additional non-major capital project funds. Following are the non-major capital project funds and their uses:

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

Capital Projects – constructs, renovates and equips smaller non-debt Capital projects for the County.

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

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

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

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

Utility – maintains funds for future County utility projects.

Small Projects – collects and appropriates general fund revenues and federal and State grant funds received specifically for use by the appropriate Cabarrus County Department who has received the funds.

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

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

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

C. Measurement Focus, Basis of Accounting

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

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

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

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

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

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Cabarrus County management evaluated converting revenue recognition to a 90 day period after year end due to the change in sales tax distribution in North Carolina. After careful evaluation, the conversion was immaterial in dollars and also would cause an interruption in the operations and business of meeting reporting deadlines within the County. Based on these two issues, Cabarrus County has elected to remain at the 60 day rule for all revenue recognition. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cabarrus County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes, which were billed during this period, are shown as a receivable on these financial statements.

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

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

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

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

D. Budgetary Data

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

The County Manager and/or Finance Director, or designee is hereby authorized to transfer appropriations within or between funds, or modify revenue and expenditure projections, as contained herein under the following conditions:

1. The Budget Director may transfer amounts between objects of expenditure within a function.
2. The County Manager may transfer amounts up to \$100,000 between functions of the same fund.
3. The County Manager may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners, except as specified below for budget shortfalls and change orders.
4. The County Manager may transfer amounts between contingency funds which are set aside for a specific project for budgetary shortfalls or upon the appropriate approval of a change order.
5. The County Manager is authorized to transfer funds from the General Fund or Capital Reserve Fund to the appropriate fund for projects approved within the Capital Improvement Plan for the current fiscal year.
6. Additional authority is granted to the Finance Director or designee to transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance.
7. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the Manager or Finance Officer may adjust budgets to match, including grants that require a County match for which funds are available.
8. The Manager, Finance Director, or designee may adjust debt financing from estimated projections to actual funds received.
9. The County Manager may enter into and execute change orders or amendments to construction contracts in amounts less than \$90,000 when the appropriate annual budget or capital project ordinance contains sufficient appropriated but unencumbered funds.
10. The County Manager may award and execute contracts which are not required to be bid or which G.S. 143-131 allows to be let on informal bids so long as the annual budget or appropriate capital project ordinance contains sufficient appropriated but unencumbered funds for such purposes.
11. The County Manager may execute contracts with outside agencies to properly document budgeted appropriations to such agencies where G.S. 153 A-248(b), 259, 449 and any similar statutes require such contracts.
12. The County Manager may reject formal bids when deemed appropriate and in the best interest of Cabarrus County pursuant to G.S. 143-129(a).

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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, 2011.

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

As required by General Statute (G.S.) 159-26(d), the County maintains encumbrance accounts, which are considered to be "budgetary accounts". Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances are recognized during the year; however, all encumbrances are canceled at year-end and, therefore, do not constitute expenditures or liabilities of the current year. Encumbrances canceled at year-end may be re-appropriated in the subsequent year.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalent

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

The County and the Alliance pool 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, Installment Financings, Cabarrus Arena Marketing funds, and Medicaid Hold Harmless funds are classified as restricted cash and cash equivalents on the Statement of Net Assets and the Governmental Balance Sheet. The amounts are considered restricted because their use is expressly prohibited except for the original purpose of which the funds were received.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

4. Ad Valorem Taxes Receivable

In accordance with G.S. 105-347 and G.S. 159-13(a), ad valorem taxes on property other than motor vehicles are levied on July 1, the beginning of the fiscal year, and are due on September 1; however, interest does not accrue until the following January 6. The taxes are based on the assessed values as of January 1, 2010. 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 2010/11 fiscal year was \$0.63 per \$100 valuation.

5. Allowances for Doubtful Accounts

All 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

The inventories of Cabarrus County are valued at cost (first-in, first-out), which approximates market. The County's inventories consist of expendable supplies that are recorded as expenditures when purchased (purchasing method). The Alliance maintains no inventory.

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

7. Capital Assets

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

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

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
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Capital assets of the Cabarrus Health Alliance are depreciated over their useful live on a straight-line basis as follows:

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

10. Net Assets/Fund Balances

Nets Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
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Prepaid items – portion of fund balance that is not an available resource because it represents the amount of payment of items that will be expensed in future fiscal years.

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

Restricted Fund Balance

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

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

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

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

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

Restricted fund balance at June 30, 2011 is as follows:

Purpose	General Fund	Certificates of Participation 2009 Fund	Qualified School Construction Bonds Fund	Other Governmental Funds
Stabilization by state statute	\$ 10,190,775	\$ -	\$ -	\$ 178,082
Public safety	-	-	-	5,026,278
Education	-	15,853,431	14,639,218	1,001,962
Culture & recreation	-	-	-	2,478
	<u>\$ 10,190,775</u>	<u>\$ 15,853,431</u>	<u>\$ 14,639,218</u>	<u>\$ 6,208,800</u>

Committed Fund Balance

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

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

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

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

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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

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

Purpose	Other Governmental Funds
General government	\$ 4,810,004
Public safety	2,653,454
Economic & physical development	568,557
Environmental protection	43,721
Human services	1,594,485
Education	1,040,766
Culture & recreation	3,672,645
	\$ 14,383,632

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.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Manager and Deputy County Managers to make certain modifications without requiring board approval.

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

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

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

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

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

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

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

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Notes to the Financial Statements
For the Year Ended June 30, 2011**

Assigned fund balance at June 30, 2011 is as follows:

Purpose	General Fund	Other Governmental Funds
General government	\$ 6,291,127	\$ -
Public safety	295,969	-
Economic & physical development	825,397	-
Environmental protection	1,200,000	-
Human services	436,276	-
Education	7,345,783	-
Culture & recreation	560,548	459,881
	<u>\$ 16,955,100</u>	<u>\$ 459,881</u>

Unassigned Fund Balance

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

Cabarrus County has revenue spending procedures that provide guidance for programs with multiple revenue sources. The Finance Director will use resources in the following order: bond/debt proceeds, federal funds, state funds, local funds, county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Deputy County Manager/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 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.

**Cabarrus County, North Carolina
Notes to the Financial Statements
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Total fund balance-General Fund	\$74,013,411
Less:	
Inventories	8,102
Prepaid items	59,200
Stabilization by state statute	10,190,775
Uncompleted FY 11 project assignments	2,514,100
Internal Service Fund assignments	2,000,000
General Government assignments	3,900,000
Environmental Protection assignments	1,200,000
Education assignments	7,341,000
Working Capital/Fund Balance Policy	<u>30,509,956</u>
Fund Balance remaining for appropriation	<u><u>\$ 16,290,278</u></u>

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

F. Management Estimates

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

G. Other Resources

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

H. Comparative Data/Reclassifications

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

Note 2. Detailed Notes on All Funds

A. Deposits

All of the County's and its component unit's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the County's agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and its component units, these deposits are considered to be held by their agents in the entities name. The amount of pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, its component units or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the County or its component units under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for

**Cabarrus County, North Carolina
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each depository that collateralizes public deposits under the Pooling Method. Cabarrus County has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Cabarrus Health Alliance has no formal policy regarding custodial credit risk for deposits.

At June 30, 2011 the carrying amount of the County's bank deposits (including fiduciary funds) was \$18,983,440 and the bank balance was \$11,753,984. There was \$33,427,056 in an escrow account with a financial institution. Sufficient collateral was maintained at June 30, 2011 to secure the County's deposits. Of the bank balance, \$1,152,864 was covered by federal depository insurance; the balance was covered by collateral held by authorized escrow agents in the name of the County. At June 30, 2011, the County had \$6,550 of cash on hand.

At June 30, 2011, the carrying amount of the Alliance's bank deposits was \$3,341,151 and the bank balance was \$3,263,943. Of the bank balance, \$250,000 was covered by federal depository insurance or by collateral held by the Alliance's agent in the Alliance's name. At June 30, 2011, the Alliance had \$2,600 of cash on hand.

B. Investments

As of June 30, 2011 the County had the following investments and maturities

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>
Commercial Paper	\$ 9,954,879	\$ 9,954,879	\$ -	\$ -
NC Capital Management Trust - Cash Portfolio	70,295,662	-	-	-
	<u>\$ 80,250,541</u>	<u>\$ 9,954,879</u>	<u>\$ -</u>	<u>\$ -</u>

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

Credit Risk. The County's investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2011, The County's investment in commercial paper were rated A-1+ by Standard & Poor's, F1+ by Fitch Ratings, and P-1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011.

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

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

At June 30, 2011, the Cabarrus Health Alliance investments consisted of \$1,791,633 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Alliance has no policy on credit risk, custodial credit risk or interest rate risk.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1 Year</u>	<u>2-3 Years</u>	<u>4-7 Years</u>
NC Capital Management Trust - Cash Portfolio	\$ 1,791,633	\$ -	\$ -	\$ -
	<u>\$ 1,791,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 3,623,763	\$1,186,782	\$ 4,810,546
2008	6,863,263	1,630,025	8,493,288
2009	7,126,992	1,051,231	8,178,223
2010	<u>7,387,280</u>	<u>424,769</u>	<u>7,812,049</u>
Total	<u>\$25,001,298</u>	<u>\$4,292,807</u>	<u>\$29,294,106</u>

D. Receivables

1. Notes Receivable

On May 22, 2007 Midland Volunteer Fire and Rescue agreed to pay \$900,000 over a 10 year period at zero interest for the construction of a new fire station. The first payment of \$3,000 will be due on July 1, 2007 and payable each month through June 1, 2012. Beginning July 1, 2012 payments of \$6,000 will be payable each month through June 1, 2017. A final balloon payment of \$360,000 is due on July 1, 2017 for total payments of \$900,000. The unpaid balance of the note at June 30, 2011 was \$756,000. The note receivable is being reported in the Capital Reserve Capital Projects Fund.

2. Receivables - Allowances for Doubtful Accounts

Receivables at the government-wide level for the Primary Government at June 30, 2011, were as follows:

	<u>Accounts</u>	<u>Customers</u>	<u>Due from other Governments</u>	<u>Taxes and Related Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 3,548,368	\$ 1,777,061	\$ 6,615,612	\$ 6,551,753	\$ 18,492,794
Other Governmental	137,857	-	-	4,225	142,082
Total Receivables	<u>3,686,225</u>	<u>1,777,061</u>	<u>6,615,612</u>	<u>6,555,978</u>	<u>18,634,876</u>
Allowance for doubtful accounts	-	(50,521)	-	(2,341,086)	(2,391,607)
Total-governmental activities	<u>\$ 3,686,225</u>	<u>\$ 1,726,540</u>	<u>\$ 6,615,612</u>	<u>\$ 4,214,892</u>	<u>\$ 16,243,269</u>
Business-type activities:					
Landfill	\$ 1,275	\$ 64,888	\$ 81,514	\$ 1,154	\$ 148,831
Allowance for doubtful accounts	-	(3,172)	-	-	(3,172)
Total-business-type activities	<u>\$ 1,275</u>	<u>\$ 61,716</u>	<u>\$ 81,514</u>	<u>\$ 1,154</u>	<u>\$ 145,659</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

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

	Governmental Activities	Business Type Activities
Local option sales	\$ 6,615,612	\$ 6,026
White goods disposal tax	-	12,642
Solid waste disposal tax	-	9,000
Scrap tire tax	-	52,446
Recycling Grant	-	1,400
	<u>\$ 6,615,612</u>	<u>\$ 81,514</u>

3. Discretely presented component unit CHA

Receivables at the government-wide level for the Cabarrus Health Alliance at June 30, 2011, were as follows:

	Accounts	Customers	Taxes	Total
Governmental Activities:				
General	\$ 2,540,403	\$ 1,970,281	\$ 126,540	\$ 4,637,224
Allowance for doubtful accounts	-	(281,718)	-	(281,718)
Total Receivables	<u>\$ 2,540,403</u>	<u>\$ 1,688,563</u>	<u>\$ 126,540</u>	<u>\$ 4,355,506</u>
Total-governmental activities	<u>\$ 2,540,403</u>	<u>\$ 1,688,563</u>	<u>\$ 126,540</u>	<u>\$ 4,355,506</u>

E. Capital Assets

Capital asset activity for the year ended June 30, 2011:

1. Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital Assets not being depreciated:					
Land	\$ 24,013,499	\$ -	\$ (3,718)	\$ -	\$ 24,009,781
Construction in Progress	57,542,697	4,650,934	-	(836,616)	61,357,015
Total capital assets not being depreciated	<u>81,556,196</u>	<u>4,650,934</u>	<u>(3,718)</u>	<u>(836,616)</u>	<u>85,366,796</u>
Capital Assets being depreciated:					
Buildings	104,881,932	933,301	-	-	105,815,233
Building Improvements	15,743,927	182,630	(586,493)	633,998	15,974,062
Equipment	13,477,472	317,181	(949,325)	202,618	13,047,946
Furniture and Fixtures	821,892	-	-	-	821,892
Land Improvements	7,407,711	-	-	-	7,407,711
Vehicles	8,401,804	559,398	(316,975)	-	8,644,227
Reservoir	21,743,730	-	-	-	21,743,730
Total capital assets being depreciated	<u>172,478,468</u>	<u>1,992,510</u>	<u>(1,852,793)</u>	<u>836,616</u>	<u>173,454,801</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Buildings	16,076,204	2,635,065	-	-	18,711,269
Building Improvements	2,923,499	401,333	(130,697)	-	3,194,135
Equipment	7,860,568	1,512,566	(912,037)	-	8,461,097
Furniture and Fixtures	665,296	58,100	-	-	723,396
Land Improvements	2,706,463	418,680	-	-	3,125,143
Vehicles	4,496,063	1,175,752	(316,975)	-	5,354,840
Reservoir	304,717	21,765	-	-	326,482
Total accumulated depreciation	<u>35,032,810</u>	<u>6,223,261</u>	<u>(1,359,709)</u>	<u>-</u>	<u>39,896,362</u>
Total Capital Assets, being depreciated, net	<u>137,445,658</u>	<u>(4,230,751)</u>	<u>(493,084)</u>	<u>836,616</u>	<u>133,558,439</u>
Governmental Capital Assets, net	<u>\$ 219,001,854</u>	<u>\$ 420,183</u>	<u>\$ (496,802)</u>	<u>\$ -</u>	<u>\$ 218,925,235</u>

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

Governmental activities:	
General Government	\$ 1,197,417
Public Safety	2,962,085
Environmental Protection	27,044
Economic & Physical Dev	17,007
Human Services	828,100
Culture & Recreation	<u>1,191,608</u>
Total depreciation expense - governmental activities	<u>\$ 6,223,261</u>

Capital asset activity for the year ended June 30, 2011:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 490,447	\$ -	\$ -	\$ -	\$ 490,447
Construction in Progress	<u>215,961</u>	<u>136,716</u>	<u>-</u>	<u>-</u>	<u>352,677</u>
Total Capital assets, not being depreciated:	<u>706,408</u>	<u>136,716</u>	<u>-</u>	<u>-</u>	<u>843,124</u>
Capital assets, being depreciated:					
Land Improvements	1,340,603	-	-	-	1,340,603
Vehicles	2,290,939	193,986	(14,915)	-	2,470,010
Equipment	215,016	-	-	-	215,016
Buildings	1,304,164	-	-	-	1,304,164
Building Improvements	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Total Capital assets, being depreciated:	<u>5,156,222</u>	<u>193,986</u>	<u>(14,915)</u>	<u>-</u>	<u>5,335,293</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Less accumulated depreciation for:					
Land Improvements	421,372	76,374	-	-	497,746
Vehicles	1,095,555	268,173	(14,915)	-	1,348,813
Equipment	148,806	23,784	-	-	172,590
Buildings	146,845	32,604	-	-	179,449
Building Improvements	1,250	137	-	-	1,387
Total Accumulated Depreciation	<u>1,813,828</u>	<u>401,072</u>	<u>(14,915)</u>	<u>-</u>	<u>2,199,985</u>
Total Capital assets, being depreciated, net	<u>3,342,394</u>	<u>(207,086)</u>	<u>-</u>	<u>-</u>	<u>3,135,308</u>
Proprietary Capital assets, net	<u>\$ 4,048,802</u>	<u>\$ (70,370)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,978,432</u>
Business-type activities:					
Solid Waste				\$ 377,332	
Accumulated Depreciation of asset transferred from Governmental Activities				<u>23,740</u>	
Total depreciation expense - business-type activities				<u>\$ 401,072</u>	

2. Construction commitments

The government has active construction projects as of June 30, 2011. The projects include the construction of the Jail Housing Unit, construction of four schools, renovation/addition at a school and expansion at the Landfill. At year-end, the government's commitments with contractors are as follows:

Project	Spent-To-Date	Remaining Commitment
Schools	\$ 26,482,127	\$ 920,399
Board of Elections Renovation	596,783	581,251
Arena Storage Facility	<u>403,525</u>	<u>260,635</u>
	<u>\$ 27,482,435</u>	<u>\$ 1,762,285</u>

3. Discretely presented component unit

Capital asset activity for Cabarrus Health Alliance for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 239,228	\$ -	\$(239,228)	\$ -	\$ -
Construction in Progress	818,066	-	(531,552)	(286,514)	-
Total capital assets not being depreciated	<u>1,057,294</u>	<u>-</u>	<u>(770,780)</u>	<u>(286,514)</u>	<u>-</u>
Capital assets, being depreciated:					
Furniture and fixtures	168,486	-	-	-	168,486
Vehicles	478,077	-	-	-	478,077
Equipment	532,970	71,140	(103,965)	286,514	786,659
Land Improvements	600,505	-	-	-	600,505
Total capital assets being depreciated	<u>1,780,038</u>	<u>71,140</u>	<u>(103,965)</u>	<u>286,514</u>	<u>2,033,727</u>

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Less accumulated depreciation:					
Furniture and fixtures	160,965	2,912	-	-	163,877
Vehicles	423,186	22,367	-	-	445,553
Equipment	469,301	71,508	(103,965)	-	436,844
Land Improvements	222,305	40,034	-	-	262,339
Total accumulated depreciation	<u>1,275,757</u>	<u>136,821</u>	<u>(103,965)</u>	<u>-</u>	<u>1,308,613</u>
Total governmental activities, being depreciated (net)	<u>\$ 504,281</u>	<u>\$ (65,681)</u>	<u>\$ -</u>	<u>\$ 286,514</u>	<u>\$ 725,114</u>
Governmental Capital Assets, net	<u>\$1,561,575</u>	<u>\$ (65,681)</u>	<u>\$(770,780)</u>	<u>\$ -</u>	<u>\$ 725,114</u>

F. Payables

Payables at the government-wide level for the Primary Government at June 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Other	Total
Governmental Activities:				
General	\$ 4,309,372	\$ 2,336,455	\$ 447,789	\$ 7,093,616
Certificates of Participation 2009	1,365,794	-	-	1,365,794
Other Governmental	598,962	4,166	100,000	703,128
Total-governmental activities	<u>\$ 6,274,128</u>	<u>\$ 2,340,621</u>	<u>\$ 547,789</u>	<u>\$ 9,162,538</u>
Business-type activities				
Landfill	<u>\$ 76,918</u>	<u>\$ 12,755</u>	<u>\$ -</u>	<u>\$ 89,673</u>

Payables at the government-wide level for the Cabarrus Health Alliance at June 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	<u>\$ 723,888</u>	<u>\$ 455,158</u>	<u>\$1,179,046</u>
Total-governmental activities	<u>\$ 723,888</u>	<u>\$ 455,158</u>	<u>\$1,179,046</u>

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

Federal and state laws and regulations require Cabarrus County to place a final cover on its landfill facility when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs are typically paid near or after the date that the landfill stops accepting waste, the County reports an annual capital reserve operating expense as an estimate of these closure and postclosure care costs. Actual Costs may be higher due to inflation, changes in technology, or changes in regulations. The \$3,573,272 reported as the landfill's closure and postclosure liability at June 30, 2011 represents a cumulative amount reported to-date. This amount is based on what it would cost to perform all closure and postclosure care in Fiscal Year 2011. The change in the closure/postclosure liability from FY 2010 to FY 2011 resulted in a net decrease of \$418,993. The decrease is due to the use of funds for the closure of the C&D over MSW portion of the Landfill and annual monitoring expenses as required by the NC Department of Natural Resources.

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

- The Municipal Solid Waste (MSW) reached capacity in 1997 and was covered in 1998.

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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

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

H. Deferred / Unearned Revenues

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

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 392,632
Taxes receivable, net (General)	3,926,259	-
Ambulance receivable, net (General)	1,726,540	-
Total	\$ 5,652,799	\$ 392,632

I. Leases

1. Capital Leases

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

On May 15, 2007 the County entered into a lease agreement as lessee for financing the acquisition of Accela Permitting, Licensing and Inspection Software with a down payment of \$250,000 inclusive of \$4,022 interest which has an effective rate of 2.99%. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the date of inception. Final payment on the lease was December 15, 2010.

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

The assets acquired through a capital lease are as follows:

	<u>Governmental Activities</u>
County owned Asset:	
Software (equipment)	\$ 689,546
Land	3,421,394
Less: Accumulated depreciation	<u>(551,637)</u>
Total	<u><u>\$ 3,559,303</u></u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2012	\$ 190,000
2013	190,000
2014	190,000
2015	190,000
2016	190,000
2017	190,000
2018	190,000
2019	190,000
2020	190,000
Next 5 Years	950,000
To Maturity	<u>2,469,999</u>
Total minimum lease payments	5,129,999
Less: amount representing interest	<u>(2,027,378)</u>
Present value of minimum lease payments	<u>\$3,102,621</u>

2. Operating Leases

The County leases building, equipment and office facilities under non-cancelable operating leases. Total costs for the leases were \$768,918 for the year ended June 30, 2011. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2012	\$ 953,241
2013	835,641
2014	723,976
2015	621,676
2016	621,676
2017	569,869
Total	<u>\$ 4,326,079</u>

J. Long-term Obligations

1. General Obligation Indebtedness

General obligation bonds are issued to provide funding for the construction of capital facilities used for general government activities. All general obligation bonds are collateralized by the full faith, credit, and taxing power of 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, 2011 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$17,490,000 (August 1, 2003) Refunded Bonds due on March 1 and September 1 in installments through March 1, 2012; interest of 2.0 to 4.0 percent. The purpose of the debt is refunding prior debt for the following: (\$10,892,772) Schools, (\$844,767) Technical College, (\$5,752,461) for the construction of the County owned reservoir. \$ 255,000

\$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. 22,205,000

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

\$50,000,000 (March 1, 2005) School Series Bonds due on September 1 and March 1 in installments through March 1, 2025; interest at 3.0 to 5.0 percent. The purpose of the debt is for constructing and improving school facilities.	40,400,000
\$48,000,000 (September 1, 2006) Public Improvement Series Bonds due on March 1 and September 1 in installments through March 1, 2027; interest at 4.0 to 5.0 percent. The purpose of the debt is for the construction and improving Schools (\$44,640,000) and community college facilities (\$3,360,000).	<u>42,800,000</u>
	<u>\$ 105,660,000</u>

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2011, for the County's general obligation bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,965,000	\$ 4,715,392
2013	6,965,000	4,434,050
2014	7,655,000	4,118,550
2015	7,640,000	3,773,800
2016	7,630,000	3,391,800
2017	7,610,000	3,010,300
2018	7,495,000	2,629,800
2019	6,800,000	2,289,050
2020	6,800,000	2,017,050
2021	6,800,000	1,728,050
Next 5 years	30,300,000	4,306,100
To maturity	<u>3,000,000</u>	<u>127,500</u>
Total	<u>\$105,660,000</u>	<u>\$36,541,442</u>

At June 30, 2011 Cabarrus County had a legal debt margin of \$1,285,458,907.

