

CABARRUS COUNTY BOARD OF EDUCATION

CONCORD, NORTH CAROLINA



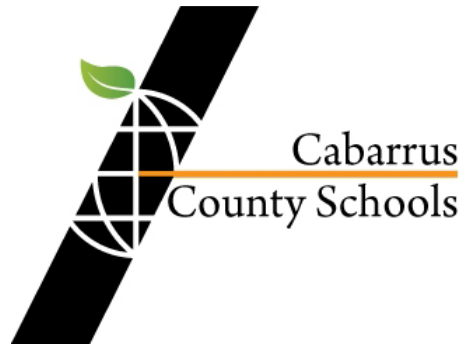
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2013**

**CABARRUS COUNTY BOARD OF EDUCATION
CONCORD, NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

PREPARED BY

**KELLY H. KLUTTZ, CPA
AND THE
FINANCE DEPARTMENT**



CABARRUS COUNTY BOARD OF EDUCATION

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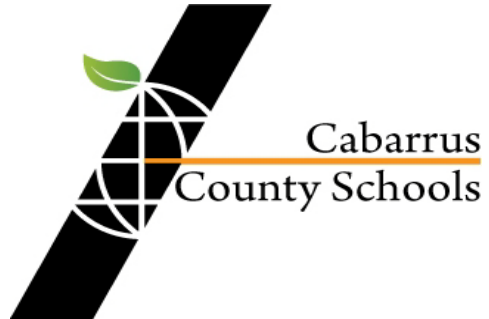
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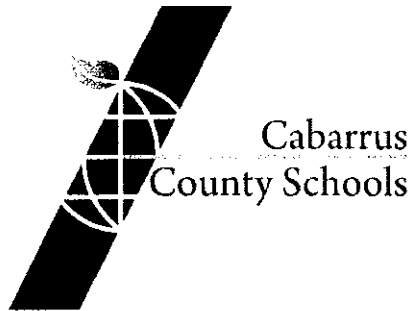
CABARRUS COUNTY BOARD OF EDUCATION

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Introductory Section



October 22, 2013

To the members of the Cabarrus County Board of Education and Citizens of Cabarrus County, North Carolina:

In compliance with the Public School Laws of North Carolina, the Comprehensive Annual Financial Report of the Cabarrus County Board of Education, operating as "Cabarrus County Schools" (CCS), for the fiscal year ended June 30, 2013, is herewith submitted. Responsibility for the accuracy, completeness and clarity of the report rests with the Superintendent and the Chief Finance Officer.

The report has been prepared by the Finance Department in accordance with generally accepted accounting principles. We believe the data presented is accurate in all material respects and that it is presented in a manner designed to fairly reflect the financial position and results of operations of the Board. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activity have been included.

The report consists of three sections: Introductory, Financial and Statistical. The Introductory Section, of which the transmittal letter is a part, includes a list of Board members, principal officials, and the organizational chart. The Financial Section includes the independent auditors' report, basic financial statements, and the individual fund schedules arranged by fund type. It also includes management's discussion and analysis (MD&A) of the Board's financial performance. To gain a better understanding of the Cabarrus County Board of Education's financial performance, readers of this report should reference the introduction, overview and analysis found in the MD&A in the Financial Section of this report starting on page three. The Statistical Section includes several tables of unaudited data providing financial history of the Board, as well as demographics and other informative reports.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting and the Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting to the Cabarrus County Board of Education for its comprehensive annual financial report for the fiscal year ended June 30, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

Letter of Transmittal *(continued)*

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement for Excellence in Financial Reporting program requirements and we are submitting it to the GFOA to determine its eligibility for a certificate for fiscal year ended June 30, 2013.

This letter of transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The Cabarrus County Board of Education (Board), elected by the citizens of Cabarrus County, is the level of government having oversight responsibility and control over activities related to the public schools in Cabarrus County, North Carolina. N.C. General Statutes empower the Cabarrus County Board of Education with general control and supervision of all matters pertaining to the schools in the system. For the 2012-2013 fiscal year, the school system served students from pre-kindergarten through 12th grade in 2 pre-kindergarten schools, 19 elementary schools, 8 middle schools, 9 high schools and 1 alternative school. The school system provides general, special and vocational education services. The school system receives local, State, and federal government funding and must comply with the legal requirements of each funding source entity. While the Board does receive County funding, the County is not entitled to share in any surplus nor is it required to finance any deficits. The Board has no tax levying or borrowing authority and is required to maintain accounting records according to a Uniform State format.

The Board consists of seven members elected for staggered terms of four years. The Chair and Vice Chair are elected by a majority vote of the Board each year. The Superintendent serves as secretary to the Board.

FINANCIAL AND BUDGETARY CONTROL

In order to meet the challenging learning experiences provided to the students attending Cabarrus County Schools, the Board must use a variety of funding resources, including local, State, federal and private grants while complying with legal requirements of each funding source. In doing so, the Board is unable to summarize all governmental financial transactions and balances in one accounting entity. Instead, the accounting system is divided into separate entities; each referred to as a "fund". The Board's funds are divided into governmental and proprietary. Each fund is a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities in accordance with legal requirements, generally accepted accounting principles, special regulations or other limitations. Governmental fund types include general, special revenue and capital projects. The enterprise funds are proprietary fund types. The enterprise funds are presented on a full accrual basis, while the other funds are maintained on a modified accrual basis.

Internal accounting controls are given consideration in developing and improving the Board's accounting system. Internal controls are designed to provide reliability of financial records for preparing financial statements and maintaining accountability for assets and are to provide reasonable assurance regarding the safeguarding of assets from unauthorized use or

Letter of Transmittal *(continued)*

disposition. We believe that the Board's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

North Carolina General Statutes requires all governmental units in the state to adopt a balanced budget by July 1 of each year. The Board has the final approval over the budget and primary accountability for fiscal matters (including any deficits). The Board's annual Budget Resolution authorizes expenditures by purpose on a modified accrual basis. For internal management purposes, the budget is detailed and compared to expenditures and encumbrances by line item within each function and project. The budget amounts reflected in the accompanying financial statements represent the final budgets as amended for the fiscal year. The Board also uses a purchase order encumbrance system that records and shows encumbrances outstanding against each line item of expenditures. Outstanding encumbrances at the end of the fiscal year related to normal operations are considered to be continuing contracts and are transferred at the end of the fiscal year to appropriations in future years.

MAJOR INITIATIVES

The focus of the school system for the next several years will be in several areas:

- 95 % or more of Pre K - 2nd grade students will be proficient in Reading and Math as measured by the Phonological Awareness Literacy Screening Form C (C-PALS) and the North Carolina K-2 Assessments.
- End of Grade (EOG) scale scores in Math and Reading for grades 3-8 will rank in the top ten of North Carolina school systems as measured by the NC EOG test.
- 90% of CCS students will graduate from high school as measured by four-year cohort graduation rate.
- The percent of post-graduate students requiring remediation in Math and English at community colleges and the UNC university system will be reduced by 50% or maintain a .5% or lower remediation rate as measured by the percent of first-time freshman entering the college or university system directly from high school that are placed in remedial English or Math classes.
- End of Course (EOC) scale scores in each category of study will rank in the top ten of North Carolina School Systems as measured by EOC Scale Score Rank.
- Teacher Working Condition (TWC) survey results will achieve an average district satisfaction rate of 85% or better in each of the 8 working condition areas, as measured by the state-identified 8 questions which best measure those conditions.
- Stakeholder satisfaction with Cabarrus County Schools will reach 85% as measured by the average results of the perceptual surveys for the following constituencies: parents, students, staff and community.
- Pre K -12th grade students shall follow the "Student Code of Conduct" and reduce behavior incidents by 10% annually as measured by NC Wise Discipline Report.
- Pre K – 12th grade students will reduce bullying incidents 10% annually as measured by the NC Wise Discipline Report.
- Pre K – 12th grade students will reduce bus misbehavior incidents, as reported 10% annually as measured by the NC Wise Discipline Report.
- Student absences in excess of 8 days/elementary; 8 days/middle; 8 absences/class/high - shall be reduced by 10%.

Letter of Transmittal *(continued)*

- CCS will consolidate curriculum and administrative software on all system wide and school computer devices.
- CCS will fully implement a tiered technology improvement plan for student, staff, and infrastructure technology.
- CCS will increase the number of grants greater than \$ 10,000 received.

As required by the State Department of Public Instruction, Cabarrus County Schools maintains a ten-year facilities plan that has been submitted and approved by the County Commissioners and the State Department of Public Instruction.

ECONOMIC CONDITION AND OUTLOOK

The financial health of the Cabarrus County Board of Education is largely dependent upon the economic prospects of the State of North Carolina and Cabarrus County. The State of North Carolina has felt the effects of the nationwide financial crisis that started in the second half of 2008. For the fifth year in a row, there has been a required reversion from our State allotment in excess of \$7.1 million.

The Board of Education had an average daily membership (ADM) of 29,942 during the 2012-2013 school year compared to 29,182 during the 2011-2012 year, an increase of 760 students. The State projected increase for 2013-2014 is relatively consistent with the current year increase.

The Board of County Commissioners was able to maintain approximately the same level of support as the previous year with a local appropriation of \$47 million. The economic downturn beginning in 2008 continues to impact Cabarrus County Schools. The school system has experienced state funding reductions and minimal increase in local funding while facing increased costs, additional school openings, and student growth. In addition, the challenge is worsened due to the American Recovery and Reinvestment Act (ARRA) revenue stream ending and no additional source of replacement funds.

Three of Cabarrus County Schools' buildings are in poor condition. These facilities were built between 1922 and 1936. Also, enrollment in the northwest area continues to grow and funding has been requested for a new school. The Cabarrus County Schools' administration team and Board are working with the County and Commissioners on a bond referendum to be voted on by the public.

In accordance with the General Statutes of the State of North Carolina, cash is remitted to the Board by the Board of County Commissioners for revenues from taxes levied on behalf of the school unit and fines and forfeitures designated for the school unit. The cash is paid to the Board in monthly installments.

INDEPENDENT AUDIT

Anderson Smith & Wike PLLC has audited the financial records and transactions of the Cabarrus County Board of Education for the year ended June 30, 2013. They are a firm of independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of OMB Circular A-133 and

Letter of Transmittal *(continued)*

the State Single Audit Implementation Act. The auditors' report is included in the financial section of this report.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the dedicated efforts of the finance staff and the Board's independent certified public accounting firm of Anderson Smith & Wike PLLC. We wish to express appreciation to all employees who assisted in the timely closing of the Cabarrus County Board of Education's fiscal records as well as the preparation of this report.

We would also like to express appreciation to the members of The Board of Education for their support in planning and conducting the financial affairs of the school system in a responsible and professional manner.

Respectfully submitted,



Barry Shepherd, Ed.D.
Superintendent



Kelly Kluttz, CPA
Chief Financial Officer

**CABARRUS COUNTY BOARD OF EDUCATION
CONCORD, NORTH CAROLINA**

JULY 1, 2012 – JUNE 30, 2013

BOARD MEMBERS

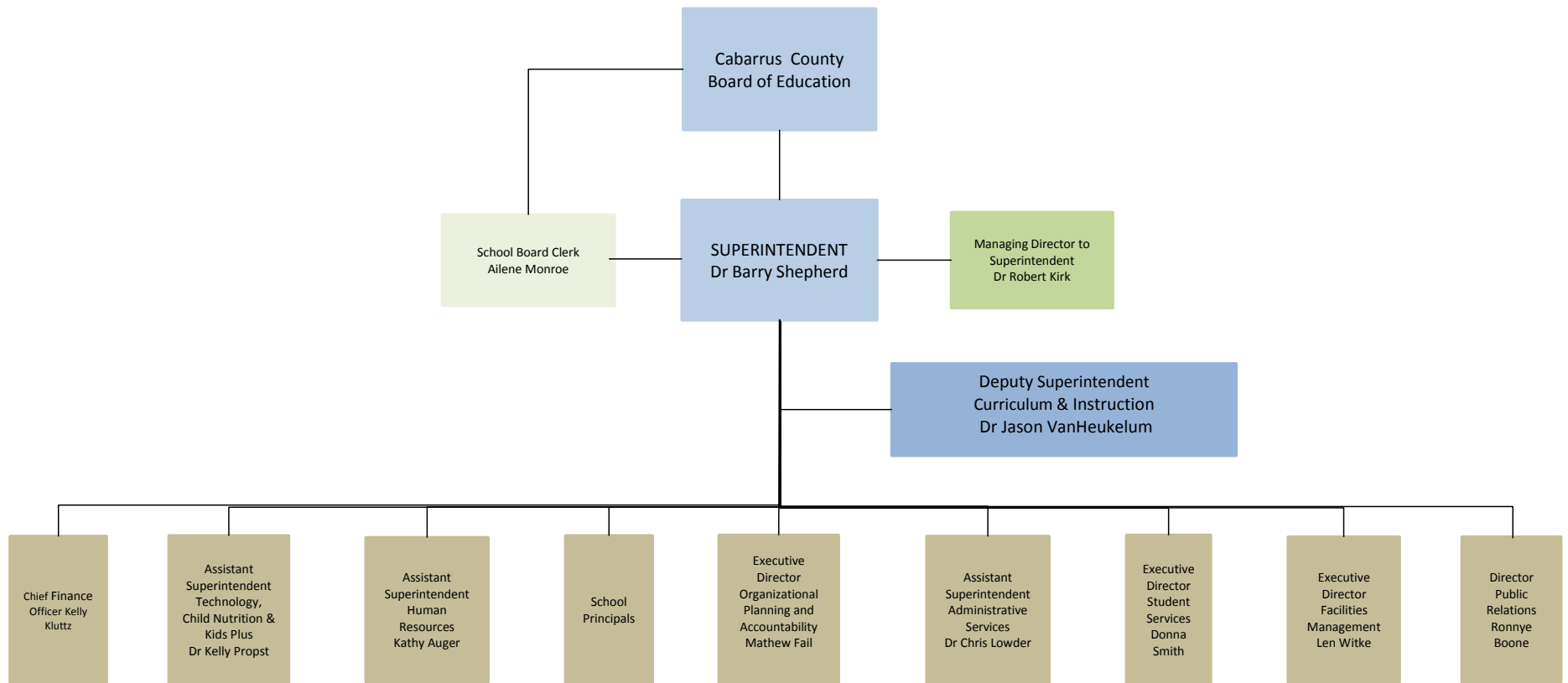
**LYNN SHUE, CHAIR
BLAKE KIGER, VICE CHAIR
CAROLYN CARPENTER
DAVID HARRISON
JEFF PHILLIPS
BARRY SHOEMAKER
ROB WALTER**

PRINCIPAL OFFICERS

**DR. BARRY SHEPHERD, SUPERINTENDENT
JASON VAN HEUKELUM, DEPUTY SUPERINTENDENT
DR. CHRIS LOWDER, ASSOCIATE SUPERINTENDENT
KATHRYN AUGER, ASSISTANT SUPERINTENDENT
KELLY KLUTTZ, CPA, CHIEF FINANCE OFFICER
DR. KATHERINE PROPST, ASSISTANT SUPERINTENDENT**

Cabarrus County Schools

Organizational Chart 2012-2013



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Cabarrus County Board of Education

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2012*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Ron McCulley".

Ron McCulley, CPPB, RSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director



Government Finance Officers Association

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

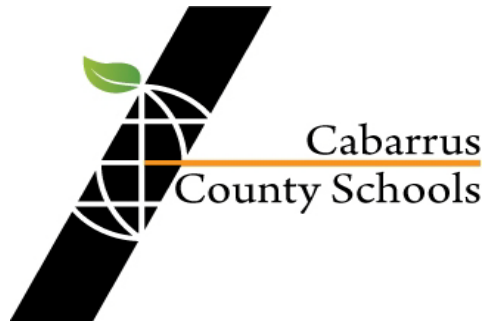
Presented to

**Cabarrus County
Board of Education
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



Financial Section



INDEPENDENT AUDITORS' REPORT

Cabarrus County Board of Education
Concord, North Carolina

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Cabarrus County Board of Education as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the State Public School Fund, and the Other Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Cabarrus County Board of Education's basic financial statements. The individual non-major fund financial statements and schedules, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by the 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, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual non-major fund financial statements, budgetary schedules, other schedules and the accompanying schedule of expenditures of federal and State awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual non-major fund financial statements, budgetary schedules, other schedules, and the accompanying schedule of expenditures of federal and

State awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013 on our consideration of Cabarrus County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* in considering the Cabarrus County Board of Education's internal control over financial reporting and compliance.

Anderson Smith & Wike PLLC

October 22, 2013
Statesville, North Carolina
(704) 562-5039

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

This section of the Cabarrus County Board of Education's (*the Board*) financial report represents our discussion and analysis of the financial performance of the Board for the year ended June 30, 2013. This information should be read in conjunction with the audited financial statements included in this report.

Financial Highlights

- The Board experienced an increased enrollment of 539 students from the previous year.
- The Board opened an additional STEM magnet elementary school to improve academic achievement and to maintain diversity in our schools. These magnet programs provide challenging curriculum, while providing parents options in selecting the most appropriate education environment for their children.
- The Board committed resources to ensure all of our schools had strong technology infrastructure to facilitate 21st Century Learning.

Overview of the Financial Statements

The audited financial statements of the Cabarrus County Board of Education consist of three components. They are as follows:

- *Management's Discussion and Analysis*
- *Basic Financial Statements*
- *Required supplemental section that presents individual fund statements and schedules on a budgetary basis for certain governmental funds and the enterprise funds*

The *Basic Financial Statements* include two types of statements that present different views of the Board's finances. The first is the *Government-wide Statements*. The government-wide statements are presented on the full accrual basis of accounting and include the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Board's assets and liabilities. Assets and liabilities are classified in the order of relative liquidity for assets and due date for liabilities. This statement provides a summary of the Board's investment in assets and obligations to creditors. Liquidity and financial flexibility can be evaluated using the information contained in this statement. The Statement of Activities summarizes the Board's revenues and expenses for the current year. A net (expense) revenue format is used to indicate to what extent each function is self-sufficient.

Overview of the Financial Statements (Continued)

The second set of statements included in the basic financial statements is the *Fund Financial Statements*, which are presented for the Board's governmental and proprietary funds. These statements present the governmental funds on the modified accrual basis of accounting, measuring the near term inflows and outflows of financial resources and what is available at year-end to spend in the next fiscal year. The fund financial statements focus on the Board's most significant funds. Because a different basis of accounting is used in the government-wide statements, reconciliation from the governmental fund financial statements to the government-wide statements is required. The district-wide statements provide information about the Board as an economic unit, while the fund financial statements provide information on the financial resources of each of the Board's major funds.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the district's net position and how it has changed. Net position – the difference between the district's assets and liabilities – are one way to measure the district's financial health or position.

- Over time, increases or decreases in the district's net position are indicators of whether its financial position is improving or deteriorating.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of its school buildings and other physical assets.

The district's activities are divided into two categories in the government-wide statements:

- Governmental activities: Most of the district's basic services are included here, such as regular and special education, transportation, and administration. County funding and State and federal aid finance most of these activities.
- Business-type activities: The district charges fees to help it cover the costs of certain services it provides. School food service and childcare services are included here.

The government-wide statements are shown as Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law, such as the State Public School Fund.
- The district has established other funds to control and manage money for a particular purpose or to show that it is properly using certain revenues, such as in the Federal Grants Fund.

Cabarrus County Board of Education has two types of funds:

Governmental funds: Most of the district's basic services are included in the governmental funds, which generally focus on two things – how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending. As a result of this focus, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the coming year to finance the Board's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements, in the form of reconciliation, explains the relationship (or differences) between them. The District has several governmental funds: the General Fund, the State Public School Fund, the Individual Schools Fund, the Other Special Revenue Fund, the Capital Outlay Fund and the Federal Grants Fund.

The governmental fund statements are shown as Exhibits 3, 4 and 5 of this report.

Proprietary funds: Services for which the district charges a fee are generally reported in the proprietary funds. The proprietary fund statements are reported on the same full accrual basis of accounting as the government-wide statements. Cabarrus County Board of Education has two proprietary funds – both enterprise funds – the School Food Service Fund and the Kids Plus Child Care Fund.

