

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF CUMBERLAND, NC



COUNTY OF CUMBERLAND  
NORTH CAROLINA

Board of County Commissioners

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Comprehensive Annual  
Financial Report

For the Year Ended June 30, 2007

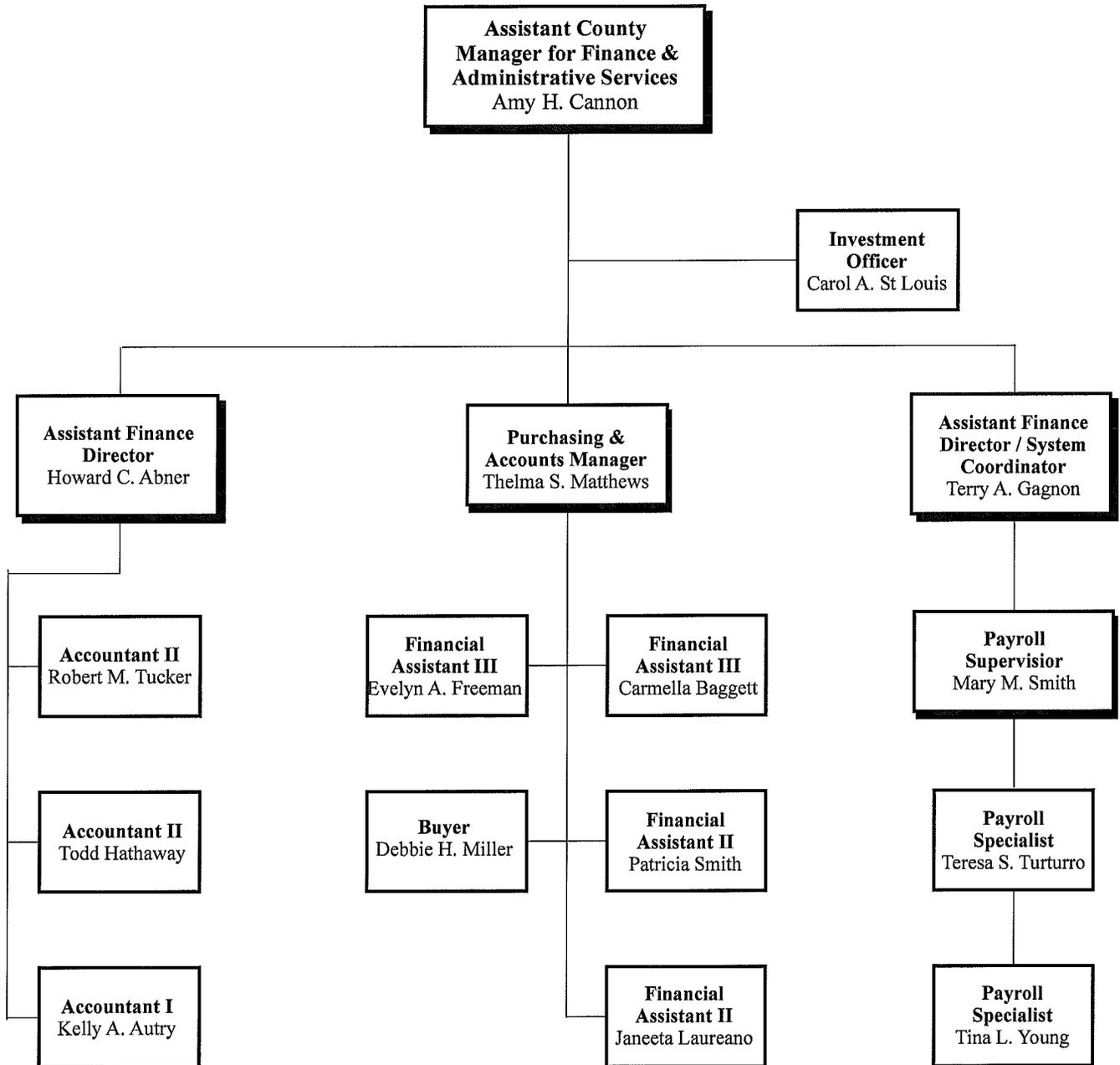
Prepared by:  
Cumberland County Finance Department

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County Manager  
County Attorney  
Deputy County Manager  
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Assistant County Manager

James E. Martin  
Grainger Barrett  
Juanita Pilgrim  
Amy H. Cannon, CPA  
Cliff Spiller

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Year Ended June 30, 2007**  
*Prepared by the Finance Department*



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## INTRODUCTORY SECTION

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Amy H. Cannon  
Assistant County Manager



Terry A. Gagnon  
Assistant Finance Director

Howard C. Abner  
Assistant Finance Director

# COUNTY of CUMBERLAND

## *Finance Department*

November 15, 2007

The Honorable Kenneth S. Edge, Chairman  
The Honorable J. Breeden Blackwell, Vice Chairman  
The Honorable Jeannette M. Council  
The Honorable John T. Henley, Jr.  
The Honorable Billy R. King  
The Honorable Edward Melvin  
The Honorable Diane Wheatley and  
The Citizens of Cumberland County, North Carolina:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Cumberland for the fiscal year ended June 30, 2007. The basic financial statements contained herein have been audited by the independent, certified public accounting firm of Cherry, Bekaert & Holland, L.L.P., and that firm's unqualified opinion is included in the Financial Section of this report.

The report itself, however, is presented by the County, which is responsible for the accuracy of the data and for the completeness and fairness of its presentation including all disclosures. We believe the data as presented is accurate in all material aspects; that it is presented in a manner designed to set forth fairly the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is divided into five sections: the Introductory, Financial, Statistical, Compliance Sections, and Continuing Disclosure Information. The Introductory Section, which is unaudited, contains this letter of transmittal, which provides a brief overview of the operations of the County, a list of principal officials, a copy of the Certificate of Achievement for Excellence in Financial Reporting, and the County's organization chart. The Financial Section is composed of the auditor's report, management's discussion and analysis (MD&A), the basic financial statements, notes to the financial statements, and more detailed combining and individual fund financial statements and schedules and other supplementary financial data. The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years. The Compliance Section presents reports and schedules required by the federal and state Single Audit Acts. Finally, the Continuing Disclosure Information Section, which is unaudited, includes those disclosures related to certain general and non-general obligation debt required by the Securities and Exchange Commission Rule 15c2-12.

