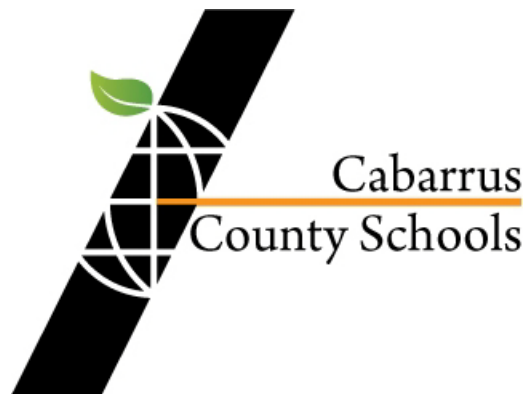


CABARRUS COUNTY BOARD OF EDUCATION

CONCORD, NORTH CAROLINA



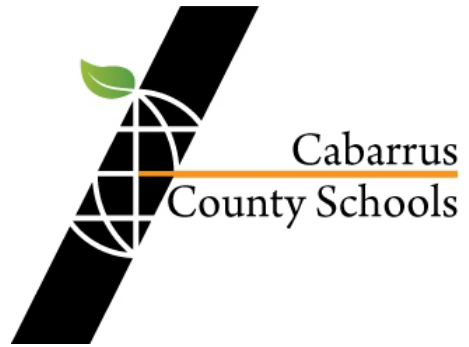
**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDING JUNE 30, 2012**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2012**

PREPARED BY

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



CABARRUS COUNTY BOARD OF EDUCATION

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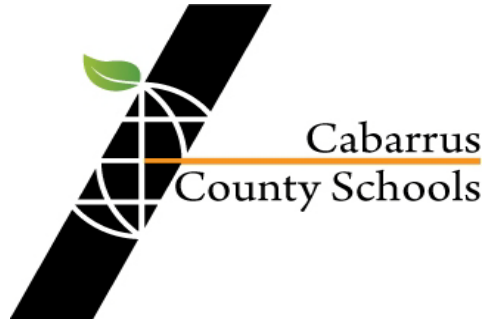
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CABARRUS COUNTY BOARD OF EDUCATION

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Introductory Section



October 31, 2012

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, 2012, 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, 2011. 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, 2012.

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 2011-2012 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.

RISK MANAGEMENT

The Board carries various forms of insurance including, but not limited to, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and blanket finance and forgery bonds. Inspections of school buildings are made by the Division of Insurance on an annual basis as part of an effort to identify potential risks that may be present. In 2011-2012 CCS enrolled in a self-insured workers' compensation program saving the system over \$250,000 in the first year.

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

Letter of Transmittal *(continued)*

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 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.

Letter of Transmittal *(continued)*

- 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%.
- 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 fourth 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 29,182 during the 2011-2012 school year compared to 28,593 during the 2010-2011 year, an increase of 589 students. The State projected increase for 2012-2013 is relatively consistent with the current year increase.

The Board of County Commissioners was able to maintain the same level of support as the previous year with a local appropriation of \$46 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.

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 and by the end of the fiscal year pays the total amount due.

Letter of Transmittal *(continued)*

On June 30, 2012, Cabarrus County School's cash balance was approximately \$19 million in cash and investments. All funds are protected against loss through FDIC depository insurance and stringent collateral requirements. Outstanding debts are paid in a timely manner and no problems have been encountered in the collection of receivables. The Board uses a pooled cash concept to maximize funds available for investment. Idle cash from the General Fund, Capital Projects Fund, and School Food Service Fund are invested in instruments according to State law. Funds from the State Public School Fund and the Federal Grants Fund are not available to the Board until vouchers are drawn against the State Treasury. Therefore, these funds are not available for investment. The major emphasis of investments is to minimize risks and maximize interest income. Interest earnings for the year totaled \$15,000 for 2011-2012 compared with \$0 2010-2011.

Of the \$13,953,094 of General Fund balance as of June 30, 2012, \$3,000,000 of the General Fund balance is designated for subsequent year's expenditures and \$7,000,000 is designated for technology.

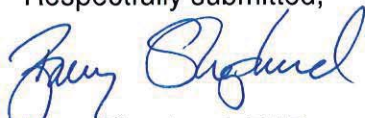
INDEPENDENT AUDIT

Anderson Smith & Wike PLLC has audited the financial records and transactions of the Cabarrus County Board of Education for the year ended June 30, 2012. 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 the State Single Audit Implementation Act. The auditors' report is included in the financial section of this report.

ACKNOWLEDGEMENTS

The preparation of the Comprehensive Annual Financial Report in a timely manner could not have been accomplished without the efforts and dedication of the Superintendent's staff, Finance Department and our independent audit firm. We would like to express appreciation to all staff members who assisted in the preparation of this report.

Respectfully submitted,



Barry Shepherd, Ed.D.
Superintendent



Kelly Kluttz, CPA
Chief Financial Officer

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

JULY 1, 2011 – JUNE 30, 2012

BOARD MEMBERS

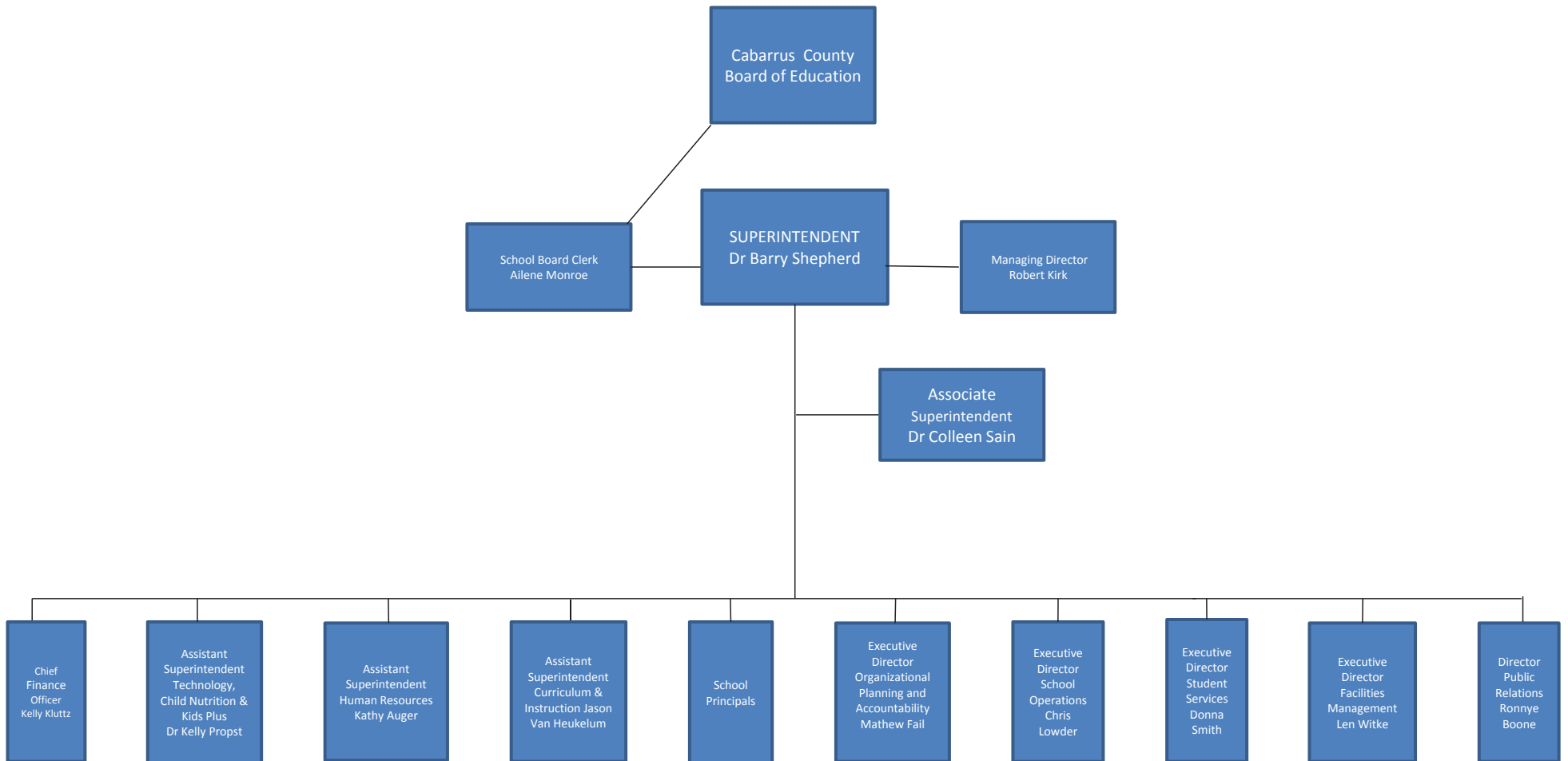
**LYNN SHUE, CHAIR
BLAKE KIGER, VICE CHAIR
CAROLYN CARPENTER
CINDY FERTENBAUGH
TIM FURR
GRACE MYNATT
HOLLY BLACKWELDER**

PRINCIPAL OFFICERS

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

Cabarrus County Schools

Organizational Chart 2011-2012



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

CABARRUS COUNTY BOARD OF EDUCATION

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2011**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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, 2011

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

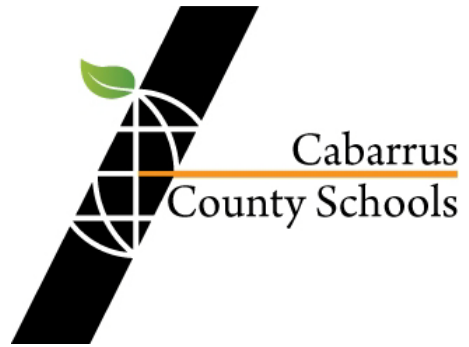


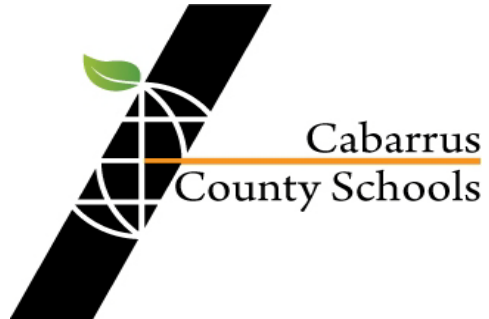
Linda C. Davison

President

Jeffrey R. Evers

Executive Director





Financial Section



INDEPENDENT AUDITORS' REPORT

Cabarrus County Board of Education
Concord, North Carolina

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, 2012, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Cabarrus County Board of Education's management. Our responsibility is to express an opinion 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Cabarrus County Board of Education, as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2012 on our consideration of the Cabarrus County Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 10 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Cabarrus County Board of Education, North Carolina. The introductory section, individual fund statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Anderson Smith & Wike PLLC

September 24, 2012
Statesville, North Carolina
(704) 562-5039

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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, 2012. 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 589 students (or 2.06%) from the previous year.
- The Board opened one new school to accommodate the increased enrollment and to allow it to offer an expanded curriculum to its students.
- The Board opened two magnet schools to improve academic achievement and to maintain diversity in our schools. These new magnet programs provide challenging curriculum, while providing parents options in selecting the most appropriate education environment for their children.

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 Assets and the Statement of Activities. The Statement of Net Assets 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 Assets 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 assets and how they have changed. Net assets – 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 assets 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, 2012**

Financial Analysis of the Schools as a Whole

Net assets are an indicator of the fiscal health of the Board. Assets exceeded liabilities by \$407,431,000 as of June 30, 2012. The largest component of net assets is invested in capital assets, net of related debt, of \$396,181,820.

Following is a summary of the Statement of Net Assets:

Table 1						
Condensed Statement of Net Assets						
As of June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Current assets	\$ 28,062,316	\$ 16,083,811	\$ 4,472,537	\$ 3,427,443	\$ 32,534,853	\$ 19,511,254
Capital assets	<u>394,662,512</u>	<u>398,978,321</u>	<u>2,501,554</u>	<u>2,559,544</u>	<u>397,164,066</u>	<u>401,537,865</u>
Total assets	<u>422,724,828</u>	<u>415,062,132</u>	<u>6,974,091</u>	<u>5,986,987</u>	<u>429,698,919</u>	<u>421,049,119</u>
Current liabilities	15,769,190	10,613,205	351,430	413,287	16,120,620	11,026,492
Long-term liabilities	<u>5,964,576</u>	<u>4,252,181</u>	<u>182,723</u>	<u>97,856</u>	<u>6,147,299</u>	<u>4,350,037</u>
Total liabilities	<u>21,733,766</u>	<u>14,865,386</u>	<u>534,153</u>	<u>511,143</u>	<u>22,267,919</u>	<u>15,376,529</u>
Invested in capital assets, net of related debt	393,680,266	397,939,800	2,501,554	2,559,544	396,181,820	400,499,344
Restricted net assets	3,599,833	3,432,880	-	-	3,599,833	3,432,880
Unrestricted net assets	<u>3,710,963</u>	<u>(1,175,934)</u>	<u>3,938,384</u>	<u>2,916,300</u>	<u>7,649,347</u>	<u>1,740,366</u>
Total net assets	<u>\$ 400,991,062</u>	<u>\$ 400,196,746</u>	<u>\$ 6,439,938</u>	<u>\$ 5,475,844</u>	<u>\$ 407,431,000</u>	<u>\$ 405,672,590</u>

Note that net assets increased by \$1,758,410 during the year, indicating an improvement 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, 2012**

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 Assets						
For the Fiscal Years Ended June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Revenues:						
Program revenues:						
Charges for services	\$ 328,414	\$ 49,627	\$ 7,611,814	\$ 8,039,360	\$ 7,940,228	\$ 8,088,987
Operating grants and contributions	156,974,010	154,311,023	7,625,068	7,398,513	164,599,078	161,709,536
Capital grants and contributions	40,538	-	283,197	750,934	323,735	750,934
General revenues:						
Other revenues	69,266,641	79,026,563	10,010	10,943	69,276,651	79,037,506
Total revenues	226,609,603	233,387,213	15,530,089	16,199,750	242,139,692	249,586,963
Expenses:						
Governmental activities:						
Instructional services	178,868,755	180,343,608	-	-	178,868,755	180,343,608
System-wide support services	44,474,226	43,670,014	-	-	44,474,226	43,670,014
Ancillary services	78,685	59,527	-	-	78,685	59,527
Non-programmed charges	683,980	619,136	-	-	683,980	619,136
Interest	39,079	49,990	-	-	39,079	49,990
Unallocated depreciation	1,625,562	1,285,062	-	-	1,625,562	1,285,062
Business-type activities:						
School food service	-	-	12,432,678	12,718,776	12,432,678	12,718,776
Child care	-	-	2,178,317	2,576,059	2,178,317	2,576,059
Total expenses	225,770,287	226,027,337	14,610,995	15,294,835	240,381,282	241,322,172
Transfers in (out)	(45,000)	(45,000)	45,000	45,000	-	-
Increase (decrease) in net assets	794,316	7,314,876	964,094	949,915	1,758,410	8,264,791
Beginning net assets	400,196,746	392,881,870	5,475,844	4,525,929	405,672,590	397,407,799
Ending net assets	\$ 400,991,062	\$ 400,196,746	\$ 6,439,938	\$ 5,475,844	\$ 407,431,000	\$ 405,672,590

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

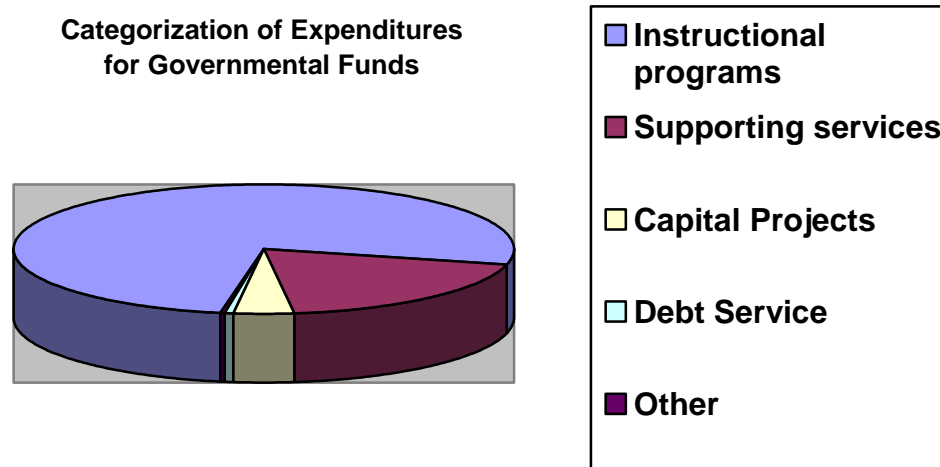
Total governmental activities generated revenues of \$227 million while expenses in this category totaled \$226 million. The increase in governmental activities net assets stands at \$794,316. This increase was primarily due to cost savings measures. Business-type activities generated revenue of \$15.5 million and had expenses of \$14.6 million. Net assets increased in the business-type activities by approximately \$964,000 which is also primarily attributable to 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 \$17,579,147, a \$6,895,468 increase from last year. The General Fund reported a \$6,594,951 increase in fund balance, ending the year with \$13,953,094 in fund balance. The increase was due to cost savings measures and the utilization of federal ARRA grants to fund certain expenditures that were paid from the General Fund in previous years.