The proprietary fund statements are shown as Exhibits 6, 7, and 8 of this report.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Financial Analysis of the Schools as a Whole

Net position is an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$399,768,865 as of June 30, 2013. The largest component of net position is net investment in capital assets of \$389,370,698.

Following is a summary of the Statement of Net Position:

Table 1						
Condensed Statement of Net Position						
As of June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Current assets	\$ 26,241,111	\$ 28,062,316	\$ 5,581,030	\$ 4,472,537	\$ 31,822,141	\$ 32,534,853
Capital assets	<u>387,927,375</u>	<u>394,662,512</u>	<u>2,425,569</u>	<u>2,501,554</u>	<u>390,352,944</u>	<u>397,164,066</u>
Total assets	<u>414,168,486</u>	<u>422,724,828</u>	<u>8,006,599</u>	<u>6,974,091</u>	<u>422,175,085</u>	<u>429,698,919</u>
Current liabilities	13,684,685	15,769,190	352,627	351,430	14,037,312	16,120,620
Long-term liabilities	<u>8,117,372</u>	<u>5,964,576</u>	<u>251,536</u>	<u>182,723</u>	<u>8,368,908</u>	<u>6,147,299</u>
Total liabilities	<u>21,802,057</u>	<u>21,733,766</u>	<u>604,163</u>	<u>534,153</u>	<u>22,406,220</u>	<u>22,267,919</u>
Net investment in						
capital assets	386,667,635	393,680,266	2,425,569	2,501,554	389,093,204	396,181,820
Restricted net position	3,606,430	3,599,833	-	-	3,606,430	3,599,833
Unrestricted net position	<u>2,092,364</u>	<u>3,710,963</u>	<u>4,976,867</u>	<u>3,938,384</u>	<u>7,069,231</u>	<u>7,649,347</u>
Total net position	<u>\$ 392,366,429</u>	<u>\$ 400,991,062</u>	<u>\$ 7,402,436</u>	<u>\$ 6,439,938</u>	<u>\$ 399,768,865</u>	<u>\$ 407,431,000</u>

Note that net position decreased by \$7,662,135 during the year, indicating a decline in the financial condition of the unit. Also note that the Board carries capital assets for which Cabarrus County carries the offsetting debt.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

The following table shows the revenues and expenses for the Board for the current fiscal year.

Table 2						
Condensed Statement of Revenues, Expenses, and Changes in Net Position						
For the Fiscal Years Ended June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Revenues:						
Program revenues:						
Charges for services	\$ 460,140	\$ 328,414	\$ 7,561,848	\$ 7,611,814	\$ 8,021,988	\$ 7,940,228
Operating grants and contributions	160,533,801	156,974,010	8,413,770	7,625,068	168,947,571	164,599,078
Capital grants and contributions	361,209	40,538	-	283,197	361,209	323,735
General revenues:						
Other revenues	68,400,386	69,266,641	17,350	10,010	68,417,736	69,276,651
Total revenues	<u>229,755,536</u>	<u>226,609,603</u>	<u>15,992,968</u>	<u>15,530,089</u>	<u>245,748,504</u>	<u>242,139,692</u>
Expenses:						
Governmental activities:						
Instructional services	189,462,348	178,868,755	-	-	189,462,348	178,868,755
System-wide support services	47,257,550	44,474,226	-	-	47,257,550	44,474,226
Ancillary services	56,699	78,685	-	-	56,699	78,685
Non-programmed charges	740,021	683,980	-	-	740,021	683,980
Interest	49,090	39,079	-	-	49,090	39,079
Unallocated depreciation	769,461	1,625,562	-	-	769,461	1,625,562
Business-type activities:						
School food service	-	-	12,872,268	12,432,678	12,872,268	12,432,678
Child care	-	-	2,203,202	2,178,317	2,203,202	2,178,317
Total expenses	<u>238,335,169</u>	<u>225,770,287</u>	<u>15,075,470</u>	<u>14,610,995</u>	<u>253,410,639</u>	<u>240,381,282</u>
Revenues over (under) expenses	(8,579,633)	839,316	917,498	919,094	(7,662,135)	1,758,410
Transfers in (out)	(45,000)	(45,000)	45,000	45,000	-	-
Increase (decrease) in net position	(8,624,633)	794,316	962,498	964,094	(7,662,135)	1,758,410
Beginning net position	400,991,062	400,196,746	6,439,938	5,475,844	407,431,000	405,672,590
Ending net position	<u>\$ 392,366,429</u>	<u>\$ 400,991,062</u>	<u>\$ 7,402,436</u>	<u>\$ 6,439,938</u>	<u>\$ 399,768,865</u>	<u>\$ 407,431,000</u>

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

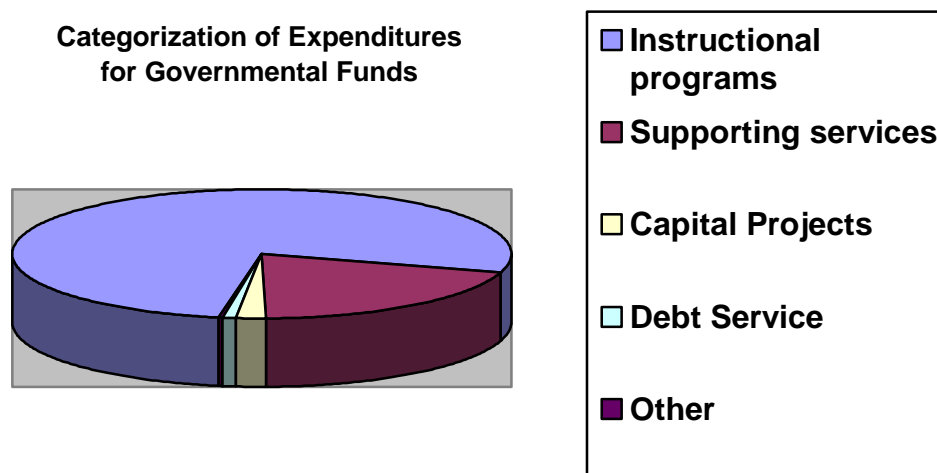
Total governmental activities generated revenues of \$230 million while expenses in this category totaled \$238 million. The decrease in governmental activities net position stands at \$8,624,633. This decrease was primarily due to technology expenditures during the year and a decrease in federal ARRA funding. Business-type activities generated revenue of \$16.0 million and had expenses of \$15.1 million. Net position increased in the business-type activities by approximately \$962,000 which is primarily attributable to profit from the School Food Service Fund combined with cost savings measures.

Financial Analysis of the District's Funds

Governmental Funds: The focus of Cabarrus County Board of Education's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Board's financing requirements.

The Board's governmental funds reported a combined fund balance of \$17,291,641, a \$300,413 decrease from last year. The General Fund reported a \$822,777 decrease in fund balance, ending the year with \$13,143,224 in fund balance. The decrease was due to the loss of federal ARRA grants. As such, in the current year the General Fund paid for certain expenditures that were paid from the Federal Grants Fund in the prior year. The Capital Outlay fund balance increased by \$194,537, the Individual Schools Fund reported a \$45,506 decrease in fund balance, and the Other Special Revenue Fund reported a \$374,333 increase in fund balance for the year ended June 30, 2013.

The following chart summarizes governmental fund expenditures by type.



Expenditures presented on modified accrual basis of accounting.

The Board's proprietary funds reported combined total net position of \$7,402,436, a \$962,498 increase from last year.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

General Fund Budgetary Highlights

Over the course of the year, the Board revised the budget several times to account for changes in expected revenues and expenditures. There were no significant changes from the original budget to the final budget. The Board did not overspend budgeted amounts at any budgeted level in the General Fund. Total fund balance in the district's General Fund decreased from \$14.0 at June 30, 2012 to \$13.1 million at June 30, 2013. The decrease in the total fund balance was due primarily to the Board of Education's loss of federal ARRA funds.

In 2012-2013 the budget committee began preparing for the 2013-2014 budget year. Members of the committee included representation from the board of education, school administration, teachers, teacher assistant, community members and county government.

Their goal was, and continues to be, ensuring that the Cabarrus County Schools budget for 2013-2014 is efficient, effective and can be implemented with the utmost fidelity – keeping the best interests of our students and employees top of mind.

In 2012-2013, Cabarrus County Schools was ranked 114th of 115 school systems in per pupil funding. Only one system in the state received less state funding than Cabarrus on a per pupil basis. In addition, North Carolina ranks 46th in the nation for teacher compensation. In the southeast, only West Virginia and Mississippi pay their teachers less.

Given this data with the addition of a salary study conducted by an independent third party, the budget committee was compelled to recommend a salary increase to the Cabarrus County board of commissioners. The recommendation was an increase of 1.7% increase on teacher salary. On average this recommended increase would have provided \$792 annually to teachers. The county approved on average \$30 annually for teachers.

Cabarrus County Schools will continue to advocate for competitive pay ranges for all staff members.

Capital Assets

Capital assets decreased by \$6.8 million (or 1.7%) from the previous year. This was due to depreciation expense exceeding current year additions to capital assets. The following is a summary of the capital assets, net of depreciation, at year-end.

A more detailed description of the capital assets is available in Note 3 of the basic financial statements.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Table 3						
Summary of Capital Assets						
As of June 30, 2013 and 2012						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/13	6/30/12	6/30/13	6/30/12	6/30/13	6/30/12
Land	\$ 2,300,000	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000	\$ 2,300,000
Construction in progress	2,557,534	3,233,582	-	-	2,557,534	3,233,582
Buildings/improvements	374,647,205	380,778,676	-	-	374,647,205	380,778,676
Equipment and furniture	5,045,604	5,034,476	2,425,569	2,501,554	7,471,173	7,536,030
Vehicles	3,377,032	3,315,778	-	-	3,377,032	3,315,778
Total	<u>\$ 387,927,375</u>	<u>\$ 394,662,512</u>	<u>\$ 2,425,569</u>	<u>\$ 2,501,554</u>	<u>\$ 390,352,944</u>	<u>\$ 397,164,066</u>

Debt Outstanding

During the year, the Board's outstanding debt increased by approximately \$1.6 million, principally due to an increase in compensated absences.

A more detailed description of the long-term debt is available in Note 3 of the basic financial statements.

Economic Factors

The Board anticipates an increased enrollment over the next several years and will need continued increases in classroom space, teachers and equipment. County funding is a major source of income for the Board; therefore, the County's economic outlook directly affects that of the school district. The following factors have affected the economic outlook of Cabarrus County.

- County sales tax for 2013 increased 9.75%. The County enacted an additional ¼ cent sales tax.
- Cabarrus County currently ranks 28th among the 100 counties in unemployment. The average unemployment rate in the county was 8.8% on June 30, 2013.
- Current year property tax revenue decreased from FY2012 levels by \$2,507,622 or 2.08%. FY2013 was a revaluation year and anticipated assessed values used for the FY2013 budget declined 13.66%.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013**

Requests for Information

This report is intended to provide a summary of the financial condition of Cabarrus County Board of Education. Questions or requests for additional information should be addressed to:

Kelly H. Klutz, CPA
Chief Financial Officer
Cabarrus County Board of Education
P.O. Box 388
Concord, NC 28026

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION
June 30, 2013

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 22,462,588	\$ 5,225,458	\$ 27,688,046
Due from other governments	3,018,092	179,008	3,197,100
Receivables (net)	41,429	3,210	44,639
Prepaid expenses	225,000	-	225,000
Inventories	494,002	173,354	667,356
Capital assets:			
Land, improvements, and construction in progress	4,857,534	-	4,857,534
Other capital assets, net of depreciation	383,069,841	2,425,569	385,495,410
Total capital assets	387,927,375	2,425,569	390,352,944
Total assets	414,168,486	8,006,599	422,175,085
LIABILITIES			
Accounts payable and accrued expenses	1,565,268	22,012	1,587,280
Accrued salaries and wages payable	2,688,319	50,549	2,738,868
Unavailable revenue	4,695,883	144,025	4,839,908
Long-term liabilities:			
Due within one year	4,735,215	136,041	4,871,256
Due in more than one year	8,117,372	251,536	8,368,908
Total liabilities	21,802,057	604,163	22,406,220
NET POSITION			
Net investment in capital assets	386,667,635	2,425,569	389,093,204
Restricted for:			
Individual Schools	2,781,314	-	2,781,314
Stabilization by State statute	456,816	-	456,816
School Capital Outlay	368,300	-	368,300
Unrestricted	2,092,364	4,976,867	7,069,231
Total net position	\$ 392,366,429	\$ 7,402,436	\$ 399,768,865

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
Instructional services:				
Regular instructional	\$ 118,116,406	\$ 339,762	\$ 88,987,881	\$ -
Special populations	29,088,752	-	26,095,073	-
Alternative programs	9,933,133	-	7,433,300	-
School leadership	14,168,307	-	8,376,626	-
Co-curricular	8,043,803	-	-	-
School-based support	10,111,947	-	9,473,607	-
System-wide support services:				
Support and development	1,098,540	-	652,810	-
Special populations	663,959	-	572,459	-
Alternative programs	304,024	-	297,267	-
Technology support	3,102,128	-	350,912	-
Operational support	35,961,888	120,378	16,647,198	361,209
Financial and human resource services	3,057,011	-	380,506	-
System-wide pupil support services	1,118,820	-	222,840	-
Policy, leadership and public	1,951,180	-	813,119	-
Ancillary services	56,699	-	-	-
Non-programmed charges	740,021	-	230,203	-
Interest on long-term debt	49,090	-	-	-
Unallocated depreciation expense*	769,461	-	-	-
Total governmental activities	<u>238,335,169</u>	<u>460,140</u>	<u>160,533,801</u>	<u>361,209</u>
Business-type activities:				
School food service	12,872,268	5,213,646	8,413,770	-
Kids Plus	2,203,202	2,348,202	-	-
Total business-type activities	<u>15,075,470</u>	<u>7,561,848</u>	<u>8,413,770</u>	<u>-</u>
Total primary government	<u>\$ 253,410,639</u>	<u>\$ 8,021,988</u>	<u>\$ 168,947,571</u>	<u>\$ 361,209</u>

General revenues:

Unrestricted county appropriations - operating
Unrestricted county appropriations - capital
Unrestricted State appropriations - operating
Investment earnings
Miscellaneous

Transfers

Total general revenues and transfers
Change in net position
Net position-beginning
Net position-ending

* This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-type Activities	Total
\$ (28,788,763)	\$ -	\$ (28,788,763)
(2,993,679)	-	(2,993,679)
(2,499,833)	-	(2,499,833)
(5,791,681)	-	(5,791,681)
(8,043,803)	-	(8,043,803)
(638,340)	-	(638,340)
(445,730)	-	(445,730)
(91,500)	-	(91,500)
(6,757)	-	(6,757)
(2,751,216)	-	(2,751,216)
(18,833,103)	-	(18,833,103)
(2,676,505)	-	(2,676,505)
(895,980)	-	(895,980)
(1,138,061)	-	(1,138,061)
(56,699)	-	(56,699)
(509,818)	-	(509,818)
(49,090)	-	(49,090)
(769,461)	-	(769,461)
<u>(76,980,019)</u>	<u>-</u>	<u>(76,980,019)</u>
-	755,148	755,148
-	145,000	145,000
-	<u>900,148</u>	<u>900,148</u>
<u>(76,980,019)</u>	<u>900,148</u>	<u>(76,079,871)</u>
47,226,758	-	47,226,758
5,342,304	-	5,342,304
914,048	-	914,048
15,838	7,221	23,059
14,901,438	10,129	14,911,567
(45,000)	45,000	-
<u>68,355,386</u>	<u>62,350</u>	<u>68,417,736</u>
(8,624,633)	962,498	(7,662,135)
400,991,062	6,439,938	407,431,000
<u>\$ 392,366,429</u>	<u>\$ 7,402,436</u>	<u>\$ 399,768,865</u>

CABARRUS COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013

Exhibit 3

	Major Funds			
	General	State Public School	Individual Schools	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 16,821,828	\$ -	\$ 2,781,314	\$ 735,443
Receivables (net)	20,482	-	-	-
Due from other governments	89,329	2,398,304	-	-
Prepaid expenditures	200,000	-	-	-
Inventories	494,002	-	-	-
Total assets	<u>\$ 17,625,641</u>	<u>\$ 2,398,304</u>	<u>\$ 2,781,314</u>	<u>\$ 735,443</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,506,800	\$ -	\$ -	\$ -
Accrued salaries and benefits	60,277	2,398,304	-	-
Unavailable revenue	2,915,340	-	-	367,143
Total liabilities	<u>4,482,417</u>	<u>2,398,304</u>	<u>-</u>	<u>367,143</u>
Fund balances:				
Nonspendable:				
Prepaid expenditures	200,000	-	-	-
Inventories	494,002	-	-	-
Restricted:				
Stabilization by State statute	109,811	-	-	-
School Capital Outlay	-	-	-	368,300
Individual Schools	-	-	2,781,314	-
Assigned:				
Designated for technology expenditures	1,606,637	-	-	-
Designated for insurance expenditures	1,567,516	-	-	-
Designated for subsequent year's expenditures	3,000,000	-	-	-
Special Revenues	-	-	-	-
Unassigned	6,165,258	-	-	-
Total fund balances	<u>13,143,224</u>	<u>-</u>	<u>2,781,314</u>	<u>368,300</u>
Total liabilities and fund balances	<u>\$ 17,625,641</u>	<u>\$ 2,398,304</u>	<u>\$ 2,781,314</u>	<u>\$ 735,443</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Some liabilities are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

	Non-Major Fund		
Other Special Revenue	Federal Grants Fund		Total Governmental Funds
\$ 2,124,003	\$ -		\$ 22,462,588
20,947	-		41,429
326,058	204,401		3,018,092
25,000	-		225,000
-	-		494,002
<u>\$ 2,496,008</u>	<u>\$ 204,401</u>		<u>\$ 26,241,111</u>

\$ 58,468	\$ -		\$ 1,565,268
25,337	204,401		2,688,319
1,413,400	-		4,695,883
<u>1,497,205</u>	<u>204,401</u>		<u>8,949,470</u>

25,000	-		225,000
-	-		494,002
347,005	-		456,816
-	-		368,300
-	-		2,781,314
-	-		1,606,637
-	-		1,567,516
-	-		3,000,000
626,798	-		626,798
-	-		6,165,258
<u>998,803</u>	<u>-</u>		<u>17,291,641</u>
<u>\$ 2,496,008</u>	<u>\$ 204,401</u>		

387,927,375

(12,852,587)

\$ 392,366,429

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

Exhibit 4

	Major Funds			
	General	State Public School	Individual Schools	Capital Outlay
REVENUES				
State of North Carolina	\$ -	\$ 146,690,042	\$ -	\$ 361,209
Cabarrus County	47,226,758	-	-	5,342,304
U.S. Government	-	-	-	-
Other	1,700,828	-	7,838,189	901,188
Total revenues	<u>48,927,586</u>	<u>146,690,042</u>	<u>7,838,189</u>	<u>6,604,701</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	16,355,242	87,787,066	-	954,106
Special populations	1,788,866	18,586,464	-	-
Alternative programs	207,047	4,228,300	-	-
School leadership	5,654,164	7,262,264	-	-
Co-curricular	112,118	-	7,884,695	-
School-based support	575,450	9,245,769	-	-
System-wide support services:				
Support and development	408,663	652,810	-	-
Special populations	87,621	572,459	-	-
Alternative programs	-	-	-	-
Technology support	2,733,094	350,912	-	-
Operational support	18,204,407	16,581,283	-	860,102
Financial and human resource services	1,654,104	341,756	-	-
System-wide pupil support services	113,685	222,840	-	-
Policy, leadership and public relations	1,109,174	813,119	-	-
Ancillary services:				
Community	56,368	-	-	-
Non-programmed charges	690,360	-	-	-
Capital outlay	-	-	-	4,824,360
Debt service				
Principal	-	-	-	1,317,961
Interest	-	-	-	49,090
Total expenditures	<u>49,750,363</u>	<u>146,645,042</u>	<u>7,884,695</u>	<u>8,005,619</u>
Revenues over (under) expenditures	(822,777)	45,000	(46,506)	(1,400,918)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	(45,000)	-	-
Installment purchase obligations issued	-	-	-	1,595,455
Net change in fund balance	<u>(822,777)</u>	<u>-</u>	<u>(46,506)</u>	<u>194,537</u>
Fund balances-beginning	13,953,094	-	2,827,820	173,763
Decrease in reserve for inventories	12,907	-	-	-
Fund balances-ending	<u>\$ 13,143,224</u>	<u>\$ -</u>	<u>\$ 2,781,314</u>	<u>\$ 368,300</u>