2. Certificates of Participation

On March 1, 2001 the Cabarrus County Development Corporation issued \$40,000,000 in Certificates of Participation (COPS 2001) Installment Contracts to finance the construction and equipping of two middle schools and one elementary school. These 20-year COPS had interest rates ranging from 4.0% to 5.0%. Debt service was finance by Cabarrus County property tax revenues. Annual payments of principal and interest ranged from approximately \$4,069,167 to \$2,100,000. Total principal and interest over the original 20-year period would have been \$61,199,167. On September 20, 2010, the original COPS 2001 were refunded as COPS 2010A. Total principal balance due for the original COPS 2001 issue at June 30, 2011 was \$0.

On August 15, 2002, the Cabarrus County Development Corporation issued \$26,390,000 in Certificates of Participation (COPS) to finance the construction and equipping of the Cabarrus County Schools Administration Building, five school gymnasiums, and the County owned Cabarrus Arena & Events Center. The 20-year COPS have interest rates ranging from 3.0% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,409,155 to \$1,396,500. Total principal and interest over the 20-year period will be \$38,718,153. Total principal balance due at June 30, 2011 was \$14,630,000.

On July 15, 2003, the Cabarrus County Development Corporation issued \$40,770,000 in Certificates of Participation (COPS) Installment Contracts to finance the cost of acquiring real property, construction and equipping of two elementary schools, one middle school, expansion of two existing elementary school facilities and various real and personal property improvements. These 20-year COPS have interest rates ranging from 2.0% to 5.25%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,813,000 to \$2,129,000. Total principal and interest over a 20-year period will be \$61,223,879. Total principal balance due at June 30, 2011 was \$26,505,000.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

On February 22, 2007, the Cabarrus County Development Corporation issued \$33,595,000 in Certificates of Participation (COPS) Installment contracts to finance the construction of a County owned sheriff administration facility. These 20-year COPS have interest rates ranging from 4.0% to 5.625%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$3,092,576 to \$1,744,093. Total principal and interest over a 20-year period will be \$49,537,033. Total principal balance due at June 30, 2011 was \$26,875,000.

On January 25, 2008, the Cabarrus County Development Corporation issued \$46,920,000 (2008A) Certificates of Participation (COPS) Installment contracts to finance the construction of a new high school. These 20 year COPS have interest rates ranging from 3.25% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$4,400,704 to \$2,447,594. Total principal and interest over a 20-year period will be \$68,856,864. Total principal balance due at June 30, 2011 was \$39,875,000

On January 25, 2008, the Cabarrus County Development Corporation issued \$18,745,000 (2008B) Certificates of Participation (COPS) Installment contracts to refund the 1999 Installment Payment Revenue Bonds issued for the construction of JM Robinson High School. These 11 year COPS have interest rates ranging from 3.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,263,225 to \$1,485,750. Total principal and interest over an 11-year period will be \$20,655,550. Total principal balance due at June 30, 2011 was \$12,090,000.

On December 1, 2008, The Cabarrus County Development Corporation issued \$58,810,000 (2008C) Certificates of Participation (COPS) Installment contracts to provide funds to (a) pay the costs of construction of a residential tower to house County inmates and related improvements and (b) pay certain expenses incurred in connection with the execution and delivery of the 2008C Certificates. These 20 year COPS have interest rates ranging from 4.00% to 5.25%. Debt service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$5,941,494 to \$1,404,961. Total principal and interest over a 20 year period will be \$90,944,756. Total principal balance due at June 30, 2011 was \$55,710,000.

On July 16, 2009, The Cabarrus County Development Corporation issued \$85,170,000 (2009) Certificates of Participation (COPS) Installment contracts to provide funds (a) to pay a portion of the costs of (i) acquiring real property, (ii) constructing new public school facilities and expanding and renovating existing public school facilities, equipping the Facilities, and (iv) a portion of the interest to accrue under the Contract during the construction periods for the foregoing and thereafter, through January 1, 2012 and (b) pay certain expenses incurred in the connection and delivery of the 2009 Certificates. Annual payments of principal and interest range from approximately \$8,702,669 to \$1,818,515. Total principal and interest over a 20 year period will be \$129,871,859. Total principal balance due at June 30, 2011 was \$85,170,000.

On September 22, 2010 the Cabarrus County Development Corporation issued \$18,920,000 (2010A) Certificates of Participation (COPS) contracts to refund the 2001 COPS issued for the construction and equipping of two middle schools and one elementary school. These 11 year COPS have interest rates ranging from 2.0% to 5.0%. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$2,809,100 to \$518,150. Total principal and interest over a 11-year period will be \$23,761,150. Total principal balance due at June 30, 2011 was \$18,825,000.

On April 14, 2011 the Cabarrus County Development Corporation issued \$14,635,000 (2011A) certificates of Participation (COPS) contracts to fund the rehabilitating, repairing and equipping of approximately eighteen Cabarrus County and six Kannapolis City school facilities. These 15 year COPS are financed under 2 bullets using Qualified School Construction Bonds. The first bullet in the amount of, \$7,200,000, will mature in 2023, with an interest rate of 5.10 and the second bullet for \$7,435,000 will mature in 2026 with an interest rate of 5.50%. The Federal subsidy rate on the deal was a 5.43%. The second bullet will have a net interest cost to the County of .07% while the County will have no interest cost in the first bullet. The principal on this debt is deferred for five years with the first principal payment due on 4/1/2016. The principal payments will be held in an interest bearing sinking fund until the bullet payments are due. Debt Service is financed by Cabarrus County property tax revenues. Annual payments of principal and interest range from approximately \$748,098 to \$2,106,225. Total principal and interest over a 15-year period will be \$25,147,248 less the federal subsidy of

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

\$10,434,369, with the net cost to the County of \$14,712,880. Total principal balance due at June 30, 2011 was \$14,635,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2011 for the County's Certificates of Participation are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 18,850,000	\$ 13,630,263
2013	18,770,000	12,950,463
2014	18,705,000	12,176,613
2015	18,655,000	11,366,325
2016	19,935,000	10,562,273
2017	19,910,000	9,707,785
2018	19,850,000	8,861,148
2019	19,795,000	7,989,710
2020	18,355,000	7,084,398
2021	18,330,000	6,271,010
Next 5 Years	73,335,000	19,259,313
To maturity	<u>29,825,000</u>	<u>2,710,575</u>
Total	<u>\$294,315,000</u>	<u>122,569,876</u>

3. Installment Financing

On April 12, 2005, Cabarrus County executed an installment financing contract with RBC Centura. The contract is for \$4.4 million for the construction of the County owned Rowan-Cabarrus Community College (RCCC) business center and the construction of a parking lot and design cost of Building 3000 which is owned by RCCC. The terms of the contract stipulate semi-annual payments of principal and interest from approximately \$388,000 to \$317,000 for seven years with the first payment due on October 12, 2005 and the final payment due on April 12, 2012. The annual interest rate is fixed at 3.54%. The principal balance due at June 30, 2011 was \$622,572.

On October 4, 2006 Cabarrus County executed an installment financing contract with Fifth Third Bank (formerly First Charter). The contract is for \$15,000,000 for the construction of a County owned Jail Annex and site development work in the Justice Complex. The terms of the agreement stipulate semi-annual payments of \$500,000 for the first year starting in April 2007 and commencing October 2021. The fixed interest was 4.31% the first year and 4.44% the next 14 years. The rate was renegotiated in March 2007 to 4.19% over the term of the entire loan. Total principal balance due at June 30, 2011 was \$10,500,000.

For Cabarrus County, the annual debt service payments to maturity as of June 30, 2011 for the County's Installment Financing are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,622,572	\$ 446,887
2013	1,000,000	386,807
2014	1,000,000	345,704
2015	1,000,000	303,804
2016	1,000,000	262,416
2017	1,000,000	219,548
2018	1,000,000	178,104
2019	1,000,000	136,204
2020	1,000,000	94,474
2021	1,000,000	52,289
To maturity	<u>500,000</u>	<u>10,503</u>
Total	<u>\$11,122,572</u>	<u>\$2,436,740</u>

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

4. Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Increases	Decreases	Balance June 30, 2011	Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 112,565,000	\$ -	\$ 6,905,000	\$ 105,660,000	\$ 6,965,000
Plus: Premiums on issuance	2,557,677	-	316,167	2,241,510	-
Total General Obligation Bonds	<u>115,122,677</u>	<u>-</u>	<u>7,221,167</u>	<u>107,901,510</u>	<u>6,965,000</u>
Certificates of Participation	294,990,000	33,555,000	34,230,000	294,315,000	18,850,000
Plus: Premiums on issuance	6,856,620	2,245,860	637,954	8,464,526	-
Total Certificates of Participation	<u>301,846,620</u>	<u>35,800,860</u>	<u>34,867,954</u>	<u>302,779,526</u>	<u>18,850,000</u>
Capital Leases	3,282,345	-	179,724	3,102,621	65,895
Installment Financing	12,745,143	-	1,622,571	11,122,572	1,622,572
Compensated absences	3,030,385	2,253,529	2,133,205	3,150,709	2,520,567
Other postemployment benefits	4,713,363	2,505,334	656,130	6,562,567	-
Unfunded Pension Cost	212,897	539,726	412,065	340,558	-
Total governmental activities	<u>\$ 440,953,430</u>	<u>\$ 41,099,449</u>	<u>\$ 47,092,816</u>	<u>\$ 434,960,063</u>	<u>\$ 30,024,034</u>
Business-type activities					
Compensated absences	\$ 36,104	\$ 24,090	\$ 27,581	\$ 32,613	\$ 26,090
Other postemployment benefits	51,871	19,756	-	71,627	-
Landfill Closure/Post-Closure	3,992,266	-	418,994	3,573,272	178,664
Total business-type activities	<u>\$ 4,080,241</u>	<u>\$ 43,846</u>	<u>\$ 446,575</u>	<u>\$ 3,677,512</u>	<u>\$ 204,754</u>
Discretely presented component unit:					
Compensated absences	\$ 578,339	\$ 504,744	\$ (535,840)	\$ 547,243	\$ 536,298
OPEB obligation	342,299	155,648	(47,660)	450,287	-
Total discretely presented component unit	<u>\$ 920,638</u>	<u>\$ 660,392</u>	<u>\$ (583,500)</u>	<u>\$ 997,530</u>	<u>\$ 536,298</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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

activity. Compensated absences are accounted for on the LIFO basis, assuming employees are taking leave time as it is earned.

5. Capital Assets, Net of Related Debt

Governmental Activity capital assets, net of related debt at June 30, 2011, are computed as follows:

Capital assets, net of accumulated depreciation		\$ 218,925,235
Less: capital debt		
Gross debt	(424,906,229)	
School debt related to assets to which the County does not capitalize	315,784,445	
Unspent debt proceeds, non school related debt	<u>1,253,593</u>	<u>(107,868,191)</u>
Capital assets, net of related debt		<u>\$ 111,057,044</u>

6. Advance Refundings

On March 15, 2004, the County issued \$32,855,000 of general obligation advance refunding revenue bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of refunded debt. The refunded debt consists of the County's series 1997 School Bonds dated February 1, 1997 and stated to mature on February 1 in the years 2008 to 2018 inclusive. The refunding debt was issued at a net interest cost of 3.276524%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2011, is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 14 years by \$1,588,396 and resulted in an economic loss of \$436,981. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$3,756,746 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2011 was \$1,777,142.

On January 31, 2008, the Cabarrus County Development Corporation issued Refunding Certificates of Participation, Series 2008B in the aggregate principal amount of \$18,745,000. A portion of the proceeds of the 2008B Certificates are to be applied to advance refund the Refunded Obligations. The refunded debt consists of the County's series 1999 Installment Payment Revenue Bonds dated June 16, 1999 and stated to mature on June 30, 2019. The refunding debt was issued at a net interest cost of 3.241996%. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Governmental activities column of the statement of net assets. The amount of defeased debt that remains outstanding as of June 30, 2011 is \$0. This advance refunding was undertaken to reduce total debt service payments over the following 11 years by \$1,143,169 and resulted in an economic gain of \$428,256. As required by GASB Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$958,846 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2011 was \$661,025.

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

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Statement 23, the difference between the reacquisition price and the net carrying amount of the old (refunded) bonds was deferred by \$902,811 and amortized as a component of interest expense over the remaining life of the refunding bonds. The unamortized deferred amount as of June 30, 2011 was \$820,740.

K. Conduit Debt Obligations

Cabarrus County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2011, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount of \$13,500,000.

L. Interfund Balances and Activity

Transactions between funds are accounted for as follows:

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

The composition of interfund balances as of June 30, 2011 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General</u>	Non <u>Major</u>	Internal <u>Service</u>	
General	\$ -	\$ 988,407	\$ 920,000	\$ 1,908,407
Certificates of Part 2009	3,967,669	-	-	3,967,669
Non-Major	<u>2,118,519</u>	<u>467,660</u>	<u>-</u>	<u>2,586,179</u>
Total	<u>\$ 6,086,188</u>	<u>\$ 1,456,067</u>	<u>\$ 920,000</u>	<u>\$ 8,462,255</u>

Transfers to and from other funds at June 30, 2011 consists of the following:

To the General Fund from the Capital Reserve Capital Projects Fund for the construction of an Arena storage facility.	\$650,000
To the General Fund from the Capital Reserve Capital Projects Fund for the purchase of Library software.	40,000
To the General Fund from the Capital Reserve Capital Projects Fund for the purchase of HVAC equipment at the Human Services Complex.	100,000
To the General Fund from the Capital Reserve Capital Projects Fund for a new roof at the Rowan Cabarrus Community College.	150,000

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To the General Fund from the Capital Reserve Capital Projects Fund for the purchase of real estate related to an economic incentive.	350,000
To the General Fund from the Emergency Telephone System Special Revenue Fund for the salary and benefits of a GIS mapping employee.	74,502
To the General Fund from the Cannon Memorial Capital Projects Fund for the Concord Library expansion project.	753,910
To the General Fund from the Justice Center Capital Projects Fund for debt service payments.	73
To the General Fund from the School Construction Capital Projects Fund for debt service payments.	34
To the General Fund from the Certificates of Participation 2009 Capital Projects Fund for debt service payments.	3,967,669
To the Capital Projects Fund from the Capital Reserve Capital Projects Fund for the purchase of communication radios.	336,000
To the School Construction Capital Projects Fund from the Public School Building Capital Projects Fund (Lottery Proceeds) for the construction of a middle school.	130,438
To the Community Development Special Revenue fund from the General Fund for Community Development projects.	40,000
To the Cabarrus Arena and Events Center Special Revenue Fund from the General Fund for the operations of the facility	600,000
To the Capital Reserve Capital Projects Fund from the Capital Projects Fund from the completion of the North Cabarrus Park project.	1,222
To the Small Projects Capital Project Fund from the General Fund for the collection of Deferred taxes and interest on Farm Land.	348,407
To the Worker's Compensation Internal Service Fund from the General Fund for the payment of claims	<u>920,000</u>
Total	<u>\$ 8,462,255</u>

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2011 the County reported these local option sales taxes within its General Fund. The County expended the restricted portion of these taxes for public school capital outlays.

N. Public School Building Capital Fund

The Public School Building Capital Fund is funded using a portion of the corporate income taxes which are imposed on corporations doing business in the State. Each calendar quarter, the Department of Revenue shall remit to the State Treasurer for credit in the fund, an amount equal to the applicable fraction provided by the following table of

**Cabarrus County, North Carolina
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the net collections of corporate income taxes received during the previous quarter minus \$2.5 million, which it deposits into the Critical School Facilities Needs Fund.

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

The corporate income taxes deposited into the Fund are allocated to the County on the basis of its average daily membership (ADM) as determined by the North Carolina State Board of Education. The Office of State Budget and Management established and maintains an ADM allocation account for the County. At June 30, 2011 the balance of the County's ADM allocation account was \$68,337. 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, 2011 the County's disbursing account had a \$0 balance.

O. Benefit payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Medical assistance	\$101,297,149	\$39,897,336
Temporary assistance to needy families	760,956	-
Special assistance to adults	-	1,228,977
Low income energy assistance payments	906,736	-
Adoption assistance	-	800,286
Total	<u>\$102,964,841</u>	<u>\$41,926,599</u>

P. Internal Service Fund

The County maintains two internal service funds for workers' compensation and self-insured hospitalization insurance. These funds accumulate premiums and pays all claims and related expenses for workers compensation and health insurance activities. At June 30, 2011, the workers compensation internal service fund had an unrestricted net asset balance of \$350,000 and the self-insured hospitalization internal service fund had an unrestricted net asset balance of \$2,736,479. In the basic financial statements, the net assets and activities have been allocated to all governmental fund types, and business types as applicable. This surplus is being retained for anticipated future catastrophic losses.

Note 3. Other Information

1. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in a liability program which is financed using a combination of self-funding and participation in the Carolina Governmental Alliance, Inc., a governmental corporation. The County retains the first \$350,000 in liability claims and claims expenses which are payable by the Carolina Governmental Alliance, Inc. Excess liability insurance above the \$350,000 retention is purchased up to a total limit of \$2,500,000 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. Excess property insurance above a \$25,000 deductible is purchased based on estimated replacement values, submitted to the Excess Property Company each year.

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At July 1, 1994, the County chose to establish a Workers Compensation Fund (an internal service fund) for risk associated with the workers compensation plan. The Workers Compensation Fund is where assets are set aside for claim settlements. At this time the fund is no longer being funded annually. The uninsured risk retention per accident is \$400,000 for workers compensation. The County has purchased excess workers compensation insurance for claims in excess of that amount.

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 claims liability for fiscal year ended June 30, 2011 is shown at right.

<u>Workers Compensation</u>		
	<u>6/30/2011</u>	<u>6/30/2010</u>
Unpaid claims, beginning of fiscal year	\$ 801,466	\$ 307,632
Incurred claim	(169,279)	1,172,058
Claim payments	<u>(632,187)</u>	<u>(678,224)</u>
Unpaid claims, end of fiscal year	<u>\$ 0</u>	<u>\$ 801,466</u>

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

On July 1, 2004, the County chose to establish a Self-Insured Health Insurance Fund (an internal service fund) for risk associated with the health insurance plan. The Health Insurance Fund is where assets are set aside for claim settlements. A premium is charged to each fund that accounts for full-time employees plus this benefit is also offered to retired employees who meet specific criteria. The total charge to each fund is based on actual calculated cost which includes but 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, 2011 is shown at right.

<u>Self-Insured Health Insurance</u>		
	<u>6/30/2011</u>	<u>6/30/2010</u>
Unpaid claims, beginning of fiscal year	\$1,235,482	\$ 122,643
Incurred claims	6,594,192	7,483,627
Claim payments	<u>(6,524,118)</u>	<u>(6,370,788)</u>
Unpaid claims, end of fiscal year	<u>\$1,305,556</u>	<u>\$1,235,482</u>

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

The County carries commercial coverage for all other risks of loss including flood loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

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

Cabarrus County, North Carolina
Notes to the Financial Statements
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2. Contingent Liabilities

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

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

Charlotte Motor Speedway, LLC and Speedway Motorsports, Inc. vs. City of Concord and County of Cabarrus, there is no litigation pending or, to the best of the County's knowledge, threatened, against or affecting the County which could have a material adverse impact on the County's condition, financial or otherwise. In *Charlotte Motor Speedway*, the plaintiffs originally filed suit in September 2009 against the City of Concord and the County alleging that the City of Concord and the County had entered into an economic development agreement in November 2007 to provide \$80 million for the financing, design and construction of road, pedestrian, utility and noise attenuation projects, and that the plaintiffs had relied upon that agreement in undertaking certain construction projects. The plaintiffs requested, among other things, specific performance of the agreement or damages in an unspecified amount caused by the misrepresentation by the City and County of their ability to fund the \$80 million in economic incentives.

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

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

The plaintiff developers in the litigation mentioned above brought similar complaints against the County requesting, among other things, a declaratory judgment that the County lacked authority to adopt the APFO and that the APFO was invalid. The trial court concluded that the County had no statutory authority for the enactment of the APFO under its general zoning and subdivision powers, and the Court of Appeals affirmed this decision on September 7, 2010. The County appealed the Court of Appeals decision to the North Carolina Supreme Court, and a hearing has

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

been granted, but the County cannot predict whether its appeal ultimately will be successful or, even if its appeal were to be successful, whether it would prevail if these cases were remanded to the trial court.

In a separate lawsuit currently pending in Cabarrus County Superior Court but stayed by court order pending the outcome of the above cases, certain developers have demanded that the County refund all fees paid by the plaintiffs pursuant to the APFO, including but not limited to VMPs. Although the County has a number of defenses to such claims, including the fact that each developer agreed to pay the VMP in order to proceed immediately with their projects, if the County does not prevail in this lawsuit, the County cannot predict whether it will be required to refund all or a portion of the approximately \$7.5 million in VMPs collected since the adoption of the APFO, plus interest, to the affected developers and other interested parties. Although the County has not expressly budgeted funds to make this payment, a portion of the County's current undesignated fund balance could be used if such a payment were necessary. The County does not believe that use of such undesignated fund balance monies would have a material adverse impact on its condition, financial or otherwise.

3. Joint Ventures

The County participates in a joint venture to operate Piedmont Behavioral Health (PBH) with four other local governments. Each participating government appoints four board members to the twenty-member board. The County has an ongoing financial responsibility for the joint venture because PBH's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in PBH, so no equity interest has been reflected in the financial statements at June 30, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$614,021 to PBH to supplement its activities. Complete financial statements for PBH can be obtained from PBH's offices at 245 LePhillip Court, Concord, NC 28025.

The County, in conjunction with the State of North Carolina, Rowan Cabarrus Community College and Rowan County participates in a joint venture to operate the Rowan Cabarrus Community College. Each of the four participants, except the County who only appoints two members, appoints four members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the 2003 Refunded general obligation bonds issued, \$12,405 in debt is still outstanding. Of the 2006 General Obligation bonds issued, \$2,764,167 in debt is still outstanding. In March 2005, the County issued installment financing for the up fit of the old school administration building which will house the new RCCC Business Center. The total financed cost of the up fit totaled \$4,358,000. The County has leased this facility to RCCC for \$1 per year. At fiscal year end \$622,571 in debt is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$1,852,210 to the community college for operating purposes and \$150,000 for capital outlay during the fiscal year ended June 30, 2011. In addition, the County made debt service payments of \$898,539 during the fiscal year on general obligation bonds and installment financing issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the community college may be obtained from the community college's administrative offices at I-85 at Jake Alexander Boulevard South, Salisbury, NC 28145.

4. Jointly Governed Organization

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

Cabarrus County in conjunction with Rowan County have organized the Carolina Governmental Alliance to establish an excess liability, property and workers compensation deductible fund for member agencies and

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

administer funds to pay any excess liability claims and deductible amounts that the member agencies may legally be required to pay based on the coverage provisions of the fund and to do all things necessary to carry out these purposes.

5. Other Employment Benefits

The County and the Alliance have elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employee's Retirement System (Death Benefit Plan), a State administered plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Annually, the State sets the County's and the Alliance's monthly contribution rates for death benefits. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not the County, the County and the Alliance do not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the County made contributions to the State for death benefits of \$34,771 and the Alliance made no contribution. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08%, and .14% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

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

6. Other Postemployment Benefits (OPEB) – Healthcare Benefits

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

The following schedule became effective on July 1, 1997:

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

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

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

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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, 2008, the date of the latest actuarial valuation:

Retirees receiving benefits	80
Active Plan Members:	
General Employees	588
Law Enforcement	180
Total	848

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Retirees are required to pay for dependent coverage. The County contributions are financed on a pay as you go basis. In the future, employees and retirees may be required to participate in premiums for basic group health and life insurance plans. The plan was established and may be amended by the Board of Commissioners.

The current ARC rate is 8.04 % of annual covered payroll (5.26% normal cost and 2.78% accrued liability). The County contributed \$656,130 or 1.7% 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 1.1% and .06% of covered payroll. Contributions of \$50 per month were made by employees and retirees who currently use tobacco products and have not signed a non use tobacco certification. These contributions were \$40,100 for the current year. There were no other contributions made by employees, except for dependent coverage in the amount of \$814,490.