Accounting principles generally accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. The County's MD&A can be found immediately following the report of independent auditors. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County is required to undergo an annual single audit in conformity with the provision of the U.S. Office

Of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Information related to this single audit, including the Schedule of Expenditures of Federal and State Awards, Schedule of Findings and Questioned Costs, Corrective Action Plan, Summary Schedule of Prior Audit Findings and independent auditor's compliance and internal control reports on the basic financial statements and major federal and state programs, are presented in the compliance section of this report.

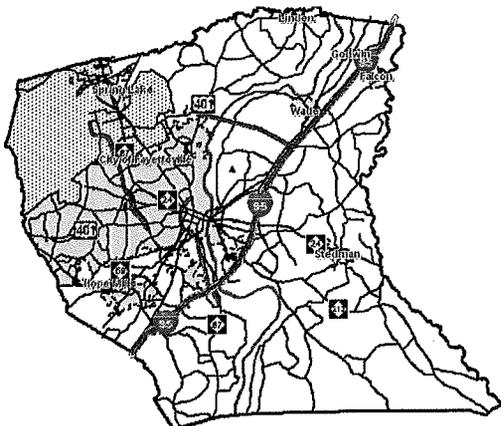
The financial reporting entity includes all funds of the County of Cumberland, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the primary government. The Cumberland County Alcohol Beverage Control Board, the Eastover Sanitary District, the Tourism Development Authority and the Fayetteville Area Convention and Visitors Bureau are reported as discretely presented component units.

In August 2005, the County Board of Commissioners voted to convert the Cape Fear Valley Hospital from a county owned not for profit hospital to a private not for profit hospital. The conversion took place in the spring of 2006. All seven of the County commissioners will sit on the new health system board and they will appoint eight more people to the twenty voting member board. As a private hospital, Cape Fear Valley Hospital has more flexibility in the areas of: investments; expanding services in other counties; and entering partnerships with other companies. Due to the conversion, Cape Fear Valley Hospital will no longer be shown as a discretely presented component unit in the county's financial statements.

### **GENERAL INFORMATION**

The County of Cumberland originated as a settlement by the Highland Scots in the Upper Cape Fear Valley between 1729 and 1736. The area became a vital link to other major settlements with the establishment of a receiving and distribution center on the Cape Fear River in 1730. The settlement was known as Campbellton. In 1754, the Colonial Legislature passed an act resulting in the political division of Bladen County, forming Cumberland County. Named for the Duke of Cumberland (William Augustus), the county grew and prospered as Scotch-Irish, German and Moravian immigrants entered the area. Campbellton was named the county seat in 1778. In 1783, Campbellton was renamed Fayetteville in honor of Marquis de La Fayette, the French general who served in the American Revolutionary Army.

A devastating fire in 1831, and the invasion of General Sherman's army in 1865 during the American Civil War, delayed Fayetteville's growth. However, in 1918, land in northwest Cumberland County was purchased and developed by the U.S. Army to serve as an artillery training facility. Camp Bragg has evolved over the years into Fort Bragg, a permanent Army post, and one of the largest military bases in the world.



Cumberland County is located in the southeast coastal plain section of North Carolina, with a land area of approximately 661 square miles. The County's population of 308,255 is the fifth largest in the state. The City of Fayetteville, with a population of 173,910 is the largest municipality in the County, the sixth largest in the state, and serves as the County seat. More than 50 percent of the nation's population lies within a 400-mile radius of the County, including the major population centers of Washington, D.C., and Atlanta.

The County of Cumberland functions under a Board of Commissioners-County Manager form of government. The Board of County Commissioners consists of seven members, two elected from District 1, three elected from District 2, and two at-large members. Each member of the Board is elected for a four-year term. The terms are staggered, with the District 1 and at-large members elected in a biennial general election and the District 2 members elected two years later. The Board members elect their own Chairman and Vice Chairman on an annual basis. The Board is the policy-making and legislative authority for

the County, responsible for adopting the annual budget, establishing the tax rate, approving zoning and planning issues and other matters related to health, welfare and safety of citizens.

The County Manager is appointed by and serves at the pleasure of the Board of Commissioners. The County Manager is the Chief Executive Officer and has the responsibility for implementing policies and procedures of the board, delivery of services, managing daily operations and appointment of subordinate department managers.

The County is home to a large military complex, made up of Fort Bragg and Pope Air Force Base, located six miles northwest of the City of Fayetteville. The two military bases encompass approximately 160,770 and 264 acres respectively. The military bases contribute to the area economy as well as to the international and cosmopolitan culture of the community.

### **Fort Bragg**

The post came into existence in 1918, when 127,000 acres of desolate sand hills and pine trees were designated as a U.S. Army installation. Named in honor of Confederate General Braxton Bragg, a native of the state, and a former artillery officer, Camp Bragg was the only military reservation in the United States with adequate space to test the latest in long-range artillery. In February 1922, Congress decided that all artillery sites east of the Mississippi River would become permanent Army posts. Thus, Camp Bragg became Fort Bragg in September of that year.

The post grew slowly during the next decade, but with the looming threat of World War II and the passage of the Selective Service Act, Fort Bragg mushroomed to a population of 67,000 soldiers by the early 40s. In 1942, the first airborne units trained here in preparation for combat. The population of the post during the war years reached a peak of 159,000 personnel. The 82d Airborne Division was assigned here in 1946, upon its return from Europe. When hostilities erupted in Korea in June 1950, Fort Bragg again assumed a major role in the national defense program. In 1951, the XVIII Airborne Corps was reactivated here and Fort Bragg became widely known as the "home of the airborne." In the 1960s, the 5<sup>th</sup> Special Forces Group was activated at Fort Bragg and was given the mission of training personnel in counterinsurgency for deployment to Southeast Asia. Thus, Fort Bragg was in the forefront of US involvement in the war in Vietnam. More than 200,000 young men underwent basic combat training here between 1966 and 1970. At the peak of the Vietnam War in 1968, Fort Bragg's military population rose to 57,840.

### **Pope Air Force Base**

Missions at Pope range from providing airlift and close air support to American armed forces, to humanitarian missions flown all over the world. Established by the War Department in 1919, Pope Air Force Base is one of the oldest installations in the Air Force. Named for First Lieutenant Harley Pope, Pope Field did not have a runway, just a wide-open field surrounded by a pine forest. Observation planes and balloons occupied Pope Field for the first eight years. Missions included mapping terrain, spotting for artillery, detecting forest fires and carrying the mail.