	<u>Non-Major Fund</u>	
<u>Other Special Revenue</u>	<u>Federal Grants Fund</u>	<u>Total Governmental Funds</u>
\$ 914,048	\$ -	\$ 147,965,299
-	-	52,569,062
1,550,042	13,888,759	15,438,801
3,329,262	-	13,769,467
<u>5,793,352</u>	<u>13,888,759</u>	<u>229,742,629</u>
1,157,797	1,200,815	107,455,026
909,070	7,508,609	28,793,009
2,181,057	3,205,000	9,821,404
36,076	1,114,362	14,066,866
-	-	7,996,813
-	227,838	10,049,057
30,650	-	1,092,123
-	-	660,080
-	297,267	297,267
-	-	3,084,006
38,994	65,915	35,750,701
1,003,893	38,750	3,038,503
-	-	336,525
17,489	-	1,939,782
-	-	56,368
43,993	230,203	964,556
-	-	4,824,360
-	-	1,317,961
-	-	49,090
<u>5,419,019</u>	<u>13,888,759</u>	<u>231,593,497</u>
374,333	-	(1,850,868)
-	-	(45,000)
-	-	1,595,455
<u>374,333</u>	<u>-</u>	<u>(300,413)</u>
624,470	-	17,579,147
-	-	12,907
<u>\$ 998,803</u>	<u>\$ -</u>	<u>\$ 17,291,641</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2013

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ (300,413)
Change in fund balance due to change in reserve for inventory	12,907
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(6,735,137)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(12,661)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(277,494)
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	(1,324,496)
Gain on disposal of assets	<u>12,661</u>
Total changes in net position of governmental activities	<u>\$ (8,624,633)</u>

**CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013**

Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance - Over (Under)
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cabarrus County	50,053,676	50,008,791	47,226,758	(2,782,033)
U.S. Government	-	-	-	-
Other	1,592,029	1,592,029	1,700,828	108,799
Total revenues	<u>51,645,705</u>	<u>51,600,820</u>	<u>48,927,586</u>	<u>(2,673,234)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	15,378,194	21,237,694	16,355,242	4,882,452
Special populations	2,407,062	2,407,062	1,788,866	618,196
Alternative programs	220,954	220,954	207,047	13,907
School leadership	7,257,075	7,257,075	5,654,164	1,602,911
Co-curricular	156,486	156,486	112,118	44,368
School-based support	562,675	597,675	575,450	22,225
System-wide support services				
Support and development	457,915	457,915	408,663	49,252
Special populations	86,514	88,514	87,621	893
Technology support	2,737,342	2,737,342	2,733,094	4,248
Operational support	21,428,552	22,425,167	18,204,407	4,220,760
Financial and human resource services	1,973,799	1,973,799	1,654,104	319,695
System-wide pupil support services	114,159	114,159	113,685	474
Policy, leadership and public relations	1,074,413	1,154,413	1,109,174	45,239
Ancillary services				
Community	55,930	56,430	56,368	62
Nutrition	-	-	-	-
Non-programmed charges	734,635	734,635	690,360	44,275
Total expenditures	<u>54,645,705</u>	<u>61,619,320</u>	<u>49,750,363</u>	<u>11,868,957</u>
Revenues over (under) expenditures	(3,000,000)	(10,018,500)	(822,777)	9,195,723
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	(3,000,000)	(10,018,500)	(822,777)	9,195,723
Appropriated fund balance	3,000,000	10,018,500	-	(10,018,500)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(822,777)	<u>\$ (822,777)</u>
Fund balances, beginning of year			13,953,094	
Increase in reserve for inventories			12,907	
Fund balances, end of year			<u>\$ 13,143,224</u>	

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013

Exhibit 5 (continued)

	State Public School Fund			
	Original Budget	Final Budget	Actual Amounts	Variance - Over (Under)
Revenues:				
State of North Carolina	\$ 144,013,413	\$ 149,222,259	\$ 146,690,042	\$ (2,532,217)
Cabarrus County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>144,013,413</u>	<u>149,222,259</u>	<u>146,690,042</u>	<u>(2,532,217)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	87,278,990	88,883,183	87,787,066	1,096,117
Special populations	17,280,458	18,648,144	18,586,464	61,680
Alternative programs	4,687,114	4,637,367	4,228,300	409,067
School leadership	7,113,975	7,324,152	7,262,264	61,888
Co-curricular	-	-	-	-
School-based support	8,804,246	9,265,644	9,245,769	19,875
System-wide support services				
Support and development	825,943	852,208	652,810	199,398
Special populations	540,876	577,876	572,459	5,417
Technology support	333,847	366,481	350,912	15,569
Operational support	15,746,970	17,161,210	16,581,283	579,927
Financial and human resource services	324,191	344,191	341,756	2,435
System-wide pupil support services	296,075	301,075	222,840	78,235
Policy, leadership and public relations	735,728	815,728	813,119	2,609
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>143,968,413</u>	<u>149,177,259</u>	<u>146,645,042</u>	<u>2,532,217</u>
Revenues over (under) expenditures	45,000	45,000	45,000	-
Other financing uses:				
Transfers to other funds	<u>(45,000)</u>	<u>(45,000)</u>	<u>(45,000)</u>	<u>-</u>
Revenues over (under) expenditures and other uses	-	-	-	-
Appropriated fund balance	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances, beginning of year			-	
Decrease in reserve for inventories			-	
Fund balances, end of year			<u>\$ -</u>	

**CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND AND ANNUALLY
BUDGETED MAJOR SPECIAL REVENUE FUNDS
For the Year Ended June 30, 2013**

Exhibit 5 (continued)

	Other Special Revenue Fund			
	Original Budget	Final Budget	Actual Amounts	Variance - Over (Under)
Revenues:				
State of North Carolina	\$ 1,141,203	\$ 1,141,203	\$ 914,048	\$ (227,155)
Cabarrus County	-	-	-	-
U.S. Government	1,461,309	1,461,309	1,550,042	88,733
Other	3,138,046	4,543,160	3,329,262	(1,213,898)
Total revenues	<u>5,740,558</u>	<u>7,145,672</u>	<u>5,793,352</u>	<u>(1,352,320)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	1,245,810	1,335,423	1,157,797	177,626
Special populations	1,290,890	1,898,090	909,070	989,020
Alternative programs	2,352,187	2,351,487	2,181,057	170,430
School leadership	1,742	37,832	36,076	1,756
Co-curricular	-	-	-	-
School-based support	-	-	-	-
System-wide support services				
Support and development	40,000	40,000	30,650	9,350
Special populations	-	-	-	-
Technology support	-	-	-	-
Operational support	50,600	64,100	38,994	25,106
Financial and human resource services	741,840	1,347,240	1,003,893	343,347
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	17,489	17,489	17,489	-
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	-	54,011	43,993	10,018
Total expenditures	<u>5,740,558</u>	<u>7,145,672</u>	<u>5,419,019</u>	<u>1,726,653</u>
Revenues over (under) expenditures	-	-	374,333	374,333
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over (under) expenditures and other uses	-	-	374,333	374,333
Appropriated fund balance	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	374,333	<u>\$ 374,333</u>
Fund balances, beginning of year			624,470	
Decrease in reserve for inventories			-	
Fund balances, end of year			<u>\$ 998,803</u>	

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2013

Exhibit 6

	<u>Major Fund</u>	<u>Non-major Fund</u>	
	<u>School Food Service</u>	<u>Kids Plus</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,763,597	\$ 461,861	\$ 5,225,458
Due from other governments	179,008	-	179,008
Accounts receivable (net)	3,210	-	3,210
Inventories	173,354	-	173,354
Total current assets	<u>5,119,169</u>	<u>461,861</u>	<u>5,581,030</u>
Noncurrent assets:			
Capital assets, net	2,425,569	-	2,425,569
Total assets	<u>7,544,738</u>	<u>461,861</u>	<u>8,006,599</u>
LIABILITIES			
Current liabilities:			
Accounts payable	12,222	9,790	22,012
Accrued salaries and benefits	50,549	-	50,549
Compensated absences	91,147	44,894	136,041
Unavailable revenues	144,025	-	144,025
Total current liabilities	<u>297,943</u>	<u>54,684</u>	<u>352,627</u>
Noncurrent liabilities:			
Compensated absences	168,389	83,147	251,536
Total liabilities	<u>466,332</u>	<u>137,831</u>	<u>604,163</u>
NET POSITION			
Net investment in capital assets	2,425,569	-	2,425,569
Unrestricted	4,652,837	324,030	4,976,867
Total net position	<u>\$ 7,078,406</u>	<u>\$ 324,030</u>	<u>\$ 7,402,436</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2013

Exhibit 7

	<u>Major Fund</u>	<u>Non-major Fund</u>	
	<u>School Food Service</u>	<u>Kids Plus</u>	<u>Total</u>
OPERATING REVENUES			
Food sales	\$ 5,213,646	\$ 2,348,202	\$ 7,561,848
Other	10,129	-	10,129
Total operating revenues	<u>5,223,775</u>	<u>2,348,202</u>	<u>7,571,977</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	5,441,034	152,052	5,593,086
Salaries and benefits	5,664,748	1,730,201	7,394,949
Supplies and materials	327,598	28,566	356,164
Contracted services	131,154	19,649	150,803
Repairs and maintenance	68,582	113	68,695
Indirect costs	750,734	225,000	975,734
Depreciation	382,931	1,180	384,111
Utilities and telephone	32,214	17,055	49,269
Other	73,273	29,386	102,659
Total operating expenses	<u>12,872,268</u>	<u>2,203,202</u>	<u>15,075,470</u>
Operating income (loss)	<u>(7,648,493)</u>	<u>145,000</u>	<u>(7,503,493)</u>
NONOPERATING REVENUES			
Federal reimbursements	7,388,409	-	7,388,409
Federal commodities	697,784	-	697,784
State reimbursements	28,730	-	28,730
Interest earned	7,221	-	7,221
Loss on disposal of capital assets	(1,887)	-	(1,887)
Indirect costs not paid	300,734	-	300,734
Total nonoperating revenues	<u>8,420,991</u>	<u>-</u>	<u>8,420,991</u>
Income before transfer	772,498	145,000	917,498
Transfer from other funds	45,000	-	45,000
Change in net position	817,498	145,000	962,498
Total net position - beginning	<u>6,260,908</u>	<u>179,030</u>	<u>6,439,938</u>
Total net position - ending	<u>\$ 7,078,406</u>	<u>\$ 324,030</u>	<u>\$ 7,402,436</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2013

Exhibit 8

	<u>Major Fund</u>	<u>Non-major Fund</u>	
	<u>School Food Service</u>	<u>Kids Plus</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 5,259,411	\$ 2,348,842	\$ 7,608,253
Cash paid for goods and services	(5,753,081)	(477,593)	(6,230,674)
Cash paid to employees for services	(5,626,483)	(1,705,578)	(7,332,061)
Other operating revenues	10,129	-	10,129
	<u>(6,110,024)</u>	<u>165,671</u>	<u>(5,944,353)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	7,417,139	-	7,417,139
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds on disposal of capital assets	8,500	-	8,500
Acquisition of capital assets	(318,513)	-	(318,513)
	<u>(310,013)</u>	<u>-</u>	<u>(310,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	7,221	-	7,221
	<u>1,004,323</u>	<u>165,671</u>	<u>1,169,994</u>
Balances-beginning of the year	<u>3,759,274</u>	<u>296,190</u>	<u>4,055,464</u>
Balances-end of the year	<u>\$ 4,763,597</u>	<u>\$ 461,861</u>	<u>\$ 5,225,458</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2013

Exhibit 8
(Continued)

	<u>Major Fund</u>	<u>Non-major Fund</u>	
	<u>Service</u>	<u>Kids Plus</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash used by operating activities			
Operating income (loss)	\$ (7,648,493)	\$ 145,000	\$ (7,503,493)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	382,931	1,180	384,111
Donated commodities consumed	697,784	-	697,784
Salaries paid by the State Public School Fund	45,000	-	45,000
Indirect costs not paid	300,734	-	300,734
Changes in assets and liabilities:			
Decrease in due from other governments	23,882	-	23,882
Decrease in accounts receivable	8,493	640	9,133
Decrease in inventories	28,486	-	28,486
Increase (decrease) in accounts payable	6,731	(5,772)	959
Decrease in accrued salaries and benefits	(7,227)	-	(7,227)
Increase in deferred revenue	13,390	-	13,390
Increase in compensated absences	38,265	24,623	62,888
Total adjustments	<u>1,538,469</u>	<u>20,671</u>	<u>1,559,140</u>
Net cash provided (used) by operating activities	<u>\$ (6,110,024)</u>	<u>\$ 165,671</u>	<u>\$ (5,944,353)</u>

Noncash investing, capital, and financing activities:

Indirect costs of \$300,734 that would be due to the Other Special Revenue Fund were not paid. These unpaid costs are reflected as a nonoperating revenue and an operating expense on Exhibit 7.

The State Public School Fund contributed \$45,000 to the School Food Service Fund during the fiscal year to provide assistance with the payment of administrative wages. This payment is reflected as a transfer in and an operating expense on Exhibit 7.

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cabarrus County Board of Education conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Cabarrus County Board of Education (Board) is a Local Education Agency empowered by State law [Chapter 115C of the North Carolina General Statutes] with the responsibility to oversee and control all activities related to public school education in Cabarrus County, North Carolina. The Board provides public school education to the children of Cabarrus County not living within the boundaries of the Kannapolis Local Educational Agency. The Board receives State, local, and federal government funding and must adhere to the legal requirements of each funding entity.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the Board. These statements include the financial activities of the overall government. Eliminations have been made to minimize the effect of internal activities upon revenues and expenses. These statements distinguish between the *governmental* and *business-type activities* of the Board. Governmental activities generally are financed through 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 business-type activities of the Board and for each function of the Board'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 are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Board's funds. Separate statements for each fund category – *governmental* and *proprietary* – 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 nonexchange transactions or ancillary activities.

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Board. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. This fund is the “Local Current Expense Fund,” which is mandated by State law [G.S. 115C-426].

State Public School Fund. The State Public School Fund includes appropriations from the Department of Public Instruction for the current operating expenditures of the public school system.

Other Special Revenue Fund. The Other Special Revenue Fund is used to account for revenues from reimbursements (including indirect costs), fees for actual costs, tuition, sales tax refunds, gifts and grants restricted as to use, trust funds, federal grants restricted as to use, federal appropriations made directly to local school administrative units, funds received from prekindergarten programs and other special programs.

Individual Schools Fund. The Individual Schools Fund includes revenues and expenditures of the activity funds of the individual schools. The primary revenue sources include funds held on the behalf of various clubs and organizations, receipts from athletic events, and proceeds from various fund raising activities. The primary expenditures are for athletic teams, club programs, activity buses, and instructional needs.

Capital Outlay Fund. The Capital Outlay Fund accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). It is mandated by State law [G.S.115C-426]. Capital projects are funded by Cabarrus County appropriations, restricted sales tax moneys, proceeds of Cabarrus County bonds issued for public school construction as well as certain State assistance.

The Board reports the following major enterprise fund:

School Food Service Fund. The School Food Service Fund is used to account for the food service program within the school system.

Measurement Focus and Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and 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 Board gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The Board considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. These could include federal, State, and county grants, and some charges for services. Expenditures are recorded when the related fund liability is incurred, except for 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. Acquisitions under capital leases are reported as other financing sources.

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

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

Budgetary Data

The Board's budgets are adopted as required by the North Carolina General Statutes. Annual budgets are adopted for all funds, except for the individual schools special revenue funds as required by the North Carolina General Statutes. No budget is required by State law for individual school funds. All appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds. The Board has authorized the Superintendent to move moneys (up to \$5,000) from one function to another within a fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the Board are made in board-designated official depositories and are secured as required by State law [G.S. 115C-444]. The Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Board may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. The Board also has money credited in its name with the State Treasurer and may issue State warrants against these funds.

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State law [G.S. 115C-443] authorizes the Board 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; the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund; and the North Carolina State Treasurer's Short Term Investment Fund (STIF). The STIF is managed by the staff of the Department of State Treasurer and operated in accordance with state law and regulations. It is not registered with the SEC. It consists of an internal portion and an external portion in which the Board participates. Investments are restricted to those enumerated in G.S. 147-69.1.

The Board's investments are reported at fair value as determined by quoted market prices. The STIF securities, if any, are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to external participants of the fund. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price.

Cash and Cash Equivalents

The Board pools money 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.

Inventories and Prepaid Items

The inventories of the Board are valued at cost and the Board uses the first-in, first-out (FIFO) flow assumption in determining cost. The inventories of the Board's General Fund consist of expendable materials and supplies, which are recorded as expenditures when purchased. The General Fund inventories do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reserved.

Proprietary Fund inventories consist of food and supplies and are recorded as expenses when consumed.

Prepaid items consist of deposits made with various insurance companies.

Capital Assets

The Board's capital assets are recorded at original cost. Donated assets are listed at their estimated fair value at the date of donation or forfeiture. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Certain items acquired before July 1, 1970 are recorded at an estimated original historical cost. The total of these estimates is not considered large enough that any errors would be material when capital assets are considered as a whole.

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is the policy of the Board to capitalize all capital assets costing more than \$2,000 with an estimated useful life of two or more years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Cabarrus County holds title to certain properties, which are reflected as capital assets in the financial statements of the Board. The properties have been deeded to the County to permit installment purchase 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 Board gives the schools full use of the facilities, full responsibility for maintenance of the facilities, and provides that the County will convey title of the property back to the Board, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met.

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

	<u>Years</u>
Buildings	50
Equipment and furniture	5-20
Vehicles	8

Depreciation for building and equipment that serve multiple purposes cannot be allocated ratably and is therefore reported as “unallocated depreciation” on the Statement of Activities. Land and Construction in Progress are not depreciated.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

Compensated Absences

The Board follows the State’s policy for vacation and sick leave. Employees may accumulate up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Board, the current portion of the accumulated vacation pay is not considered to be material. The Board’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2013 is recorded in the government-wide and proprietary fund financial statements on a FIFO basis. An estimate has been made, based on prior years’ records, of the current portion of compensated absences.

The sick leave policy of the Board provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Board has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

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

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

In the governmental fund financial statements, fund balance is composed of four 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 not in spendable form or legally or contractually required to be maintained intact.

Prepaid expenditures – portion of fund balance that is not an available resource because it represents the year end balance of prepaid expenditures, which are not spendable resources.

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.

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

Restricted for Stabilization by State statute - portion of fund balance that is restricted by State Statute [G.S. 115C-425(a)].

Restricted for School Capital Outlay - portion of fund balance that can only be used for school capital outlay. [G.S. 159-18 through 22]

Restricted for Individual Schools – revenue sources restricted for expenditures for the various clubs and organizations, athletic events, and various fund raising activities for which they were collected.

Assigned fund balance – portion of fund balance that the Board of Education intends to use for specific purposes. Any amounts assigned are established by the Board's Budget Committee.

Technology expenditures – portion of fund balance that is designated for the purchase of computers that is not already classified in restricted fund balance.

Insurance expenditures – portion of fund balance that is designated for potential, future workers compensation insurance expenditures

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted fund balance.

Special revenues – portion of fund balance that represents the residual amount of revenues from certain grants, reimbursements, indirect costs and other financial resources in excess of related expenditures that the Board of Education has assigned to be expended for educational services. This amount can be expended on instructional services, system-wide support services, ancillary services or non-programmed charges.

**CABARRUS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The Board of Education has a management policy for revenue spending that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-board of education funds, and lastly board of education funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Board of Education.

Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. The net adjustment of \$375,074,788 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 512,930,076
Less Accumulated Depreciation	<u>(125,002,701)</u>
Net capital assets	387,927,375
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Installment financing	(1,259,740)
Compensated absences	<u>(11,592,847)</u>
Total adjustment	<u>\$ 375,074,788</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$(8,324,220) as follows:

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital projects expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 6,123,458
Depreciation expenses, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	(12,858,595)
Gain on disposal of capital assets reported in the statement of activities	12,661
Proceeds from the sale of capital assets recorded as revenues in the fund statements but not in the statement of activities	(12,661)
New debt issued during the year is recorded as a source of funds on the fund statements but have no affect on the statement of net position on the government-wide statements.	(1,595,455)
Principal payments on debt owed are recorded as a use of funds on the fund statements but it affects only the statement of net position in the government-wide statements.	1,317,961
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Adjustment due to the use of the consumption method of recording inventories in the government-wide statements	12,907
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	<u>(1,324,496)</u>
Total adjustment	<u>\$ (8,324,220)</u>

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Material Violations of Finance-Related Legal and Contractual Provisions

None

Excess of Expenditures Over Appropriations

None

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS

Assets

Deposits

All of the Board's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the Board's agents in the unit's name. 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 Board, these deposits are considered to be held by the agent in the entity's name. The amount of the 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 Board or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Board has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the Board had deposits with financial institutions with a carrying amount of \$15,349,415 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$15,794,272 and \$957,298 respectively. Of these balances, \$3,392,656 was covered by federal depository insurance and \$13,358,914 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2013, the Board of Education had \$100,172 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poor's. In addition, the Board has \$12,238,459 invested with the State Treasurer in the Short-Term Investment Fund (STIF). The STIF is unrated and had a weighted average of maturity of 1.60 years at June 30, 2013. The Board has no policy for managing interest risk or credit risk.

**CABARRUS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Receivables at the government-wide level at June 30, 2013 were as follows:

	Due from other governments	Other
Governmental activities:		
General Fund	\$ 89,329	\$ 20,482
Other governmental activities	2,928,763	20,947
Total	<u>\$ 3,018,092</u>	<u>\$ 41,429</u>
Business-type activities:		
School Food Service	<u>\$ 179,008</u>	<u>\$ 3,210</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 89,329	County funds
State Public School Fund	2,398,304	North Carolina for payroll
Other Special Revenue Fund	310,960	Sales tax refund
Other Special Revenue Fund	15,098	Federal grant reimbursement
Federal Grants Fund	204,401	Federal grant funds for payroll
Total	<u>\$ 3,018,092</u>	
Business-type activities		
School Food Service	<u>\$ 179,008</u>	Federal grant funds

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000
Construction in progress	<u>3,233,582</u>	<u>3,588,968</u>	<u>4,265,016</u>	<u>2,557,534</u>
Total capital assets not being depreciated	<u>5,533,582</u>	<u>\$ 3,588,968</u>	<u>\$ 4,265,016</u>	<u>4,857,534</u>
Capital assets being depreciated:				
Buildings/improvements	469,291,615	\$ 5,177,345	\$ 230,290	474,238,670
Equipment and furniture	16,247,317	791,446	567,846	16,470,917
Vehicles	<u>17,199,146</u>	<u>830,715</u>	<u>666,906</u>	<u>17,362,955</u>
Total capital assets being depreciated	<u>502,738,078</u>	<u>\$ 6,799,506</u>	<u>\$ 1,465,042</u>	<u>508,072,542</u>
Less accumulated depreciation for:				
Buildings/improvements	88,512,939	\$ 11,308,816	\$ 230,290	99,591,465
Equipment and furniture	11,212,841	780,318	567,846	11,425,313
Vehicles	<u>13,883,368</u>	<u>769,461</u>	<u>666,906</u>	<u>13,985,923</u>
Total accumulated depreciation	<u>113,609,148</u>	<u>\$ 12,858,595</u>	<u>\$ 1,465,042</u>	<u>125,002,701</u>
Total capital assets being depreciated, net	<u>389,128,930</u>			<u>383,069,841</u>
Governmental activity capital assets, net	<u>\$ 394,662,512</u>			<u>\$ 387,927,375</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
School Food Service Fund:				
Capital assets being depreciated:				
Furniture and office equipment	\$ 6,846,715	\$ 318,513	\$ 28,203	\$ 7,137,025
Less accumulated depreciation for:				
Furniture and office equipment	<u>4,346,341</u>	<u>\$ 382,931</u>	<u>\$ 17,816</u>	<u>4,711,456</u>
School Food Service capital assets, net:	<u>2,500,374</u>			<u>2,425,569</u>
 Kids Plus Fund				
Capital assets being depreciated				
Furniture and equipment	87,278	<u>\$ -</u>	<u>\$ -</u>	87,278
Less accumulated depreciation for				
Furniture and equipment	<u>86,098</u>	<u>\$ 1,180</u>	<u>\$ -</u>	<u>87,278</u>
Other enterprise funds capital assets, net:	<u>1,180</u>			<u>-</u>
Business-type activity capital assets, net:	<u>\$ 2,501,554</u>			<u>\$ 2,425,569</u>

Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 11,308,816
System-wide support services	780,318
Unallocated depreciation	<u>769,461</u>
Total	<u>\$ 12,858,595</u>

Construction Commitments

Cabarrus County Board of Education has an active construction project at Northwest Cabarrus High School as of June 30, 2013. At year-end, the commitments with contractors for school construction are as follows:

<u>Project</u>	<u>Incurred to Date</u>	<u>Remaining Commitment</u>
Northwest Cabarrus High School	<u>\$ 2,557,534</u>	<u>\$ 1,189,173</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Liabilities

Pension Plan and Other Post-employment Obligations

a. Teachers' and State Employees' Retirement System

Plan Description. Cabarrus County Board of Education contributes to the statewide Teachers' and State Employees' Retirement System (TSERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. TSERS provides retirement benefits to plan members and beneficiaries. Article 1 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Teachers' and State 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 TSERS. 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 and the Board is required to contribute at an actuarially determined rate. The current rate is 8.33% of annual covered payroll. The contribution requirements of plan members and Cabarrus County Board of Education are established and may be amended by the North Carolina General Assembly. The Board's contributions to TSERS for the years ended June 30, 2013, 2012, and 2011 were \$11,069,218, \$9,640,631, and \$6,709,471, respectively, equal to the required contributions for each year.

b. Other Post-employment Benefits

Post-employment Healthcare Benefits

Plan Description. The post-employment healthcare benefits are provided through a multiple-employer cost-sharing defined benefit plan administered by the Executive Administrator and the Board of Trustees of the Comprehensive Major Medical Plan (the "Plan"). The Executive Administrator and the Board of Trustees of the Plan establishes premium rates except as may be established by the General Assembly in an appropriation act. The Plan's benefit and contribution provisions are established by Chapter 135-7, Article 1, and Chapter 135, Article 3 of the General Statutes and may be amended only by the North Carolina General Assembly. By General Statute, the Plan accumulates contributions from employers and any earnings on those contributions in the Retiree Health Benefit Fund. These assets shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. These contributions are irrevocable. Also by law, these assets are not subject to the claims of creditors of the employers making contributions to the Plan.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the State's Comprehensive Major Medical Plan (also, referred to as the State Health Plan). An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Funding Policy. The Comprehensive Major Medical Plan is administered by the Executive Administrator and Board of Trustees of the Plan, which establishes premium rates except as may be established by the General Assembly in an appropriation act. The healthcare benefits for retired and disabled employees are the same as for active employees, except that the coverage becomes secondary when former employees become eligible for Medicare. For employees first hired on and after October 1, 2006, future coverage as retired employees is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on and after October 1, 2006 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the State will pay 50% of the State Health Plan's total noncontributory premium. For employees hired before October 1, 2006, healthcare benefits are provided to retirees (at no charge to the retirees) who have at least five years of contributing retirement membership prior to disability or retirement. In addition, persons who became surviving spouses of retirees prior to October 1, 1986, receive the same coverage as retirees at the State's expense.

Contributions are determined as a percentage of covered monthly payroll. Annually, the monthly contribution rates to the Plan, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis, are determined by the General Assembly in the Appropriations Bill. For the fiscal years ended June 30, 2013, 2012, and 2011, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$7,042,840, \$6,478,918, and \$6,668,642, respectively. These contributions represented 5.30%, 5.00%, and 4.90% of covered payroll, respectively.

2. Other Employment Benefits

In addition to providing pension and post employment healthcare benefits, the Board provides death benefits and disability benefits, in accordance with State statutes, to certain employees.

Death Benefits

Death benefits are provided through the Benefit Plan for members of the Teachers' and State Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. Employees who die in active service after one year of contributing membership service 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 highest 12 months salary in a row during the 24 months prior to his/her death with a minimum benefit of \$25,000 and a maximum of \$50,000.

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Long-term Disability Benefits

Plan Description. Short-term and long-term disability benefits are provided through the Disability Income Plan of North Carolina (DIPNC), a cost-sharing, multiple-employer defined benefit plan. The DIPNC is administered by the Board of Trustees of the Teachers' and State Employees' Retirement System. Long-term disability benefits are payable as another postemployment benefit from DIPNC after the conclusion of the short-term disability period or after salary continuation payments cease, whichever is later, for as long as an employee is disabled. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The Plan accumulates contributions from employers and any earnings on those contributions in the Disability Income Plan Trust Fund. The plan does not provide for automatic post-retirement benefit increases.

The State of North Carolina issues a publicly available financial report that includes financial statements and required supplementary information for the DIPNC. An electronic version of this report is available by accessing the North Carolina Office of the State Controller's Internet home page <http://www.ncosc.net/> and clicking on "Financial Reports", or by calling the State Controller's Financial Reporting Section at (919) 981-5454.

Funding Policy. An employee is eligible to receive long-term disability benefits provided the following requirements are met: (1) the employee has five or more years of contributing membership service in the Teachers' and State Employees' Retirement System of North Carolina, earned within 96 months prior to the end of the short-term disability period or cessation of salary continuation payments, whichever is later; (2) the employee must make application to receive long-term benefits within 180 days after the conclusion of the short-term disability period or after salary continuation payments cease or after monthly payments for Workers' Compensation cease (excluding monthly payments for permanent partial benefits), whichever is later; (3) the employee must be certified by the Medical Board to be mentally or physically disabled for the further performance of his/her usual occupation; (4) the disability must have been continuous, likely to be permanent, and incurred at the time of active employment; (5) the employee must not be eligible to receive an unreduced retirement benefit from the Retirement System; and (6) the employee must terminate employment as a permanent, full-time employee. An employee is eligible to receive an unreduced retirement benefit from the Retirement System after (1) reaching the age of 65 and completing five years of creditable service, or (2) reaching the age of 60 and completing 25 years of creditable service, or (3) completing 30 years of creditable service, at any age.

All short-term disability benefit payments are made by various State-administered plans. The Board has no liability beyond payment of monthly contributions except for short-term disability benefits, which are paid by the Board during the first six months of the short-term period.

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

For members with five or more years of membership service as of July 31, 2007, the monthly long-term disability benefit is equal to 65% of one-twelfth of an employee's annual base rate of compensation last payable to the participant or beneficiary prior to the beginning of the short-term disability period, plus the like percentage of one twelfth of the annual longevity payment to which the participant or beneficiary would be eligible. The monthly benefits are subject to a maximum of \$3,900 per month reduced by any primary Social Security disability benefits and by monthly payments for Workers' Compensation to which the participant or beneficiary may be entitled. The monthly benefit shall be further reduced by the amount of any monthly payments from the Department of Veterans Affairs, any other federal agency or any payments made under the provisions of G.S.127A-108, to which the participant or beneficiary may be entitled on account of the same disability. Provided in any event, the benefits payable shall be no less than \$10 a month. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS. For members who obtain five years of membership service on or after August 1, 2007, the monthly long-term disability benefit is reduced by the primary Social Security retirement benefit to which the member might be entitled should the member become age 62 during the first 36 months. After 36 months of long-term disability, there will be no further payments from the DIPNC unless the member is approved for and is in receipt of primary Social Security disability benefits. It is payable so long as the member remains disabled and is in receipt of a primary Social Security disability benefit until eligible for an unreduced service retirement benefit. When an employee qualifies for an unreduced service retirement allowance from the Retirement System, the benefits payable from DIPNC will cease, and the employee will commence retirement under the TSERS.

The Board's contributions are established in the Appropriations Bill by the General Assembly. Benefit and contribution provisions are established by Chapter 135, Article 6, of the General Statutes and may be amended only by the North Carolina General Assembly. The contributions cannot be separated between the amounts that relate to other postemployment benefits and employment benefits for active employees. Those individuals who are receiving extended short-term disability benefit payments cannot be separated from the number of members currently eligible to receive disability benefits as another postemployment benefit. For the fiscal years ended June 30, 2013, 2012, and 2011, the Board paid all annual required contributions to the DIPNC for disability benefits of \$584,689, \$673,808, and \$707,693, respectively. These contributions represented 0.44%, 0.52%, and 0.52% of covered payroll, respectively

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at the government-wide level at June 30, 2013 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities:		
General	\$ 1,506,800	\$ 60,277
Other Governmental	58,468	2,628,042
Total - Governmental Activities	<u>\$ 1,565,268</u>	<u>\$ 2,688,319</u>
Business-type Activities:		
School Food Service	\$ 12,222	\$ 50,549
Kids Plus	9,790	-
Total business-type activities	<u>\$ 22,012</u>	<u>\$ 50,549</u>

Unavailable Revenues

The balances in unavailable revenues at year-end have no time restrictions and are composed of the following elements:

	<u>Governmental Activities</u>			<u>Business- Type Activities</u>
	<u>General Fund</u>	<u>Other</u>	<u>Total</u>	<u>School Food Service</u>
Grants not yet earned	\$ 2,915,340	\$ 1,780,543	\$ 4,695,883	\$ -
Prepaid meals	-	-	-	144,025
Total	<u>\$ 2,915,340</u>	<u>\$ 1,780,543</u>	<u>\$ 4,695,883</u>	<u>\$ 144,025</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Risk Management

The Board is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board participates in the North Carolina School Boards Trust (the Trust), a member funded risk management program administered by the North Carolina School Boards Association. Through the Trust, the Board maintains general liability and errors and omissions coverage of \$1 million per claim. The State of North Carolina provides workers' compensation for employees to the extent they are paid from State funds. The Trust has an annual aggregate limit for general liability of \$2,000,000, and \$1,400,000 for errors and omissions. The Trust is reinsured through commercial companies for losses in excess of \$100,000 per claim for errors and omissions and general liability coverage, and for losses in excess of \$275,000 per claim for workers' compensation coverage. The Board also participates in the Public School Insurance Fund (the Fund), a voluntary, self-insured risk control and risk-financing fund administered by the North Carolina Department of Public Instruction, insuring the tangible property assets of the Board. The Fund provides coverage up to \$10 million per occurrence and \$20 million in aggregate annually. Reinsurance is provided by the Fund to provide financial solvency for property losses in excess of the Fund's self-insured retention of \$10 million. A total limit of \$100 million per occurrence is purchased for covered catastrophic events, \$400 million maximum per occurrence for any one flood or earthquake.

The Board does not have flood insurance in case of natural disaster.

The Board also participates in the Teachers' and State Employees' Comprehensive Major Medical Plan (Plan), a self-funded risk financing pool of the State administered by Blue Cross and Blue Shield of North Carolina. Through the Plan, permanent full-time employees of the Board are eligible to receive health care benefits up to a \$5 million lifetime limit. The Board pays the full cost of coverage for employees enrolled in the Comprehensive Major Medical Plan.

In accordance with G.S. 115C-442, the Board's employees who have custody of the Board's monies at any given time of the Board's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$250,000.

The Board carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the prior year, and claims have not exceeded coverage in any of the past three fiscal years.

**CABARRUS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Long-Term Obligations

a. Installment Purchases

The Board is authorized by state law under G.S. 115C-528(a) to enter into installment purchase contracts to finance computers. The Board entered into five such contracts during the year ended June 30, 2013. These contracts are over three year periods ending during the 2015 fiscal year.

The Board is authorized to finance the purchase of school buses under G.S. 115C-528(a). Session law 2003-284, section 7.25 authorized the State Board of Education to allot moneys for the payments on financing contracts entered into pursuant to G.S. 115C-528. The State has accepted the bid to purchase Thomas Built Buses through a special third party financing arrangement with various companies. There is one such agreement with an outstanding balance as of June 30, 2013.

The future minimum payments of the installment purchases as of June 30, 2013, are as follows:

<u>Year Ending June 30,</u>	
2014	\$ 806,835
2015	482,709
	<u>1,289,544</u>
Interest	<u>(29,804)</u>
	<u><u>\$ 1,259,740</u></u>

b. Long-Term Obligation Activity

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

	<u>July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>	<u>Current Maturities</u>
Governmental activities:					
Installment purchases	\$ 982,246	\$ 1,595,455	\$ 1,317,961	\$ 1,259,740	\$ 781,388
Compensated absences	<u>10,268,351</u>	<u>7,324,757</u>	<u>6,000,261</u>	<u>11,592,847</u>	<u>3,953,827</u>
Total	<u>\$ 11,250,597</u>	<u>\$ 8,920,212</u>	<u>\$ 7,318,222</u>	<u>\$ 12,852,587</u>	<u>\$ 4,735,215</u>
Business-type activities:					
Compensated absences	<u>\$ 324,689</u>	<u>\$ 342,383</u>	<u>\$ 279,495</u>	<u>\$ 387,577</u>	<u>\$ 136,041</u>

Compensated absences are typically liquidated by the general and other governmental funds.

**CABARRUS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2013, assets recorded under the installment purchase agreements were as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Assets under installment purchase	<u>\$ 559,870</u>	<u>\$ 55,058</u>	<u>\$ 504,812</u>

Transfer to/from other Funds

During the year ended June 30, 2013, the State Public School Fund transferred \$45,000 to the School Food Service Fund to pay for administrative costs.

Fund Balance

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

Total fund balance - General Fund	\$ 13,143,224
Less:	
Stabilization by State statute	(109,811)
Prepaid expenditures	(200,000)
Inventories	(494,002)
Designated for technology expenditures	(1,606,637)
Designated for insurance expenditures	(1,567,516)
Appropriated Fund Balance in 2014 budget	<u>(3,000,000)</u>
Remaining fund balance	<u>\$ 6,165,258</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2013**

NOTE 4 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2013 in the Other Special Revenue Fund consists of the following:

Other reimbursements and refunds	\$ 1,093,606
Local sales tax refund	323,237
Tuition and fees	339,762
Indirect costs allocated	969,982
Private grants and donations	128,034
Facility rentals	120,378
Contracted service revenue	<u>354,263</u>
Total other revenues	<u>\$ 3,329,262</u>

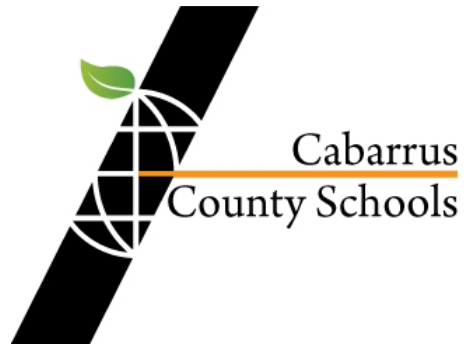
NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Board 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. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLES

The Board implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Liabilities, or Net Position.