Summary of Significant Accounting Policies. Postemployment expenditures for former employees not engaged in law enforcement are made from the General Fund. This fund is maintained on a modified accrual basis of accounting. No funds are set aside to pay benefits and administrative costs. These expenditures are paid as they come due.

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

	2011
Annual Required Contribution	\$ 2,513,177
Interest on Net OPEB Obligation	190,609
Adjustment to annual required contribution	(178,696)
Annual OPEB cost (expense)	2,525,090
Contributions made	(656,130)
Increase (decrease) in net OPEB obligation	1,868,960
Net OPEB obligation, beginning of year	4,765,234
Net OPEB obligation, end of year	\$ 6,634,194

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

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

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

Funded Status and Funding Progress. As of December 31, 2008 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 \$25,198,592. The covered payroll (annual payroll of active employees covered by the plan) was \$31,224,203 and the ratio of the UAAL to the covered payroll was 80.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2008 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 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

7. Pension Plan and Benefit Obligations

a. Local Governmental Employees' Retirement System

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

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the Alliance are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.43% and 6.41% respectively, of annual covered payroll. For the Alliance, the current rate for employees is 6.41% of annual covered payroll. The contribution requirements of members and of Cabarrus County and the Alliance are established and may be

**Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011**

amended by the North Carolina General Assembly. The rates have been amended effective July 1, 2010 and thereafter for several years due to the loss in the market value which occurred in the fall of 2008. The County's contribution to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$2,378,176, \$1,822,022 and \$1,796,672, respectively. The Alliance's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009, were \$554,377, \$466,969 and \$453,071 respectively. The contributions made by the County and the Alliance equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	20
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	197
Total	217

Summary of Significant Accounting Policies:

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

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

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. The County transfers the contribution in a subsequent year following notification by the actuary of the amount. For the current year, the County contributed \$412,065 or 4.84% 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, 2011 was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2009 was 10 years.

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

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, 2011 are shown at right:

Annual required contribution	\$ 551,536
Interest on net pension obligation	10,645
Adjustment to annual required contribution	<u>(22,455)</u>
Annual pension cost	539,726
Contributions made	<u>(412,065)</u>
Increase in net pension obligation	127,661
Net pension obligation beginning of year	212,897
Net pension obligation end of year	<u><u>\$ 340,558</u></u>

3 Year Trend Information			
<u>Fiscal Year</u> <u>Ended</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
6/30/2009	\$345,999	101.35%	\$161,605
6/30/2010	405,103	87.34%	212,897
6/30/2011	539,726	76.35%	340,558

Funded Status and Funding Progress. As of December 31, 2010, the most recent actuarial valuation date, the plan was 18.50 percent funded. The actuarial accrued liability for benefits was \$3,178,770, and the actuarial value of assets was \$588,157, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,590,613. The covered payroll (annual payroll of active employees covered by the plan) was \$8,514,139 and the ratio of the UAAL to the covered payroll was 30.43 percent.

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

c. Supplemental Retirement Income Plan (401k)

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan also provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provision to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained in 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, 2011 were \$2,530,488 which consisted of \$1,840,856 from the County and \$689,632 from the employees. In February 2009, the Alliance decided to discontinue the employer's contribution to the 401(k) plan. Participating Alliance employees made contributions of \$279,520 for the year ended June 30, 2011.

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Cabarrus County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local

Cabarrus County, North Carolina
Notes to the Financial Statements
For the Year Ended June 30, 2011

Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$16,230.

8. Effects of Subsequent Events

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

**Cabarrus County, North Carolina
Special Separation Allowance
Required Supplementary Information
Schedule of Funding Progress
June 30, 2011**

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)
12/31/2001	\$ 232,210	\$ 2,210,604	\$ 1,978,394	10.50%	\$ 4,705,260	42.05%
12/31/2002	142,612	2,362,390	2,219,778	6.04%	5,076,155	43.73%
12/31/2003	56,515	2,403,560	2,347,045	2.35%	5,122,396	45.82%
12/31/2004	149,833	2,527,863	2,378,030	5.93%	5,690,981	41.79%
12/31/2005	265,718	2,275,330	2,009,612	11.68%	6,569,172	30.59%
12/31/2006	341,866	2,398,871	2,057,005	14.25%	6,715,791	30.63%
12/31/2007	377,233	2,436,234	2,059,001	15.48%	7,277,196	28.29%
12/31/2008	33,566	2,504,422	2,470,856	1.34%	8,025,050	30.79%
12/31/2009	106,199	3,494,890	3,388,691	3.04%	8,217,096	41.24%
12/31/2010	588,157	3,178,770	2,590,613	18.50%	8,514,139	30.43%

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

Year Ended June 30	Annual Required Contribution	Actual Contribution	Percentage Contributed
2002	\$ 179,465	\$ 178,285	99%
2003	195,574	179,465	92%
2004	358,891	322,574	90%
2005	377,815	358,891	95%
2006	392,503	377,815	96%
2007	340,536	392,503	115%
2008	350,675	340,536	97%
2009	353,811	350,675	99%
2010	412,065	353,811	86%
2011	551,536	412,065	75%

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	12/31/2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projects salary increases*	4.5% to 12.3%
Cost-of-living adjustments	N/A

*Includes inflation at 3.75%

Cabarrus County, North Carolina
Other Post Employment Benefits (OPEB)
Required Supplementary Information
Schedule of Funding Progress
June 30, 2011

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

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

Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Actual <u>Contribution</u>	Percentage <u>Contributed</u>
2008	\$ 1,850,169	\$ 508,993	27.5%
2009	2,156,844	585,283	27.1%
2010	2,513,177	676,712	26.9%
2011	2,513,177	656,130	26.1%

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	12/31/2008
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	10.50% - 5.00%
Year of Ultimate trend rate	2016

*Includes inflation at 3.75%

Other Supplemental Information

Combining Statements for Non-Major Funds

Special Revenue Funds

Capital Projects Funds

Fiduciary Funds

Cabarrus County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011

Schedule 1

	Special Revenue								Capital Projects													
	Emergency Telephone System Fund	Community Development Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts Fund	Sheriff Department Fund	Department of Aging	Parks and Recreation Commission Fund	Subtotal	Public School Building Fund	Capital Projects Fund	Justice Center Construction Fund	Construction & Renovation Fund	School Construction Fund	2009 School Construction Fund	Capital Reserve Fund	Utility Fund	Small Projects Fund	Adequate Facilities Fund	Canon Memorial Library Fund	Subtotal		
Assets																						
Cash and cash equivalents	\$ 725,267	\$ 7,331	\$ 523,439	\$ 34,409	\$ 348,460	\$ 113,686	\$ 13,157	\$ 1,765,749	\$ -	\$ 2,155,744	\$ 2,799,115	\$ 2,883,625	\$ 592,191	\$ 200,533	\$ 7,695,511	\$ 42,331	\$ 1,108,926	\$ 996,464	\$ 2,478	\$ 18,476,918	\$ 20,242,667	
Accounts receivable	54,102	30,253	53,502	-	-	-	-	137,857	-	-	-	-	-	-	-	-	-	-	-	-	137,857	
Interest receivable	241	-	210	-	120	39	5	615	-	-	-	-	-	-	2,661	35	404	335	175	3,610	4,225	
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	756,000	-	-	-	-	756,000	756,000	
Restricted cash	-	-	100,000	-	-	-	-	100,000	5,498	-	1,253,593	-	-	-	-	-	-	-	-	1,259,091	1,359,091	
Total assets	\$ 779,610	\$ 37,584	\$ 677,151	\$ 34,409	\$ 348,580	\$ 113,725	\$ 13,162	\$ 2,004,221	\$ 5,498	\$ 2,155,744	\$ 4,052,708	\$ 2,883,625	\$ 592,191	\$ 200,533	\$ 8,454,172	\$ 42,366	\$ 1,109,330	\$ 996,799	\$ 2,653	\$ 20,495,619	\$ 22,499,840	
Liabilities																						
Accounts payable and accrued liabilities	\$ -	\$ 12,771	\$ 163,558	\$ 34,409	\$ -	\$ -	\$ 12,210	\$ 222,948	\$ -	\$ 41,592	\$ 100,157	\$ 270,266	\$ 2,500	\$ 29,501	\$ -	\$ 14,613	\$ 21,551	\$ -	\$ -	\$ 480,180	\$ 703,128	
Contract retainages	-	-	-	-	-	-	-	-	-	-	-	29,839	-	-	-	-	-	-	-	29,839	29,839	
Total liabilities	-	12,771	163,558	34,409	-	-	12,210	222,948	-	41,592	100,157	300,105	2,500	29,501	-	14,613	21,551	-	-	510,019	732,967	
Fund balances:																						
Nonspendable:																						
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	720,000	-	-	-	-	720,000	720,000	
Restricted:																						
Stabilization by																						
State Statute	54,343	30,253	53,712	-	120	39	5	138,472	-	-	-	-	-	-	38,661	35	404	335	175	39,610	178,082	
Public safety	725,267	-	-	-	348,460	-	-	1,073,727	-	-	3,952,551	-	-	-	-	-	-	-	-	3,952,551	5,026,278	
Education	-	-	-	-	-	-	-	-	5,498	-	-	-	-	-	-	-	-	996,464	-	1,001,962	1,001,962	
Culture & recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,478	2,478	2,478	
Committed:																						
General government	-	-	-	-	-	-	-	-	-	-	2,583,520	-	-	2,004,468	-	222,016	-	-	-	4,810,004	4,810,004	
Public safety	-	-	-	-	-	-	-	-	-	523,454	-	-	-	2,130,000	-	-	-	-	-	2,653,454	2,653,454	
Economic & phy dev	-	-	-	-	-	-	-	-	-	-	-	-	-	-	27,718	540,839	-	-	-	568,557	568,557	
Environ protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43,721	-	-	-	43,721	43,721	
Human services	-	-	-	-	-	113,686	-	113,686	-	-	-	-	-	1,200,000	-	280,799	-	-	-	1,480,799	1,594,485	
Education	-	-	-	-	-	-	-	-	-	-	-	-	589,691	171,032	280,043	-	-	-	-	1,040,766	1,040,766	
Culture & recreation	-	-	-	-	-	-	947	947	-	1,590,698	-	-	-	-	2,081,000	-	-	-	-	3,671,698	3,672,645	
Assigned:																						
Culture & recreation	-	-	459,881	-	-	-	-	459,881	-	-	-	-	-	-	-	-	-	-	-	-	459,881	
Unassigned	-	(5,440)	-	-	-	-	-	(5,440)	-	-	-	-	-	-	-	-	-	-	-	-	(5,440)	
Total fund balances	779,610	24,813	513,593	-	348,580	113,725	952	1,781,273	5,498	2,114,152	3,952,551	2,583,520	589,691	171,032	8,454,172	27,753	1,087,779	996,799	2,653	19,985,600	21,766,873	
Total liabilities and fund balances	\$ 779,610	\$ 37,584	\$ 677,151	\$ 34,409	\$ 348,580	\$ 113,725	\$ 13,162	\$ 2,004,221	\$ 5,498	\$ 2,155,744	\$ 4,052,708	\$ 2,883,625	\$ 592,191	\$ 200,533	\$ 8,454,172	\$ 42,366	\$ 1,109,330	\$ 996,799	\$ 2,653	\$ 20,495,619	\$ 22,499,840	

Cabarrus County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue								Capital Projects												
	Emergency Telephone System Fund	Community Development Grant Fund	Cabarrus Arena and Events Center Fund	Fire Districts Fund	Sheriff Department Fund	Department of Aging Fund	Parks and Recreation Commission Fund	Subtotal	Public School Building Fund	Capital Projects Fund	Justice Center Construction Fund	Construction & Renovation Fund	School Construction Fund	2009 School Construction Fund	Capital Reserve Fund	Utility Fund	Small Projects Fund	Adequate Facilities Fund	Cannon Memorial Library Fund	Subtotal	Total Nonmajor Governmental Funds
Revenues:																					
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 2,522,722	\$ -	\$ -	\$ -	\$ 2,522,722	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,487	\$ -	\$ -	\$ 81,487	\$ 2,604,209
Home consortium	-	218,202	-	-	-	-	-	218,202	-	-	-	-	-	-	-	-	-	-	-	-	218,202
State grant-Scattered site rehabilitation	-	10,000	-	-	-	-	-	10,000	-	-	-	-	-	-	-	-	-	-	-	-	10,000
Intergovernmental	-	-	-	-	72,564	-	-	72,564	-	-	-	-	-	-	-	-	75,777	-	-	75,777	148,341
Intergovernmental - Lottery	-	-	-	-	-	-	-	-	258,938	-	-	-	-	-	-	-	-	-	-	258,938	258,938
Program fees	-	-	755,292	-	1,364	-	-	756,656	-	-	-	-	-	-	-	-	89,886	477,517	-	567,403	1,324,059
Telephone subscriber fees	649,220	-	-	-	-	-	-	649,220	-	-	-	-	-	-	-	-	-	-	-	-	649,220
Investment earnings	1,697	-	1,695	-	763	264	33	4,452	-	-	5,029	-	682	-	18,679	595	2,846	1,980	1,650	31,461	35,913
Donations	-	-	100,000	-	-	34,206	-	134,206	-	-	-	-	-	-	-	-	1,250	-	51,182	52,432	186,638
Miscellaneous	-	-	13,285	-	-	-	-	13,285	-	-	-	-	-	-	-	-	-	-	-	-	13,285
Total revenues	650,917	228,202	870,272	2,522,722	74,691	34,470	33	4,381,307	258,938	-	5,029	-	682	-	18,679	595	251,246	479,497	52,832	1,067,498	5,448,805
Expenditures:																					
General Government	-	-	-	-	-	-	-	-	-	-	-	82,357	-	-	-	-	186,393	-	-	268,750	268,750
Public Safety	403,918	-	-	2,522,722	19,697	-	-	2,946,337	-	-	48,457	-	-	-	-	-	-	-	-	48,457	2,994,794
Economic and Physical Development	-	274,015	-	-	-	-	-	274,015	-	-	-	-	-	-	-	-	25,748	-	-	25,748	299,763
Environmental Protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	302,948	956	-	-	-	303,904	303,904
Human Services	-	-	-	-	-	14,590	-	14,590	-	-	-	-	-	-	-	-	128,078	-	-	128,078	142,668
Education	-	-	-	-	-	-	-	-	128,500	-	-	-	223,232	239,062	-	-	-	17,136	-	607,930	607,930
Culture and Recreation	-	-	1,228,830	-	-	-	12,210	1,241,040	-	16,553	-	-	-	-	-	-	-	-	-	16,553	1,257,593
Capital outlay:																					
Land and Land Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Building and Building Improvements	-	-	16,833	-	-	-	-	16,833	-	-	-	839,301	-	-	-	-	-	-	-	839,301	856,134
Equipment and Furniture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles and Motorized Equipment	-	-	5,878	-	12,723	-	-	18,601	-	-	-	-	-	-	-	-	-	-	-	-	18,601
Construction in Progress	-	-	-	-	-	-	-	-	-	138,482	2,451,622	749,945	-	-	-	-	-	-	-	3,340,049	3,340,049
Total expenditures	403,918	274,015	1,251,541	2,522,722	32,420	14,590	12,210	4,511,416	128,500	155,035	2,500,079	1,671,603	223,232	239,062	-	302,948	341,175	17,136	-	5,578,770	10,090,186
Excess (deficiency) of revenues over (under) expenditures	246,999	(45,813)	(381,269)	-	42,271	19,880	(12,177)	(130,109)	130,438	(155,035)	(2,495,050)	(1,671,603)	(222,550)	(239,062)	18,679	(302,353)	(89,929)	462,361	52,832	(4,511,272)	(4,641,381)
Other financing sources (uses):																					
Transfer in	-	40,000	600,000	-	-	-	-	640,000	-	336,000	-	-	130,438	-	1,222	-	348,407	-	-	816,067	1,456,067
Transfer (out)	(74,502)	-	-	-	-	-	-	(74,502)	(130,438)	(1,222)	(73)	-	(34)	-	(1,626,000)	-	-	-	(753,910)	(2,511,677)	(2,586,179)
Lease Financing issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses):	(74,502)	40,000	600,000	-	-	-	-	565,498	(130,438)	334,778	(73)	-	130,404	-	(1,624,778)	-	348,407	-	(753,910)	(1,695,610)	(1,130,112)
Net change in fund balances	172,497	(5,813)	218,731	-	42,271	19,880	(12,177)	435,389	-	179,743	(2,495,123)	(1,671,603)	(92,146)	(239,062)	(1,606,099)	(302,353)	258,478	462,361	(701,078)	(6,206,882)	(5,771,493)
Fund balance, July 1	607,113	30,626	294,862	-	306,309	93,845	13,129	1,345,884	5,498	1,934,409	6,447,674	4,255,123	681,837	410,094	10,060,271	330,106	829,301	534,438	703,731	26,192,482	27,538,366
Fund balance, June 30	\$ 779,610	\$ 24,813	\$ 513,593	\$ -	\$ 348,580	\$ 113,725	\$ 952	\$ 1,781,273	\$ 5,498	\$ 2,114,152	\$ 3,952,551	\$ 2,583,520	\$ 589,691	\$ 171,032	\$ 8,454,172	\$ 27,753	\$ 1,087,779	\$ 996,799	\$ 2,653	\$ 19,985,600	\$ 21,766,873

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 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.

Parks and Recreation Commission – collects and appropriates contributions and private donations received specifically for the Cabarrus County Parks and Recreation's programs and projects.

Cabarrus County, North Carolina
Emergency Telephone System Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	<u>Actual</u>		Variable Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Telephone subscriber fees	\$ 650,000	\$ 649,220	\$ (780)
Investment earnings	2,000	1,697	(303)
Total revenues	<u>652,000</u>	<u>650,917</u>	<u>(1,083)</u>
Expenditures:			
Public Safety:			
Operations	<u>577,498</u>	<u>403,918</u>	<u>173,580</u>
Total expenditures	<u>577,498</u>	<u>403,918</u>	<u>173,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,502</u>	<u>246,999</u>	<u>172,497</u>
Other financing sources (uses):			
Transfer (out)-General Fund	<u>(74,502)</u>	<u>(74,502)</u>	<u>-</u>
Total other financing sources (uses)	<u>(74,502)</u>	<u>(74,502)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	172,497	<u>\$ 172,497</u>
Fund balance, July 1		<u>607,113</u>	
Fund balance, June 30		<u>\$ 779,610</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, 2011

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Home consortium	\$ 266,547	\$ 36,317	\$ 218,202	\$ 254,519
Scattered site rehabilitation 07-C	400,000	374,278	-	374,278
Scattered site rehabilitation 10-C	400,000	-	-	-
Scattered site program revenues	10,000	-	10,000	10,000
Total revenues	<u>1,076,547</u>	<u>410,595</u>	<u>228,202</u>	<u>638,797</u>
Expenditures:				
Economic and physical development:				
Home Consortium:				
Consultants	15,088	6,589	7,482	14,071
Sub-contractor construction	331,459	39,102	265,828	304,930
Total home consortium	<u>346,547</u>	<u>45,691</u>	<u>273,310</u>	<u>319,001</u>
Scattered site rehabilitation:				
Consultants	90,000	39,980	705	40,685
Sub-contractor construction	640,000	311,649	-	311,649
Urgent repair	80,000	22,649	-	22,649
Total scattered site rehabilitation	<u>810,000</u>	<u>374,278</u>	<u>705</u>	<u>374,983</u>
Total expenditures	<u>1,156,547</u>	<u>419,969</u>	<u>274,015</u>	<u>693,984</u>
Revenues over (under) expenditures	<u>(80,000)</u>	<u>(9,374)</u>	<u>(45,813)</u>	<u>(55,187)</u>
Other financing sources:				
Transfer in - General Fund	<u>80,000</u>	<u>40,000</u>	<u>40,000</u>	<u>80,000</u>
Total other financing sources	<u>80,000</u>	<u>40,000</u>	<u>40,000</u>	<u>80,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 30,626</u>	(5,813)	<u>\$ 24,813</u>
Fund balance, July 1			<u>30,626</u>	
Fund balance, June 30			<u>\$ 24,813</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, 2011

	<u>Actual</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
County Fair:			
Program fees	\$ 628,700	\$ 755,292	\$ 126,592
Investment earnings	500	1,695	1,195
Donations - Tourism Authority	100,000	100,000	-
Miscellaneous	8,000	13,285	5,285
	<u>737,200</u>	<u>870,272</u>	<u>133,072</u>
Total revenues			
Expenditures:			
Cultural and recreational:			
Arena and Events Center:			
Management Company	720,548	546,498	174,050
Other operating expenses	139,156	120,049	19,107
Capital outlay:			
Land and Land Improvements	-	-	-
Building and Building Improvements	16,833	16,833	-
Equipment and Furniture	-	-	-
Vehicles	5,878	5,878	-
Construction in Progress	-	-	-
Total arena and events center	<u>882,415</u>	<u>689,258</u>	<u>193,157</u>
County Fair:			
Salaries and employee benefits	115,827	111,759	4,068
Other operating expenses	480,110	450,524	29,586
Total county fair	<u>595,937</u>	<u>562,283</u>	<u>33,654</u>
Total expenditures	<u>1,478,352</u>	<u>1,251,541</u>	<u>226,811</u>
Revenues over (under) expenditures	<u>(741,152)</u>	<u>(381,269)</u>	<u>359,883</u>
Other financing sources:			
Transfer in - General Fund	620,548	600,000	20,548
Fund Balance Appropriated	120,604	-	120,604
Total other financing sources	<u>741,152</u>	<u>600,000</u>	<u>141,152</u>
Net change in fund balance	<u>\$ -</u>	218,731	<u>\$ 218,731</u>
Fund balance, July 1		<u>294,862</u>	
Fund balance, June 30		<u>\$ 513,593</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:			
Property tax collections	\$ 2,555,470	\$ 2,522,722	\$ (32,748)
Total revenues	<u>2,555,470</u>	<u>2,522,722</u>	<u>(32,748)</u>
Expenditures:			
Public Safety	<u>2,555,470</u>	<u>2,522,722</u>	<u>32,748</u>
Total expenditures	<u>2,555,470</u>	<u>2,522,722</u>	<u>32,748</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, 2011

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Federal Forfeiture Sharing	\$ 99,923	\$ 99,922	\$ -	\$ 99,922
Federal Forfeiture Sharing -Treasury	194,599	194,597	59,332	253,929
NC Substance Control Tax	296,715	287,219	13,232	300,451
Firing Range fees	5,426	4,062	1,364	5,426
Investment earnings:				
Federal Forfeiture sharing	16,412	16,193	189	16,382
NC Substance Control Tax	53,015	51,662	569	52,231
Firing Range	175	168	5	173
Total revenues	<u>666,265</u>	<u>653,823</u>	<u>74,691</u>	<u>728,514</u>
Expenditures:				
Public Safety	534,192	228,165	19,697	247,862
Capital Outlay:				
Vehicles	<u>309,524</u>	<u>296,801</u>	<u>12,723</u>	<u>309,524</u>
Total expenditures	<u>843,716</u>	<u>524,966</u>	<u>32,420</u>	<u>557,386</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,451)</u>	<u>128,857</u>	<u>42,271</u>	<u>171,128</u>
Other financing sources (uses):				
Transfer in-General Fund	285,138	285,139	-	285,139
Transfer (out)-General Fund	<u>(107,687)</u>	<u>(107,687)</u>	<u>-</u>	<u>(107,687)</u>
Total other financing sources (uses)	<u>177,451</u>	<u>177,452</u>	<u>-</u>	<u>177,452</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 306,309</u>	42,271	<u>\$ 348,580</u>
Fund balance, July 1			<u>306,309</u>	
Fund balance, June 30			<u>\$ 348,580</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, 2011

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and private donations	\$ 173,996	\$ 135,069	\$ 34,206	\$ 169,275
Investment earnings	13,855	12,751	264	13,015
Total revenues	<u>187,851</u>	<u>147,820</u>	<u>34,470</u>	<u>182,290</u>
Expenditures:				
Human Services:				
Special Projects	<u>187,851</u>	<u>53,975</u>	<u>14,590</u>	<u>68,565</u>
Total expenditures	<u>187,851</u>	<u>53,975</u>	<u>14,590</u>	<u>68,565</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 93,845</u>	19,880	<u>\$ 113,725</u>
Fund balance, July 1			<u>93,845</u>	
Fund balance, June 30			<u>\$ 113,725</u>	

Cabarrus County, North Carolina
Parks and Recreation Commission Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Contributions and private donations	\$ 9,573	\$ 9,573	\$ -	\$ 9,573
Investment earnings	3,636	3,556	33	3,589
Total revenues	<u>13,209</u>	<u>13,129</u>	<u>33</u>	<u>13,162</u>
Expenditures:				
Culture and Recreation:				
Special Projects	13,209	-	12,210	12,210
Total expenditures	<u>13,209</u>	<u>-</u>	<u>12,210</u>	<u>12,210</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 13,129</u>	(12,177)	<u>\$ 952</u>
Fund balance, July 1			<u>13,129</u>	
Fund balance, June 30			<u>\$ 952</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.