During the 1940s, the base swelled as a troop carrier training site. In conjunction with paratrooper training at Camp Bragg, Pope began putting the "Air in Airborne. During the 1950s and 1960s, aircraft upgrade was the primary trend at the base. The C-123 Provider started replacing the C-119 in 1958, and in 1963 the first C-130 Hercules arrived, appropriately named "The North Carolina."

Pope Air Force Base underwent a major change in 1992 as the base reorganized under the new Air Combat Command. The new 23d Wing "Flying Tigers" consisted of F-16 Viper forward air control aircraft, A-10 Thunderbolt II close air support aircraft and the C-130 Hercules aircraft. In April 1997, Pope once again saw changes that involved streamlining all stateside airlift operations under the Air Mobility Command, including C-130s. Today, the C-130 is recognized as the workhorse of the Air Force airlift fleet, capable of delivering troops, supplies and equipment directly to the battlefield in all weather conditions using the sophisticated Adverse Weather Aerial Delivery System which allows accurate airdrops through cloud cover and at night.

## ECONOMIC CONDITIONS AND OUTLOOK

### Military

The two military installations are a large contributor to the local economy, particularly in the area of wages and salaries to civilian and military personnel, including employees of the Post Exchange and nonappropriated fund organizations. The military impact on the local economy fluctuates depending on a variety of factors, including the number of military personnel deployed off base, capital projects and appropriation levels. Commercial contracts awarded to local businesses for supplies and equipment through the Office of Directorate of Contracting has a direct effect on the economy.

<b>Military Payroll and Economic Impact</b>		
<b>Year</b>	<b>Payroll</b>	<b>Economic Impact</b>
2006	\$2,315,722,853	\$7,504,673,559
2005	\$2,193,926,290	\$7,045,887,986
2004	\$2,058,431,132	\$6,404,714,088
2003	\$1,946,128,500	\$6,355,393,434
2002	\$1,579,177,745	\$5,294,579,917

<b>Military Personnel at Fort Bragg and Pope Air Force Base</b>			
<b>Year</b>	<b>Fort Bragg</b>	<b>Pope Air Force Base</b>	<b>Total</b>
2006	43,023	5,293	48,316
2005	42,539	5,969	48,508
2004	41,458	6,381	47,839
2003	46,826	5,790	52,616
2002	46,463	5,384	51,847

<b>Civilian Employment at Fort Bragg and Pope Air Force Base</b>		
<b>Year</b>	<b>Number of Employees</b>	<b>Payroll</b>
2006	10,778	\$374,054,382
2005	8,791	\$354,266,956
2004	9,531	\$349,605,427
2003	9,412	\$271,937,838
2002	9,382	\$261,728,596

Military construction projects are programmed according to federal fiscal year and are ongoing for many years due to their planning, design, and construction phases. For federal fiscal year 2006, Fort Bragg received \$210 million. Major projects include: \$32 million for the third phase of a barracks complex for the 325<sup>th</sup> Airborne

Infantry Regiment; \$30.6 million for the second phase of a barracks complex for the 1<sup>st</sup> Corps Support Command area; \$50 million for the first phase of a barracks complex for the 505<sup>th</sup> Parachute Infantry Regiment; \$35.6 million for the first phase of a barracks complex for the 82<sup>nd</sup> Airborne Division Artillery; \$11.4 million for additions to a barracks complex for the 3<sup>rd</sup> Brigade Combat Team; \$7.3 million for a company operations complex for the 3<sup>rd</sup> Battalion 7<sup>th</sup> Special Forces Group; \$8.5 million for a special operations training facility; \$3.7 for a special operations headquarters building; \$18 million for an elementary school and junior high school addition; and \$4.45 million for a courthouse. For federal fiscal year 2007, Fort Bragg is scheduled to receive more than \$365 million. Major projects include: \$50 million for the second phase of a barracks complex for one area of the 2<sup>nd</sup> Brigade Combat Team and \$31 million for the fourth phase of whole barracks renewal for another area of the 2<sup>nd</sup> Brigade Combat Team; \$37 million for the second phase of the renewal of a barracks complex for the 4<sup>th</sup> Brigade Combat Team; \$22 million for the third phase of a barracks complex for the 82<sup>nd</sup> Sustainment Brigade; \$39 million for the whole barracks renewal of the 44<sup>th</sup> Medical Deployment Support Command; \$28 million for a Digital Multipurpose Range; \$85 million for a complex and vehicle maintenance shop in the 4<sup>th</sup> Brigade Combat Team Area. (Note: The names and structure of the units on Fort Bragg changed between FY 2006 and 2007.)

## **BRAC**

The Base Closure and Realignment Commission (BRAC) legislation became law on November 8, 2005. Under the law, the U.S. Army Forces Command (FORSCOM) and the U.S. Army Reserve Command (USARC) will move to Fort Bragg. Those moves will make Fort Bragg the headquarters for virtually all combat ready forces in the continental United States. Other changes approved at Fort Bragg include sending the 7<sup>th</sup> Special Forces Group (SFG) to Eglin Air Force Base (AFB) in Florida, addition of the 4<sup>th</sup> Brigade Combat Team (BCT) to the 82<sup>nd</sup> Airborne Division, moving Europe-based troops to Fort Bragg, and the relocation of mobilization processing function from three other Army posts. The projected schedule for the changes is:

FORSCOM and USARC will move in phases between 2008-2011 depending on the construction of a new headquarters on Fort Bragg.

The 7<sup>th</sup> SFG will probably relocate to Eglin AFB some time between 2010-2011 depending on the timing of the construction for new facilities at Eglin AFB.

The 4<sup>th</sup> BCT is already established as facilities are under construction.

Other transformation changes are ongoing.

At Pope Air Force Base, the BRAC legislation approved the transfer of 25 C-130s to Little Rock AFB, AK and 36 A-10s to Moody AFB, GA. An Air Force reserve/active duty associate unit of 16 C-130H aircraft will be established at Pope AFB to support Fort Bragg's mission. The status of Pope will change from an Air Force Base to an Army Airfield. These changes should be complete in the spring of 2008.

The net increase in military personnel, civilian, contract workers and family members is projected to be around 12,500. With a multiplier for additional support and community jobs created, the total additional growth is projected at more than 24,000.