**CABARRUS COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 For the Year Ended June 30, 2013**

Exhibit A-1

	Budget	Actual	Over (Under) Variance
Revenues:			
Cabarrus County	\$ 50,008,791	\$ 47,226,758	\$ (2,782,033)
Other :			
Fines and forfeitures		1,363,013	
Miscellaneous		337,815	
Total	1,592,029	1,700,828	108,799
Total revenues	51,600,820	48,927,586	(2,673,234)
Expenditures:			
Instructional services:			
Regular instructional	21,237,694	16,355,242	4,882,452
Special populations	2,407,062	1,788,866	618,196
Alternative programs	220,954	207,047	13,907
School leadership	7,257,075	5,654,164	1,602,911
Co-curricular	156,486	112,118	44,368
School-based support	597,675	575,450	22,225
Total instructional services	31,876,946	24,692,887	7,184,059
System-wide support services:			
Support and development	457,915	408,663	49,252
Special populations support and development	88,514	87,621	893
Technology support	2,737,342	2,733,094	4,248
Operational support	22,425,167	18,204,407	4,220,760
Financial and human resource services	1,973,799	1,654,104	319,695
System-wide pupil support services	114,159	113,685	474
Policy, leadership and public relations	1,154,413	1,109,174	45,239
Total system-wide support services	28,951,309	24,310,748	4,640,561
Ancillary services:			
Community	56,430	56,368	62

CABARRUS COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2013

Exhibit A-1
(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Variance</u>
Non-Programmed charges			
Payments to charter schools	734,635	690,360	44,275
Total expenditures	<u>61,619,320</u>	<u>49,750,363</u>	<u>11,868,957</u>
Revenues over (under) expenditures	(10,018,500)	(822,777)	9,195,723
Appropriated fund balance	<u>10,018,500</u>	<u>-</u>	<u>(10,018,500)</u>
Revenues and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>(822,777)</u>	<u>\$ (822,777)</u>
Fund balances:			
Beginning of year, July 1		13,953,094	
Decrease in reserve for inventories		<u>12,907</u>	
End of year, June 30		<u>\$ 13,143,224</u>	

CABARRUS COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL OUTLAY FUND
For the Year Ended June 30, 2013

	<i>Exhibit B-1</i>		
	Budget	Actual	Variance Over (Under)
Revenues:			
State of North Carolina	\$ 361,567	\$ 361,209	\$ (358)
Cabarrus County	8,724,396	5,342,304	(3,382,092)
Other	1,224,948	901,188	(323,760)
Total revenues	<u>10,310,911</u>	<u>6,604,701</u>	<u>(3,706,210)</u>
Expenditures:			
Current:			
Instructional services	954,106	954,106	-
System-wide support services	2,303,849	860,102	1,443,747
Capital Outlay	7,267,202	4,824,360	2,442,842
Debt Service			
Principal	1,362,119	1,317,961	44,158
Interest	49,090	49,090	-
Total expenditures	<u>11,936,366</u>	<u>8,005,619</u>	<u>3,930,747</u>
Revenues under expenditures	(1,625,455)	(1,400,918)	224,537
Other financing sources:			
Installment purchase obligations issued	1,595,455	1,595,455	-
Revenues and other financing sources over (under) expenditures	(30,000)	194,537	224,537
Appropriated fund balance	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Revenues, other sources and appropriated fund balance over (under) expenditures	<u>\$ -</u>	<u>194,537</u>	<u>\$ 194,537</u>
Fund balance:			
Beginning of year, July 1		<u>173,763</u>	
End of year, June 30		<u>\$ 368,300</u>	

**CABARRUS COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - FEDERAL GRANTS FUND
 For the Year Ended June 30, 2013**

Exhibit C-1

	Budget	Actual	Over (Under) Variance
Revenues:			
U.S. Government	\$ 15,658,121	\$ 13,888,759	\$ (1,769,362)
Expenditures:			
Instructional services	14,921,289	13,256,624	1,664,665
System-wide support services	475,151	401,932	73,219
Ancillary services	-	-	-
Non-Programmed charge	261,681	230,203	31,478
Total expenditures	15,658,121	13,888,759	1,769,362
Revenues over expenditures	\$ -	-	\$ -
Fund balances:			
Beginning of year, July 1		-	
End of year, June 30		\$ -	

**CABARRUS COUNTY BOARD OF EDUCATION
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
GAAP) - SCHOOL FOOD SERVICE FUND
For the Year Ended June 30, 2013**

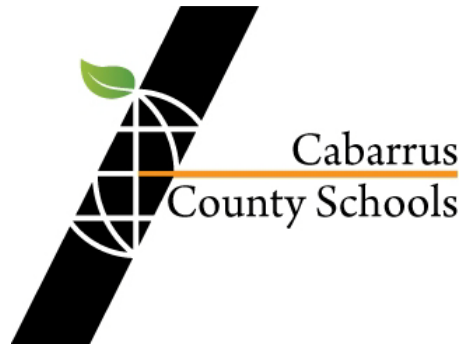
Exhibit D-1

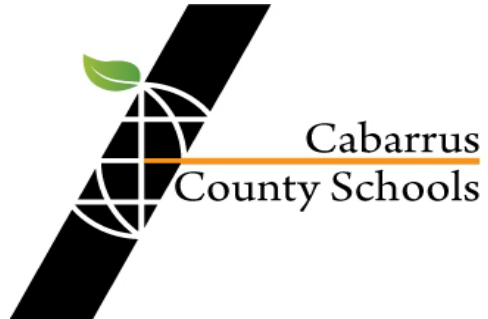
	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
Operating revenues	<u>\$ 5,208,100</u>	<u>\$ 5,223,775</u>	<u>\$ 15,675</u>
Operating expenditures:			
Business support services		12,129,079	
Capital outlay		318,513	
Total operating expenditures	<u>12,518,429</u>	<u>12,447,592</u>	<u>70,837</u>
Operating loss	<u>(7,310,329)</u>	<u>(7,223,817)</u>	<u>86,512</u>
Nonoperating revenues:			
Federal reimbursements		7,388,409	
Federal commodities		697,784	
State reimbursements		28,730	
Interest earned		7,221	
Loss on disposal of capital assets		(1,887)	
Total nonoperating revenues	<u>7,310,329</u>	<u>8,120,257</u>	<u>809,928</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 896,440</u>	<u>\$ 896,440</u>
Reconciliation of modified accrual to full accrual basis:			
Revenues over expenditures		\$ 896,440	
Depreciation		(382,931)	
Capital outlay		318,513	
Decrease in inventory		(28,486)	
Transfer from other fund		45,000	
Decrease in accrued salaries and benefits		7,227	
Increase in compensated absences payable		(38,265)	
Change in net position (full accrual)		<u>\$ 817,498</u>	

**CABARRUS COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
 GAAP) - KIDS PLUS
 For the Year Ended June 30, 2013**

Exhibit E-1

	Budget	Actual	Variance Over (Under)
Operating revenues	\$ 2,300,000	\$ 2,348,202	\$ 48,202
Operating expenditures:			
Business support services	<u>2,300,000</u>	<u>2,177,399</u>	<u>122,601</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 170,803</u>	<u>\$ 170,803</u>
Reconciliation of modified accrual to full accrual basis:			
Revenues under expenditures		\$ 170,803	
Depreciation		(1,180)	
Increase in compensated absences payable		<u>(24,623)</u>	
Change in net position (full accrual)		<u>\$ 145,000</u>	





Statistical Section

STATISTICAL SECTION (Unaudited)

The Statistical Section of the District's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the District's overall financial outlook.

Sections

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and operations have changed over time.

Revenue Capacity

Since the District's local revenues are primarily provided by Cabarrus County, these schedules on the county's revenue sources are relevant to an understanding of Cabarrus County's most significant local revenue source, the property tax.

Debt Capacity

Since the District has no tax-levying or debt-issuing authority, the County of Cabarrus provides significant funding to the school system. Selected fiscal data from the County of Cabarrus has been included to help the reader better understand the school system and its financial operations.

Demographic and Economic Information

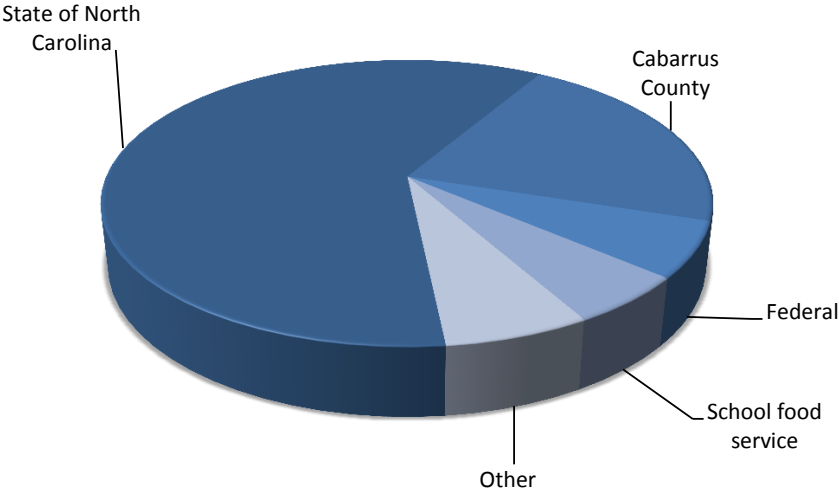
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

Operating Information

These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

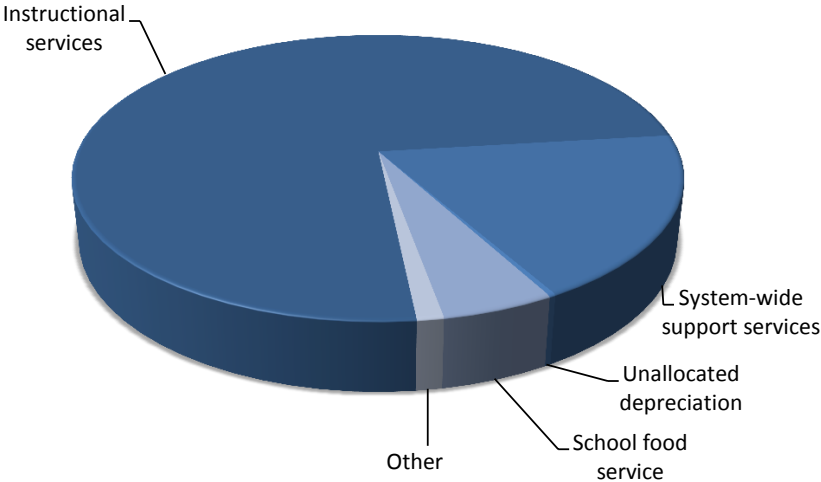
CABARRUS COUNTY BOARD OF EDUCATION
Financial Perspective
Governmental and Business-type Activities
For Year Ended June 30, 2013

Revenue Sources

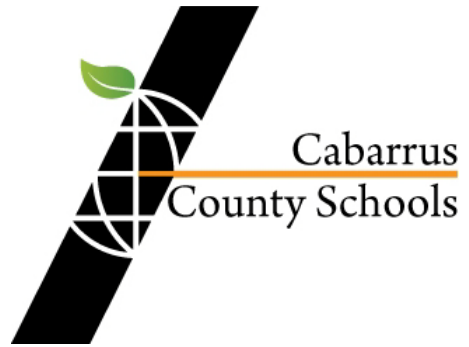


State of North Carolina	\$ 147,965,299
Cabarrus County	52,569,062
Federal	15,438,801
School food service	13,644,766
Other	16,130,576
Total revenue sources	\$ 245,748,504

Expenses



Instructional services	\$ 189,462,348
System-wide support services	47,257,550
Unallocated depreciation	769,461
School food service	12,872,268
Other	3,049,012
Total expenses	\$ 253,410,639



CABARRUS COUNTY BOARD OF EDUCATION
Net Position by Component
Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net investment in capital assets	\$199,075,912	\$209,571,977	\$233,142,887	\$279,812,213	\$308,282,119	\$343,599,020	\$392,774,453	\$397,939,800	\$393,680,266	\$386,667,635
Restricted	1,455,344	1,703,591	1,820,651	1,939,355	1,992,746	2,288,047	2,573,550	3,432,880	3,599,833	3,606,430
Unrestricted (deficit)	(2,338,706)	(2,443,322)	(1,851,368)	(922,675)	(4,240,304)	(4,116,866)	(2,466,133)	(1,175,934)	3,710,963	2,092,364
	<u>\$198,192,550</u>	<u>\$208,832,246</u>	<u>\$233,112,170</u>	<u>\$280,828,893</u>	<u>\$306,034,561</u>	<u>\$341,770,201</u>	<u>\$392,881,870</u>	<u>\$400,196,746</u>	<u>\$400,991,062</u>	<u>\$392,366,429</u>
Business-type activities:										
Net investment in capital assets	\$2,420,223	\$2,467,863	\$2,249,855	\$2,056,161	\$1,869,050	\$1,611,694	\$2,296,070	\$2,559,544	\$2,501,554	\$2,425,569
Unrestricted	2,497,275	2,340,819	2,240,621	2,713,841	1,742,977	1,893,292	2,229,859	2,916,300	3,938,384	4,976,867
	<u>\$4,917,498</u>	<u>\$4,808,682</u>	<u>\$4,490,476</u>	<u>\$4,770,002</u>	<u>\$3,612,027</u>	<u>\$3,504,986</u>	<u>\$4,525,929</u>	<u>\$5,475,844</u>	<u>\$6,439,938</u>	<u>\$7,402,436</u>
District-wide:										
Net investment in capital assets	\$201,496,135	\$212,039,840	\$235,392,742	\$281,868,374	\$310,151,169	\$345,210,714	\$395,070,523	\$400,499,344	\$396,181,820	\$389,093,204
Restricted	1,455,344	1,703,591	1,820,651	1,939,355	1,992,746	2,288,047	2,573,550	3,432,880	3,599,833	3,606,430
Unrestricted (deficit)	158,569	(102,503)	389,253	1,791,166	(2,497,327)	(2,223,574)	(236,274)	1,740,366	7,649,347	7,069,231
	<u>\$203,110,048</u>	<u>\$213,640,928</u>	<u>\$237,602,646</u>	<u>\$285,598,895</u>	<u>\$309,646,588</u>	<u>\$345,275,187</u>	<u>\$397,407,799</u>	<u>\$405,672,590</u>	<u>\$407,431,000</u>	<u>\$399,768,865</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Net Position by Component District-wide

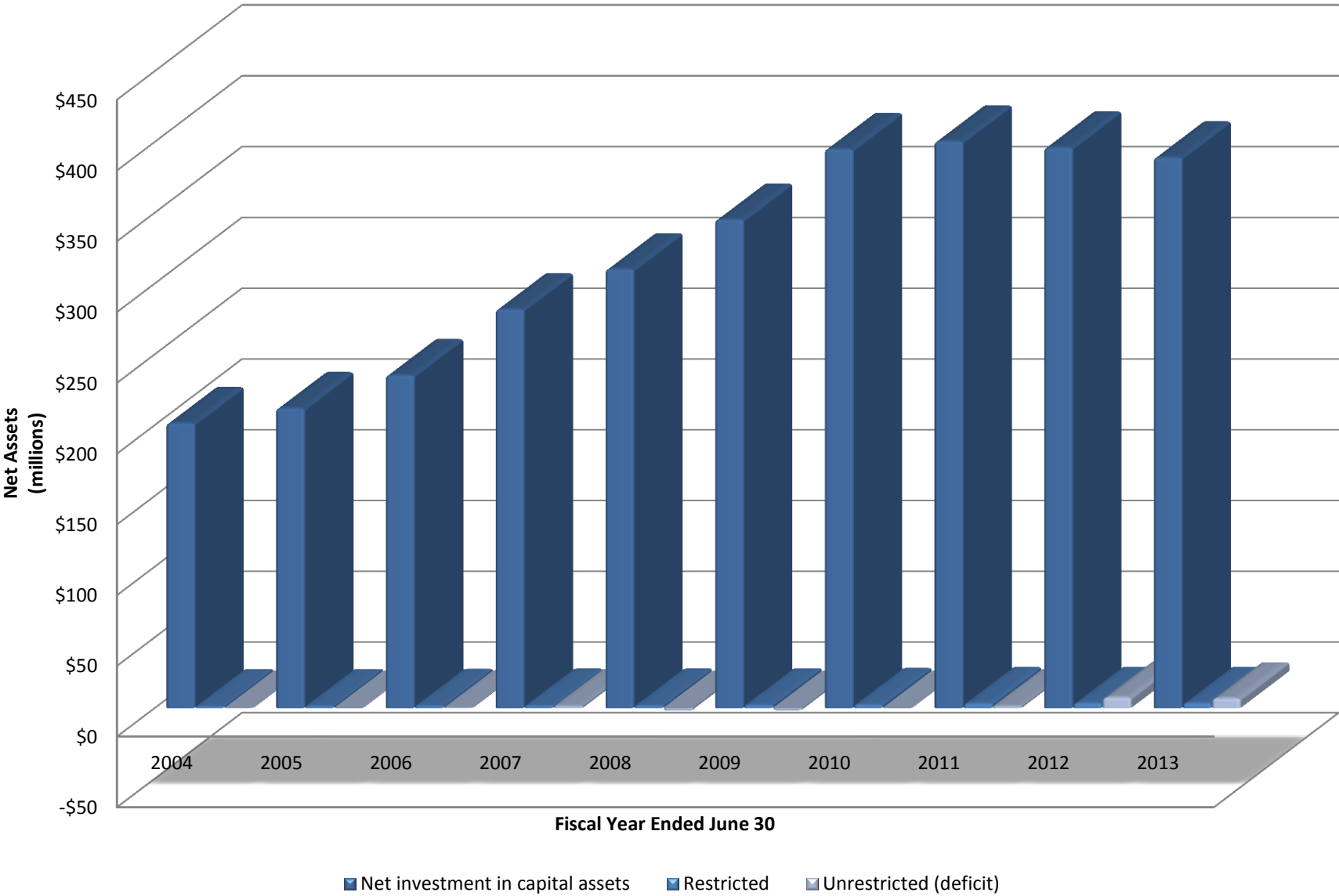


Table 3

CABARRUS COUNTY BOARD OF EDUCATION
Changes in Net Position
Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
Instructional services	\$ 102,838,698	\$ 110,493,802	\$ 117,707,250	\$ 136,104,609	\$ 159,711,790	\$ 174,702,501	\$ 176,182,389	\$ 180,343,608	\$ 178,868,755	\$ 189,462,348
System-wide support services	33,035,120	35,335,133	39,226,725	42,842,048	35,820,488	37,552,638	38,133,019	43,670,014	44,474,226	47,257,550
Ancillary services	(5,427)	106,112	(25,436)	88,968	52,311	53,342	99,889	59,527	78,685	56,699
Non-programmed charges	(25,613)	118,824	208,601	305,954	344,266	457,628	749,359	619,136	683,980	740,021
Interest on long-term debt	41,571	37,868	19,464	65,029	70,794	122,263	67,658	49,990	39,079	49,090
Loss on disposal of capital assets	530,497	-	-	-	-	-	-	-	-	-
Unallocated depreciation expense	5,122,693	5,719,816	5,791,040	5,192,642	7,304,517	7,497,061	8,756,215	1,285,062	1,625,562	769,461
Total governmental activities expenses	141,537,539	151,811,555	162,927,644	184,599,250	203,304,166	220,385,433	223,988,529	226,027,337	225,770,287	238,335,169
Business-type activities:										
School food service	8,219,094	9,131,063	10,223,712	10,829,632	12,655,797	12,177,679	12,533,067	12,718,776	12,432,678	12,872,268
Child care	2,439,122	2,566,351	2,557,017	2,724,676	3,395,741	3,543,372	3,160,850	2,576,059	2,178,317	2,203,202
	10,658,216	11,697,414	12,780,729	13,554,308	16,051,538	15,721,051	15,693,917	15,294,835	14,610,995	15,075,470
Total district-wide expenses	\$ 152,195,755	\$ 163,508,969	\$ 175,708,373	\$ 198,153,558	\$ 219,355,704	\$ 236,106,484	\$ 239,682,446	\$ 241,322,172	\$ 240,381,282	\$ 253,410,639
Program Revenues										
Governmental activities:										
Charges for services:										
Regular instructional	15,547	12,978	24,102	16,701	38,759	33,334	37,746	49,627	184,717	339,762
Other	568,154	514,285	641,965	633,286	-	-	-	-	143,697	120,378
Operating grants and contributions	104,493,724	113,409,140	121,249,591	138,171,742	154,752,404	161,180,985	160,940,696	154,311,023	156,974,010	160,533,801
Capital grants and contributions	-	-	-	-	-	-	-	-	40,538	361,209
Total governmental activities program revenues	105,077,425	113,936,403	121,915,658	138,821,729	154,791,163	161,214,319	160,978,442	154,360,650	157,342,962	161,355,150
Business-type activities:										
Charges for services:										
Student meal services	5,176,408	5,234,206	5,480,520	5,886,205	6,203,520	6,530,618	5,983,132	5,601,575	5,307,701	5,213,646
Child care services	2,157,515	2,431,191	2,621,800	2,995,575	3,417,528	3,402,763	2,960,324	2,437,785	2,304,113	2,348,202
Operating grants and contributions	3,380,286	3,722,553	4,315,653	4,898,286	5,219,594	5,659,622	7,716,410	7,399,637	7,625,068	8,413,770
Capital grants and contributions	-	-	-	-	-	-	47,059	750,934	283,197	-
Total business-type activities program revenues	10,714,209	11,387,950	12,417,973	13,780,066	14,840,642	15,593,003	16,706,925	16,189,931	15,520,079	15,975,618
Total district-wide program revenues	\$ 115,791,634	\$ 125,324,353	\$ 134,333,631	\$ 152,601,795	\$ 169,631,805	\$ 176,807,322	\$ 177,685,367	\$ 170,550,581	\$ 172,863,041	\$ 177,330,768
Net (Expense) Revenue										
Governmental activities	\$ (36,460,114)	\$ (37,875,152)	\$ (41,011,986)	\$ (45,777,521)	\$ (48,513,003)	\$ (59,171,114)	\$ (63,010,087)	\$ (71,666,687)	\$ (68,427,325)	\$ (76,980,019)
Business-type activities	55,993	(309,464)	(362,756)	225,758	(1,210,896)	(128,048)	1,013,008	895,096	909,084	900,148
Total district-wide net (expense) revenue	\$ (36,404,121)	\$ (38,184,616)	\$ (41,374,742)	\$ (45,551,763)	\$ (49,723,899)	\$ (59,299,162)	\$ (61,997,079)	\$ (70,771,591)	\$ (67,518,241)	\$ (76,079,871)

