



## Finance Department

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October 31, 2011

To the Members of the Board of Commissioners and Citizens of Cabarrus County:

State law requires that all general-purpose local governments publish within four months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the County of Cabarrus (the County) for the fiscal year ended June 30, 2011.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Comprehensive Annual Financial Report. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

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## Profile of the County

The County, incorporated in 1792, is located in the Piedmont section of the State of North Carolina and is bordered on the north by Rowan and Iredell counties, on the east by Stanly County, on the south by Union county and on the west by Mecklenburg County; it comprises approximately 230,400 acres. There are seven municipalities in the County, the largest of which is the City of Concord, also the County seat. Concord is situated approximately 124 miles from the City of Raleigh, North Carolina and 18 miles northeast of the City of Charlotte, North Carolina. The second largest municipality is the City of Kannapolis. The Towns of Mount Pleasant, Harrisburg, Midland, Locust and Stanfield are smaller municipalities in the County. The County serves a population of 174,294. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

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

The annual budget serves as the foundation for the County's financial planning and control. All agencies of the County are required to submit requests for appropriation to the county manager on or before the end of February each year. The county manager uses these requests as the starting point for developing a proposed budget. The Board of Commissioners is required by law to adopt a final budget by no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., law enforcement). The county's manager may transfer amounts between objects of expenditures and revenues within a function without limitation. He may transfer amounts up to \$100,000 between functions of the same fund. He may not transfer any amounts between funds or from any contingency appropriation within any fund without action of the Board of Commissioners except as specified in the budget ordinance related to budget shortfalls, approved change orders, and the Capital Improvement Plan. The manager may also transfer amounts within and between funds for the sole purpose of funding salary and benefits adjustments consistent with the Cabarrus County Personnel Management Policy and the Cabarrus County Personnel Ordinance. Upon notification of funding increases or decreases to existing grants or revenues, or the award of grants or revenues, the manager or Finance Director may adjust budgets to match. The county manager may reduce revenue projections consistent with prevailing economic conditions, and also reduce expenditures correspondingly. Any other changes require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Exhibit 5 as part of the basic financial statements for the governmental funds. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted (i.e., the special revenue funds and the capital projects funds).

## Factors Affecting Financial Condition

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

**Local economy.** The County is one of six counties located in the Charlotte-Gastonia-Concord, NC-SC Metropolitan Statistical Area (the "*Charlotte MSA*"), which consists of Anson, Cabarrus, Gaston, Mecklenburg and Union Counties in North Carolina and York County in South Carolina. The Charlotte MSA, which is anchored by the City of Charlotte, is the economic center and the largest metropolitan area in the Carolinas, and its population growth is one of the fastest in the southeast.

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

A summary of significant recent developments in these industries follows.

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

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

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

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

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

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

To facilitate the development and finance needed public improvements, the City of Kannapolis has created the North Carolina Research Campus Financing District (the "*Development District*"), pursuant to the State's project development financing act. This district is comprised of approximately 863 acres within the County and Rowan County. The Development District was created to finance

infrastructure within and around the Development District to support the Research Campus. The boundaries of the Development District were created to capture the area in which such infrastructure is needed. The Research Campus is approximately 240 acres within the Development District. The development plan for the Development District contemplates that, when completed, the Research Campus will include more than 2 million square feet of office and laboratory space, 600,000 square feet of new retail and commercial space, 400,000 square feet of academic and civic space and approximately 1,100 new residential units.

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

**Entertainment.** Another example of the County's diverse economy is Charlotte Motor Speedway ("*CMS*"), a major sports and recreational facility which regularly hosts activities that draw over 167,000 people. Each year, CMS hosts nine primary events, including three major NASCAR racing events that extend over a ten-day period for each event. Facilities at CMS include a seven-story office building and conference center topped by a restaurant and private club. Recent expansions include additions to grandstand seating, a new infield media center and RV spaces located between the grandstands in turns one and two. Z-Max Dragway at Concord, a \$60 million drag strip facility that is located on CMS property, has hosted several events, including four NHRA-sanctioned events, since opening in 2008.

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

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

Recent developments involving motorsports businesses include Windshear, a California-based company, which has built a \$40 million wind tunnel which is the only publicly available wind tunnel in North America using "rolling road" technology. This facility allows for full-scale testing of race cars at speeds of 180 miles per hour. ST/Wood Motorsports recently relocated its operations to a 123,000 square-foot building in Harrisburg. Stewart-Haas Racing opened a state-of-the-art, 140,000 square foot racing facility which doubles the size of its former facility. JHE Productions relocated to the Harrisburg area near the Saddle Creek facility and is operating out of a new 46,000 square foot building.

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

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

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

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

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

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

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

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

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

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

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

Kannapolis Gateway Park. The City of Kannapolis and Mark Pierce Poole Properties, Inc., a Charlotte real estate development firm specializing in industrial, retail and office properties,

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

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

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

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

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

Source: Cabarrus County Economic Development Corporation (2010)

### **Long-term financial planning**

The County's operating budget (which is comprised of the General Fund, Cabarrus Arena and Events Center Fund, Landfill Operations Fund, 911 Emergency Telephone Fund, Workers Compensation Fund, Health Insurance Fund and Fire District Fund) for the fiscal year ending June 30, 2012 totals \$214,872,987 with a tax rate of \$0.63 per \$100 of assessed value, based on a total valuation of \$20,976,971,895.

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

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

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

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

### **Relevant Financial Policies**

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

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

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

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

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

3. Upon completion of the annual audit of the County finances, any undesignated fund balance above 15% will be transferred to the capital Reserve Fund, to reduce reliance on debt financing; or to the Self-Funded Hospitalization Fund, the Self-funded Liability Fund or the Self-Funded Workers' Compensation Fund as required to maintain the integrity of those funds.

4. Notwithstanding the requirements of items 1, 2, and 3 above, fund balance may be appropriated for any use in the general fund to overcome revenue shortfalls related to significant downturns in the economy.

### **Major initiatives**

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

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

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

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

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

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

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

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

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

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

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

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Cabarrus County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-sixth consecutive year that Cabarrus County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year ended June 30, 2010. In order to qualify for the Distinguished Budget Presentation Award, the county's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. This was the thirteenth year that Cabarrus County has received this prestigious award.

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

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

Respectfully submitted,



Michael K. Downs  
Interim County Manager



Pamela S. Dubois  
Deputy County Manager/Finance Director