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 assets of \$6,439,938, a \$964,094 increase from last year.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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 increased from \$7.3 million at June 30, 2011 to \$13.9 million at June 30, 2012. The increase in the total fund balance was due primarily to the Board of Education's decision to cut expenses to offset the loss of federal ARRA and - EduJobs funds-, and to fund possible additional state cuts or required fund reversion(s). The Board's plan was to increase fund balance for two consecutive years so that expenditures could remain at the same level when the federal funds were removed.

Fortunately, the additional cuts/reversions were not as high as expected. After the State, County and the Board of Education's budgets were passed, it became prudent to use the saved funds for onetime expenses. The board appropriated \$3 million for expenditures and has assigned \$7 million for technology. During the recession, CCS fell behind in the area of technology due to our philosophy of saving people instead of things. Now that we have eliminated as few jobs as possible during these difficult times, we feel it is necessary to assign funds to technology.

All LEAs across North Carolina have been instructed to be prepared with infrastructure and hardware for on-line assessments by 2014-2015. This year there are 50% more on-line assessments than last year. By next year, nearly 80% of all state assessments will be on-line. Our daily formative assessments, as well as system benchmarks also are delivered on-line. Students need to touch technology daily, not just during an assessment. We have 30,000 students and 5,000 employees working at 41 sites. These monies will be used to secure hardware for students to use during daily instruction and during testing sessions. Cabarrus County participated in a recent audit by the Smarter Balance Consortium (national) to review our LEA's preparedness for state testing. While Cabarrus County Schools has upgraded networks, increased bandwidth, and added wireless access to all sites, we did not score well with student and staff access to hardware. In order to solve this issue, fund balance will be used to secure computers and/or tablets for student/staff use.

Capital Assets

Capital assets decreased by \$4.4 million (or 1.1%) 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, 2012**

Table 3						
Summary of Capital Assets						
As of June 30, 2012 and 2011						
	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
Land	\$ 2,300,000	\$ 2,300,000	\$ -	\$ -	\$ 2,300,000	\$ 2,300,000
Construction in progress	3,233,582	24,533,337	-	-	3,233,582	24,533,337
Buildings/improvements	380,778,676	362,703,203	-	-	380,778,676	362,703,203
Equipment and furniture	5,034,476	4,597,728	2,501,554	2,559,544	7,536,030	7,157,272
Vehicles	3,315,778	4,844,053	-	-	3,315,778	4,844,053
Total	<u>\$ 394,662,512</u>	<u>\$ 398,978,321</u>	<u>\$ 2,501,554</u>	<u>\$ 2,559,544</u>	<u>\$ 397,164,066</u>	<u>\$ 401,537,865</u>

Debt Outstanding

During the year, the Board's outstanding debt increased by approximately \$1.5 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.

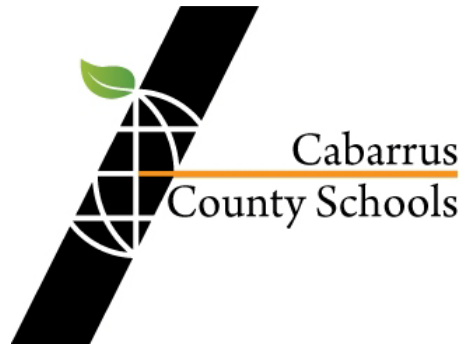
- County sales tax for 2012 decreased by 6.08% due to economic conditions.
- The average unemployment in the county is at 10.5% as of February 2011.
- Taxable property assessed value decreased by .20% in the most recent year (2012) due to real property market values, appeals, and the closure of the County's largest taxpayer, Phillip Morris.

**CABARRUS COUNTY BOARD OF EDUCATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

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 ASSETS
June 30, 2012

Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,142,793	\$ 4,055,464	\$ 28,198,257
Due from other governments	2,969,071	202,890	3,171,961
Receivables (net)	244,356	12,343	256,699
Prepaid expenses	225,000	-	225,000
Inventories	481,096	201,840	682,936
Capital assets:			
Land, improvements, and construction in progress	5,533,582	-	5,533,582
Other capital assets, net of depreciation	389,128,930	2,501,554	391,630,484
Total capital assets	394,662,512	2,501,554	397,164,066
Total assets	422,724,828	6,974,091	429,698,919
LIABILITIES			
Accounts payable and accrued expenses	3,437,604	21,053	3,458,657
Accrued salaries and wages payable	2,647,300	57,776	2,705,076
Deferred revenue	4,398,265	130,635	4,528,900
Long-term liabilities:			
Due within one year	5,286,021	141,966	5,427,987
Due in more than one year	5,964,576	182,723	6,147,299
Total liabilities	21,733,766	534,153	22,267,919
NET ASSETS			
Invested in capital assets, net of related debt	393,680,266	2,501,554	396,181,820
Restricted for:			
Individual Schools	2,827,820	-	2,827,820
Stabilization by State statute	598,250	-	598,250
School Capital Outlay	173,763	-	173,763
Unrestricted	3,710,963	3,938,384	7,649,347
Total net assets (as restated)	\$ 400,991,062	\$ 6,439,938	\$ 407,431,000

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2012

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	\$ 108,070,179	\$ 184,717	\$ 87,179,951	\$ -
Special populations	28,214,330	-	26,133,239	-
Alternative programs	11,203,364	-	8,239,305	-
School leadership	13,496,562	-	9,364,071	-
Co-curricular	7,316,288	-	-	-
School-based support	10,568,032	-	6,069,585	-
System-wide support services:				
Support and development	932,724	-	651,012	-
Special populations	494,924	-	488,704	-
Alternative programs	179,539	-	177,298	-
Technology support	2,721,851	-	320,898	-
Operational support services	33,172,663	143,697	15,793,796	40,538
Accountability	-	-	-	-
System-wide pupil support services	2,021,256	-	274,098	-
Policy, leadership and public	2,370,231	-	773,951	-
Ancillary services	78,685	-	-	-
Non-programmed charges	683,980	-	53,217	-
Interest on long-term debt	39,079	-	-	-
Unallocated depreciation expense*	1,625,562	-	-	-
Total governmental activities	<u>225,770,287</u>	<u>328,414</u>	<u>156,974,010</u>	<u>40,538</u>
Business-type activities:				
School food service	12,432,678	5,307,701	7,625,068	283,197
Kids Plus	2,178,317	2,304,113	-	-
Total business-type activities	<u>14,610,995</u>	<u>7,611,814</u>	<u>7,625,068</u>	<u>283,197</u>
Total primary government	<u>\$ 240,381,282</u>	<u>\$ 7,940,228</u>	<u>\$ 164,599,078</u>	<u>\$ 323,735</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 assets
 Net assets-beginning
 Net assets-ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (20,705,511)	\$ -	\$ (20,705,511)
(2,081,091)	-	(2,081,091)
(2,964,059)	-	(2,964,059)
(4,132,491)	-	(4,132,491)
(7,316,288)	-	(7,316,288)
(4,498,447)	-	(4,498,447)
(281,712)	-	(281,712)
(6,220)	-	(6,220)
(2,241)	-	(2,241)
(2,400,953)	-	(2,400,953)
(17,194,632)	-	(17,194,632)
(1,126,153)	-	(1,126,153)
-	-	-
(1,747,158)	-	(1,747,158)
(1,596,280)	-	(1,596,280)
(78,685)	-	(78,685)
(630,763)	-	(630,763)
(39,079)	-	(39,079)
(1,625,562)	-	(1,625,562)
<u>(68,427,325)</u>	<u>-</u>	<u>(68,427,325)</u>
-	783,288	783,288
-	125,796	125,796
-	<u>909,084</u>	<u>909,084</u>
<u>(68,427,325)</u>	<u>909,084</u>	<u>(67,518,241)</u>
46,776,882	-	46,776,882
8,550,990	-	8,550,990
981,423	-	981,423
15,838	673	16,511
12,941,508	9,337	12,950,845
(45,000)	45,000	-
<u>69,221,641</u>	<u>55,010</u>	<u>69,276,651</u>
794,316	964,094	1,758,410
400,196,746	5,475,844	405,672,590
<u>\$ 400,991,062</u>	<u>\$ 6,439,938</u>	<u>\$ 407,431,000</u>

**CABARRUS COUNTY BOARD OF EDUCATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012**

Exhibit 3

	Major Funds			
	General	State Public School	Individual Schools	Capital Outlay
ASSETS				
Cash and cash equivalents	\$ 19,083,704	\$ -	\$ 2,827,820	\$ 501,712
Receivables (net)	4,326	-	-	-
Due from other governments	169,451	2,384,343	-	82,061
Prepaid expenditures	200,000	-	-	-
Inventories	481,096	-	-	-
Total assets	<u>\$ 19,938,577</u>	<u>\$ 2,384,343</u>	<u>\$ 2,827,820</u>	<u>\$ 583,773</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,317,602	\$ -	\$ -	\$ 82,061
Accrued salaries and benefits	99,845	2,384,343	-	-
Unearned revenue	2,568,036	-	-	327,949
Total liabilities	<u>5,985,483</u>	<u>2,384,343</u>	<u>-</u>	<u>410,010</u>
Fund balances:				
Nonspendable:				
Prepaid expenditures	200,000	-	-	-
Inventories	481,096	-	-	-
Restricted:				
Stabilization by State statute	173,777	-	-	-
School Capital Outlay	-	-	-	173,763
Individual Schools	-	-	2,827,820	-
Assigned:				
Designated for technology expenditures	7,000,000	-	-	-
Designated for subsequent year's expenditures	3,000,000	-	-	-
Special Revenues	-	-	-	-
Unassigned	3,098,221	-	-	-
Total fund balances	<u>13,953,094</u>	<u>-</u>	<u>2,827,820</u>	<u>173,763</u>
Total liabilities and fund balances	<u>\$ 19,938,577</u>	<u>\$ 2,384,343</u>	<u>\$ 2,827,820</u>	<u>\$ 583,773</u>

Amounts reported for governmental activities in the statement of net assets (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 assets of governmental activities

	Non-Major Fund		Total
Other Special Revenue	Federal Grants Fund		Governmental Funds
\$ 1,729,557	\$ -		\$ 24,142,793
240,030	-		244,356
184,443	148,773		2,969,071
25,000	-		225,000
-	-		481,096
<u>\$ 2,179,030</u>	<u>\$ 148,773</u>		<u>\$ 28,062,316</u>

\$ 37,941	\$ -	\$ 3,437,604
14,339	148,773	2,647,300
1,502,280	-	4,398,265
<u>1,554,560</u>	<u>148,773</u>	<u>10,483,169</u>

-	-	200,000
-	-	481,096
424,473	-	598,250
-	-	173,763
-	-	2,827,820
-	-	7,000,000
-	-	3,000,000
199,997	-	199,997
-	-	3,098,221
<u>624,470</u>	<u>-</u>	<u>17,579,147</u>
<u>\$ 2,179,030</u>	<u>\$ 148,773</u>	

394,662,512

(11,250,597)

\$ 400,991,062

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

Exhibit 4

	Major Funds			
	General	State Public School	Individual Schools	Capital Outlay
REVENUES				
State of North Carolina	\$ -	\$ 143,918,907	\$ -	\$ 40,538
Cabarrus County	46,776,882	-	-	8,550,990
U.S. Government	-	-	-	-
Other	1,626,418	-	7,261,283	415,920
Total revenues	<u>48,403,300</u>	<u>143,918,907</u>	<u>7,261,283</u>	<u>9,007,448</u>
EXPENDITURES				
Current:				
Instructional services:				
Regular instructional	8,957,086	86,100,892	-	123,109
Special populations	1,748,585	22,674,358	-	-
Alternative programs	803,291	4,785,254	-	-
School leadership	3,983,328	9,130,050	-	-
Co-curricular	143,116	-	7,111,038	-
School-based support	4,408,286	5,967,727	-	-
System-wide support services:				
Support and development	273,791	651,012	-	-
Special populations	2,000	484,409	-	-
Alternative programs	-	-	-	-
Technology support	2,377,837	320,898	-	-
Operational support	16,632,269	11,287,574	-	410,544
Financial and human resource services	524,464	1,423,684	-	-
System-wide pupil support services	187,580	274,098	-	-
Policy, leadership and public relations	1,034,369	773,951	-	-
Ancillary services:				
Community	54,628	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	677,719	-	-	-
Capital outlay	-	-	-	8,456,042
Debt service	-	-	-	-
Principal	-	-	-	979,141
Interest	-	-	-	39,079
Total expenditures	<u>41,808,349</u>	<u>143,873,907</u>	<u>7,111,038</u>	<u>10,007,915</u>
Revenues over (under) expenditures	6,594,951	45,000	150,245	(1,000,467)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	(45,000)	-	-
Installment purchase obligations issued	-	-	-	922,866
Net change in fund balance	<u>6,594,951</u>	<u>-</u>	<u>150,245</u>	<u>(77,601)</u>
Fund balances-beginning, as restated	7,390,368	-	2,677,575	251,364
Decrease in reserve for inventories	(32,225)	-	-	-
Fund balances-ending	<u>\$ 13,953,094</u>	<u>\$ -</u>	<u>\$ 2,827,820</u>	<u>\$ 173,763</u>