CABARRUS COUNTY BOARD OF EDUCATION
Changes in Net Position (continued)
Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Unrestricted county appropriations - operating	\$ 28,671,925	\$ 29,929,799	\$ 32,703,472	\$ 35,835,383	\$ 42,672,342	\$ 47,669,208	\$ 44,769,330	\$ 47,372,681	\$ 46,776,882	\$ 47,226,758
Unrestricted county appropriations - capital	16,123,962	15,728,308	30,361,112	55,035,901	29,190,810	45,138,707	65,410,793	17,700,234	8,550,990	5,342,304
Unrestricted State appropriations - operating	447,641	464,869	201,294	185,436	206,008	176,619	-	917,464	981,423	914,048
Unrestricted State appropriations - capital	431,341	2,266,110	1,666,626	1,657,130	1,334,892	1,613,209	337,538	367,211	-	-
Investment earnings, unrestricted	40,679	99,706	236,463	358,006	296,244	83,102	11,522	12,439	15,838	15,838
Miscellaneous, unrestricted	194,272	204,298	122,944	422,388	18,375	225,909	3,592,573	12,656,534	12,941,508	14,901,438
Transfers	-	(178,242)	(178,242)	-	-	-	-	(45,000)	(45,000)	(45,000)
Total governmental activities	45,909,820	48,514,848	65,113,669	93,494,244	73,718,671	94,906,754	114,121,756	78,981,563	69,221,641	68,355,386
Business-type activities:										
Investment earnings, unrestricted	9,974	22,406	44,550	53,768	49,310	14,474	2,288	1,124	673	7,221
Miscellaneous, unrestricted	-	-	-	-	3,611	6,533	5,647	9,819	9,337	10,129
Transfers	-	178,242	-	-	-	-	-	45,000	45,000	45,000
Total business-type activities	9,974	200,648	44,550	53,768	52,921	21,007	7,935	55,943	55,010	62,350
Total district-wide	<u>\$ 45,919,794</u>	<u>\$ 48,715,496</u>	<u>\$ 65,158,219</u>	<u>\$ 93,548,012</u>	<u>\$ 73,771,592</u>	<u>\$ 94,927,761</u>	<u>\$ 114,129,691</u>	<u>\$ 79,037,506</u>	<u>\$ 69,276,651</u>	<u>\$ 68,417,736</u>
Change in Net Position										
Governmental activities	\$ 9,449,706	\$ 10,639,696	\$ 24,101,683	\$ 47,716,723	\$ 25,205,668	\$ 35,735,640	\$ 51,111,669	\$ 7,314,876	\$ 794,316	\$ (8,624,633)
Business-type activities	65,967	(108,816)	(318,206)	279,526	(1,157,975)	(107,041)	1,020,943	951,039	964,094	962,498
position	<u>\$ 9,515,673</u>	<u>\$ 10,530,880</u>	<u>\$ 23,783,477</u>	<u>\$ 47,996,249</u>	<u>\$ 24,047,693</u>	<u>\$ 35,628,599</u>	<u>\$ 52,132,612</u>	<u>\$ 8,265,915</u>	<u>\$ 1,758,410</u>	<u>\$ (7,662,135)</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Expenses for 2007 and before are not comparable to 2008 (and after) expenses due to a change in the Uniform Chart of Accounts required to be used by all Local Education Agencies in North Carolina.

CABARRUS COUNTY BOARD OF EDUCATION

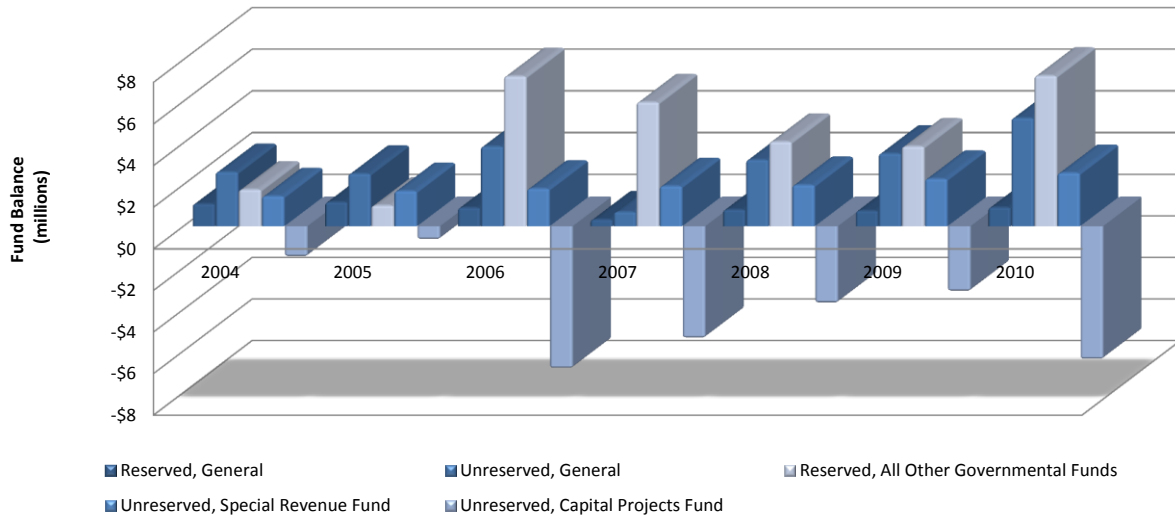
Governmental Funds Fund Balances Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 1,087,344	\$ 1,171,770	\$ 900,474	\$ 333,224	\$ 808,751	\$ 757,270	\$ 916,485	\$ -	\$ -	\$ -
Unreserved	2,617,681	2,534,452	3,841,820	699,585	3,200,430	3,504,993	5,203,444	-	-	-
Nonspendable	-	-	-	-	-	-	-	513,321	681,096	694,002
Restricted	-	-	-	-	-	-	-	503,941	173,777	109,811
Assigned	-	-	-	-	-	-	-	-	10,000,000	6,174,153
Unassigned	-	-	-	-	-	-	-	6,769,703	3,098,221	6,165,258
Total General Fund	\$ 3,705,025	\$ 3,706,222	\$ 4,742,294	\$ 1,032,809	\$ 4,009,181	\$ 4,262,263	\$ 6,119,929	\$ 7,786,965	\$ 13,953,094	\$ 13,143,224
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,000
Reserved	1,774,714	1,006,598	7,214,651	5,970,505	4,069,127	3,845,610	7,238,766	-	-	-
Unreserved, reported in										
Special Revenue Funds	1,455,344	1,703,591	1,820,651	1,939,355	1,992,746	2,288,047	2,573,550	-	-	-
Capital Projects Fund	(1,488,057)	(660,174)	(6,865,099)	(5,405,728)	(3,718,432)	(3,150,971)	(6,425,271)	-	-	-
Restricted	-	-	-	-	-	-	-	2,928,939	3,426,056	3,496,619
Assigned, reported in										
Special Revenue Funds	-	-	-	-	-	-	-	-	199,997	626,798
Total all other governmental funds	\$ 1,742,001	\$ 2,050,015	\$ 2,170,203	\$ 2,504,132	\$ 2,343,441	\$ 2,982,686	\$ 3,387,045	\$ 2,928,939	\$ 3,626,053	\$ 4,148,417

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Fund balances for 2010 and before are not comparable to 2011 (and after) fund balances due to the implementation of GASB 54 for the year ended June 30, 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

Governmental Funds Fund Balance - Before GASB 54 Implementation



Governmental Funds Fund Balance - After GASB 54 Implementation

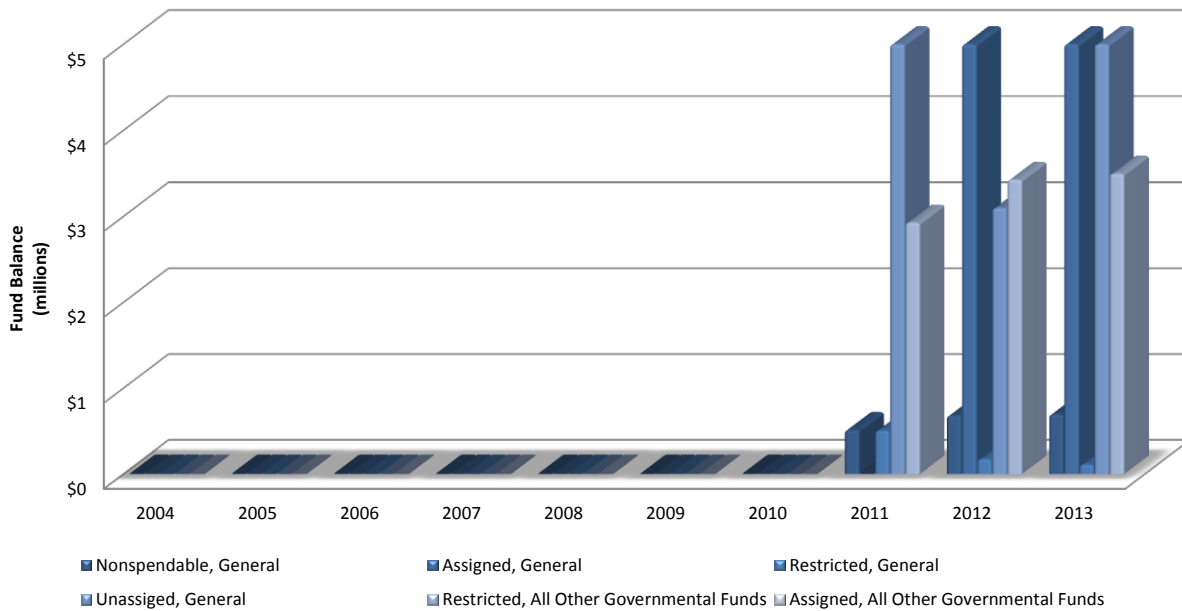


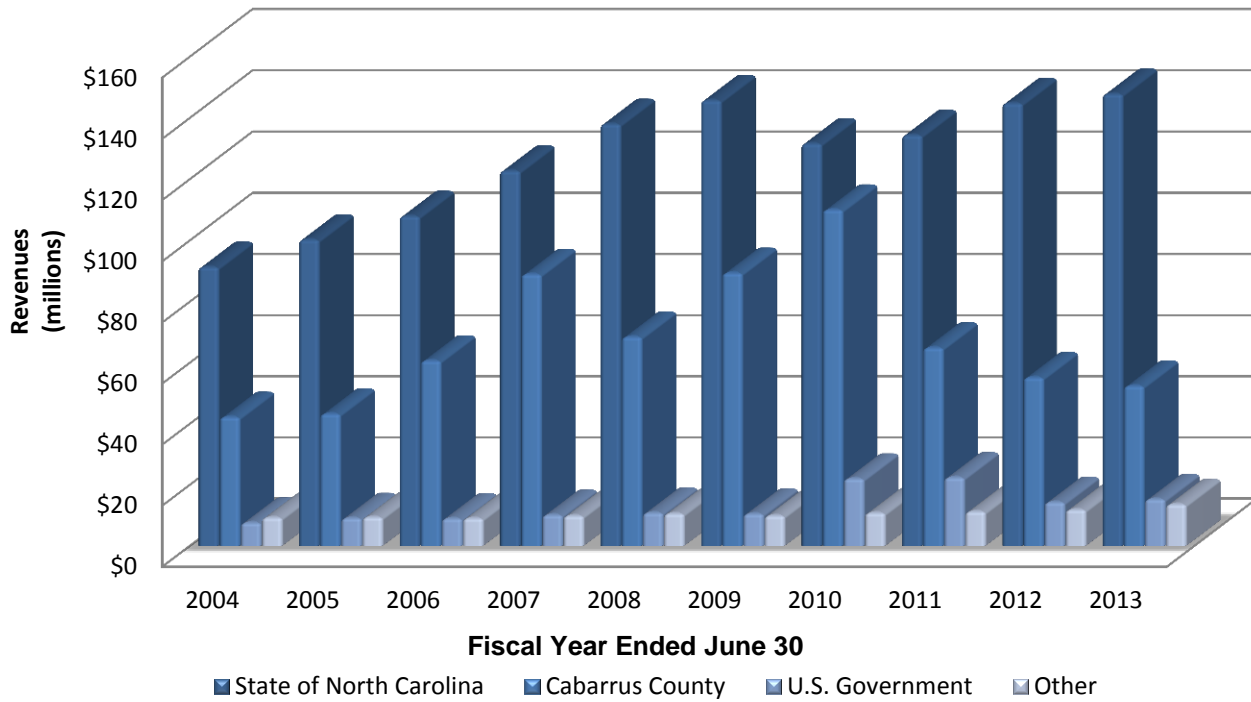
Table 5

CABARRUS COUNTY BOARD OF EDUCATION						
Governmental Funds						
Changes in Fund Balances						
Last Ten Fiscal Years						
Year Ended June 30	2004	2005	2006	2007	2008	
Revenues						
State of North Carolina	\$ 91,474,196	\$ 100,401,213	\$ 108,080,927	\$ 122,899,582	\$ 138,166,639	
Cabarrus County	42,357,197	43,410,870	60,841,694	89,109,012	68,614,368	
U.S. Government	7,716,822	9,241,201	9,106,185	10,277,864	10,989,661	
Other	9,439,030	9,576,208	9,178,763	10,029,515	10,739,166	
Total revenues	150,987,245	162,629,492	187,207,569	232,315,973	228,509,834	
Expenditures						
Instructional services	100,496,215	108,375,145	114,532,675	130,575,027	164,106,965	
System-wide support services	33,103,614	35,230,521	38,963,021	42,679,676	35,621,379	
Ancillary services	(5,427)	34,288	46,388	88,968	52,311	
Non-programmed charges	(25,613)	118,824	208,601	305,954	344,266	
Debt service - principal	724,134	1,746,699	1,660,446	1,438,105	1,141,043	
Debt service - interest	41,571	37,868	19,464	65,029	70,794	
Capital outlay	19,133,031	18,363,845	31,408,003	57,132,113	30,418,483	
Total expenditures	153,467,525	163,907,190	186,838,598	232,284,872	231,755,241	
Revenues over (under) expenditures	(2,480,280)	(1,277,698)	368,971	31,101	(3,245,407)	
Other financing sources (uses)						
Transfers to other funds	-	(178,242)	-	-	-	
Capital lease obligations issued	1,990,767	914,105	-	865,053	-	
Installment purchase obligations	511,064	805,624	794,214	870,000	872,161	
Total other financing sources	2,501,831	1,541,487	794,214	1,735,053	872,161	
Net change in fund balances	\$ 21,551	\$ 263,789	\$ 1,163,185	\$ 1,766,154	\$ (2,373,246)	
Ratio of debt service expenditures to total non-capital expenditures	0.54%	1.22%	1.08%	0.83%	0.57%	
Year Ended June 30	2009	2010	2011	2012	2013	
Revenues						
State of North Carolina	\$ 145,880,924	\$ 131,792,385	\$ 134,522,548	\$ 144,940,868	\$ 147,965,299	
Cabarrus County	89,529,032	110,180,123	65,072,915	55,327,872	52,569,062	
U.S. Government	10,649,767	22,161,954	22,545,798	14,455,913	15,438,801	
Other	10,061,350	10,965,736	11,399,750	12,013,225	13,769,467	
Total revenues	256,121,073	275,100,198	233,541,011	226,737,878	229,742,629	
Expenditures						
Instructional services	170,656,265	167,948,122	171,042,116	167,902,094	178,182,175	
System-wide support services	37,449,321	37,938,208	42,081,055	42,535,061	46,198,987	
Ancillary services	53,342	99,889	59,761	77,923	56,368	
Non-programmed charges	457,628	749,359	947,548	730,936	964,556	
Debt service - principal	1,533,685	1,242,779	1,312,403	979,141	1,317,961	
Debt service - interest	122,263	67,658	49,990	39,079	49,090	
Capital outlay	47,002,064	65,652,309	17,902,956	8,456,042	4,824,360	
Total expenditures	257,274,568	273,698,324	233,395,829	220,720,276	231,593,497	
Revenues over (under) expenditures	(1,153,495)	1,401,874	145,182	6,017,602	(1,850,868)	
Other financing sources (uses)						
Transfers to other funds	-	(45,000)	(45,000)	(45,000)	(45,000)	
Capital lease obligations issued	1,990,767	914,105	-	-	-	
Installment purchase obligations	2,024,131	745,705	1,029,338	922,866	1,595,455	
Total other financing sources	4,014,898	1,614,810	984,338	877,866	1,550,455	
Net change in fund balances	\$ 2,861,403	\$ 3,016,684	\$ 1,129,520	\$ 6,895,468	\$ (300,413)	
Ratio of debt service expenditures to total non-capital expenditures	0.74%	0.60%	0.61%	0.46%	0.58%	

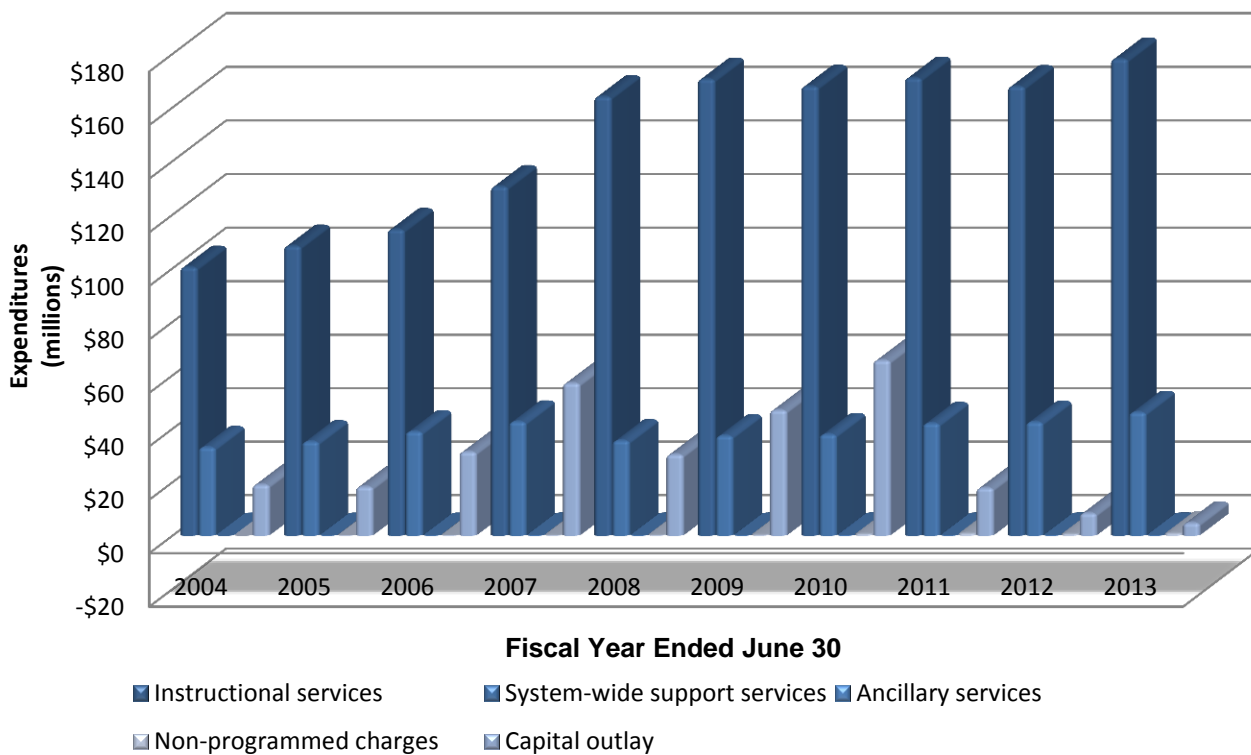
Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Expenditures for 2007 and before are not comparable to 2008 (and after) expenditures due to a change in the Uniform Chart of Accounts required to be used by all Local Education Agencies in North Carolina.