Cumberland County joined with other local governments in the Fort Bragg- Pope Air Force Base area in forming the Base Closure and Realignment Commission Regional Task Force (BRTF) in the spring of 2006. BRTF is helping to coordinate the planning and preparation of the impact on the local communities as a result of the changes at Fort Bragg – Pope Air Force Base from BRAC. The anticipated growth will present many challenges to the County in the areas of; schools, housing, medical needs, transportation, and infrastructure. In October 2006, the Department of Defense awarded a \$1.16 million grant to the BRTF to fund the Task Force's growth management planning around Fort Bragg and Pope AFB area. In June 2007, BRTF awarded a \$1.1 million contract to a consulting firm to oversee the development of a regional growth plan. In July, the U.S. Department of Labor awarded a \$5 million grant to help train civilian workers for high tech jobs created around the Fort Bragg – Pope AFB area by BRAC.

In September, Lt. Governor Beverly Purdue announced the establishment of the "All American Defense Corridor" around the Fort Bragg – Pope AFB area. The idea is to give the area a brand that will help attract defense companies to expand into the area as it grows in the future. The Fort Bragg – Pope AFB area would be at the center of the hub of military activity in the corridor which touches the Research Triangle Park with its industry and universities to the north. To the southeast, the corridor extends to the ports at Southpoint/Wilmington, and Camp Lejeune Marine Corps Base at Jacksonville.

## Local

Over the years, the City of Fayetteville and the County have emerged as a major commercial center, regional shopping center, and a regional medical service center. With Cross Creek Mall Shopping Center's 1.2 million square feet and eight other major shopping centers, Fayetteville and the County serve as the primary retail market in a 15-county trade area. Taxable sales in the County for the year totaled \$2,746,626,602\*. This represents a 9.66% increase from fiscal year 2006. For 2006, gross sales of \$320,017,927 realized by the commissaries and post exchanges located on Fort Bragg increased by 3.13% over fiscal year 2005. \*[Note: As a member of the Streamlined Sales Tax agreement, the North Carolina Department of Revenue (NCDOR) simplified its sales tax reporting format for fiscal year 2006 and gross retail sales are no longer part of the sales tax return. Thus, NCDOR no longer collects information on gross retail sales and only provides data on taxable sales. As a result, taxable sales in fiscal years 2006 and 2007 cannot be compared to the retail sales figures from prior years.]

Taxable Sales						
	Cumberland County	% Change	Fort Bragg Commissaries & Exchanges	% Change	Total	% Change
2007	\$2,746,626,602*	9.66*	Not Available	---	---	---
2006	\$2,504,743,152*	*See Above	\$320,017,927	3.13	\$3,993,816,713	N/A
2005	\$3,683,503,849	9.90	\$310,312,864	-7.6	\$3,993,816,713	8.3
2004	\$3,351,729,317	11.07	\$335,832,231	18.83	\$3,687,561,548	11.73
2003	\$3,017,709,876	1.47	\$282,623,784	-2.03	\$3,300,333,660	1.56

Since 1990, Cumberland County's population has grown at a rate below the state average. Since 2000, the County's population has only grown 1.7% versus the state average of 12.4%. The major reason for this slow growth amount is the lengthy deployments of military personnel on Fort Bragg and Pope AFB due to the conflicts in Iraq and Afghanistan. If a military person is deployed more than six months, then the person is not counted as part of the County's population.

Population										
	1990		2000		2007		2010		2015	
	Population	% Change								
Cumberland County	291,897	--	302,963	3.8%	308,255	1.7%	324,385	5.2%	337,724	4.1%
North Carolina	7,657,934	--	8,046,485	5.1%	9,040,824	12.4%	9,315,141	3.0%	9,993,270	7.3%

The primary reason for the county's unemployment rate of 5.9% is the flood of high school and college students entering the job market in June. The county's unemployment rate for May was 5.2%. Overall, the county has added about 2,500 jobs in the last year, largely in education, health, leisure and construction.

<b>Employment</b>					
	<b>Total Civilian Labor Force</b>	<b>Number Employed</b>	<b>Number Unemployed</b>	<b>Cumberland County Unemployment Rate</b>	<b>State Unemployment Rate</b>
2007 (6 mo)	134,881	126,962	7,919	5.9%	5.1%
2006	130,734	123,533	7,201	5.5%	4.8%
2005	127,814	120,922	6,892	5.4%	5.2%
2004	123,206	116,664	6,542	5.3%	5.5%
2003	122,225	114,557	7,668	6.3%	6.5%

The North Carolina General Assembly passed a law signed by the Governor in early September which would give economic incentives to the Goodyear Tire & Rubber Co. plant in Cumberland County. The bill would give Goodyear up to \$30 million in incentives over ten years. In order to qualify for the incentives, Goodyear would have to employ a minimum of 2,000 workers, invest \$200 million over six years, and maintain average wages that are 40 percent higher than the local average. The plant is the one of the area's largest and highest paying private employers. The plant currently has about 2,700 employees with an average income above \$50,000.

The Cape Fear region's housing market has slowed down in 2007. Residential sales through the first eight months of 2007 total 4,654 units versus 5,918 units in 2006. The overseas deployment of 24,000 soldiers from Fort Bragg has limited the demand for home sales. Also, as noted above, the relocation of the FORSCOM and USARC headquarters from Atlanta to Fort Bragg as part of BRAC will be in phases between 2008 and 2011. New residential building permits for the first six months of 2007 are down 19.00% compared with the same period of 2006 following the same trend as the housing market. New non-residential permits are down 15% in the first six months of 2007 compared with the same period in 2006.

<b>Building Permits</b>				
<b>Calendar Year</b>	<b>New Residential</b>		<b>New Non-Residential</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
2007 (6 mo)	1,309	\$ 153,464,119	55	\$ 32,105,660
2006	3,205	\$ 345,648,242	131	\$ 143,515,926
2005	2,905	\$ 328,672,716	146	\$ 109,281,931
2004	2,289	\$ 251,844,210	140	\$ 74,271,447
2003	1,313	\$ 159,650,565	99	\$ 36,388,397
2002	1,137	\$ 166,472,502	106	\$ 32,587,197

## **EDUCATION**

### **Public Education**

School services are provided by the Cumberland County School Administrative Unit under the direction of the Board of Education.