	Non-Major Fund		Total
Other Special Revenue	Federal Grants Fund		Governmental Funds
\$ 981,423	\$ -		\$ 144,940,868
-	-		55,327,872
1,332,515	13,123,398		14,455,913
2,709,604	-		12,013,225
<u>5,023,542</u>	<u>13,123,398</u>		<u>226,737,878</u>
1,473,899	1,079,059		97,734,045
78,930	3,458,881		27,960,754
2,051,678	3,454,051		11,094,274
33,597	234,021		13,380,996
-	-		7,254,154
-	101,858		10,477,871
-	-		924,803
-	4,295		490,704
-	177,298		177,298
-	-		2,698,735
36,140	4,506,222		32,872,749
579,643	31,201		2,558,992
-	-		461,678
541,782	-		2,350,102
-	-		54,628
-	23,295		23,295
-	53,217		730,936
-	-		8,456,042
-	-		979,141
-	-		39,079
<u>4,795,669</u>	<u>13,123,398</u>		<u>220,720,276</u>
227,873	-		6,017,602
-	-		(45,000)
-	-		922,866
<u>227,873</u>	<u>-</u>		<u>6,895,468</u>
396,597	-		10,715,904
-	-		(32,225)
<u>\$ 624,470</u>	<u>\$ -</u>		<u>\$ 17,579,147</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

Exhibit 4
(Continued)

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

Net changes in fund balances - total governmental funds	\$ 6,895,468
Change in fund balance due to change in reserve for inventory	(32,225)
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.	(4,219,759)
Proceeds from the sale of capital assets are recorded as revenues in the fund statements but not in the statement of activities.	(26,952)
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 assets. Also, governmental funds report the effect of issuance costs, 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.	56,275
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	(1,809,393)
Loss on disposal of assets	(69,098)
	<hr/>
Total changes in net assets of governmental activities	<u>\$ 794,316</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, 2012**

Exhibit 5

	General Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ -	\$ -	\$ -	\$ -
Cabarrus County	49,227,335	49,338,436	46,776,882	(2,561,554)
U.S. Government	-	-	-	-
Other	1,959,619	1,724,619	1,626,418	(98,201)
Total revenues	<u>51,186,954</u>	<u>51,063,055</u>	<u>48,403,300</u>	<u>(2,659,755)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	14,376,738	10,004,657	8,957,086	1,047,571
Special populations	2,423,027	2,423,027	1,748,585	674,442
Alternative programs	194,883	846,564	803,291	43,273
School leadership	5,030,228	5,030,228	3,983,328	1,046,900
Co-curricular	139,393	143,393	143,116	277
School-based support	1,752,733	4,477,733	4,408,286	69,447
System-wide support services				
Support and development	488,034	488,034	273,791	214,243
Special populations	129,268	129,268	2,000	127,268
Alternative programs	-	-	-	-
Technology support	2,585,090	2,585,090	2,377,837	207,253
Operational support	21,665,624	22,416,725	16,632,269	5,784,456
Financial and human resource services	764,362	807,362	524,464	282,898
System-wide pupil support services	217,759	222,105	187,580	34,525
Policy, leadership and public relations	626,580	1,045,634	1,034,369	11,265
Ancillary services				
Community	58,600	58,600	54,628	3,972
Nutrition	-	-	-	-
Non-programmed charges	734,635	734,635	677,719	56,916
Total expenditures	<u>51,186,954</u>	<u>51,413,055</u>	<u>41,808,349</u>	<u>9,604,706</u>
Revenues over expenditures	-	(350,000)	6,594,951	6,944,951
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over expenditures and other uses	-	(350,000)	6,594,951	6,944,951
Appropriated fund balance	-	350,000	-	(350,000)
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	6,594,951	<u>\$ 6,594,951</u>
Fund balances, beginning of year - as restated			7,390,368	
Decrease in reserve for inventories			(32,225)	
Fund balances, end of year			<u>\$ 13,953,094</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, 2012**

Exhibit 5 (continued)

	State Public School Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 138,695,360	\$ 144,448,595	\$ 143,918,907	\$ (529,688)
Cabarrus County	-	-	-	-
U.S. Government	-	-	-	-
Other	-	-	-	-
Total revenues	<u>138,695,360</u>	<u>144,448,595</u>	<u>143,918,907</u>	<u>(529,688)</u>
Expenditures:				
Current:				
Instructional services				
Regular instructional	85,050,958	86,126,145	86,100,892	25,253
Special populations	17,546,753	22,690,762	22,674,358	16,404
Alternative programs	4,803,693	4,797,032	4,785,254	11,778
School leadership	8,802,813	9,132,822	9,130,050	2,772
Co-curricular	-	-	-	-
School-based support	9,138,145	6,161,017	5,967,727	193,290
System-wide support services				
Support and development	726,492	719,007	651,012	67,995
Special populations	455,598	487,598	484,409	3,189
Alternative programs	-	-	-	-
Technology support	102,131	323,027	320,898	2,129
Operational support	9,396,106	11,290,514	11,287,574	2,940
Financial and human resource services	1,551,672	1,551,672	1,423,684	127,988
System-wide pupil support services	280,609	280,609	274,098	6,511
Policy, leadership and public relations	795,390	843,390	773,951	69,439
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	<u>138,650,360</u>	<u>144,403,595</u>	<u>143,873,907</u>	<u>529,688</u>
Revenues over 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 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, 2012**

Exhibit 5 (continued)

	Other Special Revenue Fund			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
State of North Carolina	\$ 1,172,950	\$ 1,172,950	\$ 981,423	\$ (191,527)
Cabarrus County	-	-	-	-
U.S. Government	1,457,731	1,457,731	1,332,515	(125,216)
Other	3,052,189	4,039,882	2,709,604	(1,330,278)
Total revenues	5,682,870	6,670,563	5,023,542	(1,647,021)
Expenditures:				
Current:				
Instructional services				
Regular instructional	1,401,878	1,579,670	1,473,899	105,771
Special populations	588,649	1,138,550	78,930	1,059,620
Alternative programs	2,370,545	2,370,545	2,051,678	318,867
School leadership	35,340	35,340	33,597	1,743
Co-curricular	-	-	-	-
School-based support	-	-	-	-
System-wide support services				
Support and development	50,000	-	-	-
Special populations	-	-	-	-
Alternative programs	-	-	-	-
Technology support	-	-	-	-
Operational support	83,000	83,000	36,140	46,860
Financial and human resource services	823,290	823,290	579,643	243,647
System-wide pupil support services	-	-	-	-
Policy, leadership and public relations	330,168	640,168	541,782	98,386
Ancillary services				
Community	-	-	-	-
Nutrition	-	-	-	-
Non-programmed charges	-	-	-	-
Total expenditures	5,682,870	6,670,563	4,795,669	1,874,894
Revenues over expenditures	-	-	227,873	227,873
Other financing uses:				
Transfers to other funds	-	-	-	-
Revenues over expenditures and other uses	-	-	227,873	227,873
Appropriated fund balance	-	-	-	-
Net change in fund balance	\$ -	\$ -	227,873	\$ 227,873
Fund balances, beginning of year - as restated			396,597	
Decrease in reserve for inventories			-	
Fund balances, end of year			\$ 624,470	

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

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	\$ 3,759,274	\$ 296,190	\$ 4,055,464
Due from other governments	202,890	-	202,890
Accounts receivable (net)	11,703	640	12,343
Inventories	201,840	-	201,840
Total current assets	<u>4,175,707</u>	<u>296,830</u>	<u>4,472,537</u>
Noncurrent assets:			
Capital assets, net	2,500,374	1,180	2,501,554
Total assets	<u>6,676,081</u>	<u>298,010</u>	<u>6,974,091</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,491	15,562	21,053
Accrued salaries and benefits	57,776	-	57,776
Compensated absences	96,747	45,219	141,966
Deferred revenues	130,635	-	130,635
Total current liabilities	<u>290,649</u>	<u>60,781</u>	<u>351,430</u>
Noncurrent liabilities:			
Compensated absences	124,524	58,199	182,723
Total liabilities	<u>415,173</u>	<u>118,980</u>	<u>534,153</u>
NET ASSETS			
Invested in capital assets	2,500,374	1,180	2,501,554
Unrestricted	3,760,534	177,850	3,938,384
Total net assets	<u>\$ 6,260,908</u>	<u>\$ 179,030</u>	<u>\$ 6,439,938</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET
ASSETS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

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	\$ 5,307,701	\$ 2,304,113	\$ 7,611,814
Other	8,847	490	9,337
Total operating revenues	<u>5,316,548</u>	<u>2,304,603</u>	<u>7,621,151</u>
OPERATING EXPENSES			
Food cost:			
Purchase of food	5,185,770	156,342	5,342,112
Salaries and benefits	5,626,574	1,703,799	7,330,373
Supplies and materials	218,868	26,227	245,095
Contracted services	44,452	25,434	69,886
Repairs and maintenance	173,026	386	173,412
Indirect costs	637,804	226,765	864,569
Depreciation	449,152	1,289	450,441
Utilities and telephone	20,706	14,219	34,925
Other	76,326	23,856	100,182
Total operating expenses	<u>12,432,678</u>	<u>2,178,317</u>	<u>14,610,995</u>
Operating income (loss)	<u>(7,116,130)</u>	<u>126,286</u>	<u>(6,989,844)</u>
NONOPERATING REVENUES			
Federal reimbursements	6,729,879	-	6,729,879
Federal commodities	649,985	-	649,985
State reimbursements	25,174	-	25,174
Interest earned	673	-	673
Loss on disposal of capital assets	(17,774)	-	(17,774)
Indirect costs not paid	237,804	-	237,804
Total nonoperating revenues	<u>7,625,741</u>	<u>-</u>	<u>7,625,741</u>
Income before capital contributions and transfer	509,611	126,286	635,897
Capital contributions	283,197	-	283,197
Transfer from other funds	45,000	-	45,000
Change in net assets	837,808	126,286	964,094
Total net assets - beginning	<u>5,423,100</u>	<u>52,744</u>	<u>5,475,844</u>
Total net assets - ending	<u>\$ 6,260,908</u>	<u>\$ 179,030</u>	<u>\$ 6,439,938</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

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	\$ 5,329,599	\$ 2,305,006	\$ 7,634,605
Cash paid for goods and services	(5,334,780)	(460,114)	(5,794,894)
Cash paid to employees for services	(5,587,754)	(1,681,026)	(7,268,780)
Other operating revenues	8,847	-	8,847
Net cash provided (used) by operating activities	<u>(5,584,088)</u>	<u>163,866</u>	<u>(5,420,222)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal and State reimbursements	<u>6,755,053</u>	<u>-</u>	<u>6,755,053</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	<u>(127,028)</u>	<u>-</u>	<u>(127,028)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>673</u>	<u>-</u>	<u>673</u>
Net increase in cash and cash equivalents	1,044,610	163,866	1,208,476
Balances-beginning of the year	<u>2,714,664</u>	<u>132,324</u>	<u>2,846,988</u>
Balances-end of the year	<u>\$ 3,759,274</u>	<u>\$ 296,190</u>	<u>\$ 4,055,464</u>

CABARRUS COUNTY BOARD OF EDUCATION
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2012

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)	\$ (7,116,130)	\$ 126,286	\$ (6,989,844)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Depreciation	449,152	1,289	450,441
Donated commodities consumed	649,985	-	649,985
Salaries paid by the State Public School Fund	45,000	-	45,000
Indirect costs not paid	237,804	-	237,804
Changes in assets and liabilities:			
Decrease in due from other governments	21,062	-	21,062
Decrease in accounts receivable	459	403	862
Decrease in inventories	141,458	-	141,458
Increase (decrease) in accounts payable	(35,736)	13,115	(22,621)
Decrease in accrued salaries and benefits	(16,339)	-	(16,339)
Increase in deferred revenue	377	-	377
Increase in compensated absences	38,820	22,773	61,593
Total adjustments	<u>1,532,042</u>	<u>37,580</u>	<u>1,569,622</u>
Net cash provided (used) by operating activities	<u>\$ (5,584,088)</u>	<u>\$ 163,866</u>	<u>\$ (5,420,222)</u>

Noncash investing, capital, and financing activities:

Indirect costs of \$237,804 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 School Food Service Fund received donated commodities with a value of \$649,985 during the fiscal year. The receipt of the commodities is recognized as a nonoperating revenue on Exhibit 7.

The School Food Service Fund received \$23,295 of capital assets as a contribution from the Federal Grants Fund.

The School Food Service Fund received \$259,902 of capital assets as a contribution from the Capital Outlay Fund.

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, 2012

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 assets 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, 2012**

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, 2012

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 assets 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, 2012

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

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.

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, 2012**

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	5-15
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, 2012 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 Assets/Fund Balances

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or 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, 2012

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 (a) not in spendable form or (b) 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.

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted 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, 2012**

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$383,411,915 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)	\$ 508,271,660
Less Accumulated Depreciation	<u>(113,609,148)</u>
Net capital assets	394,662,512
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	(982,246)
Compensated absences	<u>(10,268,351)</u>
Total adjustment	<u>\$ 383,411,915</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 assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$6,101,152 as follows:

**CABARRUS COUNTY BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012**

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.	\$ 8,194,550
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.	(12,414,309)
Loss on disposal of capital assets reported in the statement of activities	(69,098)
Proceeds from the sale of capital assets recorded as revenues in the fund statements but not in the statement of activities	(26,952)
New debt issued during the year is recorded as a source of funds on the fund statement but have no affect on the statement of net assets on the government-wide statements.	(922,866)
Principal payments on debt owed are recorded as a use of funds on the fund statements but it affects only the statement of net assets in the government-wide statements.	979,141
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	(32,225)
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>(1,809,393)</u>
Total adjustment	<u>\$ (6,101,152)</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, 2012**

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, 2012, the Board had deposits with financial institutions with a carrying amount of \$15,913,711 and with the State Treasurer of \$-0-. The bank balances with the financial institutions and the State Treasurer were \$16,063,386 and \$2,749,945 respectively. Of these balances, \$3,440,756 was covered by federal depository insurance and \$15,372,575 was covered by collateral held by authorized escrow agents in the name of the State Treasurer.