Capital Projects – constructs, renovates and equips smaller non-debt Capital projects for the County.

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

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

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

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

Utility – maintains funds for future County utility projects.

Small Projects – collects and appropriates general fund revenues and federal and State grant funds received specifically for use by the appropriate Cabarrus County Department who has received the funds.

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

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

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.

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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Intergovernmental - State:				
Public School Funds	\$ 2,897,042	\$ 2,897,042	\$ -	\$ 2,897,042
Lottery Proceeds	4,459,751	4,329,313	130,438	4,459,751
Lottery Proceeds - Rowan County	128,500	-	128,500	128,500
Total revenues	<u>7,485,293</u>	<u>7,226,355</u>	<u>258,938</u>	<u>7,485,293</u>
Expenditures:				
Capital outlay - education:				
Cabarrus County Schools	620,619	620,619	-	620,619
Kannapolis City Schools	104,149	98,651	-	98,651
Rowan County	128,500	-	128,500	128,500
Total expenditures	<u>853,268</u>	<u>719,270</u>	<u>128,500</u>	<u>847,770</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,632,025</u>	<u>6,507,085</u>	<u>130,438</u>	<u>6,637,523</u>
Other financing sources (uses):				
Transfer in - General Fund	724,768	724,768	-	724,768
Transfer (out) - Capital Projects Fund	<u>(7,356,793)</u>	<u>(7,226,355)</u>	<u>(130,438)</u>	<u>(7,356,793)</u>
Total other financing sources (uses)	<u>(6,632,025)</u>	<u>(6,501,587)</u>	<u>(130,438)</u>	<u>(6,632,025)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,498</u>	-	<u>\$ 5,498</u>
Fund balance, July 1			<u>5,498</u>	
Fund balance, June 30			<u>\$ 5,498</u>	

Cabarrus County, North Carolina
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual
From Inception and for the Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Donations				
Local government	\$ 450,000	\$ 450,000	\$ -	\$ 450,000
Intergovernmental	350,000	350,000	-	350,000
Private	302,722	302,722	-	302,722
	<u>1,102,722</u>	<u>1,102,722</u>	<u>-</u>	<u>1,102,722</u>
Expenditures:				
Improvements:				
Parks	2,675,695	1,068,445	16,553	1,084,998
Emergency Management	250,387	197,301	-	197,301
Capital outlay:				
Land and land improvements				
Parks	5,680,302	5,680,302	-	5,680,302
Building and building improvements				
Parks	738,548	738,548	-	738,548
Equipment and furniture:				
Parks	32,790	32,790	-	32,790
Emergency Management	2,123,379	2,070,504	-	2,070,504
Construction in progress				
Parks	399,065	310,959	88,106	399,065
Emergency Management	860,608	392,738	50,376	443,114
	<u>12,760,774</u>	<u>10,491,587</u>	<u>155,035</u>	<u>10,646,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,658,052)</u>	<u>(9,388,865)</u>	<u>(155,035)</u>	<u>(9,543,900)</u>
Other financing sources (uses):				
Lease Financing issued	3,421,394	3,421,394	-	3,421,394
Transfer in - General Fund	5,264,626	5,264,626	-	5,264,626
Transfer in - Capital Reserve Fund	2,973,254	2,637,254	336,000	2,973,254
Transfer (out) - Capital Reserve Fund	(1,222)	-	(1,222)	(1,222)
	<u>11,658,052</u>	<u>11,323,274</u>	<u>334,778</u>	<u>11,658,052</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,934,409</u>	179,743	<u>\$ 2,114,152</u>
Fund balance, July 1			1,934,409	
Fund balance, June 30			<u>\$ 2,114,152</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, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 2,215,834	\$ 2,214,864	\$ 5,029	\$ 2,219,893
Total revenues	<u>2,215,834</u>	<u>2,214,864</u>	<u>5,029</u>	<u>2,219,893</u>
Expenditures:				
Public Safety	185,295	69,674	48,457	118,131
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	61,425,373	56,044,954	2,451,622	58,496,576
Total Capital outlay	<u>119,122,216</u>	<u>113,741,797</u>	<u>2,451,622</u>	<u>116,193,419</u>
Total expenditures	<u>119,439,233</u>	<u>113,943,193</u>	<u>2,500,079</u>	<u>116,443,272</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(117,223,399)</u>	<u>(111,728,329)</u>	<u>(2,495,050)</u>	<u>(114,223,379)</u>
Other financing sources (uses):				
Issuance of debt-Installment Financing	15,000,000	15,000,000	-	15,000,000
Issuance of debt-Certificates of Participation	92,405,000	92,405,000	-	92,405,000
Premium on issuance of Certificates of Participation	1,280,966	1,280,966	-	1,280,966
Transfer in - Capital Reserve Fund	6,458,772	6,458,772	-	6,458,772
Transfer in - General Fund	6,076,843	6,076,843	-	6,076,843
Transfer (out) - Capital Reserve Fund	(1,649,458)	(1,649,458)	-	(1,649,458)
Transfer (out) - General Fund	(2,348,724)	(1,396,120)	(73)	(1,396,193)
Total other financing sources (uses)	<u>117,223,399</u>	<u>118,176,003</u>	<u>(73)</u>	<u>118,175,930</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,447,674</u>	<u>(2,495,123)</u>	<u>\$ 3,952,551</u>
Fund balance, July 1			<u>6,447,674</u>	
Fund balance, June 30			<u>\$ 3,952,551</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, 2011

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Improvements:				
General Government				
Board of Commissioners				
Engineering Study	9,600	-	9,600	9,600
Governmental Office Complex	244,877	244,877	-	244,877
Board of Elections				
Minor Equipment	<u>207,087</u>	<u>-</u>	<u>72,757</u>	<u>72,757</u>
Total Improvements	<u>461,564</u>	<u>244,877</u>	<u>82,357</u>	<u>327,234</u>
Capital Outlay:				
General Government				
Board of Commissioners				-
Building and building improvements	839,302	-	839,301	839,301
Construction in Progress	<u>1,460,411</u>	<u>-</u>	<u>749,945</u>	<u>749,945</u>
Total Capital Outlay	<u>2,299,713</u>	<u>-</u>	<u>1,589,246</u>	<u>1,589,246</u>
Total expenditures	<u>2,761,277</u>	<u>244,877</u>	<u>1,671,603</u>	<u>1,916,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,761,277)</u>	<u>(244,877)</u>	<u>(1,671,603)</u>	<u>(1,916,480)</u>
Other financing sources (uses):				
Transfer in - Capital Reserve Fund	4,500,000	4,500,000	-	4,500,000
Transfer out - General Fund	<u>(1,738,723)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,761,277</u>	<u>4,500,000</u>	<u>-</u>	<u>4,500,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,255,123</u>	<u>(1,671,603)</u>	<u>\$ 2,583,520</u>
Fund balance, July 1			<u>4,255,123</u>	
Fund balance, June 30			<u>\$ 2,583,520</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual</u>	
			<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 924,157	\$ 923,520	\$ 682	\$ 924,202
Total revenues	<u>924,157</u>	<u>923,520</u>	<u>682</u>	<u>924,202</u>
Expenditures:				
Cost of Debt Issuance	1,159,875	1,159,875	-	1,159,875
Capital outlay - education				
AT Allen Elementary Renovations	484,299	484,299	-	484,299
Cox Mill High	44,449,787	44,441,961	7,826	44,449,787
Bus Garage	8,566,521	8,566,521	-	8,566,521
Hickory Ridge Middle	4,016,850	3,886,412	130,438	4,016,850
Patriots Elementary	468,965	468,748	217	468,965
Northwest Elementary	3,500	3,500	-	3,500
Mt Pleasant Middle	-	-	-	-
A L Brown High Addition	957,799	855,889	84,751	940,640
New Kannapols School	2,883,828	2,883,828	-	2,883,828
Total Capital outlay	<u>61,831,549</u>	<u>61,591,158</u>	<u>223,232</u>	<u>61,814,390</u>
Total expenditures	<u>62,991,424</u>	<u>62,751,033</u>	<u>223,232</u>	<u>62,974,265</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,067,267)</u>	<u>(61,827,513)</u>	<u>(222,550)</u>	<u>(62,050,063)</u>
Other financing sources (uses):				
Issuance of debt - Installment Financing	7,305,000	7,305,000	-	7,305,000
Issuance of debt - Certificates of Participation	65,665,000	65,665,000	-	65,665,000
Premium on issuance of Certificates of Participation	2,596,482	2,596,482	-	2,596,482
Transfer in - General Fund	3,518,638	3,518,638	-	3,518,638
Transfer in - Capital Projects Fund	3,471,563	3,341,125	130,438	3,471,563
Transfer in - Special Revenue Fund	1,000,000	1,000,000	-	1,000,000
Transfer in - Capital Reserve Fund	7,246,362	7,246,362	-	7,246,362
Transfer (out) - General Fund	(1,547,979)	(975,458)	(34)	(975,492)
Transfer (out) - Capital Reserve Fund	(223,189)	(223,189)	-	(223,189)
Transfer (out) - Special Revenue Fund	(700,764)	(700,764)	-	(700,764)
Disbursement for Refunding Installment Financing	(7,305,000)	(7,305,000)	-	(7,305,000)
Disbursement to escrow agent	(18,958,846)	(18,958,846)	-	(18,958,846)
Total other financing sources (uses)	<u>62,067,267</u>	<u>62,509,350</u>	<u>130,404</u>	<u>62,639,754</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 681,837</u>	<u>(92,146)</u>	<u>\$ 589,691</u>
Fund balance, July 1			<u>681,837</u>	
Fund balance, June 30			<u>\$ 589,691</u>	

Cabarrus County, North Carolina
2009 School Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2011

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ -	\$ 1,888	\$ -	\$ 1,888
Total revenues	-	1,888	-	1,888
Expenditures:				
Education - Legal	177,553	177,553	-	177,553
Capital outlay - education				
AT Allen Elementary	977,685	977,685	-	977,685
Charles E. Boger Elementary Addition	1,748,683	1,340,477	239,062	1,579,539
Carl A. Furr Elementary Addition	1,750,776	1,750,776	-	1,750,776
Hickory Ridge Middle	478,427	478,427	-	478,427
Patriots Elementary	1,845,888	1,845,888	-	1,845,888
Mt. Pleasant Middle	53,685	53,685	-	53,685
Harold E. Winkler Middle	2,857,680	2,857,680	-	2,857,680
Total Capital outlay	9,712,824	9,304,618	239,062	9,543,680
Total expenditures	9,890,377	9,482,171	239,062	9,721,233
Excess (deficiency) of revenues over (under) expenditures	(9,890,377)	(9,480,283)	(239,062)	(9,719,345)
Other financing sources (uses):				
Transfer in - Capital Reserve Fund	10,090,377	10,090,377	-	10,090,377
Transfer (out) - Capital Project Fund	(200,000)	(200,000)	-	(200,000)
Total other financing sources (uses)	9,890,377	9,890,377	-	9,890,377
Net change in fund balance	\$ -	\$ 410,094	(239,062)	\$ 171,032
Fund balance, July 1			410,094	
Fund balance, June 30			\$ 171,032	

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, 2011

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Adequate facilities fees	\$ 445,915	\$ 445,915	\$ -	\$ 445,915
Contributions and private donations	120,383	120,383	-	120,383
Investment earnings	2,270,731	2,249,825	18,679	2,268,504
Total revenues	<u>2,837,029</u>	<u>2,816,123</u>	<u>18,679</u>	<u>2,834,802</u>
Expenditures:				
Education:				
Rowan Cabarrus Community College	280,043	-	-	-
Building improvements	8,176,356	-	-	-
Total expenditures	<u>8,456,399</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,619,370)</u>	<u>2,816,123</u>	<u>18,679</u>	<u>2,834,802</u>
Other financing sources (uses):				
Transfer in - General Fund	44,708,301	44,708,301	-	44,708,301
Transfer in - Capital Projects Fund	2,154,350	2,153,128	1,222	2,154,350
Transfer (out) - General Fund	(3,960,351)	(2,670,351)	(1,290,000)	(3,960,351)
Transfer (out) - Capital Project Fund	(29,828,243)	(29,492,243)	(336,000)	(29,828,243)
Transfer (out) - Justice Center Construction Fund	(6,458,772)	(6,458,772)	-	(6,458,772)
Transfer (out) - Special Revenue Fund	(995,915)	(995,915)	-	(995,915)
Total other financing sources (uses)	<u>5,619,370</u>	<u>7,244,148</u>	<u>(1,624,778)</u>	<u>5,619,370</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,060,271</u>	<u>(1,606,099)</u>	<u>\$ 8,454,172</u>
Fund balance, July 1			<u>10,060,271</u>	
Fund balance, June 30			<u>\$ 8,454,172</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, 2011

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Assessment fees	\$ 598,904	\$ 598,904	\$ -	\$ 598,904
Investment earnings	95,299	94,434	595	95,029
Total revenues	<u>694,203</u>	<u>693,338</u>	<u>595</u>	<u>693,933</u>
Expenditures:				
Environmental Protection:				
Urgent Repair	73,983	47,938	13,102	61,040
Water line improvements	620,220	315,294	289,846	605,140
Total expenditures	<u>694,203</u>	<u>363,232</u>	<u>302,948</u>	<u>666,180</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 330,106</u>	(302,353)	<u>\$ 27,753</u>
Fund balance, July 1			<u>330,106</u>	
Fund balance, June 30			<u>\$ 27,753</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, 2011

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Board of Elections:				
HAVA Title I grants	\$ 199,664	\$ 159,088	\$ -	\$ 159,088
Investment earnings	30,206	30,097	493	30,590
Total Board of Elections	<u>229,870</u>	<u>189,185</u>	<u>493</u>	<u>189,678</u>
Cooperative Extension:				
State Agricultural Grant	675,000	25,000	75,777	100,777
Contributions and donations	20,000	-	-	-
Investment earnings	-	-	134	134
Total Cooperative Extension	<u>695,000</u>	<u>25,000</u>	<u>75,911</u>	<u>100,911</u>
Elma Lomax Incubator Farm:				
Contributions and donations	152,529	152,600	-	152,600
Deferred tax collections	61,500	-	81,487	81,487
Investment earnings	-	4,938	1,512	6,450
Total Register of Deeds	<u>214,029</u>	<u>157,538</u>	<u>82,999</u>	<u>240,537</u>
Register of Deeds:				
Automation & enhancement fees	803,187	690,145	88,958	779,103
Investment earnings	37,303	35,233	593	35,826
Total Register of Deeds	<u>840,490</u>	<u>725,378</u>	<u>89,551</u>	<u>814,929</u>
Soil & Water:				
NC Clean Water Management Grant	521,833	-	-	-
Clear Creek Grant	35,000	35,000	-	35,000
Contributions and donations	1,250	1,000	1,250	2,250
EEP contract	16,900	2,400	-	2,400
Program fees	3,500	3,046	928	3,974
Investment earnings	1,500	1,369	114	1,483
Total Soil & Water	<u>579,983</u>	<u>42,815</u>	<u>2,292</u>	<u>45,107</u>
Total revenues	<u>2,559,372</u>	<u>1,139,916</u>	<u>251,246</u>	<u>1,150,625</u>
Expenditures:				
Operations:				
General Govt - Board of Elections	405,492	156,076	-	156,076
General Govt - Register of Deeds	917,993	542,843	186,393	729,236
Economic Development - Elma Lomax	540,079	-	25,748	25,748
Environmental Protection - Soil & Water	579,983	430	956	1,386
Human Services - Cooperative Extension	1,018,516	181,576	128,078	309,654
Total Operations	<u>3,462,063</u>	<u>880,925</u>	<u>341,175</u>	<u>1,222,100</u>
Capital Outlay:				
Land and Land Improvements	11,130	11,131	-	11,131
Equipment and Furniture	62,737	46,710	-	46,710
Vehicles and Motorized Equipment	24,974	24,974	-	24,974
Total Capital Outlay	<u>98,841</u>	<u>82,815</u>	<u>-</u>	<u>82,815</u>
Total expenditures	<u>3,560,904</u>	<u>963,740</u>	<u>341,175</u>	<u>1,304,915</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,001,532)</u>	<u>176,176</u>	<u>(89,929)</u>	<u>86,247</u>
Other Financing Sources (Uses):				
Transfer in-General Fund	429,175	103,125	348,407	451,532
Transfer in-Capital Reserve Fund	572,357	550,000	-	550,000
Total other financing sources (uses)	<u>1,001,532</u>	<u>653,125</u>	<u>348,407</u>	<u>1,001,532</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 829,301</u>	<u>258,478</u>	<u>\$ 1,087,779</u>
Fund balance, July 1			<u>829,301</u>	
Fund balance, June 30			<u>\$ 1,087,779</u>	

Cabarrus County, North Carolina
Adequate Facilities Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2011

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Adequate facilities fees	\$ 7,274,872	\$ 6,616,989	\$ 477,517	\$ 7,094,506
Investment earnings	242,116	239,912	1,980	241,892
Total revenues	<u>7,516,988</u>	<u>6,856,901</u>	<u>479,497</u>	<u>7,336,398</u>
Expenditures:				
Education	<u>1,421,325</u>	<u>226,800</u>	<u>17,136</u>	<u>243,936</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,095,663</u>	<u>6,630,101</u>	<u>462,361</u>	<u>7,092,462</u>
Other financing sources (uses):				
Transfer in-General Fund	97,750	97,750	-	97,750
Transfer in-Capital Projects Fund	700,764	700,764	-	700,764
Transfer in-Capital Reserve Fund	445,915	445,915	-	445,915
Transfer (out)-Capital Projects Fund	<u>(7,340,092)</u>	<u>(7,340,092)</u>	<u>-</u>	<u>(7,340,092)</u>
Total other financing sources (uses)	<u>(6,095,663)</u>	<u>(6,095,663)</u>	<u>-</u>	<u>(6,095,663)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 534,438</u>	462,361	<u>\$ 996,799</u>
Fund balance, July 1			<u>534,438</u>	
Fund balance, June 30			<u>\$ 996,799</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, 2011

	<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions and donations	\$ 762,230	\$ 711,047	\$ 51,182	\$ 762,229
Investment earnings	<u>198,352</u>	<u>196,366</u>	<u>1,650</u>	<u>198,016</u>
Total revenues	<u>960,582</u>	<u>907,413</u>	<u>52,832</u>	<u>960,245</u>
Expenditures:				
Cultural and Recreation:				
Special Projects	<u>3,585</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Total expenditures	<u>3,585</u>	<u>3,585</u>	<u>-</u>	<u>3,585</u>
Excess (deficiency) of revenues over (under) expenditures	956,997	903,828	52,832	956,660
Other financing sources (uses):				
Transfer (out)-General Fund	<u>956,996</u>	<u>(200,097)</u>	<u>(753,910)</u>	<u>(954,007)</u>
Total other financing sources (uses)	<u>956,996</u>	<u>(200,097)</u>	<u>(753,910)</u>	<u>(954,007)</u>
Net change in fund balance	<u>\$ 1,913,993</u>	<u>\$ 703,731</u>	(701,078)	<u>\$ 2,653</u>
Fund balance, July 1			<u>703,731</u>	
Fund balance, June 30			<u>\$ 2,653</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.

Work Over Welfare Agency Fund accounts for monies held by the Department of Social Services as an agent for various individuals who are participating in a work program in lieu of receiving AFDC/Food Stamps.

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

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

Intergovernmental Agency Fund is used to accumulate fines and forfeitures before they are distributed to the local School Boards; accounts for the accumulation of the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and accounts for the accumulation of Register of Deeds fees that the County is required to remit to the State of North Carolina.

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

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

Trust funds account for assets held by the government under the terms of a formal trust agreement

Kevin Pugh Private Purpose Trust Fund is used to account for a donation given in memory of Sheriff Deputy Kevin Pugh. Disbursements are made to a rookie officer and a veteran officer each year. This program was discontinued and the fund was closed as of June 30, 2011.

Foster Care Scholarship Private Purpose Trust Fund is used for the purpose of collecting and disbursing contributions and private donations received for special programs for Foster Children.