Governmental Funds Revenues by Source



Expenditures by Function



CABARRUS COUNTY BOARD OF EDUCATION
Operational Expenditures Per Pupil
Expenditures by Function
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Average Daily Membership	21,616	22,279	23,799	25,521	26,917
Instructional	\$ 4,649	\$ 4,864	\$ 4,812	\$ 5,116	\$ 6,097
System-wide support	1,531	1,581	1,637	1,672	1,323
Ancillary	-	2	2	3	2
Total expenditures per pupil	<u>\$ 6,180</u>	<u>\$ 6,447</u>	<u>\$ 6,451</u>	<u>\$ 6,791</u>	<u>\$ 7,422</u>
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Average Daily Membership	27,510	27,682	28,593	29,182	29,942
Instructional	\$ 6,203	\$ 6,067	\$ 5,982	\$ 5,754	\$ 5,951
System-wide support	1,361	1,371	1,472	1,458	1,543
Ancillary	2	4	2	3	2
Total expenditures per pupil	<u>\$ 7,566</u>	<u>\$ 7,442</u>	<u>\$ 7,456</u>	<u>\$ 7,215</u>	<u>\$ 7,496</u>

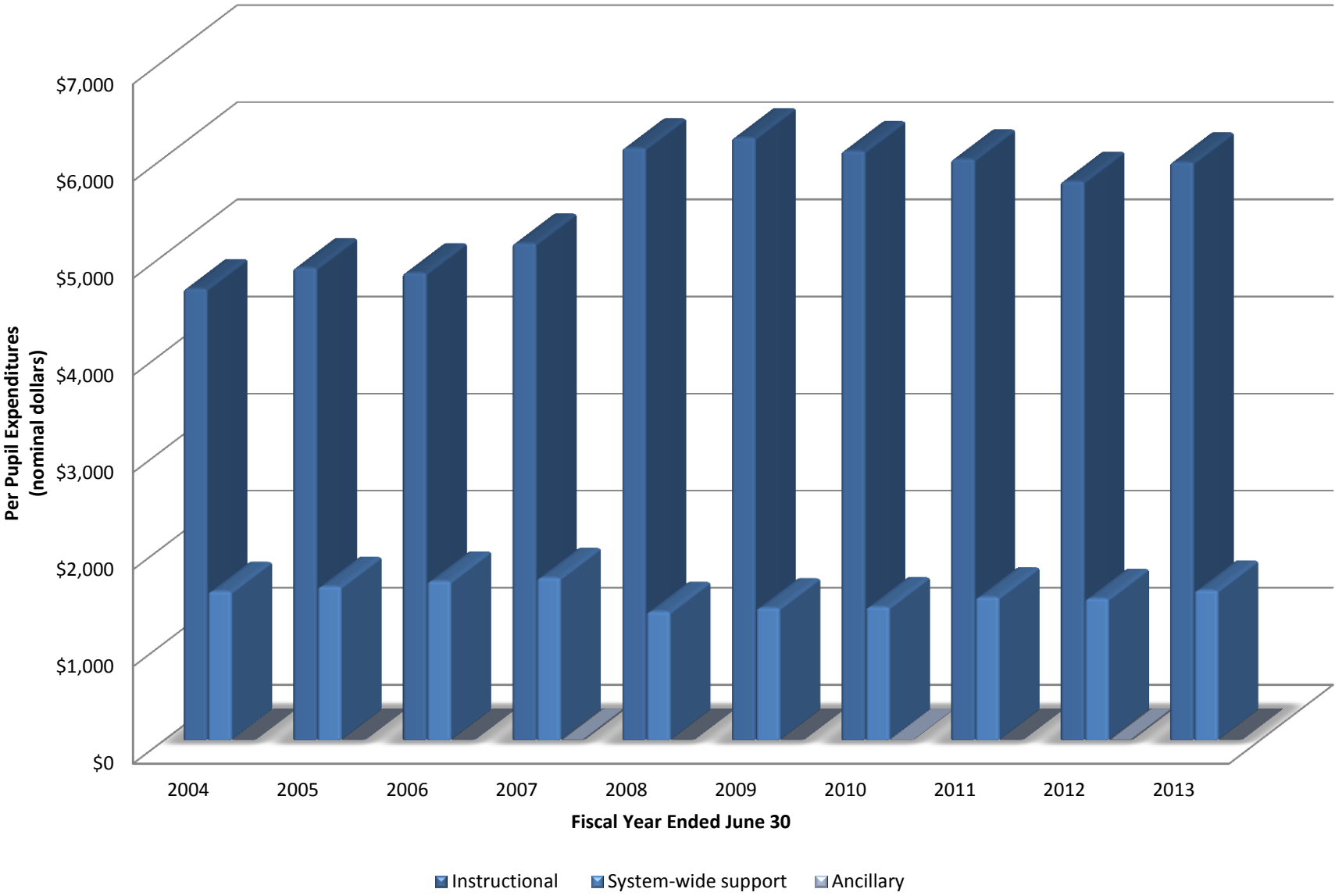
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Instructional	\$ 2,451	\$ 2,501	\$ 2,372	\$ 2,455	\$ 2,786
System-wide support	807	813	807	802	605
Ancillary	-	1	1	1	1
Total expenditures per pupil	<u>\$ 3,258</u>	<u>\$ 3,315</u>	<u>\$ 3,180</u>	<u>\$ 3,258</u>	<u>\$ 3,392</u>
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Instructional	\$ 2,876	\$ 2,783	\$ 2,650	\$ 2,507	\$ 2,549
System-wide support	631	629	652	635	661
Ancillary	1	2	1	1	1
Total expenditures per pupil	<u>\$ 3,508</u>	<u>\$ 3,414</u>	<u>\$ 3,303</u>	<u>\$ 3,143</u>	<u>\$ 3,211</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013.
The above operational expenditures per pupil include all governmental funds.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).

Note: Expenditures for 2007 and before are not comparable to 2008 (and after) expenditures due to a change in the Uniform Chart of Accounts required to be used by all Local Education Agencies in North Carolina.

Operational Expenditures Per Pupil Expenditures by Function



CABARRUS COUNTY BOARD OF EDUCATION
Proprietary Fund - Food Services Operations
Revenues by Source
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Food sales	\$ 5,176,408	\$ 5,234,206	\$ 5,480,520	\$ 5,886,205	\$ 6,203,520
Federal reimbursements	2,890,985	3,387,235	3,779,309	4,292,156	4,581,400
Federal commodities	489,301	335,318	536,344	606,130	638,194
Other	9,974	22,406	44,550	53,768	52,921
Total revenues	<u>\$ 8,566,668</u>	<u>\$ 8,979,165</u>	<u>\$ 9,840,723</u>	<u>\$ 10,838,259</u>	<u>\$ 11,476,035</u>
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Food sales	\$ 6,530,618	\$ 5,983,132	\$ 5,601,575	\$ 5,307,701	\$ 5,213,646
Federal reimbursements	5,107,012	5,688,001	6,174,311	6,729,879	7,388,409
Federal commodities	552,610	619,521	782,180	649,985	697,784
Other	21,007	7,935	451,965	254,724	344,927
Total revenues	<u>\$ 12,211,247</u>	<u>\$ 12,298,589</u>	<u>\$ 13,010,031</u>	<u>\$ 12,942,289</u>	<u>\$ 13,644,766</u>

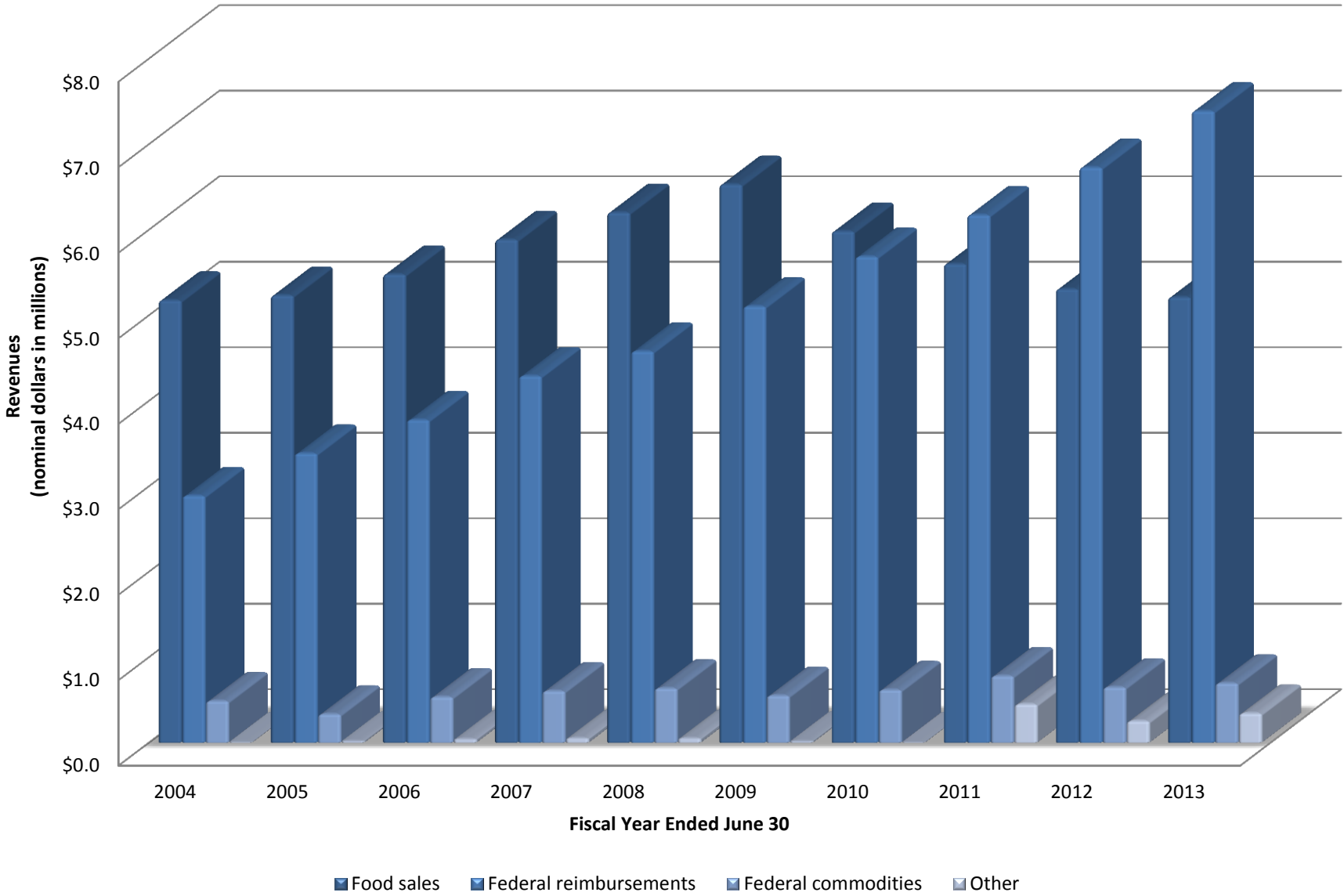
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Food sales	\$ 2,728,734	\$ 2,691,108	\$ 2,701,094	\$ 2,825,125	\$ 2,835,052
Federal reimbursements	1,523,977	1,741,509	1,862,646	2,060,050	2,093,732
Federal commodities	257,934	172,400	264,339	290,916	291,659
Other	5,258	11,520	21,957	25,806	24,185
Total revenues	<u>\$ 4,515,903</u>	<u>\$ 4,616,537</u>	<u>\$ 4,850,036</u>	<u>\$ 5,201,897</u>	<u>\$ 5,244,628</u>
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Food sales	\$ 3,027,738	\$ 2,744,997	\$ 2,481,626	\$ 2,312,945	\$ 2,232,787
Federal reimbursements	2,367,723	2,609,594	2,735,361	2,932,690	3,164,147
Federal commodities	256,202	284,230	346,524	283,245	298,832
Other	9,739	3,640	200,231	111,001	147,718
Total revenues	<u>\$ 5,661,402</u>	<u>\$ 5,642,461</u>	<u>\$ 5,763,742</u>	<u>\$ 5,639,881</u>	<u>\$ 5,843,484</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Other revenue includes interest earned, State reimbursements, indirect costs not paid, and other revenue.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Service Operations Revenues by Source



CABARRUS COUNTY BOARD OF EDUCATION
Proprietary Fund - Food Services Operations
Expenses by Category
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Purchase of food	\$ 3,302,689	\$ 3,757,320	\$ 4,281,614	\$ 4,668,358	\$ 5,545,461
Salaries and benefits	3,717,221	4,074,299	4,611,095	4,887,958	5,645,428
Other	1,199,184	1,299,444	1,331,003	109,509	1,464,908
Total expenses	\$ 8,219,094	\$ 9,131,063	\$ 10,223,712	\$ 9,665,825	\$ 12,655,797
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Purchase of food	\$ 5,516,924	\$ 5,354,857	\$ 5,173,933	\$ 5,185,770	\$ 5,441,034
Salaries and benefits	5,497,200	5,669,520	5,720,106	5,626,574	5,664,748
Other	1,163,555	1,328,408	1,824,737	1,620,334	1,766,486
Total expenses	\$ 12,177,679	\$ 12,352,785	\$ 12,718,776	\$ 12,432,678	\$ 12,872,268

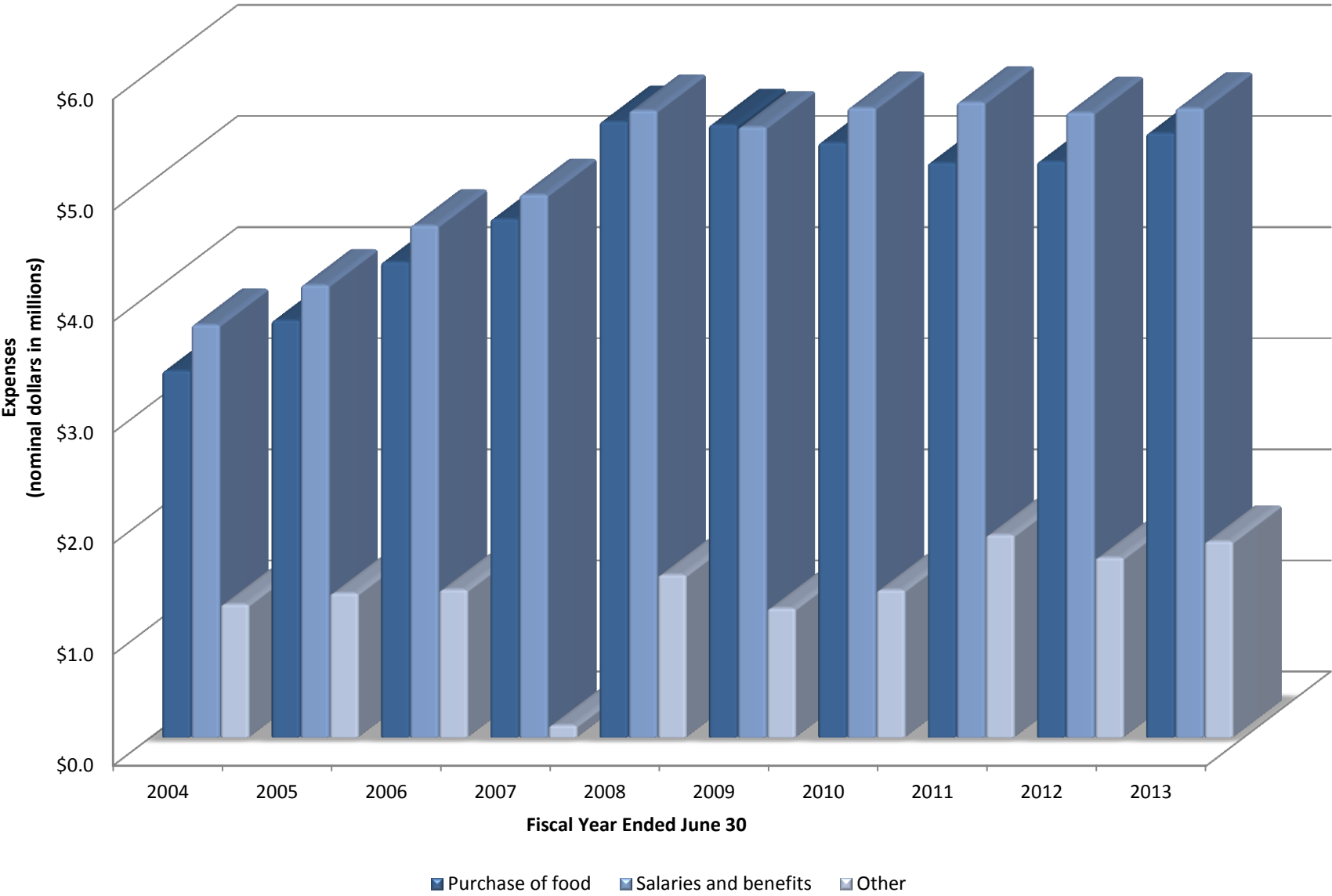
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2004	2005	2006	2007	2008
Purchase of food	\$ 1,741,006	\$ 1,931,784	\$ 2,110,209	\$ 2,240,611	\$ 2,534,315
Salaries and benefits	1,959,526	2,094,755	2,272,595	2,346,010	2,580,000
Other	632,148	668,095	655,990	52,560	669,473
Total expenses	\$ 4,332,680	\$ 4,694,634	\$ 5,038,794	\$ 4,639,181	\$ 5,783,788
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2009	2010	2011	2012	2013
Purchase of food	\$ 2,557,767	\$ 2,456,751	\$ 2,292,170	\$ 2,259,811	\$ 2,330,167
Salaries and benefits	2,548,622	2,601,115	2,534,138	2,451,901	2,425,975
Other	539,450	609,459	808,400	706,096	756,512
Total expenses	\$ 5,645,839	\$ 5,667,325	\$ 5,634,708	\$ 5,417,808	\$ 5,512,654

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Other expense includes indirect costs, materials and supplies, repairs and maintenance, depreciation, and other expenses.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984 = 100).