Investments

At June 30, 2012, the Board of Education had \$100,126 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 \$12,184,420 invested with the State Treasurer in the Short-Term Investment Fund (STIF). The STIF is unrated and had a weighted average of maturity of 1.50 years at June 30, 2012. 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, 2012

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Accounts Receivable

Receivables at the government-wide level at June 30, 2012 were as follows:

	Due from other governments	Other
	<u> </u>	<u> </u>
Governmental activities:		
General Fund	\$ 169,451	\$ 4,326
Other governmental activities	2,799,620	240,030
Total	<u>\$ 2,969,071</u>	<u>\$ 244,356</u>
Business-type activities:		
School Food Service	\$ 202,890	\$ 11,703
Kids Plus	-	640
Total	<u>\$ 202,890</u>	<u>\$ 12,343</u>

Due from other governments consists of the following:

Governmental activities:		
General Fund	\$ 169,451	County and State funds
State Public School Fund	2,384,343	North Carolina for payroll
Capital Outlay Fund	82,061	County funds for construction
Other Special Revenue Fund	184,443	Sales tax refund
Federal Grants Fund	148,773	Federal grant funds for payroll
Total	<u>\$ 2,969,071</u>	
Business-type activities		
School Food Service	<u>\$ 202,890</u>	Federal grant funds

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2012 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>24,533,337</u>	<u>5,273,798</u>	<u>26,573,553</u>	<u>3,233,582</u>
Total capital assets not being depreciated	<u>26,833,337</u>	<u>\$ 5,273,798</u>	<u>\$ 26,573,553</u>	<u>5,533,582</u>
Capital assets being depreciated:				
Buildings/improvements	442,004,904	\$ 27,308,596	\$ 21,885	469,291,615
Equipment and furniture	14,338,959	2,158,360	250,002	16,247,317
Vehicles	<u>17,360,159</u>	<u>27,349</u>	<u>188,362</u>	<u>17,199,146</u>
Total capital assets being depreciated	<u>473,704,022</u>	<u>\$ 29,494,305</u>	<u>\$ 460,249</u>	<u>502,738,078</u>
Less accumulated depreciation for:				
Buildings/improvements	79,301,701	\$ 9,233,123	\$ 21,885	88,512,939
Equipment and furniture	9,741,231	1,625,562	153,952	11,212,841
Vehicles	<u>12,516,106</u>	<u>1,555,624</u>	<u>188,362</u>	<u>13,883,368</u>
Total accumulated depreciation	<u>101,559,038</u>	<u>\$ 12,414,309</u>	<u>\$ 364,199</u>	<u>113,609,148</u>
Total capital assets being depreciated, net	<u>372,144,984</u>			<u>389,128,930</u>
Governmental activity capital assets, net	<u>\$ 398,978,321</u>			<u>\$ 394,662,512</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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	\$ 6,620,035	<u>\$ 410,225</u>	<u>\$ 183,545</u>	\$ 6,846,715
Less accumulated depreciation for:				
Furniture and office equipment	<u>4,062,960</u>	<u>\$ 449,152</u>	<u>\$ 165,771</u>	<u>4,346,341</u>
School Food Service capital assets, net:	<u>2,557,075</u>			<u>2,500,374</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>84,809</u>	<u>\$ 1,289</u>	<u>\$ -</u>	<u>86,098</u>
Other enterprise funds capital assets, net:	<u>2,469</u>			<u>1,180</u>
Business-type activity capital assets, net:	<u>\$ 2,559,544</u>			<u>\$ 2,501,554</u>

Depreciation was charged to governmental functions as follows:

Regular instructional services	\$ 9,233,123
System-wide support services	1,555,624
Unallocated depreciation	<u>1,625,562</u>
Total	<u>\$ 12,414,309</u>

Construction Commitments

Cabarrus County Board of Education has an active construction project at Harold E. Winkler Middle School as of June 30, 2012. 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>
Construction	<u>\$ 3,233,582</u>	<u>\$ 806,057</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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 7.44% 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, 2012, 2011, and 2010 were \$9,640,631, \$6,709,471, and \$4,763,334, 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, 2012**

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, 2012, 2011, and 2009, the School Board paid all annual required contributions to the Plan for postemployment healthcare benefits of \$6,478,918, \$6,668,642, and \$6,004,202, respectively. These contributions represented 5.00%, 4.90%, and 4.50% 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, 2012**

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, 2012

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, 2012, 2011, and 2009, the Board paid all annual required contributions to the DIPNC for disability benefits of \$673,808, \$707,693, and \$693,819, respectively. These contributions represented 0.52% of covered payroll for each of the three fiscal years.

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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, 2012 are as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>
Governmental Activities:		
General	\$ 3,317,602	\$ 99,845
Other Governmental	120,002	2,547,455
Total - Governmental Activities	<u>\$ 3,437,604</u>	<u>\$ 2,647,300</u>
Business-type Activities:		
School Food Service	\$ 5,491	\$ 57,776
Kids Plus	15,562	-
Total business-type activities	<u>\$ 21,053</u>	<u>\$ 57,776</u>

Unearned Revenues

The balance in unearned revenues at year-end is 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	\$ 2,568,036	\$ 1,830,229	\$ 4,398,265	\$ -
Prepaid meals	-	-	-	130,635
Total	<u>\$ 2,568,036</u>	<u>\$ 1,830,229</u>	<u>\$ 4,398,265</u>	<u>\$ 130,635</u>

CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012

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, and workers' compensation coverage up to the statutory limits for employees to the extent they are paid from federal and local funds. 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, 2012

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 two such contracts during the year ended June 30, 2012. These contracts are over three year periods ending during the 2013 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 are two such agreements with outstanding balances as of June 30, 2012.

The future minimum payments of the installment purchases as of June 30, 2012, are as follows:

<u>Year Ending June 30,</u>	
2013	\$ 718,322
2014	324,124
	<u>1,042,446</u>
Interest	<u>(60,200)</u>
	<u>\$ 982,246</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, 2012:

	<u>July 1,</u> <u>2011</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2012</u>	<u>Current</u> <u>Maturities</u>
Governmental activities:					
Installment purchases	\$ 1,038,521	\$ 922,866	\$ 979,141	\$ 982,246	\$ 674,914
Compensated absences	8,458,958	10,178,923	8,369,530	10,268,351	4,611,107
Total	<u>\$ 9,497,479</u>	<u>\$ 11,101,789</u>	<u>\$ 9,348,671</u>	<u>\$ 11,250,597</u>	<u>\$ 5,286,021</u>
Business-type activities:					
Compensated absences	<u>\$ 263,096</u>	<u>\$ 442,133</u>	<u>\$ 380,540</u>	<u>\$ 324,689</u>	<u>\$ 141,966</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, 2012**

NOTE 3 – DETAIL NOTES ON ALL FUNDS (Continued)

Transfer to/from other Funds

During the year ended June 30, 2012, 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	\$ 13,953,094
Less:	
Stabilization by State statute	(173,777)
Inventories	(481,096)
Appropriated Fund Balance in 2013 budget	<u>(3,000,000)</u>
Remaining fund balance	<u>\$ 10,298,221</u>

NOTE 4 – OTHER SPECIAL REVENUE FUND – OTHER REVENUES

Other revenues for the fiscal year ended June 30, 2012 in the Other Special Revenue Fund consists of the following:

Other reimbursements and refunds	\$ 1,062,166
Local sales tax refund	183,054
Tuition and fees	184,717
Indirect costs allocated	697,982
Private grants and donations	422,150
Facility rentals	143,697
Interest income	<u>15,838</u>
Total other revenues	<u>\$ 2,709,604</u>

**CABARRUS COUNTY BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

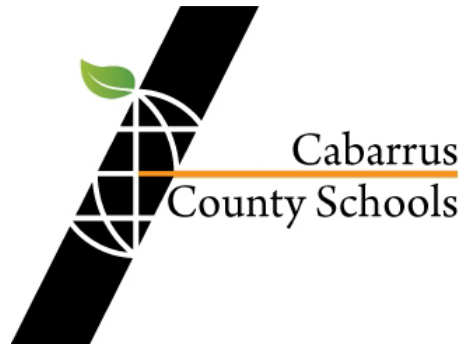
NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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 – PRIOR PERIOD ADJUSTMENT

During the current year, the Board is reporting a special revenue fund titled “Other Special Revenue Fund” to account for various revenues and expenditures that had been accounted for in the General Fund in the prior year. The creation of the Other Special Revenue Fund resulted in a decrease of \$396,597 in fund balance as previously reported in the General Fund as of June 30, 2011. This amount is reflected as the beginning of year fund balance in the Other Special Revenue Fund.



**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, 2012**

	Budget	Actual	Positive (Negative) Variance
Exhibit A-1			
Revenues:			
Cabarrus County	\$ 49,338,436	\$ 46,776,882	\$ (2,561,554)
Other :			
Fines and forfeitures		1,302,428	
Miscellaneous		323,990	
Total	1,724,619	1,626,418	(98,201)
Total revenues	51,063,055	48,403,300	(2,659,755)
Expenditures:			
Instructional services:			
Regular instructional	10,004,657	8,957,086	1,047,571
Special populations	2,423,027	1,748,585	674,442
Alternative programs	846,564	803,291	43,273
School leadership	5,030,228	3,983,328	1,046,900
Co-curricular	143,393	143,116	277
School-based support	4,477,733	4,408,286	69,447
Total instructional services	22,925,602	20,043,692	2,881,910
System-wide support services:			
Support and development	488,034	273,791	214,243
Special populations support and development	129,268	2,000	127,268
Technology support	2,585,090	2,377,837	207,253
Operational support	22,416,725	16,632,269	5,784,456
Financial and human resource services	807,362	524,464	282,898
System-wide pupil support services	222,105	187,580	34,525
Policy, leadership and public relations	1,045,634	1,034,369	11,265
Total system-wide support services	27,694,218	21,032,310	6,661,908
Ancillary services:			
Community	58,600	54,628	3,972

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Exhibit A-1 (Continued)</u> Positive (Negative) Variance
Non-Programmed charges			
Payments to charter schools	734,635	677,719	56,916
Total expenditures	<u>51,413,055</u>	<u>41,808,349</u>	<u>9,604,706</u>
Revenues over (under) expenditures	(350,000)	6,594,951	6,944,951
Appropriated fund balance	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Revenues and appropriated fund balance over expenditures	<u>\$ -</u>	6,594,951	<u>\$ 6,594,951</u>
Fund balances:			
Beginning of year, July 1 - as restated		7,390,368	
Decrease in reserve for inventories		<u>(32,225)</u>	
End of year, June 30		<u>\$ 13,953,094</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, 2012**

	Budget	Actual	Variance Positive (Negative)
Exhibit B-1			
Revenues:			
State of North Carolina	\$ 40,538	\$ 40,538	\$ -
Cabarrus County	14,708,405	8,550,990	(6,157,415)
Other	423,310	415,920	(7,390)
Total revenues	<u>15,172,253</u>	<u>9,007,448</u>	<u>(6,164,805)</u>
Expenditures:			
Current:			
Instructional services	151,780	123,109	28,671
System-wide support services	541,240	410,544	130,696
Capital Outlay	14,533,879	8,456,042	6,077,837
Debt Service			
Principal	979,141	979,141	-
Interest	39,079	39,079	-
Total expenditures	<u>16,245,119</u>	<u>10,007,915</u>	<u>6,237,204</u>
Revenues under expenditures	(1,072,866)	(1,000,467)	72,399
Other financing sources:			
Installment purchase obligations issued	922,866	922,866	-
Revenues and other financing sources under expenditures	(150,000)	(77,601)	72,399
Appropriated fund balance	150,000	-	(150,000)
Revenues, other sources and appropriated fund balance under expenditures	<u>\$ -</u>	<u>(77,601)</u>	<u>\$ (77,601)</u>
Fund balance:			
Beginning of year, July 1		<u>251,364</u>	
End of year, June 30		<u>\$ 173,763</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, 2012**

	Budget	Actual	Positive (Negative) Variance
Exhibit C-1			
Revenues:			
U.S. Government	\$ 17,836,321	\$ 13,123,398	\$ (4,712,923)
Expenditures:			
Instructional services	11,941,590	8,327,870	3,613,720
System-wide support services	5,781,454	4,719,016	1,062,438
Ancillary services	23,295	23,295	-
Non-Programmed charge	89,982	53,217	36,765
Total expenditures	17,836,321	13,123,398	4,712,923
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, 2012**

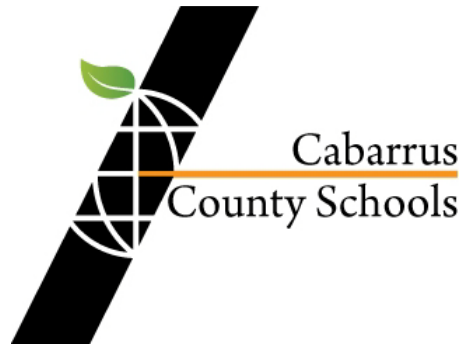
Exhibit D-1

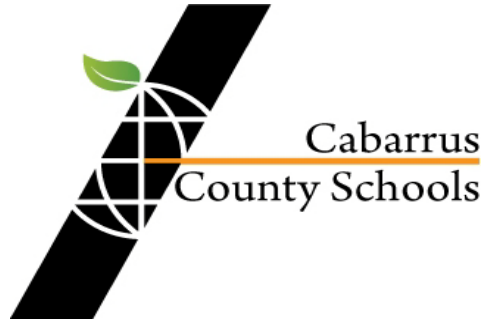
	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Operating revenues	<u>\$ 5,463,350</u>	<u>\$ 5,316,548</u>	<u>\$ (146,802)</u>
Operating expenditures:			
Business support services		11,819,587	
Capital outlay		127,028	
Total operating expenditures	<u>12,280,891</u>	<u>11,946,615</u>	<u>334,276</u>
Operating loss	<u>(6,817,541)</u>	<u>(6,630,067)</u>	<u>187,474</u>
Nonoperating revenues:			
Federal reimbursements		6,729,879	
Federal commodities		649,985	
State reimbursements		25,174	
Indirect costs not paid		237,804	
Interest earned		673	
Loss on disposal of capital assets		(17,774)	
Total nonoperating revenues	<u>6,817,541</u>	<u>7,625,741</u>	<u>808,200</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 995,674</u>	<u>\$ 995,674</u>
Reconciliation of modified accrual to full accrual basis:			
Revenues over expenditures		\$ 995,674	
Depreciation		(449,152)	
Capital outlay		127,028	
Decrease in inventory		(141,458)	
Capital contributions		283,197	
Transfer from other fund		45,000	
Decrease in accrued salaries and benefits		16,339	
Increase in compensated absences payable		(38,820)	
Change in net assets (full accrual)		<u>\$ 837,808</u>	

**CABARRUS COUNTY BOARD OF EDUCATION
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-
 GAAP) - KIDS PLUS
 For the Year Ended June 30, 2012**

Exhibit E-1

	Budget	Actual	Variance Positive (Negative)
Operating revenues	\$ 2,250,000	\$ 2,304,603	\$ 54,603
Operating expenditures:			
Business support services	<u>2,250,000</u>	<u>2,154,255</u>	<u>95,745</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 150,348</u>	<u>\$ 150,348</u>
Reconciliation of modified accrual to full accrual basis:			
Revenues under expenditures		\$ 150,348	
Depreciation		(1,289)	
Increase in compensated absences payable		<u>(22,773)</u>	
Change in net assets (full accrual)		<u>\$ 126,286</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

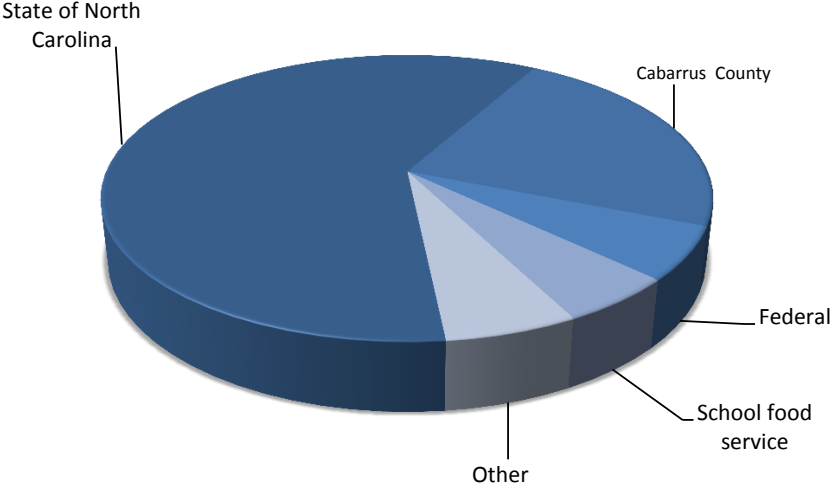
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. County information is included.