Special Separation Allowance Pension Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

Cabarrus County, North Carolina
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Department of Social Services				
Assets:				
Cash and cash equivalents	\$ 144,442	\$ 393,070	\$ 475,674	\$ 61,838
Interest receivable	-	22	11	11
Total	<u>\$ 144,442</u>	<u>\$ 393,092</u>	<u>\$ 475,685</u>	<u>\$ 61,849</u>
Liabilities:				
Accounts payable	\$ -	\$ 477,883	\$ 475,783	\$ 2,100
Due to program participants	144,442	886,354	971,047	59,749
Total	<u>\$ 144,442</u>	<u>\$ 1,364,237</u>	<u>\$ 1,446,830</u>	<u>\$ 61,849</u>
Work Over Welfare				
Assets:				
Cash and cash equivalents	\$ 1,839	-	1,839	-
Liabilities:				
Accounts payable	\$ -	\$ 925	\$ 925	\$ -
Due to program participants	1,839	-	1,839	-
Total	<u>\$ 1,839</u>	<u>\$ 925</u>	<u>\$ 2,764</u>	<u>\$ -</u>
Charitable Campaign				
Assets:				
Cash and cash equivalents	\$ 29,749	\$ 65,734	\$ 67,399	\$ 28,084
Accounts receivable	2,159	2,211	2,159	2,211
Total	<u>\$ 31,908</u>	<u>\$ 67,945</u>	<u>\$ 69,558</u>	<u>\$ 30,295</u>
Liabilities:				
Accounts payable	\$ -	\$ 64,897	\$ 64,897	\$ -
Due to program participants	31,908	63,579	65,192	30,295
Total	<u>\$ 31,908</u>	<u>\$ 128,476</u>	<u>\$ 130,089</u>	<u>\$ 30,295</u>
Undistributed Taxes				
Assets:				
Cash and cash equivalents	\$ 592,926	\$ 163,417,086	\$ 163,475,312	\$ 534,700
Liabilities:				
Accounts payable	\$ -	\$ 21,007,633	\$ 21,007,633	\$ -
Intergovernmental payable - Municipalities	592,926	187,226,640	187,284,865	534,700
Total	<u>\$ 592,926</u>	<u>\$ 208,234,273</u>	<u>\$ 208,292,498</u>	<u>\$ 534,700</u>
Intergovernmental				
Assets:				
Cash and cash equivalents	\$ 128,595	\$ 1,775,189	\$ 1,748,078	\$ 155,706
Accounts receivable	8,879	10,512	8,879	10,512
Total	<u>\$ 137,474</u>	<u>\$ 1,785,701</u>	<u>\$ 1,756,957</u>	<u>\$ 166,218</u>
Liabilities:				
Accounts payable	\$ -	\$ 1,577,249	\$ 1,577,249	\$ -
Due to Schools - Fines & Forfeitures	128,683	1,640,724	1,615,510	153,897
Due to State of NC Register of Deeds Deed of Trust	-	23,945	21,340	2,605
Due to State of NC Department of Motor Vehicles	8,791	120,012	119,087	9,716
Total	<u>\$ 137,474</u>	<u>\$ 3,361,930</u>	<u>\$ 3,333,186</u>	<u>\$ 166,218</u>
Sheriff Civil Records				
Assets:				
Cash and cash equivalents	\$ -	\$ 348,601	\$ 344,116	\$ 4,485
Liabilities:				
Accounts payable	\$ -	\$ 366,310	\$ 366,310	\$ -
Due to courts	-	346,180	341,695	4,485
Total	<u>\$ -</u>	<u>\$ 712,490</u>	<u>\$ 708,005</u>	<u>\$ 4,485</u>
Jail Commissary				
Assets:				
Cash and cash equivalents	\$ 53,201	\$ 318,689	\$ 345,713	\$ 26,177
Liabilities:				
Due to jail inmates	53,201	318,689	345,713	26,177
Total	<u>\$ 53,201</u>	<u>\$ 318,689</u>	<u>\$ 345,713</u>	<u>\$ 26,177</u>
Total All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 950,752	\$ 166,318,369	\$ 166,458,131	\$ 810,990
Accounts receivable	11,038	12,723	11,038	12,723
Interest receivable	-	22	11	11
Total	<u>\$ 961,790</u>	<u>\$ 166,331,114</u>	<u>\$ 166,469,180</u>	<u>\$ 823,724</u>
Liabilities:				
Accounts payable	\$ -	\$ 23,494,897	\$ 23,492,797	\$ 2,100
Due to courts	-	346,180	341,695	4,485
Due to jail inmates	53,201	318,689	345,713	26,177
Due to municipalities	592,926	187,226,640	187,284,865	534,700
Due to program participants	178,189	949,933	1,038,078	90,044
Due to schools	128,683	1,640,724	1,615,510	153,897
Due to State of NC Register of Deeds Deed of Trust Fu	-	23,945	21,340	2,605
Due to State of NC Department of Motor Vehicles	8,791	120,012	119,087	9,716
Total	<u>\$ 961,790</u>	<u>\$ 214,121,020</u>	<u>\$ 214,259,085</u>	<u>\$ 823,724</u>

Cabarrus County, North Carolina
Combining Statement of Net Assets
Private Purpose Trust Funds
June 30, 2011

	<u>Kevin Pugh Fund</u>	<u>Foster Care Scholarship Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 2,435	\$ 2,435
Interest receivable	-	1	1
	<hr/>	<hr/>	<hr/>
Total assets	-	2,436	2,436
	<hr/>	<hr/>	<hr/>
<u>Net Assets</u>			
Assets held in trust for other purposes	-	2,436	2,436
	<hr/>	<hr/>	<hr/>
Total net assets	\$ -	\$ 2,436	\$ 2,436
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cabarrus County, North Carolina
Combining Statement of Changes in Net Assets
Private Purpose Trust Funds
For the Fiscal Year Ended June 30, 2011

	<u>Kevin Pugh Fund</u>	<u>Foster Care Scholarship Fund</u>	<u>Total</u>
Additions:			
Investment earnings	\$ 8	\$ 6	\$ 14
Total additions	<u>8</u>	<u>6</u>	<u>14</u>
Deductions:			
Awards and distributions	<u>17,471</u>	<u>-</u>	<u>17,471</u>
Total deductions	<u>17,471</u>	<u>-</u>	<u>17,471</u>
Change in net assets	(17,463)	6	(17,457)
Net assets, July 1	<u>17,463</u>	<u>2,430</u>	<u>19,893</u>
Net assets, June 30	<u>\$ -</u>	<u>\$ 2,436</u>	<u>\$ 2,436</u>



Internal Service Funds

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

Workers Compensation Fund was established as a self-insurance fund to accumulate claim reserves and to pay claims and administrative fees from workman's compensation liability.

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

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Net Assets
June 30, 2011

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 350,000	\$ 4,093,772	\$ 4,443,772
Accounts receivable	-	3,839	3,839
Interest receivable	-	1,335	1,335
Prepaid expenses	-	31,688	31,688
	<hr/>	<hr/>	<hr/>
Total assets	350,000	4,130,634	4,480,634
	<hr/>	<hr/>	<hr/>
<u>Liabilities</u>			
Accounts payable	-	88,599	88,599
Amounts payable for future claims	-	1,305,556	1,305,556
	<hr/>	<hr/>	<hr/>
Total liabilities	-	1,394,155	1,394,155
	<hr/>	<hr/>	<hr/>
<u>Net assets</u>			
Unrestricted	350,000	2,736,479	3,086,479
	<hr/>	<hr/>	<hr/>
Total Net Assets	\$ 350,000	\$ 2,736,479	\$ 3,086,479
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets
For the Year Ended June 30, 2011

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Operating revenues:			
Insurance premiums	\$ -	\$ 7,601,985	\$ 7,601,985
Insurance refunds	-	121,347	121,347
Total operating revenues	<u>-</u>	<u>7,723,332</u>	<u>7,723,332</u>
Operating expenses:			
General and administrative	99,200	1,477,028	1,576,228
Claims	1,673,943	6,626,935	8,300,878
Total operating expenses	<u>1,773,143</u>	<u>8,103,963</u>	<u>9,877,106</u>
Operating income (loss)	<u>(1,773,143)</u>	<u>(380,631)</u>	<u>(2,153,774)</u>
Nonoperating revenues:			
Early retiree reinsurance program grant (ERRP)	-	87,149	87,149
Investment earnings	2,836	9,797	12,633
Total nonoperating revenues	<u>2,836</u>	<u>96,946</u>	<u>99,782</u>
Income (loss) before transfers	(1,770,307)	(283,685)	(2,053,992)
Transfers:			
Transfers in - General Fund	920,000	-	920,000
Total transfers	<u>920,000</u>	<u>-</u>	<u>920,000</u>
Change in net assets	(850,307)	(283,685)	(1,133,992)
Net assets, July 1	1,200,307	3,020,164	4,220,471
Net assets, June 30	<u>\$ 350,000</u>	<u>\$ 2,736,479</u>	<u>\$ 3,086,479</u>

Cabarrus County, North Carolina
Workers Compensation Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Insurance premiums	\$ -	\$ -	\$ -
Nonoperating revenues:			
Investment earnings	2,836	2,836	-
Total revenues	<u>2,836</u>	<u>2,836</u>	<u>-</u>
Expenditures:			
General and administrative	99,200	99,200	-
Claims	1,673,943	1,673,943	-
Total expenditures	<u>1,773,143</u>	<u>1,773,143</u>	<u>-</u>
Revenues over (under) expenditures	<u>(1,770,307)</u>	<u>(1,770,307)</u>	<u>-</u>
Transfers:			
Transfers in - General Fund	570,000	920,000	350,000
Revenues and transfers over (under) expenditures	(1,200,307)	(850,307)	350,000
Fund Balance Appropriated	<u>1,200,307</u>	<u>-</u>	<u>(1,200,307)</u>
Revenues over (under) expenditures	<u>\$ -</u>	(850,307)	<u>\$ (850,307)</u>
Change in net assets		<u>\$ (850,307)</u>	

Cabarrus County, North Carolina
Self Insured Hospitalization Internal Service Fund
Schedule of Revenues and Expenditures - Financial Plan & Actual (Non-GAAP)
For the Year Ended June 30, 2011

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Insurance premiums	\$ 7,055,600	\$ 7,601,985	\$ 546,385
Insurance refunds	121,156	121,347	191
Total operating revenues	<u>7,176,756</u>	<u>7,723,332</u>	<u>546,576</u>
Nonoperating revenues:			
Early retiree reinsurance program grant (ERRP)	-	87,149	87,149
Investment earnings	16,105	9,797	(6,308)
Total nonoperating revenues	<u>16,105</u>	<u>96,946</u>	<u>80,841</u>
Total revenues	<u>7,192,861</u>	<u>7,820,278</u>	<u>627,417</u>
Expenditures:			
General and administrative	1,663,300	1,477,028	186,272
Claims	6,400,000	6,626,935	(226,935)
Total expenditures	<u>8,063,300</u>	<u>8,103,963</u>	<u>(40,663)</u>
Revenues over (under) expenditures	<u>(870,439)</u>	<u>(283,685)</u>	<u>586,754</u>
Fund Balance Appropriated	<u>870,439</u>	<u>-</u>	<u>(870,439)</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>(283,685)</u>	<u>\$ (283,685)</u>
Change in net assets		<u>\$ (283,685)</u>	

Cabarrus County, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2011

	Worker's Compensation Fund	Self-Insured Hospitalization Fund	Total
Cash flows from operating activities:			
Cash received from departments	\$ -	\$ 7,694,508	\$ 7,694,508
Cash paid to suppliers for goods and services	(2,574,609)	(7,964,311)	(10,538,920)
Net cash provided (used) by operating activities	(2,574,609)	(269,803)	(2,844,412)
Cash flows from non-capital related financing activities:			
Other nonoperating revenues	-	87,149	87,149
Transfers from other funds	920,000	-	920,000
Net cash provided (used) by non-capital financing activities	920,000	87,149	1,007,149
Cash flows from investing activities:			
Interest received on investments	3,971	11,156	15,127
Net cash provided (used) by investing activities	3,971	11,156	15,127
Net increase (decrease) in cash and cash equivalents	(1,650,638)	(171,498)	(1,822,136)
Cash and cash equivalents - July 1	2,000,638	4,265,270	6,265,908
Cash and cash equivalents - June 30	<u>\$ 350,000</u>	<u>\$ 4,093,772</u>	<u>\$ 4,443,772</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	\$ (1,773,143)	\$ (380,631)	\$ (2,153,774)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Changes in assets and liabilities:			
(Increase) in accounts receivable and prepaid expenses	-	(28,824)	(28,824)
Increase in accounts payable and accrued liabilities	(801,466)	139,652	(661,814)
Total adjustments	(801,466)	110,828	(690,638)
Net cash provided (used) by operating activities	<u>\$ (2,574,609)</u>	<u>\$ (269,803)</u>	<u>\$ (2,844,412)</u>



Other Schedules

Tax Receivable and Tax Levy schedules report the balance of the past ten years of tax levies and provides detailed information concerning the current tax assessment and levy.

General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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

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

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

Cabarrus County, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2011

<u>Fiscal Year Ended June 30</u>	<u>Uncollected Balance June 30, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2011	\$ -	\$ 134,498,536	\$ 130,734,404	\$ 3,764,132
2010	3,447,262	-	2,296,722	1,150,540
2009	788,377	-	302,640	485,737
2008	288,818	-	32,844	255,974
2007	248,681	-	136,134	112,547
2006	123,384	-	16,624	106,760
2005	82,331	-	7,317	75,014
2004	91,985	-	4,271	87,714
2003	166,866	-	3,064	163,802
2002	67,049	-	1,924	65,125
2001	51,751	-	51,751	-
	<u>\$ 5,356,504</u>	<u>\$ 134,498,536</u>	<u>\$ 133,587,695</u>	<u>\$ 6,267,345</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>(2,341,086)</u>
Ad valorem taxes receivable - net:				
General Fund				<u>\$ 3,926,259</u>
<u>Reconciliation with revenues:</u>				
Ad valorem taxes - General Fund				\$ 132,939,278
Penalties collected on ad valorem taxes - Agency Fund				186,059
Reconciling items:				
Taxes written off				170,805
Abatements				224,095
Collections of taxes over 10 years old				(5,163)
Deferred Taxes				72,621
Total reconciling items				<u>462,358</u>
Total collections and credits				<u>\$ 133,587,695</u>

Cabarrus County, North Carolina
Analysis of Current Tax Levy
For the Year Ended June 30, 2011

	County-Wide			Total Levy	
	Property	Rate	Total	Property	Registered
	Valuation		Levy	excluding	Motor
				Registered	Motor
				Vehicles	Vehicles
Original levy					
Property taxed at current year's rate	\$ 20,781,125,085	0.63	\$130,920,313	\$125,530,846	\$5,389,467
Motor vehicles taxed at prior year's rate	510,279,974	0.63	3,214,266	-	3,214,266
Penalties	-		128,599	128,599	-
Total	21,291,405,059		134,263,178	125,659,445	8,603,733
Discoveries					
Current year taxes					
Current year's rate	30,354,016	0.63	191,249	158,114	33,135
Prior year's rate	6,749,342		42,359	-	42,359
Prior year taxes	-		436,242	436,242	-
Penalties	-		100,861	100,861	-
Total	37,103,358		770,711	695,217	75,494
Abatements					
Current year's rate	(69,689,746)		(439,197)	(364,517)	(74,680)
Prior year's rate	(13,079,921)		(82,404)	-	(82,404)
Penalties	-		(13,752)	(13,752)	-
Total	(82,769,667)		(535,353)	(378,269)	(157,084)
Total property valuation	\$ 21,245,738,750				
Net levy			134,498,536	125,976,393	8,522,143
Uncollected taxes at June 30, 2011 (Schedule 29)			3,764,132	2,882,184	881,948
Current year's taxes collected (Schedule 29)			\$ 130,734,404	\$ 123,094,209	\$ 7,640,195
Current year collection percentage			97.20%	97.71%	89.65%

**Cabarrus County, North Carolina
Analysis of Current Tax Levy
County-Wide Levy
For the Year Ended June 30, 2011**

Secondary Market Disclosures:

Assessed Valuation:	
Assessment Ratio ¹	100%
Real Property	\$ 18,223,093,062
Personal Property	2,751,158,382
Public Service Companies ²	<u>271,487,306</u>
 Total Assessed Valuation	 <u><u>\$ 21,245,738,750</u></u>
 Tax Rate per \$100	 0.63
Levy ³	\$ 134,498,536

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, 2011:

Fire Protection Districts ⁴	\$ 2,385,711
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¹ Percentage of appraised value has been established by statute

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

³ The levy includes penalties

⁴ Excludes motor vehicle taxes

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes - Current	\$ 127,925,566	\$ 130,481,015	\$ 2,555,449
Taxes - Delinquent	1,470,000	2,458,263	988,263
Interest	550,000	626,175	76,175
Total	<u>129,945,566</u>	<u>133,565,453</u>	<u>3,619,887</u>
Local Option Sales Taxes:			
Sales tax - one cent	12,726,470	11,902,512	(823,958)
Sales tax - half cent (40)	5,873,894	6,454,101	580,207
Sales tax - half cent (42)	7,763,565	7,249,883	(513,682)
Sales tax - half cent (44)	-	(286,856)	(286,856)
Sales tax fire districts	510,412	489,055	(21,357)
Total	<u>26,874,341</u>	<u>25,808,695</u>	<u>(1,065,646)</u>
Other Taxes:			
Franchise fees	550,000	529,273	(20,727)
Gross receipts tax	100,000	113,064	13,064
Heavy equipment tax	13,000	-	(13,000)
Total	<u>663,000</u>	<u>642,337</u>	<u>(20,663)</u>
Intergovernmental Revenues:			
Federal and state grants	21,138,155	19,072,181	(2,065,974)
Court facilities fees	435,000	381,707	(53,293)
ABC profit distribution	69,581	188,594	119,013
Other intergovernmental	22,000	485,472	463,472
Total	<u>21,664,736</u>	<u>20,127,954</u>	<u>(1,536,782)</u>
Permits and Fees:			
Inspection fees	1,075,000	1,286,648	211,648
Register of deeds	1,257,880	1,349,673	91,793
Other permits	81,625	143,493	61,868
Total	<u>2,414,505</u>	<u>2,779,814</u>	<u>365,309</u>
Sales and Services:			
Rental fees	79,000	44,442	(34,558)
Ambulance fees	3,674,158	4,277,816	603,658
Jail fees	208,000	326,979	118,979
Library fees	118,500	82,155	(36,345)
Recreation fees	271,750	302,676	30,926
Social services	3,207,465	2,480,218	(727,247)
Tax collection fees	450,000	480,375	30,375
Other sales and services	1,669,548	2,315,454	645,906
Total	<u>9,678,421</u>	<u>10,310,115</u>	<u>631,694</u>
Investment Earnings:			
Interest on investments	180,000	186,819	6,819
Total	<u>180,000</u>	<u>186,819</u>	<u>6,819</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous:			
Private contributions and donations	270,964	462,203	191,239
Sale of materials and capital assets	50,000	34,492	(15,508)
Other	1,500	4,524	3,024
Total	<u>322,464</u>	<u>501,219</u>	<u>178,755</u>
Total revenues	<u>191,743,033</u>	<u>193,922,406</u>	<u>2,179,373</u>
Expenditures:			
General Government			
Board of Commissioners			
Personal services	215,213	214,919	294
Operations	77,766	67,988	9,778
Total	<u>292,979</u>	<u>282,907</u>	<u>10,072</u>
Legal Department			
Personal services	310,716	302,353	8,363
Operations	560,699	551,928	8,771
Total	<u>871,415</u>	<u>854,281</u>	<u>17,134</u>
County Manager			
Personal services	620,410	552,999	67,411
Operations	64,504	43,546	20,958
Total	<u>684,914</u>	<u>596,545</u>	<u>88,369</u>
Communications & Outreach			
Personal services	253,273	249,552	3,721
Operations	79,998	61,300	18,698
Total	<u>333,271</u>	<u>310,852</u>	<u>22,419</u>
Risk Management			
Personal services	158,360	157,375	985
Operations	51,257	41,386	9,871
Total	<u>209,617</u>	<u>198,761</u>	<u>10,856</u>
Human Resources			
Personal services	386,865	386,983	(118)
Operations	125,571	96,484	29,087
Total	<u>512,436</u>	<u>483,467</u>	<u>28,969</u>
Tax Collector			
Personal services	538,803	534,733	4,070
Operations	396,568	381,101	15,467
Total	<u>935,371</u>	<u>915,834</u>	<u>19,537</u>
Tax Administration			
Personal services	1,932,528	1,897,207	35,321
Operations	363,496	189,244	174,252
Total	<u>2,296,024</u>	<u>2,086,451</u>	<u>209,573</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Board of Elections			
Personal services	516,905	446,901	70,004
Operations	210,149	161,876	48,273
Capital Outlay	80,125	80,125	-
Total	<u>807,179</u>	<u>688,902</u>	<u>118,277</u>
Register of Deeds			
Personal services	388,157	387,401	756
Operations	120,668	115,693	4,975
Total	<u>508,825</u>	<u>503,094</u>	<u>5,731</u>
Finance			
Personal services	755,612	756,335	(723)
Operations	115,654	111,297	4,357
Total	<u>871,266</u>	<u>867,632</u>	<u>3,634</u>
Information Technology Services			
Personal services	1,683,083	1,682,645	438
Operations	1,713,810	1,650,173	63,637
Capital outlay	43,900	26,413	17,487
Total	<u>3,440,793</u>	<u>3,359,231</u>	<u>81,562</u>
Capital Improvement Projects			
Operations	343,431	325,294	18,137
Capital outlay	1,695,045	1,221,665	473,380
Total	<u>2,038,476</u>	<u>1,546,959</u>	<u>491,517</u>
Grounds Maintenance			
Personal services	406,742	406,163	579
Operations	803,075	626,150	176,925
Capital outlay	14,367	13,967	400
Total	<u>1,224,184</u>	<u>1,046,280</u>	<u>177,904</u>
General Services Administration			
Personal services	328,489	327,879	610
Operations	1,196,840	1,141,837	55,003
Total	<u>1,525,329</u>	<u>1,469,716</u>	<u>55,613</u>
Street Sign Maintenance			
Personal services	109,552	99,703	9,849
Operations	56,183	51,982	4,201
Total	<u>165,735</u>	<u>151,685</u>	<u>14,050</u>
Building Maintenance			
Personal services	707,743	697,556	10,187
Operations	2,334,213	1,832,465	501,748
Capital outlay	6,065	6,065	-
Total	<u>3,048,021</u>	<u>2,536,086</u>	<u>511,935</u>
Facility Services			
Personal services	958,369	953,386	4,983
Operations	229,245	167,198	62,047
Total	<u>1,187,614</u>	<u>1,120,584</u>	<u>67,030</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Fleet Maintenance			
Personal services	324,796	322,721	2,075
Operations	38,434	2,197	36,237
Capital outlay	239,050	238,544	506
Total	<u>602,280</u>	<u>563,462</u>	<u>38,818</u>
Other General Government			
Salary Adjustments	-	-	-
Other benefits	665,304	656,130	9,174
Insurance settlements	50,000	-	50,000
Unemployment compensation	35,202	35,201	1
Contingency	419,428	-	419,428
Contribution to Pension Trust Fund	412,065	412,065	-
APFO reimbursement	31,229	4,032	27,197
Total	<u>1,613,228</u>	<u>1,107,428</u>	<u>505,800</u>
Total General Government	<u>23,168,957</u>	<u>20,690,157</u>	<u>2,478,800</u>
Public Safety			
County Sheriff			
Personal services	8,725,889	8,677,585	48,304
Operations	1,583,167	1,378,368	204,799
Capital outlay	321,892	258,665	63,227
Total	<u>10,630,948</u>	<u>10,314,618</u>	<u>316,330</u>
Jail			
Personal services	5,264,227	5,178,968	85,259
Operations	2,766,217	2,525,235	240,982
Total	<u>8,030,444</u>	<u>7,704,203</u>	<u>326,241</u>
Animal Control			
Personal services	611,965	610,335	1,630
Operations	131,553	121,531	10,022
Capital Outlay	13,100	13,025	75
Total	<u>756,618</u>	<u>744,891</u>	<u>11,727</u>
Courts			
Personal services	39,011	24,752	14,259
Operations	616,930	479,316	137,614
Total	<u>655,941</u>	<u>504,068</u>	<u>151,873</u>
Construction Standards			
Personal services	1,141,122	1,091,230	49,892
Operations	191,781	152,710	39,071
Total	<u>1,332,903</u>	<u>1,243,940</u>	<u>88,963</u>
Emergency Management			
Personal services	352,345	352,507	(162)
Operations	572,862	507,560	65,302
Capital Outlay	190,000	-	-
Total	<u>1,115,207</u>	<u>860,067</u>	<u>255,140</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Emergency Medical Services			
Personal services	4,956,100	4,899,740	56,360
Operations	879,211	854,205	25,006
Capital outlay	265,500	265,170	330
First Responder	7,050	6,961	89
Cabarrus Rescue	40,000	40,000	-
Total	<u>6,147,861</u>	<u>6,066,076</u>	<u>81,785</u>
Other Public Safety			
Teen Court Resolve Program	54,765	54,765	-
Criminal Justice Partnership	139,689	139,689	-
Medical Examiner	76,000	58,800	17,200
Forester	68,373	61,959	6,414
DJJDP Gang Assessment	18,050	19,946	(1,896)
DDJDP Gang Prevention	183,720	242,144	(58,424)
Monarch	84,160	77,910	6,250
Project Challenge	56,014	56,014	-
Fire District	510,412	489,056	21,356
Total	<u>1,191,183</u>	<u>1,200,283</u>	<u>(9,100)</u>
Total Public Safety	<u>29,861,105</u>	<u>28,638,146</u>	<u>1,222,959</u>
Economic and Physical Develop			
Commerce			
Personal services	413,074	411,084	1,990
Operations	124,878	30,159	94,719
Total	<u>537,952</u>	<u>441,243</u>	<u>96,709</u>
Community Development			
Personal services	254,257	254,892	(635)
Operations	779,774	644,198	135,576
Capital outlay	651	-	651
Total	<u>1,034,682</u>	<u>899,090</u>	<u>135,592</u>
Zoning Administration			
Personal services	195,575	195,590	(15)
Operations	18,222	13,851	4,371
Total	<u>213,797</u>	<u>209,441</u>	<u>4,356</u>
Economic Development Incentive			
Cabarrus Plastics	42,431	42,431	-
Connexions	7,376	7,376	-
ST Motorsports	35,000	-	35,000
Double O	12,272	12,272	-
Golden Gait	13,137	13,137	-
Motor Racing Network	10,243	10,243	-
ACN	68,468	68,468	-
Flyright	14,489	14,489	-
PreGel	162,307	162,307	-
Wind Shear	196,699	196,699	-
Great Wolf Lodge	526,000	-	526,000
Saddle Creek	60,000	-	60,000
Celgard LL	350,000	350,000	-
Oiles America	16,557	16,557	-