Public education is a function and responsibility of State government. School operation is largely determined by State statutes and State policies adopted by the State Board of Education. The General Assembly has delegated financial responsibility for certain areas of public education, primarily construction and maintenance of facilities, to the counties. State law provides a basic minimum educational program for each school administrative unit which is supplemented by the County and Federal government. The minimum program provides funds for operational costs only, but the building of public school facilities has also been a joint State/County effort.

The State and Federal governments provide approximately 68% and 8%, respectively, of the operating budget for the Cumberland County School Administrative Unit. For the fiscal year ended June 30, 2007, the County appropriated \$65,348,540 from General Fund revenues for school current operations. For the fiscal year ending June 30, 2008, the County appropriation is \$68,291,257 from General Fund revenues.

The County School Capital Fund is supported from the designated portions of two local option one-half cent sales taxes which must be used for school capital outlay expenditures or the retirement of school bond indebtedness. For the fiscal year ended June 30, 2007, the actual sales taxes totaled \$10,242,417. For the fiscal year ending June 30, 2007, budgeted sales tax is \$9,000,000. The State also provides support through the Public School Building Capital Fund. The revenue is distributed by the Office of State Budget and Management based on average daily membership ("ADM") and may be used to pay up to 75% of school construction costs for approved projects. The Public School Building Capital Fund provided \$3,028,986 to the Cumberland County School Administrative Unit for the fiscal year ended June 30, 2007. At June 30, 2007, the County had received \$42,308,175 from the Public School Building Capital Fund since its inception in 1987. The County received \$4,735,148 in proceeds from the North Carolina Education Lottery. The proceeds are primarily to be used for school construction and reduction of class size in the early grades.

The following table shows the number of schools and the Average Daily Membership, ADM, for the Cumberland County School Administrative Unit.

<b>County Schools ADM</b>							
<b>Year</b>	<b>K-5</b>		<b>6-8</b>		<b>9-12</b>		<b>Total ADM</b>
	<b># Schools</b>	<b>ADM</b>	<b># Schools</b>	<b>ADM</b>	<b># Schools</b>	<b>ADM</b>	
2006-2007*	53	24,516	15	12,157	13	16,405	53,078
2005-2006*	53	24,153	15	12,171	13	16,241	52,565
2004-2005*	53	24,480	16	12,458	12	16,388	53,326
2003-2004	54	24,547	17	12,445	13	16,097	53,089
2002-2003	54	24,432	17	12,199	12	15,592	52,223

\* Number of schools excludes special schools and academies.

#### **Private and Parochial Schools**

There are five independent schools and 19 religious schools in the County.

#### **Colleges and Universities**

There are three institutions of higher learning, as well as a Fort Bragg facility on the military installation offering off-campus "resident-credit" courses for several North Carolina and certain out-of-state colleges and universities.

Fayetteville Technical Community College: Fayetteville Technical Community College ("FTCC"), a post-secondary institution located within the County, was established as a member of the North Carolina System of Community Colleges and Technical Institutes. FTCC is the third largest community college in the State.

FTCC, a two-year public institution, offers associate degrees, diplomas and certificates in 123 academic programs. In an average year, hundreds of classes teach new skills and improve quality of life. These programs provide specialized occupational education to help fill the manpower needs of local industrial, business, health and public service employers. Through FTCC's Center for Business and Industry, opportunities for retraining and upgrading are available. The Advanced Technology Center provides additional training and education in the community. In November 2006, the Board of trustees approved an addition of 8,820 square feet to the Health Technology Center building, with construction scheduled to begin December 2007. In January 2007, the Board of Trustees approved a \$5,932,500 general classroom project to renovate a former Service Merchandise building.

The responsibility for financial support of FTCC is shared by the State and County governments. Appropriations from the County to FTCC for operating expenses for the fiscal year ended June 30, 2007 totaled \$7,690,263. The County also has appropriated \$4,204,153 of bank loan proceeds for capital outlay. For the fiscal year ending June 30, 2007, the appropriations from the County to FTCC are \$7,977,015 for operating expenses.

Fayetteville State University: Founded in 1867, Fayetteville State University ("FSU"), a constituent institution of the University of North Carolina, is the second oldest state-supported educational institution in North Carolina. FSU has 40 buildings on a 156-acre campus and currently offers 43 baccalaureate degrees and master's degrees in 23 programs and one doctoral program in educational leadership. New bachelor programs include: biotechnology, communications, forensic science, management information systems, and generic nursing. New graduate programs include the Master of Arts in teaching and the Master of Science in criminal justice. The Weekend and Evening College provides an opportunity for education to non-traditional students who are ready to make a career change. FSU Online offers majors in criminal justice, psychology and sociology. The Center for Continuing Education offers outreach and public service activities and a program of higher education to military personnel and their dependents through FSU military education centers. The Center provides specialized technical and management training.

Methodist University: Methodist University is a private, four-year, co-educational university of liberal arts and sciences established in 1956. Methodist offers bachelor's degrees in over 70 fields of study (majors and concentrations) and three master's degree programs. New majors and concentrations recently added include management information systems, resort management and computer information technology. The college offers day, evening, and online courses year-round. Its business, teacher education, physician assistant, professional golf management, professional tennis management and social work programs are nationally accredited. The Methodist campus presents a blend of modern architecture and natural beauty, occupying 617 acres along the Cape Fear River six miles north of downtown Fayetteville. The campus includes 32 buildings, an 18-hole golf course, a three-and-a-half mile nature trail and an amphitheater.

The following table shows the enrollment figures for the institutions of higher education located in the County:

<b>Enrollment</b>		
	<b>Total Enrollment</b>	<b>Full-Time/FTEs</b>
<b>Fayetteville State University</b>		
Undergraduate	5,068	4,541
Graduate	763	543
<b>Methodist University</b>	2,116	1,786
<b>Fayetteville Technical Community College</b>		
Curriculum Students	12,276	7,698
Continuing Education Students	22,284	2,502

### **MAJOR INITIATIVES**

#### **For the Coming Years**

Over the next year, the county expects to issue debt in the amount of \$82 million for the following projects:

School Facility Needs	up to	\$55M
Public Health Department Building		\$22M
Library Branch		\$ 7M
<b>Total</b>		<b>\$84M</b>

The \$55 million for school facility needs would provide an additional 157 classrooms including a new middle school and two elementary schools. The issues affecting the need for additional facilities include: population growth, class-size reductions and program growth. Lottery proceeds will be used for the debt service. The county will help provide the local funds for the yearly operating costs of the facilities.