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.

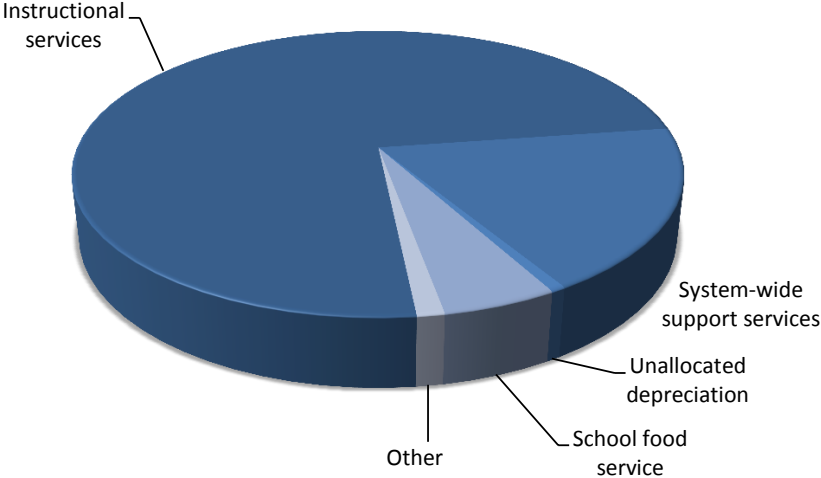
CABARRUS COUNTY BOARD OF EDUCATION
Financial Perspective
Governmental and Business-type Activities
For Year Ended June 30, 2012

Revenue Sources

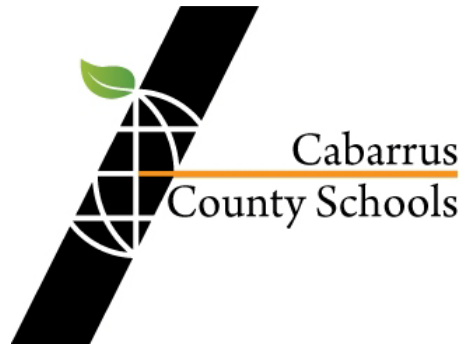


State of North Carolina	\$ 144,940,868
Cabarrus County	55,327,872
Federal	14,455,913
School food service	12,942,289
Other	14,472,750
Total revenue sources	\$ 242,139,692

Expenses



Instructional services	\$ 178,868,755
System-wide support services	44,474,226
Unallocated depreciation	1,625,562
School food service	12,432,678
Other	2,980,061
Total expenses	\$ 240,381,282



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

Year Ended June 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	\$ 188,569,990	\$ 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
Restricted	1,347,042	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
Unrestricted (deficit)	(1,174,188)	(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
	<u>\$ 188,742,844</u>	<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>
Business-type activities:										
Invested in capital assets	\$ 2,588,919	\$ 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
Unrestricted	2,262,612	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
	<u>\$ 4,851,531</u>	<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>
District-wide:										
Invested in capital assets, net of related debt	\$ 191,158,909	\$ 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
Restricted	1,347,042	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
Unrestricted (deficit)	1,088,424	158,569	(102,503)	389,253	1,791,166	(2,497,327)	(2,223,574)	(236,274)	1,740,366	7,649,347
	<u>\$ 193,594,375</u>	<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>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

Net Assets by Component District-wide

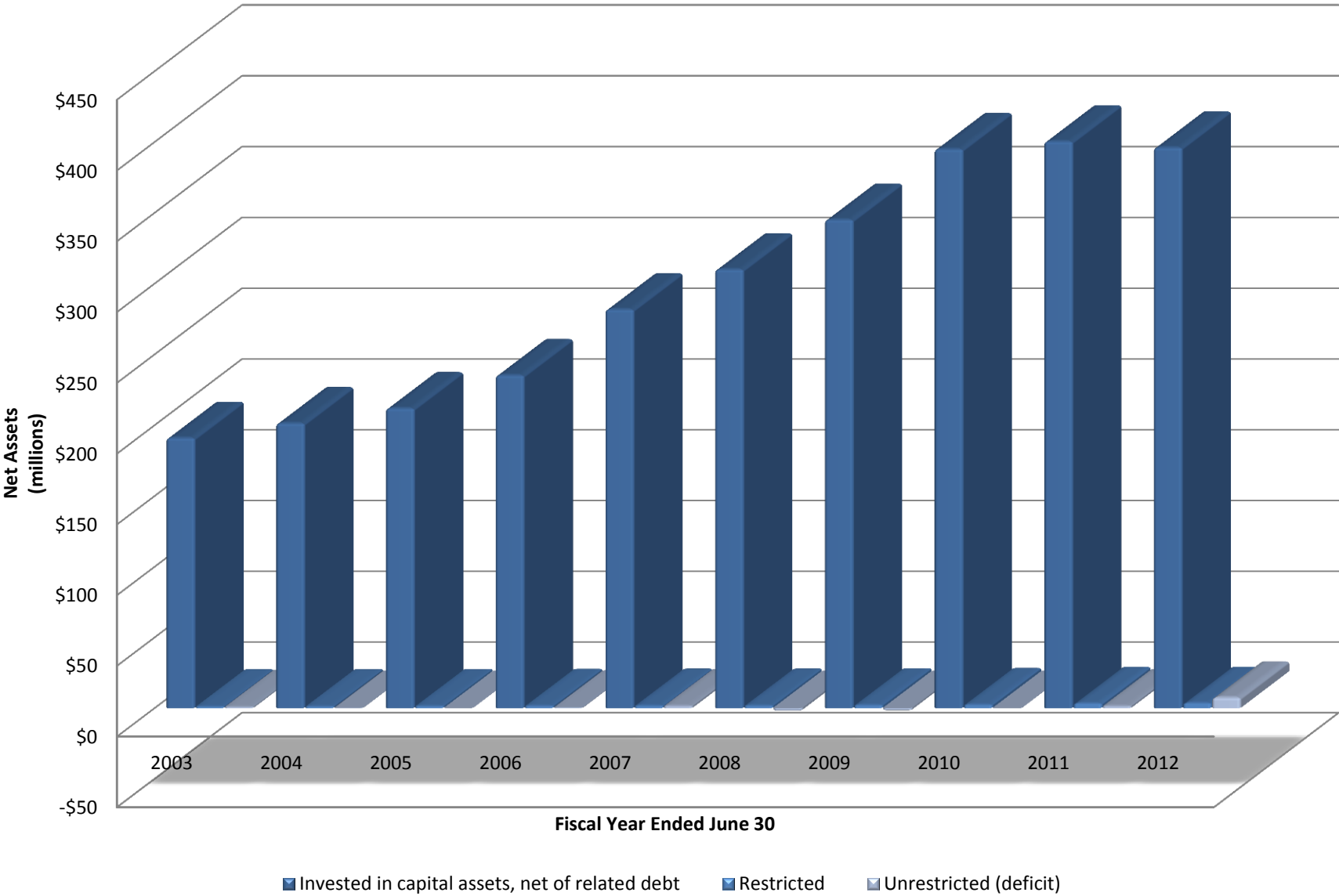


Table 3

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

Year Ended June 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
Instructional services	\$ 93,535,572	\$ 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
System-wide support services	30,971,555	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
Ancillary services	22,674	(5,427)	106,112	(25,436)	88,968	52,311	53,342	99,889	59,527	78,685
Non-programmed charges	(52,474)	(25,613)	118,824	208,601	305,954	344,266	457,628	749,359	619,136	683,980
Interest on long-term debt	49,167	41,571	37,868	19,464	65,029	70,794	122,263	67,658	49,990	39,079
Loss on disposal of capital assets	-	530,497	-	-	-	-	-	-	-	-
Unallocated depreciation expense	5,008,263	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
Total governmental activities expenses	129,534,757	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
Business-type activities:										
School food service	7,981,712	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
Child care	2,128,986	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
Total district-wide expenses	\$ 139,645,455	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
Regular instructional	16,352	15,547	12,978	24,102	16,701	38,759	33,334	37,746	49,627	184,717
Other	524,887	568,154	514,285	641,965	633,286	-	-	-	-	143,697
Operating grants and contributions	96,745,625	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
Capital grants and contributions	-	-	-	-	-	-	-	-	-	40,538
Total governmental activities program revenues	97,286,864	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
Business-type activities:										
Charges for services:										
Student meal services	4,809,601	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
Child care services	2,171,619	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
Operating grants and contributions	3,556,475	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
Capital grants and contributions	-	-	-	-	-	-	-	47,059	750,934	283,197
Total business-type activities program revenues	10,537,695	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
Total district-wide program revenues	\$ 107,824,559	\$ 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
Net (Expense) Revenue										
Governmental activities	\$ (32,247,893)	\$ (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)
Business-type activities	426,997	55,993	(309,464)	(362,756)	225,758	(1,210,896)	(128,048)	1,013,008	895,096	909,084
Total district-wide net (expense) revenue	\$ (31,820,896)	\$ (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)

Table 3
(continued)

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

Year Ended June 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Revenues and Other Changes in Net Assets										
Governmental activities:										
operating	\$ 26,241,834	\$ 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
Unrestricted county appropriations - capital	12,699,252	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
Unrestricted State appropriations - operating	379,610	447,641	464,869	201,294	185,436	206,008	176,619	-	917,464	981,423
Unrestricted State appropriations - capital	750,000	431,341	2,266,110	1,666,626	1,657,130	1,334,892	1,613,209	337,538	367,211	-
Unrestricted Federal appropriations - capital	-	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	56,548	40,679	99,706	236,463	358,006	296,244	83,102	11,522	12,439	15,838
Miscellaneous, unrestricted	243,267	194,272	204,298	122,944	422,388	18,375	225,909	3,592,573	12,656,534	12,941,508
Transfers	-	-	(178,242)	-	-	-	-	-	(45,000)	(45,000)
Total governmental activities	40,370,511	45,909,820	48,514,848	65,291,911	93,494,244	73,718,671	94,906,754	114,121,756	78,981,563	69,221,641
Business-type activities:										
Unrestricted State appropriations - operating	-	-	-	-	-	-	-	-	-	-
Investment earnings, unrestricted	14,532	9,974	22,406	44,550	53,768	49,310	14,474	2,288	1,124	673
Miscellaneous, unrestricted	-	-	-	-	-	3,611	6,533	5,647	9,819	9,337
Transfers	-	-	178,242	-	-	-	-	-	45,000	45,000
Total business-type activities	14,532	9,974	200,648	44,550	53,768	52,921	21,007	7,935	55,943	55,010
Total district-wide	\$ 40,385,043	\$ 45,919,794	\$ 48,715,496	\$ 65,336,461	\$ 93,548,012	\$ 73,771,592	\$ 94,927,761	\$ 114,129,691	\$ 79,037,506	\$ 69,276,651
Change in Net Assets										
Governmental activities	\$ 8,122,618	\$ 9,449,706	\$ 10,639,696	\$ 24,279,925	\$ 47,716,723	\$ 25,205,668	\$ 35,735,640	\$ 51,111,669	\$ 7,314,876	\$ 794,316
Business-type activities	441,529	65,967	(108,816)	(318,206)	279,526	(1,157,975)	(107,041)	1,020,943	951,039	964,094
Total district-wide change in net assets	\$ 8,564,147	\$ 9,515,673	\$ 10,530,880	\$ 23,961,719	\$ 47,996,249	\$ 24,047,693	\$ 35,628,599	\$ 52,132,612	\$ 8,265,915	\$ 1,758,410

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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

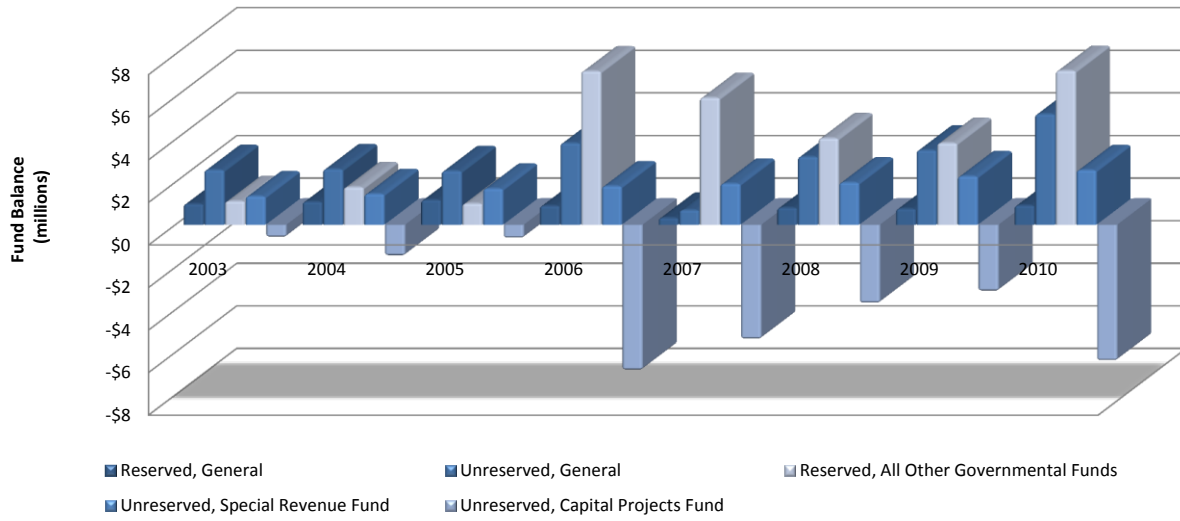
Governmental Funds Fund Balances Last Ten Fiscal Years

Year Ended June 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 987,451	\$ 1,087,344	\$ 1,171,770	\$ 900,474	\$ 333,224	\$ 808,751	\$ 757,270	\$ 916,485	\$ -	\$ -
Unreserved	2,580,603	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
Restricted	-	-	-	-	-	-	-	-	503,941	173,777
Assigned	-	-	-	-	-	-	-	-	-	10,000,000
Unassigned	-	-	-	-	-	-	-	-	6,769,703	3,098,221
Total General Fund	\$ 3,568,054	\$ 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
All Other Governmental Funds										
Reserved	\$ 1,116,609	\$ 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	1,347,042	1,455,344	1,703,591	1,820,651	1,939,355	1,992,746	2,288,047	2,573,550	-	-
Capital Projects Fund	(617,293)	(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
Assigned	-	-	-	-	-	-	-	-	-	199,997
Total all other governmental funds	\$ 1,846,358	\$ 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

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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