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
JHE production group	11,738	11,738	-
HAAS incentive grant	44,506	44,506	-
Sabco Racing	83,000	-	83,000
Total	<u>1,654,223</u>	<u>950,223</u>	<u>704,000</u>
Other Economic and Physical Development			
JHE Production Group (Nextel Cup Race)	10,000	10,000	-
Economic Development Corp	262,000	262,000	-
Total	<u>272,000</u>	<u>272,000</u>	<u>-</u>
Total Economic and Physical	<u>3,712,654</u>	<u>2,771,997</u>	<u>940,657</u>
Environmental Protection			
Soil & Water Conservation			
Personal services	187,117	182,966	4,151
Operations	46,741	32,140	14,601
Total	<u>233,858</u>	<u>215,106</u>	<u>18,752</u>
Total Environmental Protection	<u>233,858</u>	<u>215,106</u>	<u>18,752</u>
Human Services			
Veterans Services			
Personal services	212,579	208,443	4,136
Operations	14,869	10,997	3,872
Total	<u>227,448</u>	<u>219,440</u>	<u>8,008</u>
Transportation			
Personal services	1,162,749	1,150,340	12,409
Operations	1,285,657	1,184,148	101,509
Capital outlay	371,586	171,812	199,774
Total	<u>2,819,992</u>	<u>2,506,300</u>	<u>313,692</u>
Cooperative Extension			
Personal services	327,878	297,809	30,069
Operations	66,227	52,857	13,370
Total	<u>394,105</u>	<u>350,666</u>	<u>43,439</u>
4 H Summer Fling			
Personal services	1,000	-	1,000
Operations	8,500	1,193	7,307
Total	<u>9,500</u>	<u>1,193</u>	<u>8,307</u>
DSS - Administration Operations			
Personal services	988,212	930,697	57,515
Operations	1,197,592	1,057,683	139,909
Total	<u>2,185,804</u>	<u>1,988,380</u>	<u>197,424</u>
DSS - Public Assistance			
Special assistance to adults	1,260,169	1,229,554	30,615
Medicaid assistance	-	(644)	644
Aid to the blind	25,978	6,643	19,335
Veterinarian services	44,000	36,090	7,910
Total	<u>1,330,147</u>	<u>1,271,643</u>	<u>58,504</u>
DSS - Child Welfare			
Personal services	4,789,564	4,572,454	217,110

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Operations	573,503	423,936	149,567
Total	<u>5,363,067</u>	<u>4,996,390</u>	<u>366,677</u>
DSS - Child Support Services			
Personal services	1,198,986	1,172,029	26,957
Operations	62,698	54,968	7,730
Total	<u>1,261,684</u>	<u>1,226,997</u>	<u>34,687</u>
DSS - Economic Services			
Personal services	4,941,078	4,606,973	334,105
Operations	128,443	110,136	18,307
Total	<u>5,069,521</u>	<u>4,717,109</u>	<u>352,412</u>
DSS - CAP Program			
Personal services	1,737,712	1,710,465	27,247
Operations	270,595	202,422	68,173
Total	<u>2,008,307</u>	<u>1,912,887</u>	<u>95,420</u>
DSS - Adult and Family Services			
Personal services	2,548,256	2,497,818	50,438
Operations	168,679	84,888	83,791
Total	<u>2,716,935</u>	<u>2,582,706</u>	<u>134,229</u>
DSS - Emergency Assistance			
General assistance	111,143	70,851	40,292
AFDC emergency assistance	410,000	221,635	188,365
TANF domestic violence	31,679	28,739	2,940
Crisis Intervention Program	692,822	471,855	220,967
Total	<u>1,245,644</u>	<u>793,080</u>	<u>452,564</u>
DSS - Foster care			
Special needs kids	92,512	11,747	80,765
AFDC child state foster care	1,323,200	700,609	622,591
Adoption assistance	890,560	482,562	407,998
IV-E waiver	40,000	38,090	1,910
Total	<u>2,346,272</u>	<u>1,233,008</u>	<u>1,113,264</u>
DSS - Child Day care			
Operations (Daycare - children)	6,242,003	5,170,751	1,071,252
Total	<u>6,242,003</u>	<u>5,170,751</u>	<u>1,071,252</u>
DSS - Adult Day care			
Operations (Daycare - adults)	77,014	76,721	293
Total	<u>77,014</u>	<u>76,721</u>	<u>293</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Aging - Nutrition Title III			
Personal services	153,317	150,613	2,704
Operations	354,108	292,639	61,469
Total	<u>507,425</u>	<u>443,252</u>	<u>64,173</u>
Aging - Senior Services			
Personal services	1,180,998	1,168,750	12,248
Operations	439,330	257,950	181,380
Total	<u>1,620,328</u>	<u>1,426,700</u>	<u>193,628</u>
Aging - In Home Aide Services			
Personal services	60,144	23,031	37,113
Operations	130,410	120,079	10,331
Total	<u>190,554</u>	<u>143,110</u>	<u>47,444</u>
Other Human Services			
Operations	48,000	47,838	162
Public Health Authority	4,148,969	4,148,969	-
Mental Health Center	614,021	614,021	-
DJJDP psychological serv PBHC	-	12,772	(12,772)
Cabarrus Community Care Clinic	50,000	50,000	-
Total	<u>4,860,990</u>	<u>4,873,600</u>	<u>(12,610)</u>
Total Human Services	<u>40,476,740</u>	<u>35,933,933</u>	<u>4,542,807</u>
Education			
Schools - Current Expense			
Cabarrus County Schools	46,005,622	46,005,622	-
Kannapolis City Schools	6,441,708	6,441,708	-
Rowan Cabarrus Community College	1,852,210	1,852,210	-
Total	<u>54,299,540</u>	<u>54,299,540</u>	<u>-</u>
Schools - Capital Outlay			
Cabarrus County Schools	1,020,000	1,020,000	-
Kannapolis City Schools	50,000	50,000	-
Rowan Cabarrus Community College	189,305	184,522	4,783
Total	<u>1,259,305</u>	<u>1,254,522</u>	<u>4,783</u>
Total Education	<u>55,558,845</u>	<u>55,554,062</u>	<u>4,783</u>
Culture & Recreation			
Park Operations			
Personal services	817,331	765,254	52,077
Operations	332,287	281,139	51,148
Capital outlay	151,866	110,839	41,027
Total	<u>1,301,484</u>	<u>1,157,232</u>	<u>144,252</u>
Kannapolis Library			
Personal services	406,513	380,562	25,951
Operations	117,702	100,764	16,938
Total	<u>524,215</u>	<u>481,326</u>	<u>42,889</u>
Mt Pleasant Library			
Personal services	129,569	128,756	813
Operations	47,156	28,981	18,175
Total	<u>176,725</u>	<u>157,737</u>	<u>18,988</u>

Cabarrus County, North Carolina
General Fund
Schedule of Revenues, Expenditures and
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For the year ended June 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Harrisburg Library			
Personal services	220,144	216,286	3,858
Operations	86,743	77,274	9,469
Total	<u>306,887</u>	<u>293,560</u>	<u>13,327</u>
Concord Library			
Personal services	1,101,626	1,098,007	3,619
Operations	345,056	284,819	60,237
Total	<u>1,446,682</u>	<u>1,382,826</u>	<u>63,856</u>
Other Culture and Recreation			
Special Olympics	55,000	55,000	-
Cabarrus Arts Council	26,000	26,000	-
Total	<u>81,000</u>	<u>81,000</u>	<u>-</u>
Total Culture & Recreation	<u>3,836,993</u>	<u>3,553,681</u>	<u>283,312</u>
Debt Service			
Principle:			
Bonds			
Public schools	6,611,696	6,611,696	-
Community college	110,765	110,765	-
County- water and sewer	182,540	182,539	1
Certificates of Participation			
Public schools	8,445,850	8,445,850	-
County buildings	5,784,150	5,784,150	-
Installment Financing			
Community college	622,572	622,571	1
County buildings	1,000,000	1,000,000	-
Lease Financing			
Equipment	116,363	116,363	-
Land	63,361	63,361	-
Total	<u>22,937,297</u>	<u>22,937,295</u>	<u>2</u>
Interest and Fees:			
Bonds	4,976,761	4,976,759	2
Certificates of Participation	13,608,822	13,608,520	302
Installment Financing	509,973	509,972	1
Lease Financing	132,750	132,748	2
Bank service charges	486,492	481,230	5,262
Total	<u>19,714,798</u>	<u>19,709,229</u>	<u>5,569</u>
Total Debt Service	<u>42,652,095</u>	<u>42,646,524</u>	<u>5,571</u>
Total expenditures	<u>199,501,247</u>	<u>190,003,606</u>	<u>9,497,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,758,214)</u>	<u>3,918,800</u>	<u>11,677,014</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, 2011

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Other financing sources (uses)			
Transfers in:			
From Special Revenue ADFP	70,354	-	(70,354)
From Emergency Telephone Fund	74,502	74,502	-
From Capital Reserve Fund	1,290,000	1,290,000	-
From Cert of Participation 2009 Fund	3,967,668	3,967,669	1
From Justice Ctr. Construction Fund	-	73	73
From School Construction Fund	-	34	34
From Cannon Memorial Lib Trust	753,910	753,910	-
Total	<u>6,156,434</u>	<u>6,086,188</u>	<u>(70,246)</u>
Transfers (out):			
To Community Dev Grant Fund	(40,000)	(40,000)	-
To Small Projects Fund	(348,407)	(348,407)	-
To Cabarrus Arena & Events Fund	(620,548)	(600,000)	20,548
To Internal Service Fund	(920,000)	(920,000)	-
Total	<u>(1,928,955)</u>	<u>(1,908,407)</u>	<u>20,548</u>
Total net transfers	4,227,479	4,177,781	(49,698)
Proceeds from Refunding COPS	18,920,000	18,920,000	-
Premium from Refunding COPS	2,243,703	2,243,703	-
Disbursements for Refunding COPS	(20,902,811)	(20,902,811)	-
Total	<u>260,892</u>	<u>260,892</u>	<u>-</u>
Fund balance appropriated	<u>3,269,843</u>	<u>-</u>	<u>(3,269,843)</u>
Total other financing sources (uses)	<u>7,758,214</u>	<u>4,438,673</u>	<u>(3,319,541)</u>
Net change in fund balance	<u>\$ -</u>	<u>8,357,473</u>	<u>\$ 8,357,473</u>
Fund balance, July 1		<u>65,655,938</u>	
Fund balance, June 30		<u>\$ 74,013,411</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, 2011

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
Revenues:				
Investment earnings	\$ 111,323	\$ 125,654	\$ 36,223	\$ 161,877
Total revenues	111,323	125,654	36,223	161,877
Expenditures:				
Cost of Debt Issuance	706,325	576,148	-	576,148
Capital outlay - education				
AT Allen Elementary	13,870,427	11,200,128	2,468,067	13,668,195
Hickory Ridge Middle	22,683,528	16,279,420	4,949,303	21,228,723
Patriots Elementary	12,675,219	10,200,052	2,263,406	12,463,458
Harold E. Winkler Middle	25,589,855	14,815,244	6,330,616	21,145,860
A L Brown High Addition/Renovation	10,449,532	2,791,345	5,290,835	8,082,180
Total Capital outlay	85,268,561	55,286,189	21,302,227	76,588,416
Total expenditures	85,974,886	55,862,337	21,302,227	77,164,564
Excess (deficiency) of revenues over (under) expenditures	(85,863,563)	(55,736,683)	(21,266,004)	(77,002,687)
Other financing sources (uses):				
Issuance of debt - Certificates of Participation	85,170,000	85,170,000	-	85,170,000
Premium on issuance of Certificates of Participation	2,292,584	2,292,584	-	2,292,584
Transfer in - Capital Projects Fund	5,639,943	5,639,943	-	5,639,943
Transfer in - Special Revenue Fund	5,115,855	5,115,855	-	5,115,855
Transfer in - Capital Reserve Fund	423,920	423,920	-	423,920
Transfer (out) - General Fund	(12,778,739)	(1,818,515)	(3,967,669)	(5,786,184)
Total other financing sources (uses)	85,863,563	96,823,787	(3,967,669)	92,856,118
Net change in fund balance	\$ -	\$ 41,087,104	(25,233,673)	\$ 15,853,431
Fund balance, July 1			41,087,104	
Fund balance, June 30			\$ 15,853,431	

Cabarrus County, North Carolina
Qualified School Construction Bond Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund
Balances - Budget and Actual
From Inception and for the Year Ended June 30, 2011

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ -	\$ 2,061	\$ 2,061
Total revenues	<u>-</u>	<u>-</u>	<u>2,061</u>	<u>2,061</u>
Expenditures:				
Capital outlay - education				
Concord Middle	200,000	-	-	-
Wincoff Elementary	125,000	-	-	-
Concord High	1,910,451	-	-	-
Central Cabarrus High	1,851,163	-	-	-
Northwest High	3,021,171	-	-	-
Mt. Pleasant Elementary	785,957	-	-	-
Northwest Middle	416,695	-	-	-
J M Robinson High	300,000	-	-	-
Hickory Ridge High	25,000	-	-	-
Mt. Pleasant Middle	716,018	-	-	-
Beverly Hills Elementary	432,556	-	-	-
Coltrane Webb Elementary	200,000	-	-	-
Mt. Pleasant High	83,000	-	-	-
JN Fries Middle	410,000	-	-	-
R Brown McAllister Elementary	50,000	-	-	-
Performance Learning Center	200,000	-	-	-
Various Cabarrus County Schools	375,846	-	-	-
Forest Park Elementary	125,000	-	-	-
Kannapolis Intermediate	2,700,000	-	-	-
Fred L. Wilson Elementary	115,000	-	-	-
A L Brown High	429,300	-	-	-
Jackson Park Elementary	75,000	-	-	-
Woodrow Wilson Elementary	90,000	-	-	-
Total expenditures	<u>14,637,157</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,637,157)</u>	<u>-</u>	<u>2,061</u>	<u>2,061</u>
Other financing sources (uses):				
Issuance of debt - Certificates of Participation	14,637,157	-	14,635,000	14,635,000
Premium on issuance of Certificates of Participation	-	-	2,157	2,157
Total other financing sources (uses)	<u>14,637,157</u>	<u>-</u>	<u>14,637,157</u>	<u>14,637,157</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	14,639,218	<u>\$ 14,639,218</u>
Fund balance, July 1			<u>-</u>	
Fund balance, June 30			<u>\$ 14,639,218</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, 2011

	2011		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>
Revenues:			
Operating revenues:			
Charges for sales and services:			
Tipping fees	\$ 1,085,000	\$ 807,125	\$ (277,875)
Recycling revenues	50,000	51,007	1,007
Total operating revenues	<u>1,135,000</u>	<u>858,132</u>	<u>(276,868)</u>
Nonoperating revenues:			
Gain on sale of capital assets	-	1,075	1,075
Landfill disposal tax	70,000	47,737	(22,263)
Landfill state tax distribution	32,000	38,217	6,217
Recycling grant	19,968	21,368	1,400
Solid waste franchise fee	25,000	-	(25,000)
Tire disposal fees	177,118	206,186	29,068
White goods disposal tax	45,000	51,768	6,768
Investment earnings	15,000	8,205	(6,795)
Total nonoperating revenues	<u>384,086</u>	<u>374,556</u>	<u>(9,530)</u>
Total revenues	<u>1,519,086</u>	<u>1,232,688</u>	<u>(286,398)</u>
Expenditures:			
Landfill Administration:			
Salaries and wages	382,847	339,123	43,724
FICA	22,882	20,249	2,633
Medicare	5,355	4,736	619
Group hospital insurance	63,117	63,117	-
Retirement	24,316	21,137	3,179
Deferred compensation- 401K	19,148	16,393	2,755
Insurance and bonds	6,703	5,746	957
Total salaries and benefits	<u>524,368</u>	<u>470,501</u>	<u>53,867</u>
Landfill Operations:			
General and administrative:			
Advertising	5,000	1,367	3,633
Bank service charges	2,500	2,023	477
Dues and subscriptions	1,350	1,047	303
Lights and power	7,000	6,729	271
Office supplies	4,500	2,586	1,914
Postage	800	156	644
Printing and binding	8,000	768	7,232
Other operating cost	1,000	-	1,000
Telephone	9,419	4,142	5,277
Travel	8,420	5,513	2,907
Uniforms	7,100	4,798	2,302
Total general and administrative	<u>55,089</u>	<u>29,129</u>	<u>25,960</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, 2011

	2011		Variance
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Other operating expenditures:			
Auto and truck maintenance	19,000	13,219	5,781
Building and ground maintenance	42,000	6,026	35,974
Engineers	65,000	47,094	17,906
Fuel	77,000	73,515	3,485
Heavy equipment maintenance	50,000	29,239	20,761
Landfill disposal tax remittance	70,000	47,737	22,263
Minor equipment maintenance	8,250	74	8,176
Minor office equipment	2,000	184	1,816
Permitting fees	7,830	7,830	-
Purchased service	65,000	50,268	14,732
Recycling program	21,275	19,399	1,876
Service contracts	6,620	2,747	3,873
Tire disposal	145,000	90,376	54,624
Tools and minor equipment	10,000	5,544	4,456
Waste disposal charges	3,500	2,289	1,211
White goods expense	1,874	-	1,874
Total other operating expenditures	<u>594,349</u>	<u>395,541</u>	<u>198,808</u>
Capital outlay:			
Other improvements	2,065,873	136,716	1,929,157
Equipment and furniture	170,319	170,246	73
Total capital outlay	<u>2,236,192</u>	<u>306,962</u>	<u>1,929,230</u>
Total expenditures	<u>3,409,998</u>	<u>1,202,133</u>	<u>2,207,865</u>
Revenues over (under) expenditures	(1,890,912)	30,555	(2,494,263)
Fund Balance Appropriated	<u>1,890,912</u>	<u>-</u>	<u>1,890,912</u>
Revenues over (under) expenditures and fund balance appropriated	<u>\$ -</u>	30,555	<u>\$ (603,351)</u>
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		306,962	
Capital Contribution		23,740	
Depreciation		(401,072)	
Decrease in accrued vacation pay		3,490	
Increase in other postemployment benefits		(19,756)	
Total reconciling items		<u>(86,636)</u>	
Change in net assets		<u>\$ (56,081)</u>	



Statistical Section

Statistical Section

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

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

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

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

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

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

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

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

Demographic and Economic Statistics	Table 12
Principal Employers	Table 13

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

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

Table 1

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 75,399,193	\$ 64,806,360	\$ 68,856,046	\$ 74,031,102	\$ 82,805,711	\$ 59,636,476	\$ 91,564,956	\$ 108,046,560	\$ 108,911,093	\$ 111,057,044
Restricted	1,464,722	4,028,057	18,378,252	52,946,050	16,737,437	52,443,535	73,845,715	59,101,722	57,497,847	46,892,224
Unrestricted	(75,338,680)	(70,410,717)	(105,277,167)	(146,958,567)	(123,873,155)	(154,540,784)	(209,510,459)	(215,569,630)	(245,337,483)	(237,704,769)
Total governmental activities net assets	\$ 1,525,235	\$ (1,576,300)	\$ (18,042,869)	\$ (19,981,415)	\$ (24,330,007)	\$ (42,460,773)	\$ (44,099,788)	\$ (48,421,348)	\$ (78,928,543)	\$ (79,755,501)
Business-type activities										
Invested in capital assets, net of related debt	\$ 995,835	\$ 1,270,593	\$ 1,190,916	\$ 1,209,699	\$ 1,655,812	\$ 3,502,753	\$ 3,856,424	\$ 4,174,313	\$ 4,048,802	\$ 3,978,432
Unrestricted	699,081	545,115	603,687	849,946	2,272,566	1,335,551	957,349	604,100	(286,743)	(272,454)
Total business-type activities net assets	\$ 1,694,916	\$ 1,815,708	\$ 1,794,603	\$ 2,059,645	\$ 3,928,378	\$ 4,838,304	\$ 4,813,773	\$ 4,778,413	\$ 3,762,059	\$ 3,705,978
Primary government										
Invested in capital assets, net of related debt	\$ 76,395,028	\$ 66,076,953	\$ 70,046,962	\$ 75,240,801	\$ 84,461,523	\$ 63,139,229	\$ 95,421,380	\$ 112,220,873	\$ 112,959,895	\$ 115,035,476
Restricted	1,464,722	4,028,057	18,378,252	52,946,050	16,737,437	65,446,629	73,845,715	59,101,722	57,497,847	46,892,224
Unrestricted	(74,639,599)	(69,865,602)	(104,673,480)	(146,108,621)	(121,600,589)	(166,208,327)	(208,553,110)	(214,965,530)	(245,624,226)	(237,977,223)
Total primary government net assets	\$ 3,220,151	\$ 239,408	\$ (16,248,266)	\$ (17,921,770)	\$ (20,401,629)	\$ (37,622,469)	\$ (39,286,015)	\$ (43,642,935)	\$ (75,166,484)	\$ (76,049,523)
Component Unit										
Invested in capital assets, net of related debt	\$ 199,658	\$ 161,734	\$ 949,138	\$ 872,124	\$ 947,632	\$ 844,904	\$ 991,163	\$ 980,806	\$ 1,561,575	\$ 725,114
Restricted	-	-	-	-	-	-	-	-	-	2,836,461
Unrestricted	2,637,530	4,655,140	3,786,122	4,300,572	4,624,630	5,083,418	4,726,508	4,267,097	6,469,292	4,428,335
Total component unit net assets	\$ 2,837,188	\$ 4,816,874	\$ 4,735,260	\$ 5,172,696	\$ 5,572,262	\$ 5,928,322	\$ 5,717,671	\$ 5,247,903	\$ 8,030,867	\$ 8,089,910