The current public health department building is twenty-five years old and well used. During this time, no major renovations have been done to the building. The increase in client population and the way in which health services are provided has contributed to the need for a new facility. A complete renovation to the building is not feasible due to the cost and the interruption of client services. Health department funds will be used to pay for \$500,000 of the projected \$1,643,000 annual debt service amount. The balance will be paid by the general fund.

The new library branch will fill in the service gap in the western part of the county where 40% of the population lives. The branch will alleviate the overcrowding at the two branches which currently serve the western part of the county. The branch will be co-located with the new western elementary school to capitalize on construction as well as operational efficiencies. The projected debt service of \$502,000 will be paid for by the general fund.

The Fayetteville Metropolitan Housing Authority has applied for HOPE VI funds to construct over 600 affordable housing units in the Old Wilmington Road neighborhood. The plan includes the City and County jointly borrowing \$9,360,000 for infrastructure needs and pledging the incremental property tax increase from the incremental property tax increase from the revitalized district to repay the debt. On October 15, 2007 the Board of Commissioners voted to commit at least \$3,120,000 to the Hope VI project and that the county's share be contributed up front contingent upon the approval of the FY2008 grant application.

Other projects under consideration in future years are two additional libraries, an addition to the Detention Center, public safety communication towers and a \$175 million school GO bond issue.

## **FINANCIAL INFORMATION**

### **Internal Control**

The management of the County of Cumberland is responsible for establishing and maintaining an internal control framework designed to ensure that the assets of the County are protected from loss, theft or misuse and that accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control framework is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the County's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions in compliance with laws and regulations, contracts and grants.

### **Single Audit**

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As part of the County's single audit, tests are made to determine the adequacy of the internal control structure including that portion related to federal and state financial assistance programs, as well as to determine that the County has complied with applicable laws and regulations.

### **Budgeting Controls**

In government, more so than business, the budget is an integral part of a unit's accounting system and daily operations. An annual or project budget ordinance, as amended by the Board of County Commissioners, creates a legal limit on spending authorizations. For the County of Cumberland, annual budgets are adopted for General, Special Revenue, Permanent, Proprietary, and Pension Trust Funds. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amounts) is at the department level for the General Fund, Special Revenue Funds, Permanent Funds and at the fund level for Proprietary and Pension Trust Funds. Expenditures for construction contracts are monitored at the project level for the Capital Project Funds. Any amendments or transfers of appropriation between departments or funds must be authorized by the County Manager's office and approved by the Board of County Commissioners. In addition, the County maintains budgetary controls. The objective of these controls is to ensure compliance with the legal provisions embodied in the annual budget ordinance adopted by the Board of Commissioners. Any appropriation remaining in the department at the end of the fiscal year automatically lapse and are transferred to available fund balance. The year-end fund balance, along with projected revenues, becomes available for appropriation the following year. An encumbrance accounting system is used to facilitate effective budgetary control. An encumbrance reserves a portion of an appropriation at the time a commitment is made to acquire goods or services. Open encumbrances are reported as reservations of fund balance at fiscal year-end and are re-appropriated as part of the following year's budget ordinance.

### **Risk Management**

The County is self-insured for group medical insurance and contracts with the North Carolina Association of County Commissioners to administer the program. The contract provides for stop loss pooling of individual claims in excess of \$150,000 and an aggregate stop loss of 120% of expected claims during the contract year.

The County of Cumberland is self-insured for Workers' Compensation. The program is administered by Key Risk Management Services, Inc. with a liability limit of \$500,000 per incident. The County is also self-insured for Unemployment Compensation.

All property and casualty insurance is reviewed on a continuing basis to insure that the County's assets are protected.

### **Debt Administration**

At June 30, 2007, the County's General Obligation Bond debt was \$99,480,000. This amount includes \$1,250,000 of debt for the NORCRESS Water and Sewer District which is a blended component unit.

In September 1999, Standard and Poor's Rating Group upgraded the County's Bond Rating from A+ to AA-. Moody's Investor Service upgraded the County's rating from A1 to Aa3 in February 2000 and the North Carolina Municipal Council upgraded the debt rating for the County from 85 to 86 in July 2002. Their decisions were based upon the County's improved financial performance due to prudent fiscal management coupled with an expanded economic base. In October 2004, all three rating agencies affirmed their ratings on the County's outstanding debt.

Under current statutes, the County's debt limit is subject to a legal limitation of 8% of the total assessed value of real and personal property. As of June 30, 2007, the General Obligation Debt of \$99,480,000 was significantly less than the legal debit margin of \$1,303,463,000.

### **Cash Management**

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, obligations of the U.S. Treasury and commercial paper. The County earned unrestricted interest revenue of \$9,732,962 on all investments for the year ended June 30, 2007. The General Fund's share of the revenue was \$5,876,314 which represents an equivalent tax rate of 3.79 cents.

The County's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits are held by the State Treasurer's agent in the name of the State Treasurer. The majority of the County's investments are in the two lowest risk categories as defined by the Governmental Accounting Standards Board.

## ***OTHER INFORMATION***

### **Independent Audit**

North Carolina General Statute 159-34 requires an annual audit by independent certified public accountants. The accounting firm of Cherry, Bekaert, and Holland, L.L.P., was selected by the Board of Commissioners. In addition to meeting the requirements set for in the State Statute, the audit was also designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133. The auditor's unqualified report on the basic financial statements is included in the Financial Section of the Comprehensive Annual Financial Report. The auditor's reports relating specifically to the single audit are presented in the Compliance Section.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Cumberland for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the fourteenth consecutive year that the government has achieved this prestigious award. 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 accounting principles generally accepted in the United States of America and applicable legal requirements.

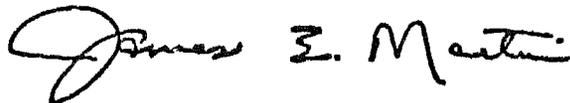
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGEMENTS**

We appreciate the assistance and dedication of the Finance Department and Internal Auditor throughout the year, especially during the preparation of this CAFR. We would like to thank all members of the Department who contributed to its preparation and the County's independent certified public accountants, Cherry, Bekaert, & Holland, LLP, for their assistance and guidance. The cooperation of each County Department is appreciated as we work together in conducting the County's financial operations. We also express our appreciation to the members of the Board of County Commissioners for their continued support, guidance and advice in planning and conducting the financial activities of the County in a responsible and progressive manner.