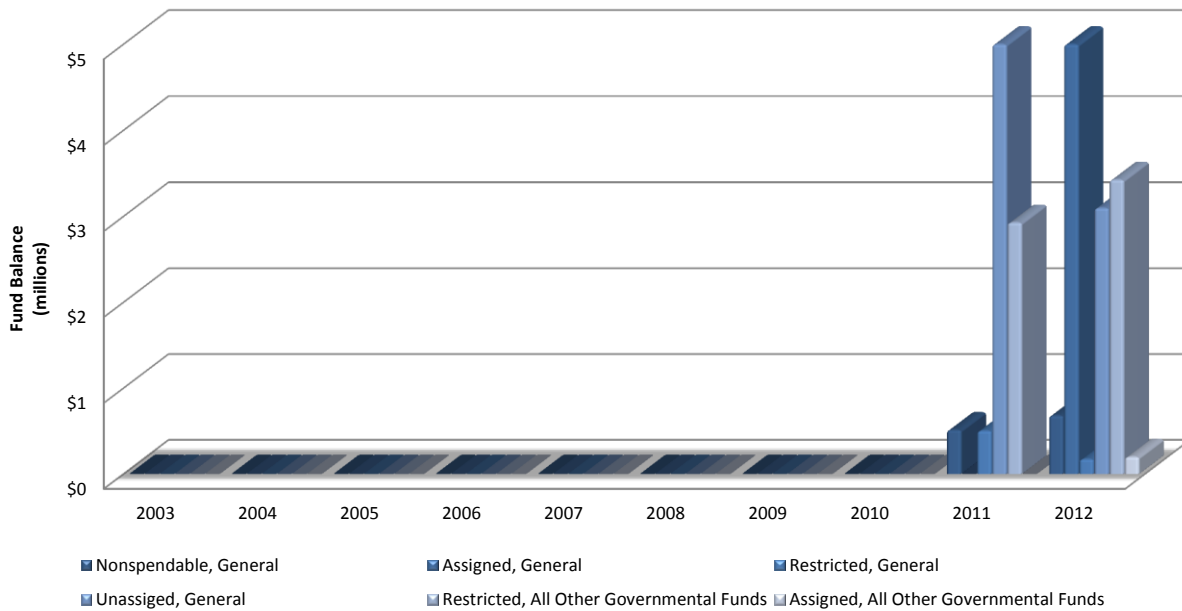


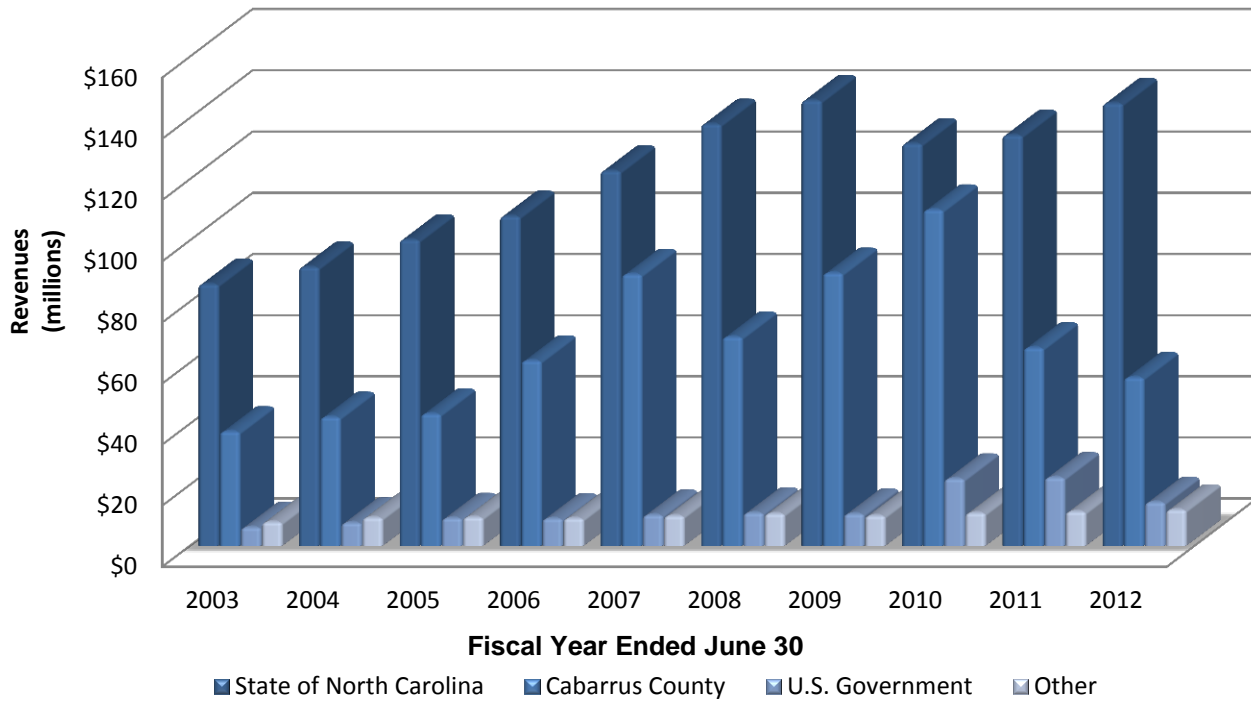
Table 5

CABARRUS COUNTY BOARD OF EDUCATION					
Governmental Funds					
Changes in Fund Balances					
Last Ten Fiscal Years					
Year Ended June 30	2003	2004	2005	2006	2007
Revenues					
State of North Carolina	\$ 85,872,577	\$ 91,474,196	\$ 100,401,213	\$ 108,080,927	\$ 122,899,582
Cabarrus County	37,613,972	42,357,197	43,410,870	60,841,694	89,109,012
U.S. Government	6,209,199	7,716,822	9,241,201	9,106,185	10,277,864
Other	7,961,627	9,439,030	9,576,208	9,178,763	10,029,515
Total revenues	137,657,375	150,987,245	162,629,492	187,207,569	232,315,973
Expenditures					
Instructional services	91,099,305	100,496,215	108,375,145	114,532,675	130,575,027
System-wide support services	30,811,037	33,103,614	35,230,521	38,963,021	42,679,676
Ancillary services	22,674	(5,427)	34,288	46,388	88,968
Non-programmed charges	(52,474)	(25,613)	118,824	208,601	305,954
Debt service	357,076	765,705	1,784,567	1,679,910	1,503,134
Capital outlay	14,680,710	19,133,031	18,363,845	31,408,003	57,132,113
Total expenditures	136,918,328	153,467,525	163,907,190	186,838,598	232,284,872
Revenues over (under) expenditures	739,047	(2,480,280)	(1,277,698)	368,971	31,101
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
Total other financing sources	-	2,501,831	1,541,487	794,214	1,735,053
Net change in fund balances	\$ 739,047	\$ 21,551	\$ 263,789	\$ 1,163,185	\$ 1,766,154
Ratio of debt service expenditures to total non-capital expenditures	0.29%	0.57%	1.24%	1.09%	0.87%
Year Ended June 30	2008	2009	2010	2011	2012
Revenues					
State of North Carolina	\$ 138,166,639	\$ 145,880,924	\$ 131,792,385	\$ 134,522,548	\$ 144,940,868
Cabarrus County	68,614,368	89,529,032	110,180,123	65,072,915	55,327,872
U.S. Government	10,989,661	10,649,767	22,161,954	22,545,798	14,455,913
Other	10,739,166	10,061,350	10,965,736	11,399,750	12,013,225
Total revenues	228,509,834	256,121,073	275,100,198	233,541,011	226,737,878
Expenditures					
Instructional services	164,106,965	170,656,265	167,948,122	171,042,116	167,902,094
System-wide support services	35,621,379	37,449,321	37,938,208	42,081,055	42,535,061
Ancillary services	52,311	53,342	99,889	59,761	77,923
Non-programmed charges	344,266	457,628	749,359	947,548	730,936
Debt service	1,211,837	1,655,948	1,310,437	1,362,393	1,018,220
Capital outlay	30,418,483	47,002,064	65,652,309	17,902,956	8,456,042
Total expenditures	231,755,241	257,274,568	273,698,324	233,395,829	220,720,276
Revenues over (under) expenditures	(3,245,407)	(1,153,495)	1,401,874	145,182	6,017,602
Other financing sources (uses)					
Transfers to other funds	-	-	(45,000)	(45,000)	(45,000)
Capital lease obligations issued	-	1,990,767	914,105	-	-
Installment purchase obligations	872,161	2,024,131	745,705	1,029,338	922,866
Total other financing sources	872,161	4,014,898	1,614,810	984,338	877,866
Net change in fund balances	\$ (2,373,246)	\$ 2,861,403	\$ 3,016,684	\$ 1,129,520	\$ 6,895,468
Ratio of debt service expenditures to total non-capital expenditures	0.61%	0.79%	0.63%	0.64%	0.48%

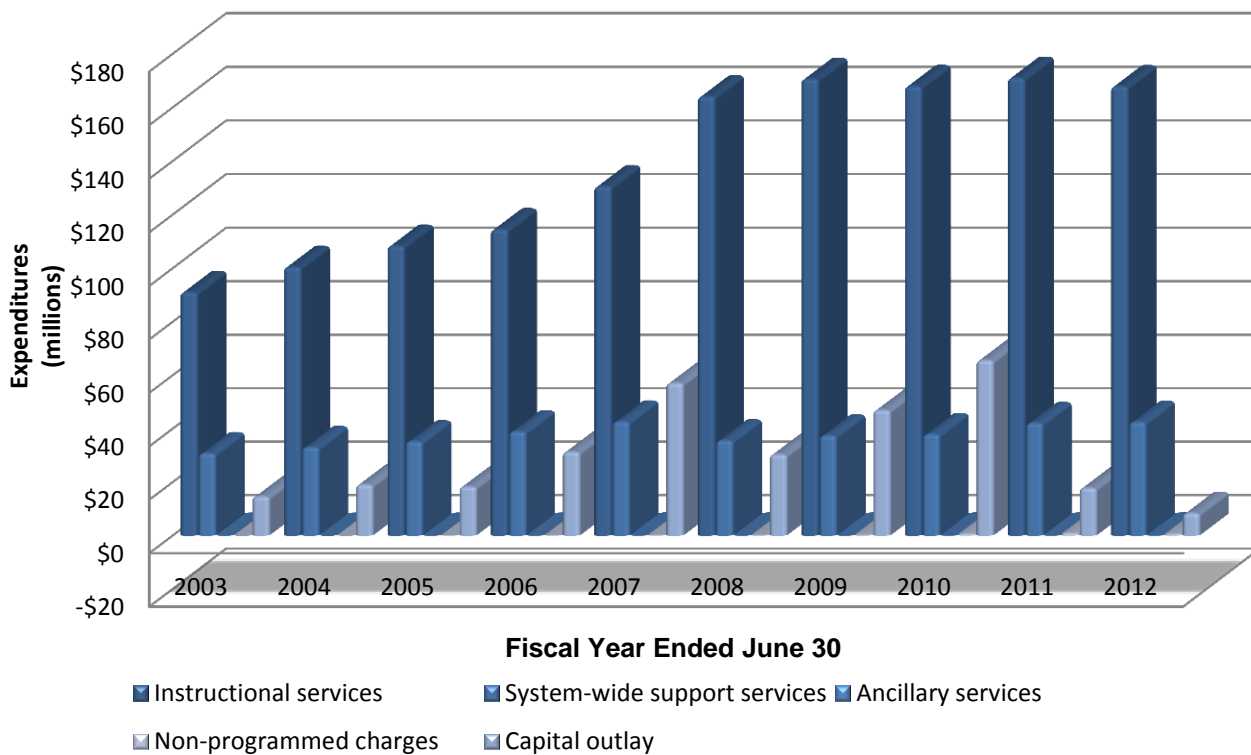
Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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	2003	2004	2005	2006	2007
Average Daily Membership	20,752	21,616	22,279	23,799	25,521
Instructional	\$ 4,390	\$ 4,649	\$ 4,864	\$ 4,812	\$ 5,116
System-wide support	1,485	1,531	1,581	1,637	1,672
Ancillary	1	-	2	2	3
Total expenditures per pupil	<u>\$ 5,876</u>	<u>\$ 6,180</u>	<u>\$ 6,447</u>	<u>\$ 6,451</u>	<u>\$ 6,791</u>

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2008	2009	2010	2011	2012
Average Daily Membership	26,917	27,510	27,682	28,593	29,182
Instructional	\$ 6,097	\$ 6,203	\$ 6,067	\$ 5,982	\$ 5,754
System-wide support	1,323	1,361	1,371	1,472	1,458
Ancillary	2	2	4	2	3
Total expenditures per pupil	<u>\$ 7,422</u>	<u>\$ 7,566</u>	<u>\$ 7,442</u>	<u>\$ 7,456</u>	<u>\$ 7,215</u>

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2003	2004	2005	2006	2007
Instructional	\$ 2,390	\$ 2,451	\$ 2,501	\$ 2,372	\$ 2,455
System-wide support	808	807	813	807	802
Ancillary	1	-	1	1	1
Total expenditures per pupil	<u>\$ 3,199</u>	<u>\$ 3,258</u>	<u>\$ 3,315</u>	<u>\$ 3,180</u>	<u>\$ 3,258</u>

EXPRESSED IN CONSTANT DOLLARS

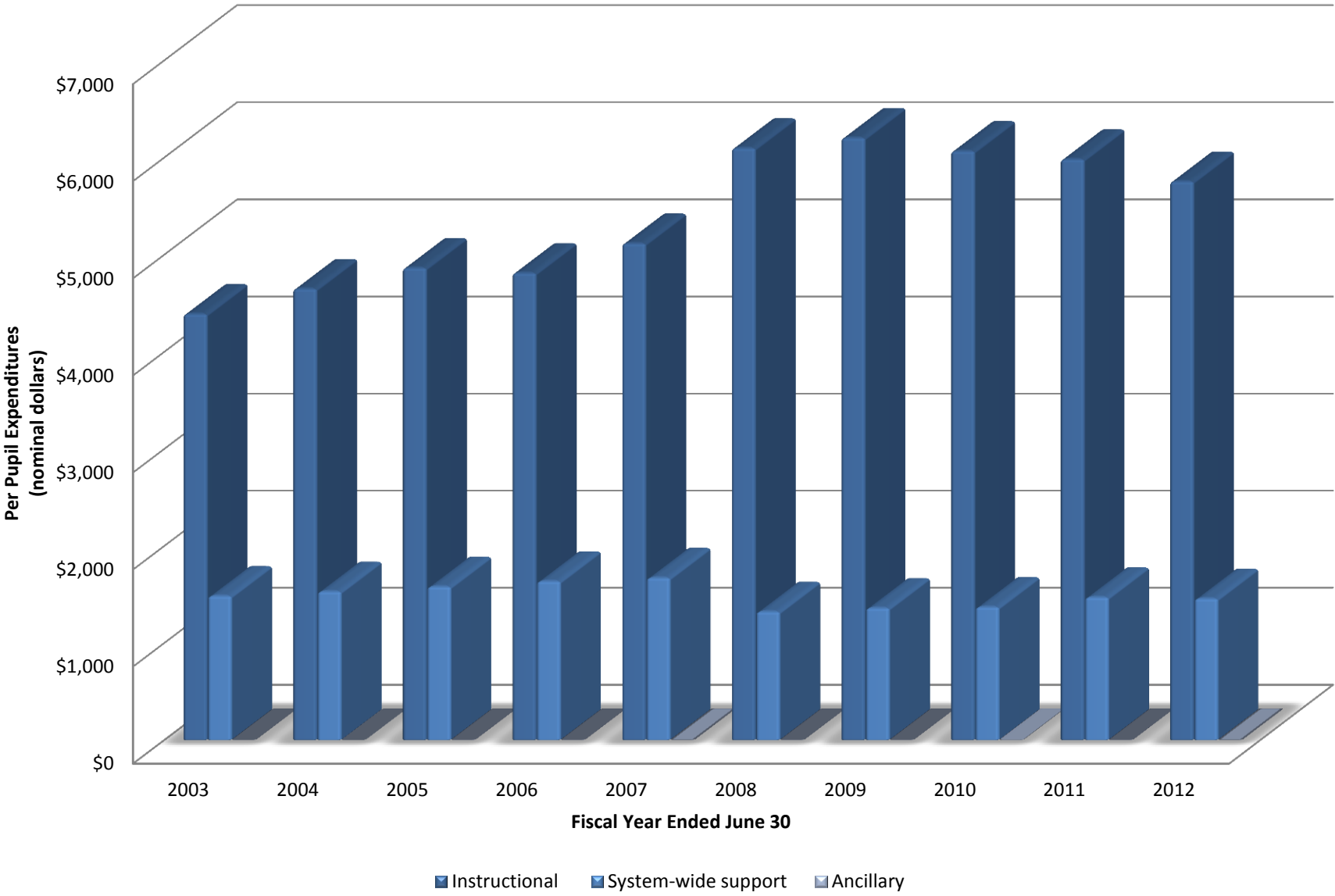
Year Ended June 30	2008	2009	2010	2011	2012
Instructional	\$ 2,786	\$ 2,876	\$ 2,783	\$ 2,650	\$ 2,507
System-wide support	605	631	629	652	635
Ancillary	1	1	2	1	1
Total expenditures per pupil	<u>\$ 3,392</u>	<u>\$ 3,508</u>	<u>\$ 3,414</u>	<u>\$ 3,303</u>	<u>\$ 3,143</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012.
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	2003	2004	2005	2006	2007
Food sales	\$ 4,809,601	\$ 5,176,408	\$ 5,234,206	\$ 5,480,520	\$ 5,886,205
Federal reimbursements	2,481,063	2,890,985	3,387,235	3,779,309	4,292,156
Federal commodities	419,902	489,301	335,318	536,344	606,130
Other	14,532	9,974	22,406	44,550	53,768
Total revenues	<u>\$ 7,725,098</u>	<u>\$ 8,566,668</u>	<u>\$ 8,979,165</u>	<u>\$ 9,840,723</u>	<u>\$ 10,838,259</u>
EXPRESSED IN NOMINAL DOLLARS					
Year Ended June 30	2008	2009	2010	2011	2012
Food sales	\$ 6,203,520	\$ 6,530,618	\$ 5,983,132	\$ 5,601,575	\$ 5,307,701
Federal reimbursements	4,581,400	5,107,012	5,688,001	6,174,311	6,729,879
Federal commodities	638,194	552,610	619,521	782,180	649,985
Other	52,921	21,007	7,935	451,965	254,724
Total revenues	<u>\$ 11,476,035</u>	<u>\$ 12,211,247</u>	<u>\$ 12,298,589</u>	<u>\$ 13,010,031</u>	<u>\$ 12,942,289</u>