Proprietary Fund - Food Services Operations Expenses by Category



CABARRUS COUNTY BOARD OF EDUCATION
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Capitalized Leases	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2013	\$ -	\$ 1,259,740	\$ 1,259,740	N/A	N/A
2012	-	982,246	982,246	N/A	5
2011	-	1,038,521	1,038,521	0.02%	6
2010	-	1,321,586	1,321,586	0.02%	8
2009	-	1,617,248	1,617,248	0.03%	9
2008	-	1,126,802	1,126,802	0.02%	7
2007	533,723	861,961	1,395,684	0.03%	9
2006	325,800	772,936	1,098,736	0.02%	7
2005	1,275,269	689,699	1,964,968	0.04%	13
2004	1,662,496	329,442	1,991,938	0.05%	14

N/A = Not available

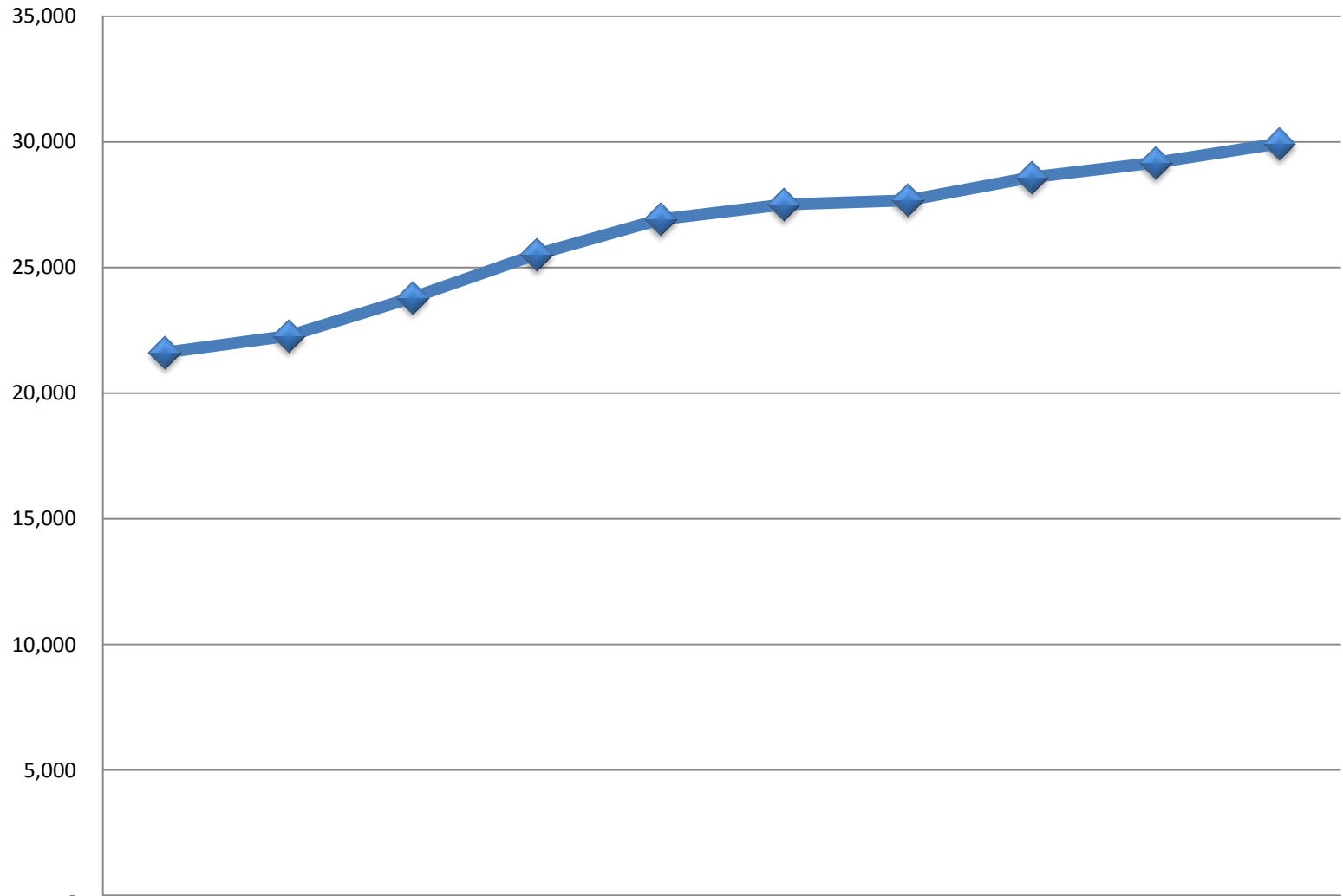
Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2013

Note: Cabarrus County School System cannot incur debt without obtaining prior approval from the Board.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2013 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2014, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2012 and June 30, 2013 income based information will be shown above as "N/A", and the June 30, 2012 information will be reported for the year ended June 30, 2014, if applicable.

CABARRUS COUNTY BOARD OF EDUCATION Average Daily Membership Last Ten Fiscal Years



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
◆ Avg Daily Membership	21,616	22,279	23,799	25,521	26,917	27,510	27,682	28,593	29,182	29,942

CABARRUS COUNTY BOARD OF EDUCATION
Student Statistics
Last Ten Fiscal Years

Year Ended June 30	Teaching Staff⁽¹⁾	Students⁽²⁾	Pupil/ Teacher Ratio	Student Attendance Percentage⁽²⁾	Percentage of Students Receiving Free/Reduced Lunch⁽³⁾
2013	1,857	29,942	1/16	94.83%	42.53%
2012	1,839	29,182	1/16	95.48%	41.90%
2011	1,854	28,593	1/15	95.32%	40.62%
2010	1,851	27,682	1/15	95.16%	38.12%
2009	1,907	27,510	1/14	95.66%	34.54%
2008	1,811	26,917	1/15	95.34%	32.62%
2007	1,683	25,521	1/15	95.15%	33.00%
2006	1,547	23,799	1/15	95.19%	32.06%
2005	1,531	22,279	1/15	95.31%	32.07%
2004	1,420	21,616	1/15	95.24%	29.18%

CABARRUS COUNTY BOARD OF EDUCATION
Student Statistics (continued)
Last Ten Fiscal Years

Year Ended June 30	Ethnic Distribution Percentage ⁽⁴⁾					Graduates ⁽⁴⁾	Percentage of Graduates Continuing Education ⁽⁴⁾
	White	Black	Asian	Hispanic	Other		
2013	62%	18%	3%	13%	4%	1,922	83%
2012	63%	18%	3%	13%	4%	1,916	85%
2011	64%	18%	2%	12%	4%	1,888	85%
2010	65%	21%	2%	11%	1%	1,627	86%
2009	66%	21%	2%	11%	0%	1,591	82%
2008	66%	21%	2%	11%	0%	1,489	82%
2007	68%	20%	2%	10%	0%	1,424	80%
2006	71%	18%	1%	9%	1%	1,288	81%
2005	72%	17%	1%	8%	2%	1,250	72%
2004	74%	17%	1%	7%	1%	1,234	77%

Sources:

- (1) Public School Personnel Summary, North Carolina Department of Public Instruction
- (2) NC Department of Public Instruction Average Daily Attendance(ADA):Average Daily Membership(ADM) Ratio Reports
- (3) Cabarrus County Board of Education Student Data
- (4) North Carolina Public Schools Statistical Profile (2004-2013 Editions).

CABARRUS COUNTY BOARD OF EDUCATION
Full-time Equivalent Governmental Employees by Function/Program
Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Officials, admins, mgrs	23	27	32	28	28	27	24	27	24	29
Principals	28	27	29	29	33	34	35	37	39	38
Asst. Principals, teaching	0	0	0	0	1	0	0	0	0	0
Asst. Principals, non-teaching	44	50	57	65	72	71	62	65	62	63
Total administrators	95	104	118	122	134	132	121	129	125	130
Elementary teachers	904	967	778	846	885	928	886	855	868	953
Secondary teachers	369	394	359	345	381	456	435	457	419	317
Other teachers	147	170	410	492	545	523	530	542	552	587
Total teachers	1,420	1,531	1,547	1,683	1,811	1,907	1,851	1,854	1,839	1,857
Guidance	61	61	61	68	76	78	72	73	77	73
Psychological	8	8	9	9	10	9	11	10	10	9
Librarian, audiovisual	29	29	28	28	32	35	32	32	34	34
Consultant, supervisor	0	0	0	0	0	0	0	0	7	7
Other professionals	35	38	41	46	69	79	83	74	89	98
Total professionals	1,648	1,771	1,804	1,956	2,132	2,240	2,170	2,172	2,181	2,208
Teacher Assistants	333	357	386	423	467	472	418	429	351	351
Technicians	13	12	10	13	13	9	9	11	10	11
Clerical, secretarial	195	211	213	227	246	256	246	242	238	243
Service workers	128	311	423	424	495	572	612	584	571	536
Skilled crafts	45	50	49	47	43	48	55	60	62	59
Laborers, unskilled	3	2	4	3	0	0	0	0	0	0
Total employees	2,365	2,714	2,889	3,093	3,396	3,597	3,510	3,498	3,413	3,408

Source: North Carolina Public Schools Statistical Profile (2004-2013 Editions)

CABARRUS COUNTY BOARD OF EDUCATION Instructional Personnel Last Ten Fiscal Years

Year Ended June 30	Teacher Salaries ⁽¹⁾			Bachelors Degree ⁽²⁾	Masters Degree ⁽²⁾	Advanced Degree ⁽²⁾	Doctorate Degree ⁽²⁾
	Minimum	Maximum	Average				
2013	\$ 30,800	\$ 65,520	\$ 40,667	1,187	664	10	2
2012	30,430	64,750	45,788	1,294	553	4	0
2011	30,430	64,750	46,131	1,318	540	3	0
2010	30,430	64,750	47,114	1,353	467	10	1
2009	30,430	64,750	47,186	1,397	510	11	0
2008	28,510	64,750	46,608	1,353	467	10	1
2007	28,510	64,160	44,905	1,209	626	39	6
2006	25,510	61,380	41,833	1,115	587	32	9
2005	25,420	57,400	41,110	1,078	579	30	12
2004	25,250	56,280	40,798	995	571	42	14

The above tabulation represents total salaries but does not include the following:

- (a) Longevity payments, ranging from 1 1/2% to 4 1/2% of the annual salary, made to each teacher for 10 or more years of service.
- (b) Payments of varying amounts for performing extra duties.
- (c) Bonus payments

Sources:

- (1) Cabarrus County Board of Education Payroll Data
- (2) North Carolina Public Schools Statistical Profile (2004-2013 Editions).

Note: Degree information for 2007 and before are not comparable to 2008 (and after) degree information due to a change in the reporting of degrees awarded. Degrees awarded for 2007 and before were reported based on all instructional personnel, while for 2008 and after they are reported based on classroom teachers only.

CABARRUS COUNTY BOARD OF EDUCATION

School Building Data
June 30, 2013

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
A.T. Allen Elementary	2010	1,000	864	-14%	Excellent
Bethel Elementary	2004	1,065	620	-42%	Excellent
Beverly Hills Elementary	1953	351	343	-2%	Fair
Glenn Center (Cabarrus Opportunity School)	1923	53	110	108%	Poor
C.C. Griffin Middle	2002	1,161	1,015	-13%	Excellent
Carl A. Furr Elementary	2007	955	755	-21%	Excellent
Central Cabarrus High	1965	1,313	1,158	-12%	Fair
Charles E. Boger Elementary	2007	955	788	-17%	Excellent
Coltrane Webb Elementary	1937	360	489	36%	Fair
Concord High	1967	1,495	1,147	-23%	Good
Concord Middle	1999	1,035	923	-11%	Good
Cox Mill Elementary	2002	1,039	1,285	24%	Good
Cox Mill High	2009	1,450	1,262	-13%	Excellent
Harold E. Winkler Middle	2011	1,200	997	-17%	Excellent
Harris Road Middle	2002	1,188	1,105	-7%	Excellent
Harrisburg Elementary	2000	1,068	859	-20%	Excellent
Hickory Ridge High	2007	1,450	1,412	-3%	Excellent
Hickory Ridge Middle	2010	1,200	1,140	-5%	Excellent
J.N. Fries Middle	1989	888	489	-45%	Good
Jay M. Robinson High	2001	1,510	1,341	-11%	Good
Long School	1922	12	16	33%	Poor
Mt. Pleasant Elementary	1972	711	688	-3%	Good
Mt. Pleasant High	1989	1,068	839	-21%	Good
Mt. Pleasant Middle	1936	728	667	-8%	Poor
Northwest Cabarrus High	1966	1,373	1,039	-24%	Good
Northwest Cabarrus Middle	1979	850	907	7%	Good
Patriots Elementary	2010	1,000	699	-30%	Excellent
Pitt School Road Elementary	2005	931	965	4%	Excellent
R. Brown McAllister Elementary	1956	282	302	7%	Fair
Rocky River Elementary	1997	873	762	-13%	Excellent
Royal Oaks Elementary	1949	288	357	24%	Fair
W.M. Irvin Elementary	1999	780	770	-1%	Excellent
W.R. Odell Elementary	2007	1,025	1,046	2%	Excellent
Weddington Hills Elementary	1996	819	839	2%	Excellent
Winecoff Elementary	1999	819	837	2%	Excellent
Wolf Meadow Elementary	1974	506	562	11%	Fair

Source: Cabarrus County Board of Education N. C. Public Schools Facility Needs Report; 2013

CABARRUS COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2004	2005	2006	2007	2008
Population estimate (1)	143,210	146,061	150,032	156,863	164,384
Personal income (2)	\$4,199,579,000	\$4,441,339,000	\$4,752,216,000	\$5,157,773,000	\$5,551,258,000
Per capita income (2)	\$29,325	\$30,407	\$31,675	\$32,881	\$33,770
Median age (3)	36.1	36.2	36.2	36.3	36.3
School enrollment (4)	21,616	22,279	23,799	25,521	26,917
Unemployment rate (5)	7.4%	6.2%	4.6%	4.1%	4.4%
Year Ended June 30	2009	2010	2011	2012	2013
Population estimate (1)	170,448	174,294	181,468	183,806	N/A
Personal income (2)	\$5,946,765,000	\$6,057,692,000	\$6,453,148,000	N/A	N/A
Per capita income (2)	\$34,889	\$34,756	\$35,561	N/A	N/A
Median age (1)	36.5	36.6	36.7	37.5	37.3
School enrollment (4)	27,510	27,682	28,593	29,182	29,942
Unemployment rate (5)	5.9%	11.2%	11.3%	9.3%	8.8%

N/A = Not Available

Sources:

- (1) Office of State Budget and Management
- (2) Bureau of Economic Analysis
- (4) North Carolina Department of Public Instruction
- (5) Employment Security Commission

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2013 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2014, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2012 and June 30, 2013 income based information will be shown above as "N/A", and the June 30, 2012 information will be reported for the year ended June 30, 2014, if applicable.

CABARRUS COUNTY, NORTH CAROLINA
Principal Employers
For Years Ended June 30, 2013 and 2004

Employer	2013			2004		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
CMC - NorthEast	1,000 +	1	1.08%+	1,000 +	1	1.29%+
Cabarrus County Schools	1,000 +	2	1.08%+	1,000 +	2	1.29%+
Connexions, Inc.	1,000 +	3	1.08%+	-	-	-
Wal-Mart Associates, Inc.	1,000 +	4	1.08%+	1,000 +	4	1.29%+
Cabarrus County	1,000 +	5	1.08%+	500 - 999	6	0.97%
City of Concord	500 - 999	6	0.81%	500 - 999	5	0.97%
Kannapolis City Schools	500 - 999	7	0.81%	500 - 999	7	0.97%
The Shoe Show of Rocky Mount, Inc.	500 - 999	8	0.81%	-	-	-
S & D Coffee, Inc.	500 - 999	9	0.81%	-	-	-
HMS Holdings L.P.	500 - 999	10	0.81%	-	-	-
Philip Morris USA, Inc.	-	-	-	1,000 +	3	1.29%+
Food Lion, LLC	-	-	-	500 - 999	8	0.97%
SMI Systems, LLC	-	-	-	500 - 999	9	0.97%
The Concord Telephone Co., Inc.	-	-	-	500 - 999	10	0.97%
Total County Employment ⁽¹⁾	<u>92,970</u>			<u>77,393</u>		

Sources:

(1) Employment Security Commission

CABARRUS COUNTY, NORTH CAROLINA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year Ended June 30	Governmental Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	Capitalized Leases	Installment Purchases	Revenue Bonds	Certificates of Participation	General Obligation Bonds				
2013	\$ 3,348,072	\$ -	\$ -	\$ 255,735,000	\$ 88,390,000	\$ 347,473,072	N/A	N/A	
2012	3,531,107	-	-	285,329,195	\$ 100,620,346	389,480,648	N/A	\$ 2,119	
2011	3,102,621	11,122,572	-	302,779,526	107,901,510	424,906,229	6.58%	2,341	
2010	3,282,345	12,745,143	-	301,846,620	115,122,677	432,996,785	7.15%	2,484	
2009	3,458,315	14,367,714	-	225,880,860	122,708,844	366,415,733	6.16%	2,150	
2008	331,964	15,990,284	-	173,165,000	126,895,000	316,382,248	5.70%	1,925	
2007	443,568	17,612,855	18,000,000	116,220,000	133,980,000	286,256,423	5.55%	1,825	
2006	3,735,427	-	19,500,000	88,005,000	91,845,000	203,085,427	4.27%	1,354	
2005	6,159,483	-	21,000,000	93,380,000	97,805,000	218,344,483	4.92%	1,495	
2004	4,123,595	-	22,500,000	98,765,000	52,495,000	177,883,595	4.24%	1,242	

N/A = Not Available

Source: Cabarrus County, North Carolina, Annual Financial Report for the year ended June 30, 2013.

Note: This table is a ten year schedule. However, current year county level annual population estimates are not released by the U.S. Census Bureau until the spring of the following year. Therefore, June 30, 2013 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2014, if applicable.

Note: This table is a ten year schedule. However, county level annual income data is not released by the U.S. Bureau of Economic Analysis until the month of April, and is always two years behind. Therefore, June 30, 2012 and June 30, 2013 income based information will be shown above as "N/A", and the June 30, 2012 information will be reported for the year ended June 30, 2014, if applicable.

Table 18

CABARRUS COUNTY, NORTH CAROLINA
Principal Property Taxpayers
June 30, 2013 and June 30, 2004

Taxpayer	Type of Business	2013		2004		Rank	Percentage of Total Taxable Assessed Value
		Taxable Assessed Value	Rank	Taxable Assessed Value	Rank		
Castle & Cooke NC, LLC	Land Developer	\$328,076,170	1	1.75%	-	-	-
Charlotte Motor Speedway Inc.	Auto Racing	294,264,873	2	1.57%	136,584,809	4	1.17%
Corning, Inc.	Fiber Optics Mfg.	291,644,561	3	1.56%	462,709,814	2	3.96%
Concord Mills LTD Partnership	Shopping Center	250,571,200	4	1.34%	168,177,144	3	1.44%
Hendrick Motorsports Inc.	Auto Racing	119,326,544	5	0.64%	-	-	-
Duke Energy Corp.	Public Service Co.	98,999,820	6	0.53%	61,520,072	7	0.53%
Great Wolf of the Carolinas	Recreational Facility	98,071,995	7	0.52%	-	-	-
Phillip Morris Inc.	Cigarette Mfg.	93,107,045	8	0.50%	1,034,892,391	1	8.85%
Celgard, LLC	Manufacturer	92,655,533	9	0.50%	-	-	-
Weinstein Properties	Real Estate	63,239,110	10	0.34%	-	-	-
Fieldcrest Cannon Inc.	Textiles	-	-	-	126,070,940	5	1.08%
Concord Telephone	Public Service Co.	-	-	-	74,036,468	6	0.63%
Pass & Seymour/Legrand	Electronics	-	-	-	37,796,932	8	0.32%
Bell/Sysco Food Services, Inc.	Food Supplier	-	-	-	30,626,033	9	0.26%
Public Service of NC	Public Service Co.	-	-	-	29,269,707	10	0.25%
		<u>\$1,729,956,851</u>		<u>9.25%</u>	<u>\$ 2,161,684,310</u>		<u>18.49%</u>
Total Assessed Valuation		<u>\$18,695,824,217</u>			<u>\$ 11,689,948,568</u>		

Source: Cabarrus County Tax Department

CABARRUS COUNTY, NORTH CAROLINA
Property Tax Levies and Current Collections
Last Ten Fiscal Years

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	Total Tax Levy	Current Tax Collections	Percent of Levy Collected
2013	131,339,270	126,968,672	96.67%
2012	133,179,605	128,622,399	96.58%
2011	134,498,536	130,734,404	97.20%
2010	135,231,408	131,784,146	97.45%
2009	132,819,077	132,030,700	99.41%
2008	103,260,196	102,971,378	99.72%
2007	97,490,018	97,094,135	99.59%
2006	92,805,330	92,681,946	99.87%
2005	74,720,131	74,637,800	99.89%
2004	66,459,272	66,367,287	99.86%

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	Total Tax Levy	Current Tax Collections
2013	56,247,118	54,375,373
2012	58,035,892	56,049,991
2011	59,585,923	57,918,326
2010	62,042,717	60,461,150
2009	61,577,834	61,212,325
2008	47,190,639	47,058,647
2007	46,791,016	46,601,009
2006	45,739,443	45,678,633
2005	38,416,520	38,374,190
2004	35,033,881	34,985,391

Source: Cabarrus County, North Carolina, Annual Financial Report for the year ended June 30, 2013.

Note: Nominal dollars reflect actual dollars of the period of the transaction. Constant dollars reflect dollars having a constant general purchasing power as shown by the Consumer Price Index for All Urban Consumers (CPI-U) (Calendar years 1982-1984=100).



**CABARRUS COUNTY BOARD OF EDUCATION
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