\*\*\*\*\*

Respectfully submitted,



James E. Martin  
County Manager



Amy H. Cannon, CPA  
Assistant County Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Cumberland County  
North Carolina

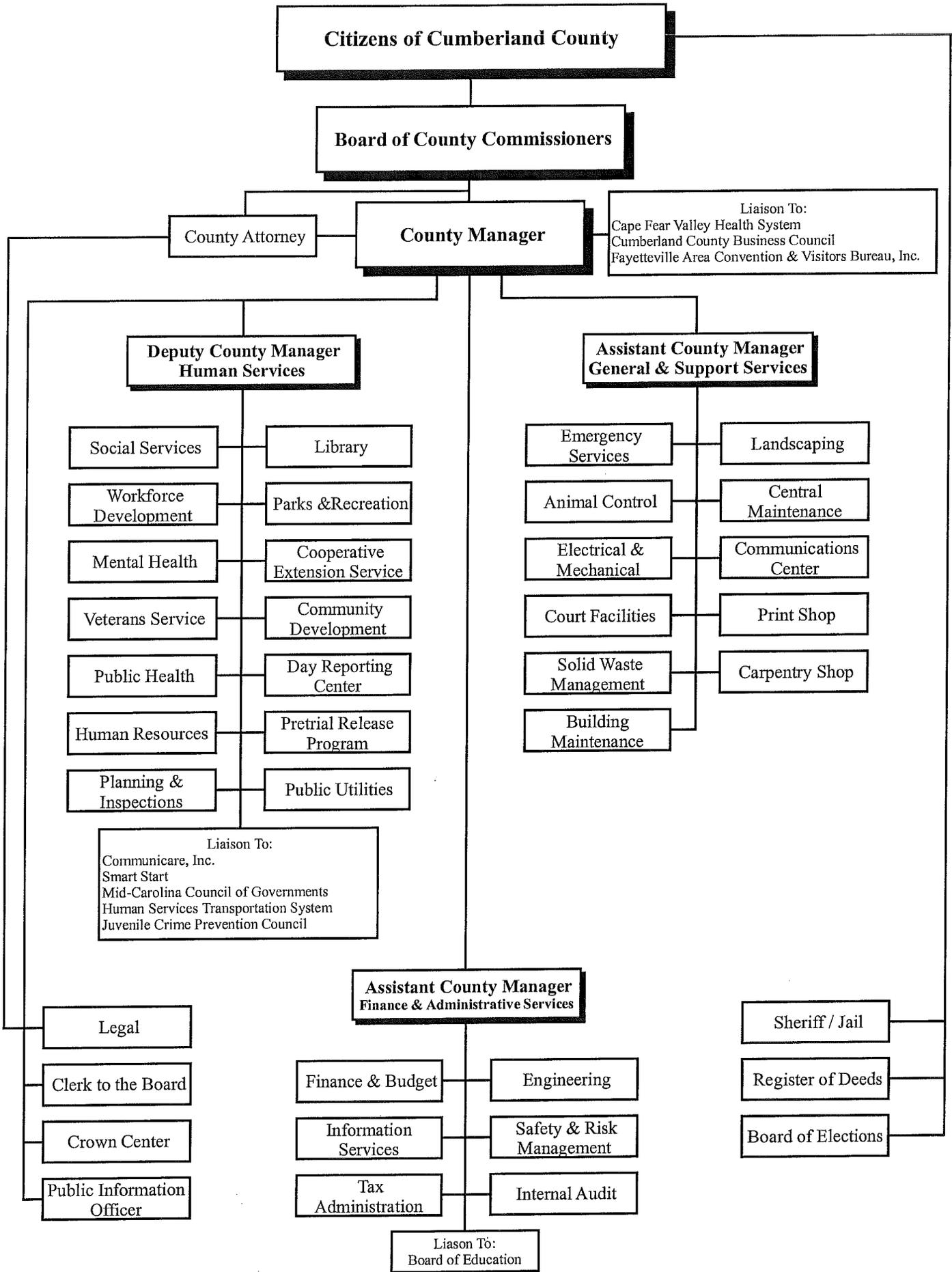
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

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.



President

Executive Director



## **FINANCIAL SECTION**

- \* Independent Auditors' Report
- \* Management's Discussion and Analysis
- \* Basic Financial Statements
- \* Notes to the Financial Statements



## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
County of Cumberland, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), the Cumberland County Tourism Development Authority (the "Authority"), each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Cumberland County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Board and the Bureau were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the County as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the general and county school funds 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 November 15, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress and employer contributions and the notes to the required schedules for the Law Enforcement Officer's Special Separation Allowance are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the County. The combining and individual fund statements and schedules for the years ended June 30, 2007 and 2006, as well as the accompanying schedule of expenditures of Federal and State awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act for the year ended June 30, 2007, the introductory, the other supplemental financial data, the statistical and the continuing disclosures sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules for the years ended June 30, 2007 and 2006, the other supplemental financial data, as well as the accompanying schedule of expenditures of Federal and State awards as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act for the year ended June 30, 2007, 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.

We did not audit the introductory, statistical and continuing disclosure information sections of this report and, accordingly, we express no opinion on this data.

**CHERRY, BEKAERT & HOLLAND, L.L.P.**

*Cherry, Bekaert + Holland LLP*

Fayetteville, North Carolina  
November 15, 2007

## Management's Discussion and Analysis

As management of the County of Cumberland, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Cumberland for the fiscal year ended June 30, 2007. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