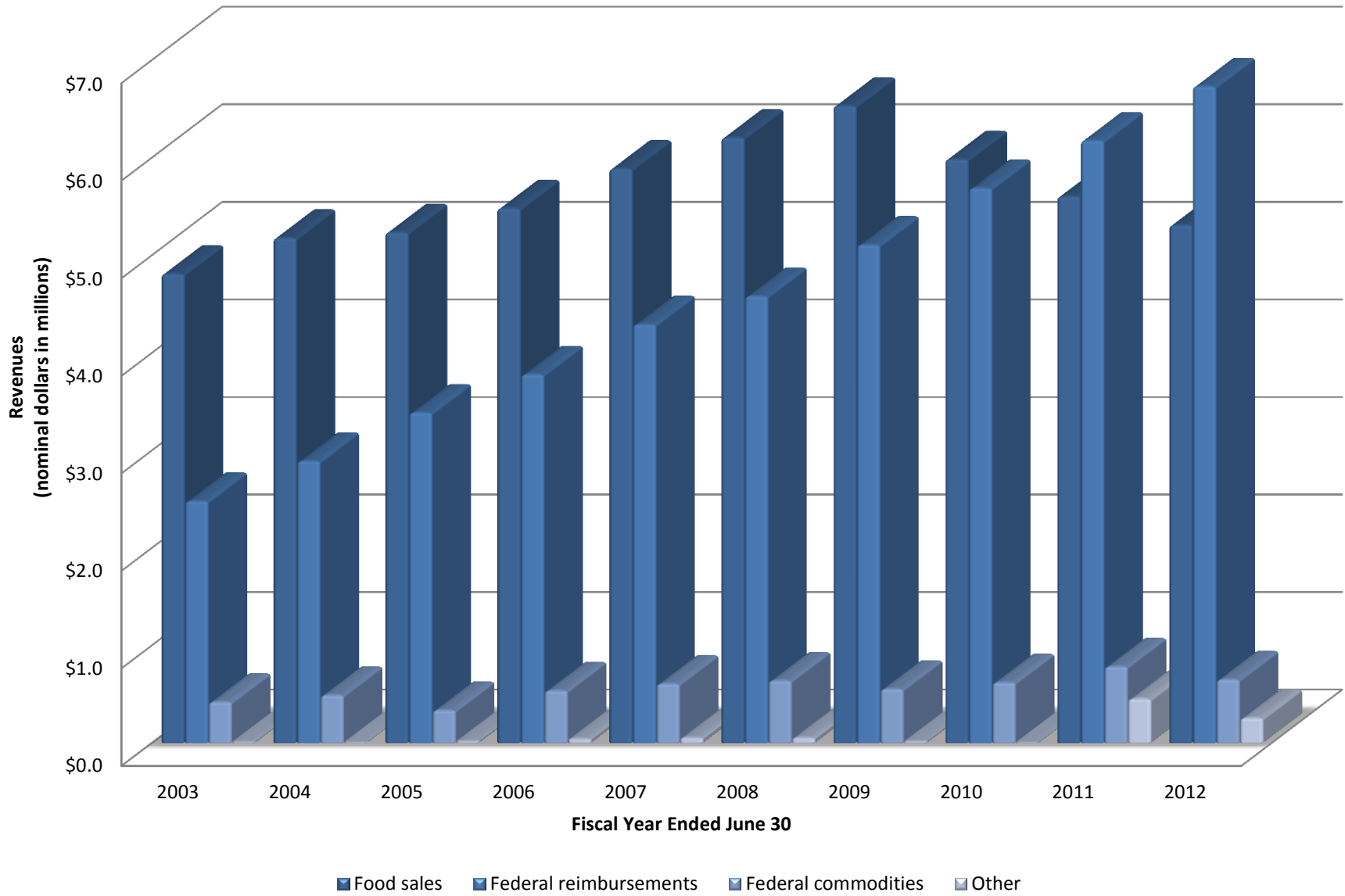
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2003	2004	2005	2006	2007
Food sales	\$ 2,618,182	\$ 2,728,734	\$ 2,691,108	\$ 2,701,094	\$ 2,825,125
Federal reimbursements	1,350,606	1,523,977	1,741,509	1,862,646	2,060,050
Federal commodities	228,580	257,934	172,400	264,339	290,916
Other	7,911	5,258	11,520	21,957	25,806
Total revenues	<u>\$ 4,205,279</u>	<u>\$ 4,515,903</u>	<u>\$ 4,616,537</u>	<u>\$ 4,850,036</u>	<u>\$ 5,201,897</u>
EXPRESSED IN CONSTANT DOLLARS					
Year Ended June 30	2008	2009	2010	2011	2012
Food sales	\$ 2,835,052	\$ 3,027,738	\$ 2,744,997	\$ 2,481,626	\$ 2,312,945
Federal reimbursements	2,093,732	2,367,723	2,609,594	2,735,361	2,932,690
Federal commodities	291,659	256,202	284,230	346,524	283,245
Other	24,185	9,739	3,640	200,231	111,001
Total revenues	<u>\$ 5,244,628</u>	<u>\$ 5,661,402</u>	<u>\$ 5,642,461</u>	<u>\$ 5,763,742</u>	<u>\$ 5,639,881</u>

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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	2003	2004	2005	2006	2007
Purchase of food	\$ 3,273,799	\$ 3,302,689	\$ 3,757,320	\$ 4,281,614	\$ 4,668,358
Salaries and benefits	3,580,370	3,717,221	4,074,299	4,611,095	4,887,958
Other	1,127,543	1,199,184	1,299,444	1,331,003	109,509
Total expenses	\$ 7,981,712	\$ 8,219,094	\$ 9,131,063	\$ 10,223,712	\$ 9,665,825

EXPRESSED IN NOMINAL DOLLARS

Year Ended June 30	2008	2009	2010	2011	2012
Purchase of food	\$ 5,545,461	\$ 5,516,924	\$ 5,354,857	\$ 5,173,933	\$ 5,185,770
Salaries and benefits	5,645,428	5,497,200	5,669,520	5,720,106	5,626,574
Other	1,464,908	1,163,555	1,328,408	1,824,737	1,620,334
Total expenses	\$ 12,655,797	\$ 12,177,679	\$ 12,352,785	\$ 12,718,776	\$ 12,432,678

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	2003	2004	2005	2006	2007
Purchase of food	\$ 1,782,144	\$ 1,741,006	\$ 1,931,784	\$ 2,110,209	\$ 2,240,611
Salaries and benefits	1,949,031	1,959,526	2,094,755	2,272,595	2,346,010
Other	613,796	632,148	668,095	655,990	52,560
Total expenses	\$ 4,344,971	\$ 4,332,680	\$ 4,694,634	\$ 5,038,794	\$ 4,639,181

EXPRESSED IN CONSTANT DOLLARS

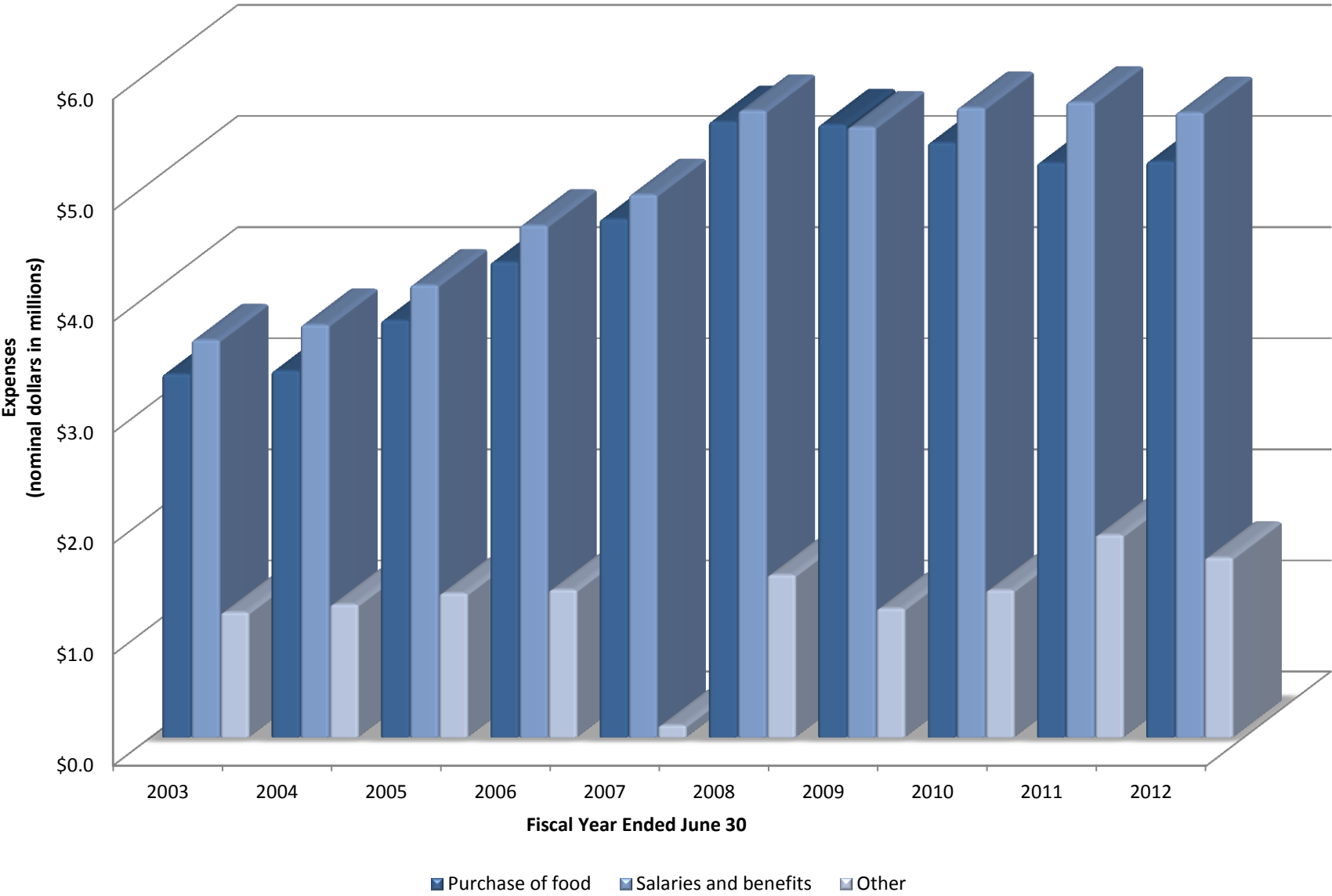
Year Ended June 30	2008	2009	2010	2011	2012
Purchase of food	\$ 2,534,315	\$ 2,557,767	\$ 2,456,751	\$ 2,292,170	\$ 2,259,811
Salaries and benefits	2,580,000	2,548,622	2,601,115	2,534,138	2,451,901
Other	669,473	539,450	609,459	808,400	706,096
Total expenses	\$ 5,783,788	\$ 5,645,839	\$ 5,667,325	\$ 5,634,708	\$ 5,417,808

Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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
2012	\$ -	\$ 982,246	\$ 982,246	N/A	N/A
2011	-	1,038,521	1,038,521	N/A	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
2003	214,241	214,241	428,482	0.01%	3