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
General government	\$ 11,977,990	\$ 12,762,198	\$ 12,564,092	\$ 12,976,891	\$ 13,906,538	\$ 15,788,662	\$ 18,415,916	\$ 19,804,610	\$ 20,931,001	\$ 21,750,176
Public safety	15,514,267	16,030,860	19,807,590	20,681,029	23,207,497	24,259,457	27,859,820	29,872,453	31,944,942	36,043,142
Economic and physical development	7,784,034	10,859,585	7,258,534	7,745,150	6,735,574	3,470,790	5,120,325	3,546,315	3,207,792	3,128,710
Environmental protection	205,811	204,931	219,513	192,211	222,730	239,353	273,920	251,712	541,463	619,639
Human Services	31,571,895	30,033,872	34,882,897	35,904,657	39,736,884	39,793,446	42,113,299	41,849,320	40,925,089	38,015,487
Education	61,257,808	40,328,224	61,013,168	57,069,508	78,415,888	102,678,474	80,456,701	96,464,947	118,863,929	77,221,156
Cultural and recreation	3,821,715	5,844,119	9,395,261	5,772,746	5,650,422	7,357,984	7,750,422	6,401,250	6,771,004	6,161,896
Interest on long term debt	9,177,011	6,873,760	8,104,861	7,611,271	9,511,646	13,076,276	13,267,793	15,302,702	19,753,394	19,633,769
Total governmental activities	141,310,531	122,837,549	153,245,616	147,953,463	177,389,494	206,666,542	195,258,196	213,493,309	242,938,624	202,573,985
Business-type activities:										
Solid Waste	1,086,844	1,181,335	981,479	783,288	1,279,280	1,223,462	1,746,268	1,733,185	2,333,383	1,312,509
Total primary government expenses	\$ 142,397,375	\$ 124,018,884	\$ 154,227,095	\$ 148,736,751	\$ 178,668,774	\$ 207,890,004	\$ 197,004,464	\$ 215,226,494	\$ 245,272,007	\$ 203,886,494
Program Revenues										
Governmental activities										
Charges for services:										
General government	\$ 3,191,525	\$ 3,122,674	\$ 3,281,449	\$ 3,660,427	\$ 4,597,003	\$ 4,442,084	\$ 4,253,175	\$ 2,764,580	\$ 2,450,708	\$ 2,253,561
Public safety	4,615,721	5,053,837	6,386,306	6,890,180	9,175,195	9,079,190	9,009,527	7,227,219	8,759,169	8,883,156
Economic and physical development	236,693	430,931	259,266	314,608	310,922	371,374	361,302	142,332	72,730	52,364
Environmental protection	-	-	84,002	146,500	221,000	139	1,668	647	593	928
Human Services	5,303,365	3,317,505	3,994,034	4,746,262	4,039,973	3,719,235	3,627,327	3,501,902	3,400,337	3,189,986
Education	63,500	-	159,425	189,341	502,358	1,522,931	2,854,128	793,590	754,640	477,517
Cultural and recreation	144,743	290,026	2,003,983	1,891,717	826,679	929,163	1,013,966	1,036,875	1,004,898	1,140,124
Operating grants and contributions:										
General government	215,032	518,096	271,344	322,081	315,347	773,179	559,742	337,714	274,343	1,286,545
Public safety	809,292	1,298,131	911,270	1,262,641	1,614,568	1,527,390	1,227,341	974,186	1,201,549	906,658
Economic and physical development	5,731,955	1,077,441	212,556	85,095	547,291	277,739	186,901	452,379	729,427	953,047
Environmental protection	25,551	162,688	26,766	554,584	27,395	45,969	64,835	38,813	31,090	32,085
Human Services	6,108,194	11,825,031	14,221,389	15,121,257	15,792,994	15,317,430	17,305,815	18,827,015	19,244,360	16,867,848
Education	321,056	881,391	240,000	240,000	336,000	185,289	259,232	128,465	425,927	533,322
Cultural and recreation	256,735	1,619,139	367,508	333,393	416,018	464,587	1,356,447	615,998	-	-
Capital grants and contributions:										
General government	-	-	134,073	121,038	133,458	-	-	-	-	-
Public safety	-	-	-	95,413	136,457	-	-	-	-	-
Human Services	-	-	-	-	-	-	298,051	663,564	268,010	285,158
Education	-	-	-	-	-	2,648,767	1,388,593	956,939	6,149,845	258,938
Total governmental activities program revenues	27,023,362	29,596,890	32,313,371	35,974,537	38,992,658	41,303,486	43,768,050	38,462,218	44,767,626	37,111,237
Business-type activities:										
Charges for Services - Solid Waste	910,241	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,187,527	858,132
Operating grants and contributions - Solid Waste	-	-	-	-	-	-	-	-	44,655	21,368
Capital grants and contributions - Solid Waste	-	-	-	-	-	-	-	-	-	23,740
Total business-type activities program revenues	910,241	1,150,748	811,043	890,124	2,868,132	1,516,013	1,474,242	1,565,441	1,232,182	903,240
Total primary government program revenues	\$ 27,933,603	\$ 30,747,638	\$ 33,124,414	\$ 36,864,661	\$ 41,860,790	\$ 42,819,499	\$ 45,242,292	\$ 40,027,659	\$ 45,999,808	\$ 38,014,477
Net (Expense)/Revenue										
Governmental activities	\$ (114,287,169)	\$ (93,240,659)	\$ (120,932,245)	\$ (111,978,926)	\$ (138,396,836)	\$ (165,363,056)	\$ (151,490,146)	\$ (175,031,091)	\$ (198,170,998)	\$ (165,462,748)
Business-type activities	(176,603)	(30,587)	(142,891)	107,236	1,588,852	292,551	(272,026)	(167,744)	(1,101,201)	(409,289)
Total primary government net (expense)/revenue	\$ (114,463,772)	\$ (93,271,246)	\$ (121,075,136)	\$ (111,871,690)	\$ (136,807,984)	\$ (165,070,505)	\$ (151,762,172)	\$ (175,198,835)	\$ (199,272,199)	\$ (165,872,017)

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 62,727,240	\$ 65,292,668	\$ 68,549,403	\$ 77,219,366	\$ 95,534,274	\$ 99,451,423	\$ 105,322,403	\$ 134,629,314	\$ 137,488,091	\$ 136,733,389
Local option sales tax	19,351,950	19,372,554	26,003,425	27,334,895	30,744,974	36,438,842	37,721,273	31,568,865	28,461,637	25,808,696
Motor Fuel tax										
ABC revenues	22,430	74,235	45,333	51,417	58,183	64,966	69,902	241,932	66,789	188,594
Other taxes and licenses	560,670	460,818	458,804	82,895	1,118,527	1,024,456	1,090,662	770,064	669,221	642,337
Occupancy tax		845,727	881,194	1,000,379	1,504,588	1,504,588	2,110,664			
Unrestricted investment earnings	2,367,695	1,444,301	1,229,112	1,952,130	4,381,530	6,481,368	6,672,098	2,657,376	813,592	1,019,648
Restricted investment earnings	864,061									
Donations	1,740,320	1,020,215	7,241,902	2,226,102	1,971,309	3,011,479	135,546	150,663	131,590	221,538
Insurance Proceeds	47,836	4,807	2,207	2,651	21,671		118,826			
State and local reimbursements	2,431,583									
Miscellaneous	677,472	82,985	54,296	170,545	124,294	133,226	33,755	691,317	32,893	21,588
Transfers	(250,101)									
Total governmental activities:	\$ 90,541,156	\$ 88,598,320	\$ 104,465,676	\$ 110,040,380	\$ 134,048,244	\$ 147,232,290	\$ 152,293,529	\$ 170,709,531	\$ 167,663,803	\$ 164,635,790
Business-type activities:										
Other taxes and licenses	51,231	50,561	51,720	55,792	45,086	62,122	31,096	34,405	55,074	343,908
Unrestricted investment earnings	159,794	93,218	69,476	102,014	234,795	271,539	212,399	74,925	10,630	8,205
Donations			590							
Miscellaneous	(3,438)	7,600				283,714	4,000	23,054	19,143	1,075
Total business-type activities	\$ 207,587	\$ 151,379	\$ 121,786	\$ 157,806	\$ 279,881	\$ 617,375	\$ 247,495	\$ 132,384	\$ 84,847	\$ 353,188
Total primary government	\$ 90,748,743	\$ 88,749,699	\$ 104,587,462	\$ 110,198,186	\$ 134,328,125	\$ 147,849,665	\$ 152,541,024	\$ 170,841,915	\$ 167,748,650	\$ 164,988,978
Change in Net Assets										
Governmental activities	\$ (23,746,013)	\$ (4,642,339)	\$ (16,466,569)	\$ (1,938,546)	\$ (4,348,592)	\$ (18,130,766)	\$ 803,383	\$ (4,321,560)	\$ (30,507,195)	\$ (826,958)
Business-type activities	30,984	120,792	(21,105)	285,042	1,868,733	909,926	(24,531)	(35,360)	(1,016,354)	(56,081)
Total primary government	\$ (23,715,029)	\$ (4,521,547)	\$ (16,487,674)	\$ (1,653,504)	\$ (2,479,859)	\$ (17,220,840)	\$ 778,852	\$ (4,356,920)	\$ (31,523,549)	\$ (883,039)
Component Unit Expenses										
Component Unit:										
Cabarrus Health Alliance	\$ 11,945,595	\$ 11,906,631	\$ 12,748,740	\$ 14,046,391	\$ 15,597,483	\$ 16,594,547	\$ 17,838,450	\$ 19,945,407	\$ 17,292,485	\$ 19,678,636
Program Revenues										
Component Unit:										
Charges for Services	\$ 5,933,581	\$ 6,965,875	\$ 5,968,698	\$ 7,989,146	\$ 8,922,023	\$ 9,704,379	\$ 9,562,940	\$ 10,182,604	\$ 8,552,866	\$ 6,887,656
Operating grants and contributions	5,857,345	6,773,673	6,536,489	6,383,107	6,913,912	7,056,193	7,886,241	9,285,721	8,217,449	4,147,720
Capital grants and contributions										8,530,342
Total component unit	\$ 11,790,926	\$ 13,739,548	\$ 12,505,187	\$ 14,372,253	\$ 15,835,935	\$ 16,760,572	\$ 17,449,181	\$ 19,468,325	\$ 16,770,315	\$ 19,565,718
Net (Expense)/Revenue										
Component Unit:										
Net (Expense)/Revenue	\$ (154,669)	\$ 1,832,917	\$ (243,553)	\$ 325,862	\$ 238,452	\$ 166,025	\$ (389,269)	\$ (477,082)	\$ (527,170)	\$ (112,918)
Total component unit	\$ (154,669)	\$ 1,832,917	\$ (243,553)	\$ 325,862	\$ 238,452	\$ 166,025	\$ (389,269)	\$ (477,082)	\$ (527,170)	\$ (112,918)
General Revenues and Other Changes in Net Assets										
Component Unit:										
General Revenues	\$ 547	\$ 33,497	\$ 28,771	\$ 59,796	\$ 119,917	\$ 154,179	\$ 127,386	\$ 42,147	\$ 7,630	\$ 4,479
Local option sales tax										
Unrestricted investment earnings	50,814	40,925	133,168	51,779	41,197	35,656	51,232	79,643	42,616	167,482
Miscellaneous	49,475	74,422	161,939	111,575	161,114	190,035	178,618	121,790	50,246	171,961
Total General Revenues	100,836	148,921	323,878	323,150	322,228	379,874	357,236	243,580	100,486	284,922
Special Item										
Total component unit activities	\$ 100,836	\$ 148,921	\$ 323,878	\$ 323,150	\$ 322,228	\$ 379,874	\$ 357,236	\$ 243,580	\$ 100,486	\$ 284,922
Change in Net Assets										
Component Unit:										
Changes in Net Assets	\$ (63,833)	\$ 1,907,339	\$ (81,614)	\$ 437,437	\$ 399,566	\$ 355,060	\$ (210,651)	\$ (355,292)	\$ 2,387,184	\$ 59,043
Total component unit	\$ (63,833)	\$ 1,907,339	\$ (81,614)	\$ 437,437	\$ 399,566	\$ 355,060	\$ (210,651)	\$ (355,292)	\$ 2,387,184	\$ 59,043

Table 3

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 9,768,645	\$13,529,358	\$ 8,332,006	\$ 8,634,927	\$ 9,017,755	\$ 10,505,737	\$ 10,988,446	\$ 9,862,420	\$ 10,877,813	\$ -
Unreserved	31,899,472	28,715,984	28,388,930	30,458,561	38,887,879	40,205,758	36,636,176	41,476,373	54,778,125	-
Nonspendable	-	-	-	-	-	-	-	-	-	67,302.00
Restricted	-	-	-	-	-	-	-	-	-	10,190,775
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	16,955,100
Unassigned	-	-	-	-	-	-	-	-	-	46,800,234
Total General Fund	\$ 41,668,117	\$42,245,342	\$36,720,936	\$ 39,093,488	\$ 47,905,634	\$ 50,711,495	\$ 47,624,622	\$ 51,338,793	\$ 65,655,938	\$ 74,013,411

All Other Governmental Funds

Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	10,333,109	13,740,007	28,635,927	61,792,055	25,305,788	65,446,629	73,845,715	13,983,470	57,497,847	-
Nonspendable	-	-	-	-	-	-	-	-	-	720,000
Restricted	-	-	-	-	-	-	-	-	-	36,701,449
Committed	-	-	-	-	-	-	-	-	-	14,383,632
Assigned	-	-	-	-	-	-	-	-	-	459,881
Unassigned	-	-	-	-	-	-	-	-	-	(5,440)
Total all other governmental funds	\$ 10,333,109	\$13,740,007	\$ 28,635,927	\$ 61,792,055	\$ 25,305,788	\$ 65,446,629	\$ 73,845,715	\$ 73,085,192	\$ 68,625,470	\$ 52,259,522

Table 4

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad valorem taxes	\$ 64,270,131	\$ 65,166,610	\$ 67,659,707	\$ 77,285,740	\$ 95,211,029	\$ 99,627,797	\$ 105,594,464	\$ 134,848,876	\$ 136,532,544	\$ 136,169,662
Other taxes and licenses	19,818,880	20,396,110	26,116,355	30,084,437	32,433,678	38,432,888	40,552,308	32,338,928	29,130,858	26,451,032
Intergovernmental	15,748,077	15,144,163	15,401,818	17,679,696	19,054,779	20,695,684	21,592,591	23,107,472	28,022,905	20,763,435
Permits and fees	3,819,815	5,767,348	6,757,143	7,377,224	8,688,379	9,851,011	10,643,086	5,975,694	5,267,543	4,753,093
Sales and services	9,797,563	8,231,613	8,993,922	10,014,895	10,353,563	9,595,669	10,165,675	9,680,365	10,600,602	10,310,115
Investment earnings	3,153,789	2,026,545	1,080,669	1,750,899	4,062,175	6,131,009	6,330,248	2,356,043	429,465	261,016
Donations	41,500	1,020,215	3,625,914	2,192,353	1,224,022	744,972	643,402	286,433	108,709	186,638
Miscellaneous	944,963	660,822	865,910	951,030	503,786	932,086	537,043	1,949,592	462,114	514,504
Total Revenues	117,594,718	118,413,426	130,501,438	147,336,274	171,531,411	186,031,116	196,058,817	210,543,403	210,554,740	199,409,495
Expenditures										
General Government	11,215,166	11,999,137	11,719,519	12,362,680	13,258,206	15,075,679	16,845,197	18,450,904	19,084,912	19,342,247
Public Safety	14,526,709	14,891,070	18,647,725	20,233,673	22,481,393	23,503,592	25,580,475	28,583,439	29,201,271	31,114,290
Economic & Phy Dev	7,756,434	10,647,501	7,255,578	7,758,270	6,746,563	3,451,435	5,024,745	3,427,600	3,166,913	3,071,760
Environmental Prot.	181,077	186,441	191,748	194,450	200,993	203,049	200,561	217,384	472,943	519,010
Human Services	31,425,751	30,009,274	34,655,431	36,045,006	39,700,879	39,343,438	40,873,762	41,077,166	39,418,305	35,904,789
Education	61,473,544	40,370,249	61,333,173	57,161,753	78,415,898	103,022,790	81,520,236	96,353,775	119,462,406	77,464,219
Culture and recreation	3,406,141	5,636,000	7,347,154	5,589,207	5,423,095	6,496,945	6,568,340	5,819,871	5,567,673	4,811,274
Capital Outlay	16,475,852	9,852,799	2,711,692	5,490,401	8,068,026	26,150,524	32,614,235	40,813,607	31,660,649	6,521,906
Debt Service:										
Principal	10,601,306	11,590,073	11,715,965	13,897,112	15,259,056	14,113,550	17,539,175	20,067,615	20,133,541	22,937,295
Interest	7,244,266	7,129,965	8,113,282	7,799,042	9,651,423	10,489,591	13,282,514	15,371,972	17,991,288	19,709,229
Total Expenditures	164,306,246	142,312,509	163,691,267	166,531,594	199,205,532	241,850,593	240,049,240	270,183,333	286,159,901	221,396,019
Excess of revenues over (under) expenditures	(46,711,528)	(23,899,083)	(33,189,829)	(19,195,320)	(27,674,121)	(55,819,477)	(43,990,423)	(59,639,930)	(75,605,161)	(21,986,524)
Other Financing Sources (Uses)										
Transfers in	15,431,458	11,887,550	3,022,700	5,919,013	13,450,819	32,604,840	25,556,744	29,233,852	23,142,651	7,542,255
Transfers out	(15,431,458)	(11,887,550)	(3,022,700)	(5,919,013)	(13,450,819)	(32,604,840)	(25,556,744)	(29,233,852)	(25,142,651)	(8,462,255)
Component Unit - transfer out	-	-	-	-	-	-	-	-	-	-
Net transfer to Trust Funds	(250,101)	-	-	-	-	-	-	-	-	-
Issuance of Bonds	-	-	53,912,762	50,366,000	-	48,562,851	-	-	-	-
Disbursements for Bonds/Installment	-	-	(17,701,986)	-	-	-	(7,305,000)	-	-	(20,902,811)
Disbursements to Escrow Agent	-	-	(35,866,931)	-	-	-	(18,958,846)	-	-	-
Issuance of Certificates of Participation	-	26,390,000	42,217,498	4,358,000	-	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	-	-
Total other financing sources (uses)	(250,101)	26,390,000	42,561,343	54,724,000	-	98,766,179	49,302,636	62,593,578	85,462,584	13,978,049
Net change in fund balances	\$ (46,961,629)	\$ 2,490,917	\$ 9,371,514	\$ 35,528,680	\$ (27,674,121)	\$ 42,946,702	\$ 5,312,213	\$ 2,953,648	\$ 9,857,423	\$ (8,008,475)
Debt service as a percentage of noncapital expenditures	11.13%	13.98%	12.32%	13.47%	13.03%	11.41%	14.86%	15.45%	14.98%	19.85%

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

Fiscal Year	Real Property	Personal Property	Public Service Companies (2)	Total Assessed Value	Total Direct Tax Rate (3)
2002	\$ 7,913,235,212	\$ 2,898,237,139	\$ 243,404,104	\$ 11,054,876,455	\$ 0.56
2003	8,290,673,831	2,960,367,957	237,380,457	11,488,422,245	0.56
2004	8,660,862,061	2,813,292,526	215,793,981	11,689,948,568	0.56
2005 (1)	10,969,232,437	2,788,181,358	237,231,648	13,994,645,443	0.53
2006	11,554,183,728	2,946,103,615	237,558,497	14,737,845,840	0.63
2007	12,162,097,563	2,912,297,937	260,410,470	15,334,805,970	0.6289
2008	12,931,725,951	3,074,778,582	261,754,744	16,268,259,277	0.63
2009 (1)	17,454,001,994	3,137,459,615	280,507,618	20,871,969,227	0.63
2010	18,048,592,567	3,003,442,173	277,653,397	21,329,688,137	0.63
2011	18,223,093,062	2,751,158,382	271,487,306	21,245,738,750	0.63

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

(2) Public service companies valuations are provided to the County by the North Carolina Department of Revenue.

These amounts included both real and personal property.

(3) Per \$100 of value.

Table 6

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

	Year Taxes Are Payable									
	2002	2003	2004	2005 (1)	2006	2007	2008	2009 (1)	2010	2011
County Direct Rates										
County-wide Rate (3)	\$ 0.560	\$ 0.560	\$ 0.560	\$ 0.530	\$0.630	\$0.6289	\$ 0.630	\$ 0.630	\$ 0.630	\$ 0.630
Fire Protection Districts (4)	0.050	0.050	0.050	0.049	0.051	0.053	0.053	0.053	0.053	0.051
Total Direct Rate	0.610	0.610	0.610	0.579	0.681	0.6820	0.683	0.683	0.683	0.681
Municipality Rates:										
Concord	0.45	0.45	0.45	0.43	0.43	0.4475	0.4475	0.42	0.42	0.42
Kannapolis	0.49	0.53	0.53	0.497	0.497	0.497	0.497	0.49	0.49	0.49
Harrisburg	0.135	0.135	0.135	0.135	0.135	0.135	0.135	0.125	0.125	0.125
Mt. Pleasant	0.42	0.42	0.42	0.42	0.44	0.44	0.44	0.44	0.44	0.44
Midland	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.14	0.14	0.14
Locust	-	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36	0.36
Stanfield (2)	-	0.38	0.38	0.38	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

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

Table 7

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Fiscal Year 2011</u>			<u>Fiscal Year 2002</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Philip Morris, Inc	Cigarette Mfg.	\$ 658,584,244	1	3.10%	\$ 1,112,792,816	1	10.07%
Charlotte Motor Speedway, Inc	Auto Racing	341,838,152	2	1.61%	132,941,582	5	1.20%
Castle & Cooke NC, LLC	Land Developer	323,496,522	3	1.52%	-	-	-
Concord Mills LTD Partnership	Shopping Center	240,875,353	4	1.13%	152,843,618	4	1.38%
Corning, Inc	Fiber Optics Mfg.	126,774,986	5	0.60%	354,715,263	2	3.21%
Hendricks Motorsports, Inc.	Auto Racing	110,338,122	6	0.52%	-	-	-
Duke Energy Corp	Public Service Co.	94,123,454	7	0.44%	61,967,018	7	0.56%
Great Wolf Lodge of the Carolinas	Recreational Facility	85,200,643	8	0.40%	-	-	-
Wal-Mart/Sams	Retail Sales	69,757,852	9	0.33%	-	-	-
JQH-Concord Development, LLC	Hotel	67,618,717	10	0.32%	-	-	-
Fieldcrest/Cannon, Inc	Textiles	-	-	-	191,436,696	3	1.73%
CTC/CT Communications	Public Service Co.	-	-	-	85,659,439	6	0.77%
Pass & Seymour/Legrand	Electronics	-	-	-	43,489,430	8	0.39%
Michigan Packaging Company	Corrugated Paper Mfg	-	-	-	28,459,545	9	0.26%
Stanley Works, The	Tool Warehouse	-	-	-	28,221,619	10	0.26%
Totals		<u>\$ 2,118,608,045</u>		9.97%	<u>\$ 2,192,527,026</u>		19.83%

Source: Cabarrus County Tax Department

Table 8

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

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)			Discoveries	Abatements	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Original Levy	Amount				Percentage of Original Levy	Amount		Percentage of Adjusted Levy	
2002	\$ 62,084,785		\$ 1,069,164	\$ (386,548)	\$ 62,767,401	\$ 61,184,935	97.48%	\$ 1,517,341	\$ 62,702,276	99.90%	
2003	64,433,348		2,331,839	(1,546,291)	65,218,896	63,501,156	97.37%	1,553,938	65,055,094	99.75%	
2004	66,077,761		1,185,407	(803,896)	66,459,272	64,155,827	96.53%	2,215,731	66,371,558	99.87%	
2005	74,893,721		724,786	(898,376)	74,720,131	73,001,727	97.70%	1,643,390	74,645,117	99.90%	
2006	92,892,138		762,582	(849,390)	92,805,330	90,824,656	97.87%	1,873,914	92,698,570	99.88%	
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%	1,443,754	103,004,222	99.75%	
2009	132,180,385		1,954,310	(1,315,618)	132,819,077	130,244,108	98.06%	2,089,232	132,333,340	99.63%	
2010	135,474,421		1,105,947	(1,348,960)	135,231,408	131,784,146	97.45%	2,296,722	134,080,868	99.15%	
2011	134,263,178		770,711	(535,353)	134,498,536	130,734,404	97.20%	-	130,734,404	97.20%	

Source: Cabarrus County Finance Department

Table 9

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

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property(2)	Per Capita(1)
2002	\$ 60,400,000	0.55%	443
2003	56,145,000	0.49%	403
2004	52,495,000	0.45%	368
2005	97,805,000	0.70%	675
2006	91,845,000	0.62%	618
2007	133,980,000	0.87%	864
2008	126,895,000	0.78%	780
2009	119,835,000	0.57%	711
2010	112,565,000	0.53%	654
2011	105,660,000	0.50%	594

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

(1) See Table 12 for population data.

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

Table 10

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

Fiscal Year	Governmental Activities										Total Primary Government	Per Capita (1)	Percentage of Personal Income (1)
	General Obligation Bonds	Certificates Of Participation	Installment Payment Revenue Bonds	Installment Financing	Capital Leases								
2002	\$ 60,400,000	\$ 38,000,000	\$ 25,500,000	\$ -	\$ 9,136,605	\$ 133,036,605	977	3.30%					
2003	56,145,000	61,340,000	24,000,000	-	6,344,560	147,829,560	1,060	3.59%					
2004	52,495,000	98,765,000	22,500,000	-	4,123,595	177,883,595	1,249	4.24%					
2005	97,805,000	93,380,000	21,000,000	4,358,000	1,801,483	218,344,483	1,506	4.90%					
2006	91,845,000	88,005,000	19,500,000	3,735,427	-	203,085,427	1,366	4.23%					
2007	133,980,000	116,220,000	18,000,000	17,612,855	443,568	286,256,423	1,845	5.55%					
2008	126,895,000	173,165,000	-	15,990,286	331,964	316,382,250	1,944	5.70%					
2009	119,835,000	220,885,000	-	14,367,714	3,458,315	358,546,029	2,127	6.03%					
2010	112,565,000	294,990,000	-	12,745,143	3,282,345	423,582,488	2,460	7.22%					
2011	105,660,000	294,315,000	-	11,122,572	3,102,621	414,200,193	2,327	*					

* Information not yet available

Notes: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
 (1) See Table 12 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year. Calendar 2010 personal income not available to calculate fiscal year 2011.

Table 11

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Assessed Value of Property	\$ 11,054,876,455	\$ 11,488,422,245	\$ 11,689,948,568	\$ 13,994,645,443	\$ 14,737,945,840	\$ 15,334,805,970	\$ 16,268,259,277	\$ 20,871,969,227	\$ 21,329,688,137	\$ 21,245,738,750
Debt Limit, 8% of Assessed Value (Statutory Limitation)	884,390,116	919,073,780	935,195,885	1,119,571,635	1,179,027,667	1,226,784,478	1,301,460,742	1,669,757,538	1,706,375,051	1,699,659,100
Debt applicable to debt limitations:										
Total bonded Debt	60,400,000	56,145,000	52,495,000	97,805,000	91,845,000	133,960,000	126,895,000	119,835,000	112,565,000	105,660,000
Total installment payment revenue bonds	25,500,000	24,000,000	22,500,000	2,100,000	19,500,000	18,000,000	-	-	-	-
Total capital leases	9,136,605	6,344,560	4,123,595	1,801,483	-	443,568	331,964	3,468,315	3,282,345	3,102,621
Total installment financing	-	-	-	4,358,000	3,735,427	17,612,855	15,990,286	14,367,714	12,745,143	11,122,572
Total Certificates of Participation	38,000,000	61,340,000	98,765,000	93,380,000	88,005,000	116,220,000	173,165,000	220,885,000	294,990,000	294,315,000
Total debt applicable to limitations	133,036,605	147,829,560	177,883,595	218,344,483	203,085,427	286,266,423	316,382,250	358,546,029	423,582,488	414,200,193
Legal debt limit	\$ 751,353,511	\$ 771,244,220	\$ 757,312,290	\$ 901,227,152	\$ 975,942,240	\$ 940,528,055	\$ 985,078,492	\$ 1,311,211,509	\$ 1,282,792,563	\$ 1,285,458,907
Total net debt applicable to the limit as a percentage of debt limit	15.04%	16.08%	19.02%	19.50%	17.22%	23.33%	24.31%	21.47%	24.82%	24.37%

Total net debt applicable to the limit as a percentage of debt limit

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

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

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

Table 12

<u>Year</u>	<u>Population(1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Public School Enrollment(3)</u>	<u>Unemployment Rate(4)</u>	<u>Number of Building Inspections Performed(5)</u>
2002	136,191	\$ 4,029,671	\$ 29,579	23,140	4.90%	40,989
2003	139,411	4,116,291	29,499	24,328	5.50%	46,325
2004	142,476	4,199,579	29,431	26,229	7.40%	48,795
2005	144,956	4,441,339	30,752	27,138	6.20%	51,464
2006	148,682	4,752,216	31,871	28,582	4.60%	65,340
2007	155,159	5,157,773	33,161	30,507	4.10%	68,755
2008	162,740	5,551,258	34,099	32,219	4.40%	57,339
2009	168,559	5,946,765	35,280	32,781	5.90%	16,529
2010	172,223	5,869,800	34,083	33,014	11.20%	18,890
2011	178,011	*	*	34,096	11.30%	23,241

* Information not yet available.

Notes:

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

Table 13

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

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Carolinas Medical Ctr - Northeast	4,500	1	5.35%	3,700	3	4.90%
Concord Mills Mall	4,000	2	4.76%	4,000	2	5.29%
Cabarrus County Schools	3,800	3	4.52%	2,500	5	3.31%
Cabarrus County	975	4	1.16%	804	8	1.06%
City of Concord	925	5	1.10%	838	7	1.11%
Connexions	900	6	1.07%	-	-	-
State of North Carolina	771	7	0.92%	-	-	-
Kannapolis City Schools	750	8	0.89%	693	9	0.92%
Shoe Show	700	9	0.83%	-	-	-
Hendricks Motorsports	500	10	0.59%	-	-	-
Pillowtex/Fieldcrest Cannon, Inc.	-	-	-	4,200	1	5.56%
Philip Morris	-	-	-	2,600	4	3.44%
Carolina Mall	-	-	-	850	6	1.13%
CT Communications	-	-	-	670	10	0.89%
	<hr/>		<hr/>	<hr/>		<hr/>
Total	<u>17,821</u>		<u>21.19%</u>	<u>20,855</u>		<u>27.61%</u>

Source: NC Employment Security Commission and the COPS 2003 & COPS 2011 Cabarrus County
Official Statements

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

Function/Program	Full-time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	157	160	160	153	156	162	173	178	161	165
Cultural and Recreation	62	76	77	79	57	59	64	65	48	51
Public Safety	237	237	241	272	274	297	314	347	344	421
Economic & Phy. Development	14	18	15	15	16	16	17	17	12	12
Human Services	355	205	227	246	267	289	303	310	307	313
Environmental Protection	11	11	11	11	11	12	12	12	11	11
Total	836	707	731	776	781	835	883	929	883	973

Source: County Finance Department

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

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

Table 15

<u>Functional Area</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Tax Collection Rate	97.48%	97.37%	96.53%	97.70%	97.87%	98.16%	98.35%	98.06%	97.45%	97.20%
Land Records Recorded ¹	42,914	53,611	43,283	45,742	48,762	46,376	37,329	32,256	28,410	31,000 *
Culture & Recreation										
Circulation of Library Materials-All Branches	538,624	559,599	615,167	692,244	748,537	789,453	781,606	882,322	841,916	697,539 *
Acres of Park Land-Developed/Undeveloped	411/67	411/67	411/67	411/67	411/67	411/67	411/67	329/252	347/343	381/310
Public Safety										
Sheriff Response Time (Emergency Calls)	6.54	7.07	6.58	7.53	7.00	8.20	8.00	9.25	7.57	7.50
Detention Center Average Daily Population	171	195	202.3	212	216	220	220	253	275	350
Animals Picked Up	4,926	5,020	5,259	4,946	4,980	4,513	4,500	3,982	3,982	3,800 *
Building Inspections Completed	40,989	46,325	48,795	51,464	65,340	68,755	57,339	42,610	46,871	22,410
EMS Average Response Time Countywide	7.31	7.37	7.49	7.69	7.20	7.03	7.03	7.29	7.02	7.05 *
Economic & Physical Development										
Construction Permits Issued ⁴	-	-	-	-	-	-	-	-	-	9,558
Zoning Permits Issued ⁴	-	-	-	-	-	-	-	-	-	307
Human Services										
Veteran /Dependent Contacts	8,262	7,094	8,978	7,205	7,802	9,132	9,950	10,750	12,138	12,119
Human Service Transportation Trips ²	NA	90,120	112,286	116,818	85,713	85,721	96,696	82,404	85,692	81,648
Family Medicaid Cases	6,868	6,836	8,355	8,969	10,049	10,779	11,794	13,727	14,460	18,031
Adult Medicaid Cases ³	4,112	4,219	4,379	4,746	4,858	5,045	5,216	5,380	5,565	6,019
WFFA (formerly AFDC)	370	385	534	487	316	315	289	290	266	254
Child Protective Service Reports Investigated	1,238	1,202	1,212	1,426	1,897	1,697	1,602	1,476	1,488	1,537
Adoptions Completed	9	20	0	59	0	15	43	18	10	7
Food Stamp Cases	2,619	3,346	4,350	4,950	5,358	5,456	5,890	6,880	8,391	11,388
Adult Protective Services Reports	131	160	135	114	131	170	232	210	225	189
Environmental Protection										
Tons of MSW and C&D Waste Managed	29,666	31,622	25,570	32,049	159,106	68,950	54,488	44,354	28,818	24,969
Tons of Recyclable Materials Collected	1,631	1,526	2,275	2,007	1,710	1,687	1,800	2,500	3,284	3,498 *
Education										
Per Pupil Current Expense Funding	\$1,186.78	\$1,186.78	\$1,186.78	\$1,204.58	\$1,292.01	\$1,328.78	\$1,443.91	\$1,541.14	\$1,541.14	\$1,597.64
Per Pupil Capital Outlay Funding	\$64.33	\$0.00	\$52.95	\$56.78	\$89.74	\$140.36	\$127.23	\$124.36	\$59.60	\$32.59
Per Pupil Debt Service Funding	\$682.56	\$691.78	\$620.53	\$717.20	\$796.37	\$683.18	\$705.68	\$845.19	\$835.51	\$877.37

Source: County Departments

Notes:

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

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Parks (1)										
Park facility	3	4	4	4	4	4	4	5	5	5
Tennis courts	6	6	6	6	6	6	6	6	6	6
Picnic shelters	18	18	20	20	20	20	21	21	23	24
Softball fields	8	8	8	8	8	8	8	8	8	8
Playgrounds	7	7	7	7	7	7	8	8	8	10
Soccer Fields	12	12	12	12	12	12	12	11	11	11
Camping cabins	-	-	4	4	4	4	6	6	6	6
Tent sites	-	-	7	7	7	7	6	6	7	7
Bathhouse for campgrounds	-	-	1	1	1	1	1	1	1	1
Swimming Pool	-	-	-	-	-	-	-	1	1	1
Pool Bathhouse	-	-	-	-	-	-	-	1	1	1
Fire protection (1)										
Stations	14	14	14	14	14	14	11	11	11	10 (2)
Sheriff (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Substations	3	3	4	4	4	5	5	5	5	5
Patrol units	93	104	65	65	65	65	94	113	117	118 (3)

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

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

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



Compliance Section

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

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

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

Board of Commissioners
Cabarrus County, North Carolina

We have audited the basic financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Cabarrus County, North Carolina, as of and for the year ended June 30, 2011, not presented here, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Cabarrus Health Alliance were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

October 26, 2011

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

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

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

Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cabarrus County's major federal programs for the year ended June 30, 2011. Cabarrus County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

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

In our opinion, Cabarrus County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2011

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

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

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

Board of Commissioners
Cabarrus County, North Carolina

Compliance

We have audited Cabarrus County, North Carolina's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Cabarrus County's major State programs for the year ended June 30, 2011. Cabarrus County's major State programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major State programs is the responsibility of Cabarrus County's management. Our responsibility is to express an opinion on Cabarrus County's compliance based on our audit.

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

In our opinion, Cabarrus County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 26, 2011

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

1. Summary of Auditors' Results (Continued)

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Title XIX Medicaid	93.778
Temporary Assistance Needy Families	93.558, 93.714, 93.716
Child Care Development Fund Cluster	93.575, 93.596, 93.713

Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$3,000,000</u>
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Auditee qualified as low-risk auditee?	No
--	----

State Awards

Internal control over major State programs:

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

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

Program Name

Title XIX Medicaid
Temporary Assistance Needy Families
Subsidized Child Care Cluster
Child Protective Services

CABARRUS COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

2. Financial Statements Findings

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

4. State Award Findings and Questioned Costs

None reported.

CABARRUS COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

2010-01: Corrected.

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U.S. Department of Agriculture</u>					
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program (SNAP) Cluster:					
State Administrative Matching Grants for SNAP Program	10.561		1,192,526	-	1,050,117
Total SNAP Cluster			1,192,526	-	1,050,117
Passed through Centralina Council of Governments:					
Food Distribution Elderly Nutrition Program - USDA Supplement	10.570		12,342	-	-
Total U.S. Department of Agriculture			1,204,868	-	1,050,117
<u>U. S. Department of Health and Human Services</u>					
Administration on Aging:					
Passed through Centralina Council of Governments:					
Title III-E Caregiver Grant	93.052		53,996	-	-
Consumer Directed Services	93.779		11,286	48,114	-
Aging Cluster:			108,974	53,982	-
Nutrition Project for the Elderly Title III-C1	93.045				
Title III-B (Access):					
Transportation Grant	93.044		41,188	67,202	-
Information case Assistant	93.044		23,426	38,221	-
Title III-B (In-Home):					
Adult Day Services	93.044		21,024	89,629	-
In-Home Aide I & II	93.044		31,903	78,108	-
In- Home Services	93.044		3,007	12,819	-
Housing/Home Improvement	93.044		6,700	28,564	-
Senior Center Operations Grant	93.044		7,359	31,374	-
Total Aging Cluster			243,581	399,899	-
Total Administration on Aging			308,863	448,013	-
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Temporary Assistance Needy Families (WorkFirst) Services:	93.558		295,021	-	316,760
Temporary Assistance Needy Families (WorkFirst) Services:	93.558		1,468,417	-	1,563,924

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Direct Benefit Payments:					
Temporary Assistance Needy Families	93.558		760,956	-	-
Energy Assistance	93.558		906,736	-	250
Refugee Assistance	93.566		(53,480)	-	-
AFDC Payments and Penalties	93.560		(1,030)	(282)	(282)
Family Preservation	93.556		4,200	-	-
TANF - Domestic Violence	93.558		24,943	-	-
Child Support Enforcement	93.563		1,112,325	185	573,016
Child Support Incentive Recovery	93.563		24,136	-	-
Crisis Intervention Program	93.568		472,470	-	-
Low Income Energy Assistance	93.568		88,989	-	-
Permanency Planning - Child Welfare Services	93.645		56,534	-	18,845
Family Violence Prevention	93.671		-	3,646	-
Independent Living Initiative/LINKS	93.674		26,073	4,937	-
Adult Day Care	93.667		37,624	29,507	9,590
In-Home Services	93.667		93,328	-	13,332
Social Services Block Grant Administration	93.667		370,434	40,253	136,896
Total Division of Social Services - Other Programs			5,687,676	78,246	2,632,331
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Foster Care and Adoption Cluster:					
Title IV - E Administration	93.658		7,447	-	7,447
Title IV - E Child Protective Services	93.658		548,648	114,234	434,414
Title IV - E Foster Care	93.658		195,221	-	195,221
Title IV - E Optional Training 50%	93.659		11,373	-	11,373
Public Assistance:					
Title IV - E Foster Care	93.658		139,661	33,123	42,851
Adoption/Foster Care	93.658		180,106	-	8,404
Adoption Assistance - Direct Benefit	93.659		629,326	142,826	173,660
Total Foster Care and Adoption Cluster (Note 2)			1,711,782	290,183	873,370
Passed Through N.C. Department of Health and Human Services:					
Subsidized Child Care (Note 2):					
Child Care Development Fund Cluster:					
Division of Social Services:					
Child Care Development Fund Administration	93.596		266,015	-	-
Division of Child Development:					
Child Care Development Fund Discretionary	93.575		1,448,668	-	-
Child Care Development Fund Mandatory	93.596		631,336	-	-

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Child Care Development Fund Match	93.596		758,568	412,434	-
Total Child Care Development Fund Cluster			3,104,587	412,434	-
Social Services Block Grant	93.667		10,878	-	-
Temporary Assistance for Needy Families	93.558		511,731	107,583	-
Temporary Assistance for Needy Families Emergency Contingency (ARRA)	93.714		279,086	-	-
Smart Start	N/A		-	42,288	-
State Funding Appropriations	N/A		-	477,213	-
Smart Start TANF Maintenance of Effort	N/A		-	490,966	-
Total Subsidized Child Care (Note 2)			3,906,282	1,530,484	-
Division of Social Services:					
Title XIX - Medicaid	93.778		1,984,578	18,833	1,965,745
Adult Care Home Case Management	93.778		79,743	34,532	45,211
N.C. Health Choice (Child Health Insurance Program)	93.767		159,304	5,467	46,664
Division of Medical Assistance:					
Direct Benefit Payments:					
Title XIX - Medicaid	93.778		101,297,149	39,897,336	3,115
Total U.S. Department of Health and Human Services			116,340,245	42,303,094	6,616,553
U.S. Department of Labor					
Passed through Division of Adult Services:					
Title V-Senior Community Service Employment Program (ARRA)	17.235		8,501	-	-
Total U. S. Department of Labor			8,501	-	-
U.S. Election Assistance Commission					
Passed through NC State Board of Elections:					
2010 HAVA One-Stop Grant	90.401		6,631	-	4,012
Polling Place Accessibility Grant	90.401		80,125	-	80,125
Total U.S. Election Assistance Commission			86,756	-	84,137
U.S. Department of Energy					
Passed Through N.C. Department of Health and Human Services:					
Office of Economic Opportunities:					
Weatherization Assistance Program (ARRA)	81.042	ARRA04WA	556,696	-	-
Weatherization Assistance Program	81.042	90-1441-50	42,352	-	-
Heating and Air Conditioning Repair Program (HARP)	81.042		100,534	-	-

**CABARRUS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Total U.S. Department of Energy			699,582	-	-
<u>Federal Emergency Management Agency</u> Passed through N.C. Department of Crime Control and Public Safety: Division of Emergency Management: Emergency Management Performance Grant	97.042	EMPG-2008-37025	42,323	-	310,184
Total Federal Emergency Management Agency			42,323	-	310,184
<u>US Department of Homeland Security</u> Passed through NC Department of Crime Control: Homeland Security Grant	97.067		-	55,210	-
Total US Department of Homeland Security			-	55,210	-
<u>US Department of Justice</u> Bullet Proof Vest Partnership Grant Federal Forfeiture Sharing Program Passed through NC Department of Correction: Criminal Justice Partnership Program	16.040 16.ukn		12,569 59,332	- 129,689	12,569 -
Total US Department of Justice			71,901	129,689	12,569
<u>Federal Institute of Library and Museum Services</u> Passed through department of Cultural Resources: 2010-2011 LSTA Technology Grant	45.310		100,000	-	31,402
Total Federal Institute of Library and Museum Services			100,000	-	31,402
<u>National Endowment for the Humanities</u> Passed through NC Humanities Council: NC Humanities Council Library Grant	45.129	S10-07	4,011	-	-
Total Federal Awards			117,353,319	42,487,993	7,054,845
<u>State Awards:</u>					
<u>N.C. Department of Health and Human Services</u> Division of Social Services: Adult Protective Services	N/A		-	(11,074)	-

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Child Protective Services Expansion	N/A		-	250,282	-
DCD-Smart Start	N/A		-	59,415	-
State Foster Home	N/A		-	85,461	85,461
Foster Care At-Risk Maximization	N/A		-	124	66
Foster Care Special Provision	N/A		-	490	-
Job Boost	N/A		-	3,145	-
SFHF Maximization	N/A		-	65,873	73,172
AFDC/TANF Incentives	N/A		-	1,524	-
Direct Benefit Payments:					
Child Welfare Adoption Subsidy	N/A		-	800,286	231,741
Total Division of Social Services			-	1,255,526	390,440
Division of Aging:					
Senior Center General Purpose	N/A		-	16,326	-
Title V Grant Revenues	N/A			337,198	
Direct Benefit Payments:					
State/County Special Assistance for Adults	N/A		-	1,228,977	1,228,977
Total Division of Aging			-	1,582,501	1,228,977
Office of Emergency Medical Services:					
Carolinas Medical Center - Metrolina Trauma Advisory Committee:					
EMS SMAT III	N/A		-	5,732	-
Total Office of Emergency Medical Services			-	5,732	-
Total N. C. Department of Health and Human Services			-	2,843,759	1,619,417
N.C. Office of Energy					
Energy Efficiency & Conservation Grant	N/A		-	21,300	-
Total N.C. Office of Energy			-	21,300	-
N.C. Department of Environmental and Natural Resources					
Division of Soil and Water Conservation:					
Soil and Water Conservation	N/A		-	3,960	157,396
Soil and Water Conservation - Water Quality Cost Share Grant	N/A		-	26,875	26,875
Total NC Department of Environmental and Natural Resources			-	30,835	184,271

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
<u>N.C. Department of Crime Control and Public Safety:</u>					
Department of Juvenile Justice & Delinquency Prevention:					
Juvenile Crime Prevention Programs (JCPP):					
JCPC Certification	N/A	313000	-	14,725	-
Home Based Services	N/A	313005	-	100,947	-
Total N.C. Department of Crime Control and Public Safety			-	115,672	-
<u>N.C. Department of Administration</u>					
N.C. Substance Control Tax Division of Veteran's Affairs: Veteran's Service Grant	N/A		-	13,232	-
Total N.C. Department of Administration			-	2,000	217,440
			-	15,232	217,440
<u>N.C. Department of Agriculture and Consumer Services</u>					
NC Agricultural Development & Farmland Preservation Trust Fund: 2008 Agricultural development & Farmland Preservation Grant	N/A	ADM-ADFP-08-013	-	75,777	28,353
Total N.C. Department of Agriculture and Consumer Services			-	75,777	28,353
<u>N.C. Rural Department of Insurance</u>					
Division of Seniors Health Insurance Information Program SHIP Grant	N/A		-	3,913	-
Total N.C. Rural Department of Insurance			-	3,913	-
<u>N.C. Department of Cultural Resources</u>					
Passed through State Library of N.C.: State Aid to Libraries	N/A	DCR-4	-	155,890	1,226,935
Total N.C. Department of Cultural Resources			-	155,890	1,226,935
<u>N.C. Arts Council</u>					
Passed through Cabarrus Arts Council: Grassroots Community Read Project	N/A		-	5,000	-
Total N.C. Arts Council			-	5,000	-
<u>N.C. Department of Transportation</u>					
Public Transportation Division: Community Transportation Program:					

**CABARRUS COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2011**

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Administrative Grant - Section 5311	20.509	10-CT-082, 11-CT-042	149,346	135,813	-
2011 5311 Grant Program (ARRA)	20.509	10-AR-042	171,219	-	-
2009 5316 Job Access Reverse Commute Program (ARRA)	20.516	09-JA-005	34,335	-	-
NC Governors Highway Safety Program Traffic Safety Equipment Grant	20.601	K8-11-02-42	16,785	-	-
NC Governors Highway Safety Program Grant (ARRA)	20.609	K4-10-04-31	135,544	-	-
Rural Operating Assistance Program:					
Elderly and Disabled Assistance Transportation Program	N/A	DOT-16CL	-	127,230	-
Work First/ Employment Transportation Program	N/A	DOT-16CL	-	26,323	-
Rural General Public Transportation Program	N/A	DOT-16CL	-	92,079	-
Total N.C. Department of Transportation			507,229	381,445	-
<u>N.C.Department of Public Instruction</u>					
NC Lottery Fund	N/A		-	258,938	-
Total N.C. Department of Public Instruction			-	258,938	-
Total State Awards			\$ 507,229	\$ 3,907,761	\$ 3,276,416
Total Federal and State Awards			\$ 117,860,548	\$ 46,395,754	\$ 10,331,261

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

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

Community Based Youth Gang Assessment (ARRA)	N/A	\$ -	\$ 17,313	\$ 2,633
Community Based Gang Prevention Pilot Program (ARRA)	N/A	-	211,210	30,934

CABARRUS COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2011

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	State/Pass Through Grantor's Number	Federal Direct and Pass Through Expenditures	State Expenditures	Local Expenditures
Monarch	N/A		-	77,910	-
Project Challenge	N/A	313024	-	56,014	-
Teen Court	N/A	313015	-	54,765	-
			\$ -	\$ 417,212	\$ 33,567