N/A = Not available

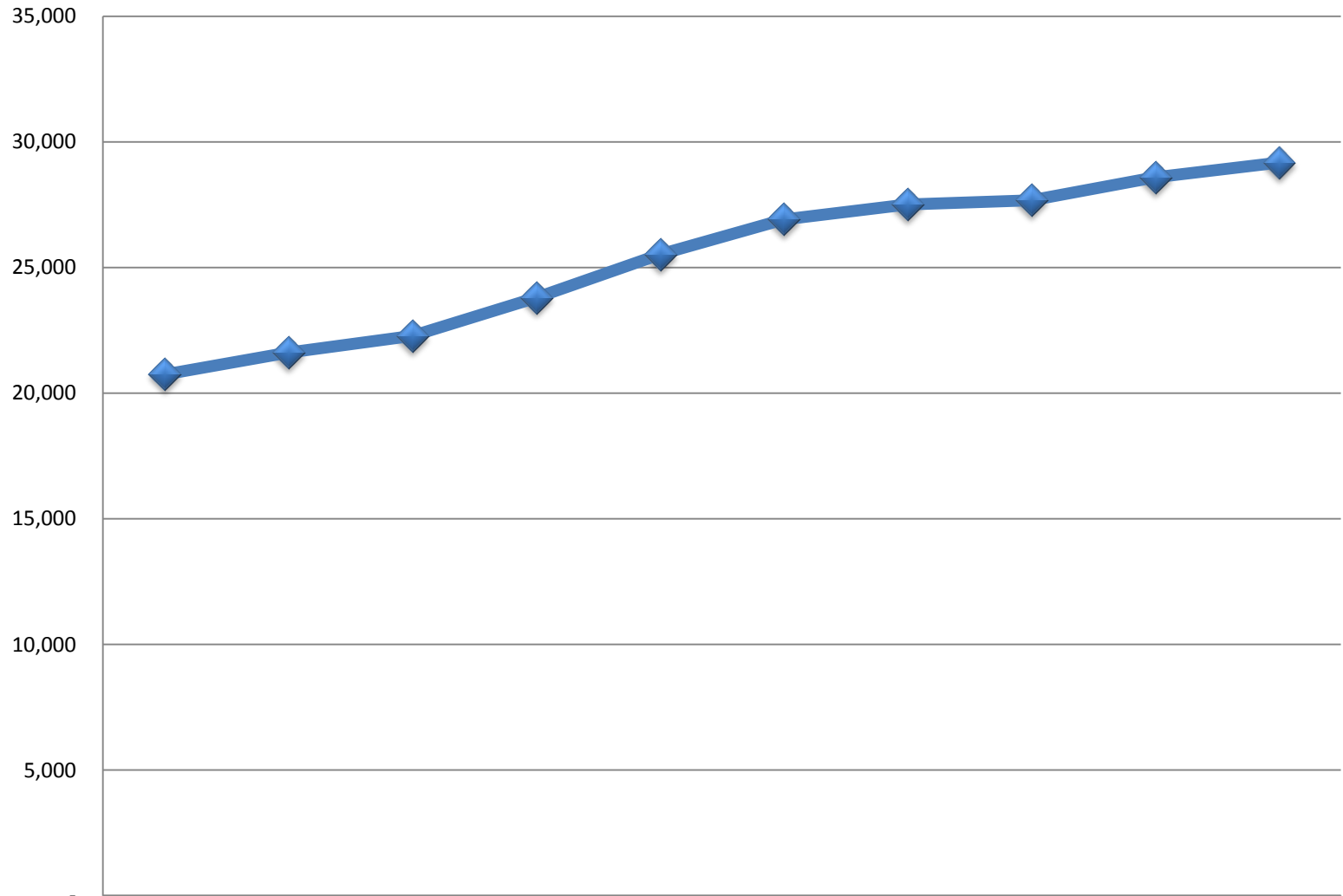
Source: Cabarrus County Board of Education, North Carolina, Annual Financial Report for the year ended June 30, 2012

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, 2012 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2013, 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, 2011 and June 30, 2012 income based information will be shown above as "N/A", and the June 30, 2011 information will be reported for the year ended June 30, 2013, if applicable.

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



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
◆ Avg Daily Membership	20,752	21,616	22,279	23,799	25,521	26,917	27,510	27,682	28,593	29,182

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⁾
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%
2003	1,375	20,752	1/15	95.22%	27.22%

Table 11
(continued)

<p>CABARRUS COUNTY BOARD OF EDUCATION Student Statistics (continued) Last Ten Fiscal Years</p>

Year Ended June 30	Ethnic Distribution Percentage ⁽⁴⁾					Graduates ⁽⁴⁾	Percentage of Graduates Continuing Education ⁽⁴⁾
	White	Black	Asian	Hispanic	Other		
2012	63%	18%	3%	13%	4%	N/A	N/A
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%
2003	76%	16%	1%	6%	1%	1,205	81%

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 (2003-2011 Editions). Current year information obtained from NC Department of Public Instruction Grade, Race, Sex Report

Note: This table is a ten year schedule. However, current year graduate data has not been released by North Carolina Department of Public Instruction. Therefore, June 30, 2012 graduate information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2013, if applicable.

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

Year Ended June 30	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Officials, admins, mgrs	9	23	27	32	28	28	27	24	27	24
Principals	27	28	27	29	29	33	34	35	37	39
Asst. Principals, teaching	0	0	0	0	0	1	0	0	0	0
Asst. Principals, non-teaching	47	44	50	57	65	72	71	62	65	62
Total administrators	83	95	104	118	122	134	132	121	129	125
Elementary teachers	761	904	967	778	846	885	928	886	855	868
Secondary teachers	306	369	394	359	345	381	456	435	457	419
Other teachers	308	147	170	410	492	545	523	530	542	552
Total teachers	1,375	1,420	1,531	1,547	1,683	1,811	1,907	1,851	1,854	1,839
Guidance	57	61	61	61	68	76	78	72	73	77
Psychological	7	8	8	9	9	10	9	11	10	10
Librarian, audiovisual	27	29	29	28	28	32	35	32	32	34
Consultant, supervisor	13	0	0	0	0	0	0	0	0	7
Other professionals	19	35	38	41	46	69	79	83	74	89
Total professionals	1,581	1,648	1,771	1,804	1,956	2,132	2,240	2,170	2,172	2,181
Teacher Assistants	443	333	357	386	423	467	472	418	429	351
Technicians	10	13	12	10	13	13	9	9	11	10
Clerical, secretarial	174	195	211	213	227	246	256	246	242	238
Service workers	320	128	311	423	424	495	572	612	584	571
Skilled crafts	38	45	50	49	47	43	48	55	60	62
Laborers, unskilled	0	3	2	4	3	0	0	0	0	0
Total employees	2,566	2,365	2,714	2,889	3,093	3,396	3,597	3,510	3,498	3,413

Source: North Carolina Public Schools Statistical Profile (2003-2012 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				
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
2003	25,250	55,910	40,710	962	528	44	9

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 (2003-2011 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, 2012

Site	Year Built	Capacity	Current Membership	Over/(Under) Capacity	Condition
A.T. Allen Elementary	2010	1,000	865	-14%	Excellent
Bethel Elementary	2004	1,065	586	-45%	Excellent
Beverly Hills Elementary	1953	351	398	13%	Poor
Glenn Center (Cabarrus Opportunity School)	1923	53	52	-2%	Poor
C.C. Griffin Middle	2002	1,161	944	-19%	Excellent
Carl A. Furr Elementary	2007	955	805	-16%	Excellent
Central Cabarrus High	1965	1,313	1,148	-13%	Fair
Charles E. Boger Elementary	2007	955	803	-16%	Excellent
Coltrane Webb Elementary	1937	360	465	29%	Poor
Concord High	1967	1,495	1,094	-27%	Good
Concord Middle	1999	1,035	928	-10%	Good
Cox Mill Elementary	2002	1,039	1,258	21%	Good
Cox Mill High	2009	1,450	1,178	-19%	Excellent
Harris Road Middle	2002	1,188	1,049	-12%	Excellent
Harrisburg Elementary	2000	1,068	893	-16%	Excellent
Hickory Ridge High	2007	1,450	1,426	-2%	Excellent
Hickory Ridge Middle	2010	1,200	1,125	-6%	Excellent
J.N. Fries Middle	1989	888	414	-53%	Good
Jay M. Robinson High	2001	1,510	1,454	-4%	Good
Mt. Pleasant Elementary	1972	711	673	-5%	Good
Mt. Pleasant High	1989	1,068	925	-13%	Good
Mt. Pleasant Middle	1936	728	662	-9%	Poor
Northwest Cabarrus High	1966	1,373	1,066	-22%	Good
Northwest Cabarrus Middle	1979	850	900	6%	Good
Patriots Elementary	2010	1,000	667	-33%	Excellent
Pitt School Road Elementary	2005	931	981	5%	Excellent
R. Brown McAllister Elementary	1956	282	305	8%	Fair
Rocky River Elementary	1997	873	745	-15%	Excellent
Royal Oaks Elementary	1949	288	322	12%	Poor
W.M. Irvin Elementary	1999	780	739	-5%	Excellent
W.R. Odell Elementary	2007	1,025	1,005	-2%	Excellent
Weddington Hills Elementary	1996	819	856	5%	Excellent
Winecoff Elementary	1999	819	801	-2%	Excellent
Wolf Meadow Elementary	1974	506	512	1%	Fair

Source: Cabarrus County Board of Education N. C. Public Schools Facility Needs Report; 2012

CABARRUS COUNTY, NORTH CAROLINA
Demographic Statistics
Last Ten Fiscal Years

Year Ended June 30	2003	2004	2005	2006	2007
Population estimate (1)	139,794	143,210	146,061	150,032	156,863
Personal income (2)	\$4,116,291,000	\$4,199,579,000	\$4,441,339,000	\$4,752,216,000	\$5,157,773,000
Per capita income (2)	\$29,445	\$29,325	\$30,407	\$31,675	32880.74944
Median age (3)	35.9	36.1	36.2	36.2	36.3
School enrollment (4)	20,752	21,616	22,279	23,799	0
Unemployment rate (5)	5.5%	7.4%	6.2%	4.6%	4.1%
Year Ended June 30	2008	2009	2010	2011	2012
Population estimate (1)	164,384	170,448	174,294	181,468	N/A
Personal income (2)	\$5,551,258,000	\$5,946,765,000	\$6,057,692,000	N/A	N/A
Per capita income (2)	\$33,770	\$34,889	\$34,756	N/A	N/A
Median age (3)	36.3	36.5	36.6	36.7	37.5
School enrollment (4)	26,917	27,510	27,682	28,593	29,182
Unemployment rate (5)	4.4%	5.9%	11.2%	11.3%	9.3%

N/A = Not Available

Sources:

- (1) Office of State Budget and Management. Estimates are as of beginning of fiscal year.
- (2) Bureau of Economic Analysis
- (3) Office of State Budget and Management
- (4) North Carolina Department of Public Instruction
- (5) North Carolina Employment Security Commission, annual average for prior calendar year

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, 2012 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2013, 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, 2011 and June 30, 2012 income based information will be shown above as "N/A", and the June 30, 2011 information will be reported for the year ended June 30, 2013, if applicable.

CABARRUS COUNTY, NORTH CAROLINA
Principal Employers
For Years Ended June 30, 2012 and 2003

Employer	2012			2003		
	Employees ⁽¹⁾	Rank	Percentage of Total County Employment	Employees ⁽¹⁾	Rank	Percentage of Total County Employment
CMC - NorthEast	1,000 +	1	1.11%+	1,000 +	1	1.29%+
Cabarrus County Schools	1,000 +	2	1.11%+	1,000 +	4	1.29%+
Connexions, Inc.	1,000 +	3	1.11%+			0.00%
Wal-Mart Associates, Inc.	1,000 +	4	1.11%+	500 - 999	5	0.97%
Cabarrus County	1,000 +	5	1.11%+			-
City of Concord	500 - 999	6	0.83%	500 - 999	6	0.97%
The Shoe Show of Rocky Mount, Inc.	500 - 999	7	0.83%			-
Kannapolis City Schools	500 - 999	8	0.83%	500 - 999	7	0.97%
SMI Systems, LLC	500 - 999	9	0.83%	-		-
Pharmaceutical Research Assoc., Inc.	500 - 999	10	0.83%	-		-
FCI Operations, LLC	-		-	1,000 +	2	1.29%+
Philip Morris USA, Inc.	-		-	1,000 +	3	1.29%+
Cabarrus County	-		-	500 - 999	8	0.97%
The Concord Telephone Co., Inc.	-		-	500 - 999	9	0.97%
Food Lion, LLC	-		-	500 - 999	10	0.97%
Total County Employment ⁽²⁾	<u>90,426</u>			<u>77,484</u>		

Sources:

(1) Cabarrus Economic Development

(2) North Carolina Chamber of Commerce

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				
2012	\$ 3,531,107	\$ -	\$ -	\$ 285,329,195	\$ 100,620,346	\$ 389,480,648	N/A	N/A	
2011	3,102,621	11,122,572	-	302,779,526	107,901,510	424,906,229	N/A	\$ 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	
2003	6,344,560	-	24,000,000	61,340,000	56,145,000	147,829,560	3.59%	1,057	

N/A = Not Available

Source: Cabarrus County, North Carolina, Annual Financial Report for the year ended June 30, 2012.

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, 2012 population based information will be shown above as "N/A", and the information will be reported for the year ended June 30, 2013, 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, 2011 and June 30, 2012 income based information will be shown above as "N/A", and the June 30, 2011 information will be reported for the year ended June 30, 2013, if applicable.

Table 18

CABARRUS COUNTY, NORTH CAROLINA
Principal Property Taxpayers
June 30, 2012 and June 30, 2003

Taxpayer	Type of Business	2012			2003		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Charlotte Motor Speedway Inc	Auto Racing	\$342,615,098	1	1.63%	135,715,819	5	1.18%
Castle & Cooke, et al/David H Murdock	Land Developer	339,268,757	2	1.61%	-	-	-
Concord Mills LTD Partnership	Shopping Center	239,396,552	3	1.14%	159,323,718	4	1.39%
Phillip Morris Inc.	Cigarette Mfg.	195,000,000	4	0.93%	1,077,366,380	1	9.37%
Great Wolf of the Carolinas	Recreational Facility	134,617,193	5	0.64%	-	-	-
Corning, Inc.	Fiber Optics Mfg.	134,312,630	6	0.64%	457,452,706	2	3.98%
Hendricks Motorsports Inc	Auto Racing	110,728,525	7	0.53%	-	-	-
Duke Energy Corp.	Public Service Co.	95,256,991	8	0.45%	64,533,194	7	0.56%
Wal-Mart/Sam's	Retail	68,245,948	9	0.32%	-	-	-
JQH-Concord Development LLC	Hotel	66,684,496	10	0.32%	-	-	-
Fieldcrest Cannon Inc.	Textiles	-	-	-	167,261,793	3	1.45%
CTC/CT Communications	Public Service Co.	-	-	-	87,312,953	6	0.76%
Pass & Seymour/Legrand	Electronics	-	-	-	41,378,186	8	0.36%
Owens Corning	Busingings Fabricator	-	-	-	39,919,129	9	0.35%
Bell/Sysco Food Services, Inc.	Food Supplier	-	-	-	34,632,708	10	0.30%
		<u>\$1,726,126,190</u>		<u>8.21%</u>	<u>\$ 2,264,896,586</u>		<u>19.70%</u>
Total Assessed Valuation		<u>\$21,019,331,166</u>			<u>\$ 11,501,340,593</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
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%
2003	65,218,896	65,052,030	99.74%

EXPRESSED IN CONSTANT DOLLARS

Year Ended June 30	Total Tax Levy	Current Tax Collections
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
2003	35,502,937	35,412,101

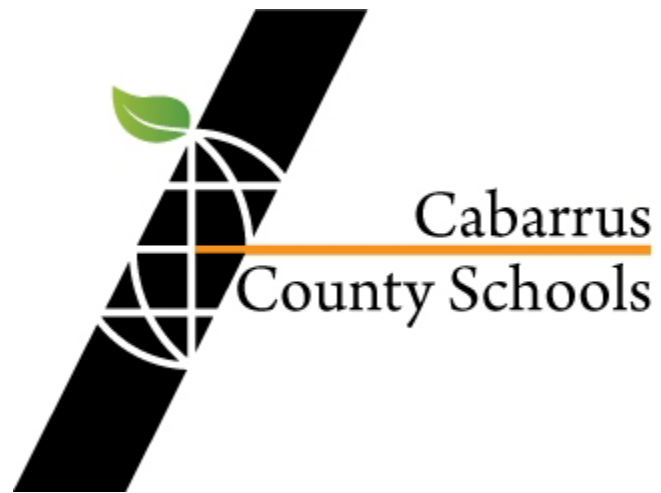
N/A = Not Available

Sources:

2003-2011 - Cabarrus County, North Carolina, Annual Financial Report for the year ended June 30, 2012.

2012 - Cabarrus County Tax Department

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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