### Financial Highlights

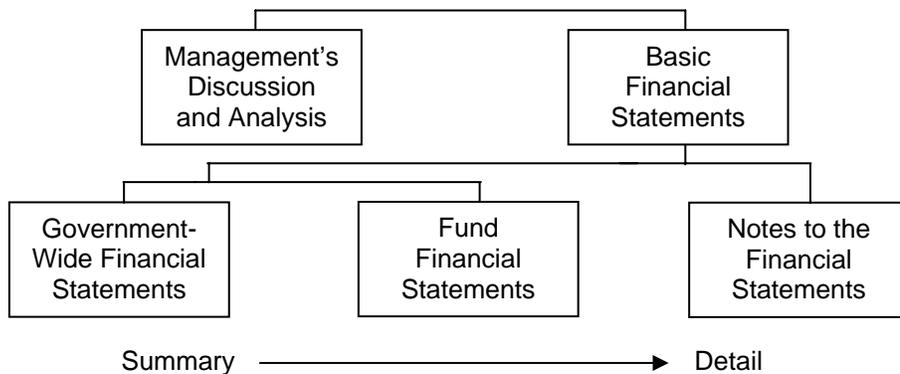
- The assets of the County of Cumberland exceeded its liabilities at the close of the fiscal year by \$174,404,457 (*net assets*). In accordance with North Carolina law, liabilities of the county include approximately \$95,811,470 in long-term debt associated with assets belonging to the Cumberland County Board of Education and Fayetteville Technical Community College. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reflected in the County's financial statements, the County reports a corresponding lower net asset amount.
- The government's total net assets increased by \$21,522,447 (14.08%), primarily due to increased ad valorem tax collections (2.68%) and investment earnings (55.91%).
- As of the close of the current fiscal year, the County of Cumberland's governmental funds reported combined ending fund balances of \$134,548,857 a decrease of \$1,824,433 from the prior year. Approximately 74.21 percent of this total amount, or \$99,852,380, is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, undesignated and designated fund balance for the General Fund was \$67,282,289 or 23.83 percent of total general fund expenditures including transfers for the fiscal year. Of this amount, \$23,704,328 has been designated for subsequent year's expenditures and other purposes leaving \$41,039,193 or 14.47 percent of total general fund expenditures as undesignated.
- The County of Cumberland's total debt decreased by \$16,200,630 (6.96%) during the current fiscal year. This decrease was due to paying down existing debt.
- Cumberland County maintained its Standard and Poor's Rating Group's AA- and Moody's Investor Service's Aa3 bond rating for the sixth and seventh consecutive year, respectively.

### Overview of the Financial Statements

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

### Required Components of Annual Financial Report

Figure 1



## ***Basic Financial Statements***

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

The next statements (pages E-1 through E-11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements and 4) the fiduciary fund statements.

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

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

## ***Government-wide Financial Statements***

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the County's basic services such as general government, public safety, economic and physical development, human services, cultural and recreational, and education. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include Solid Waste Management, Cumberland County Crown Complex, Kelly Hills and NORCRESS Water and Sewer Districts and other proprietary funds. The final category is component units. Although legally separate from the County, the Cumberland County ABC Board is important to the County because the County is financially accountable for the Board by appointing its members and because the Board is required to distribute its profits to the County. The Eastover Sanitary District, although legally separate, is included because exclusion would be misleading to the reporting unit. The Fayetteville Area Convention and Visitors Bureau is a non-profit organization that provides services to promote the development and expansion of travel and tourism. A voting majority of the bureau's 11-member board of directors is appointed by the County. The Cumberland County Tourism Development Authority exists to promote travel, tourism, conventions, sponsor tourist-related events, and finance tourist-related capital projects in the County. A voting majority of the 7-member board of directors is appointed by the County. The government-wide financial statements are on pages D-1 and D-2.

## ***Fund Financial Statements***

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

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County’s basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash and the amount of funds left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County’s programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

**Proprietary Funds** – The County of Cumberland has two types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County of Cumberland uses enterprise funds to account for its Crown Center Complex activity, Solid Waste operations, and two water and sewer districts. *Internal Service Funds* account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. The County has five Internal Service Funds.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County of Cumberland has seven fiduciary funds, one of which is a pension trust fund and six of which are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page F-1 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page G-1 of this report. The statistical section, starting on page S-1, has been modified to comply with GASB Statement No. 44. This statement required that additional schedules be added as part of the statistical section and required that some of the previously reported data be reformatted.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as one useful indicator of a government’s financial condition. The assets of the County of Cumberland exceeded liabilities by \$174,404,457 as of June 30, 2007. The County’s net assets increased by \$21,522,447 for the fiscal year ended June 30, 2007. Of total net assets, one

## The County of Cumberland's Net Assets

### Figure 2

	Government Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Assets</b>						
Current and other	\$ 168,125,512	\$ 167,234,422	\$ 39,282,736	\$ 43,442,943	\$ 207,408,248	\$ 210,677,365
Capital	<u>130,822,743</u>	<u>135,230,584</u>	<u>77,899,534</u>	<u>76,885,603</u>	<u>208,722,277</u>	<u>212,116,187</u>
Total assets	298,948,255	302,465,006	117,182,270	120,328,546	\$ 416,130,525	\$ 422,793,552
<b>Liabilities</b>						
Long-term outstanding	186,689,644	155,153,113	52,508,160	47,872,724	239,197,804	203,025,837
Other	<u>20,922,861</u>	<u>39,177,192</u>	<u>3,127,850</u>	<u>6,186,066</u>	<u>24,050,711</u>	<u>45,363,258</u>
Total liabilities	207,612,505	194,330,305	55,636,010	54,058,790	263,248,515	248,389,095
<b>Net assets:</b>						
Invested in capital, net of related debt	22,117,158	31,490,183	31,693,900	33,021,723	53,811,058	64,511,906
Restricted	45,222,958	45,620,960	1,625,492	2,038,462	46,848,450	47,659,422
Unrestricted	23,995,634	31,023,558	28,226,868	31,209,571	52,222,502	62,233,129
<b>Total net assets</b>	<b><u>\$ 91,335,750</u></b>	<b><u>\$ 108,134,701</u></b>	<b><u>\$ 61,546,260</u></b>	<b><u>\$ 66,269,756</u></b>	<b><u>\$ 152,882,010</u></b>	<b><u>\$ 174,404,457</u></b>

of the largest portions \$64,511,906 (36.99%), reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The County of Cumberland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County of Cumberland's net assets, \$47,659,422 (27.33%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$62,233,129 (35.68%) may be used to meet the County's ongoing obligations to citizens and creditors.

As with many counties in the State of North Carolina, the County's *unrestricted net assets*, is low due primarily to the portion of the County's outstanding debt incurred for the County Board of Education (the "school system") and Fayetteville Technical Community College (FTCC). Under North Carolina law, the County is responsible for providing capital funding for the school systems. The County has chosen to meet its legal obligation to provide the school systems capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County; however, are owned and utilized by the school systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$95,811,470 of the outstanding debt on the County's financial statements was related to assets included in the school systems' and FTCC's financial statements. However, since the majority of the school systems related debt is general obligation debt; it is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

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

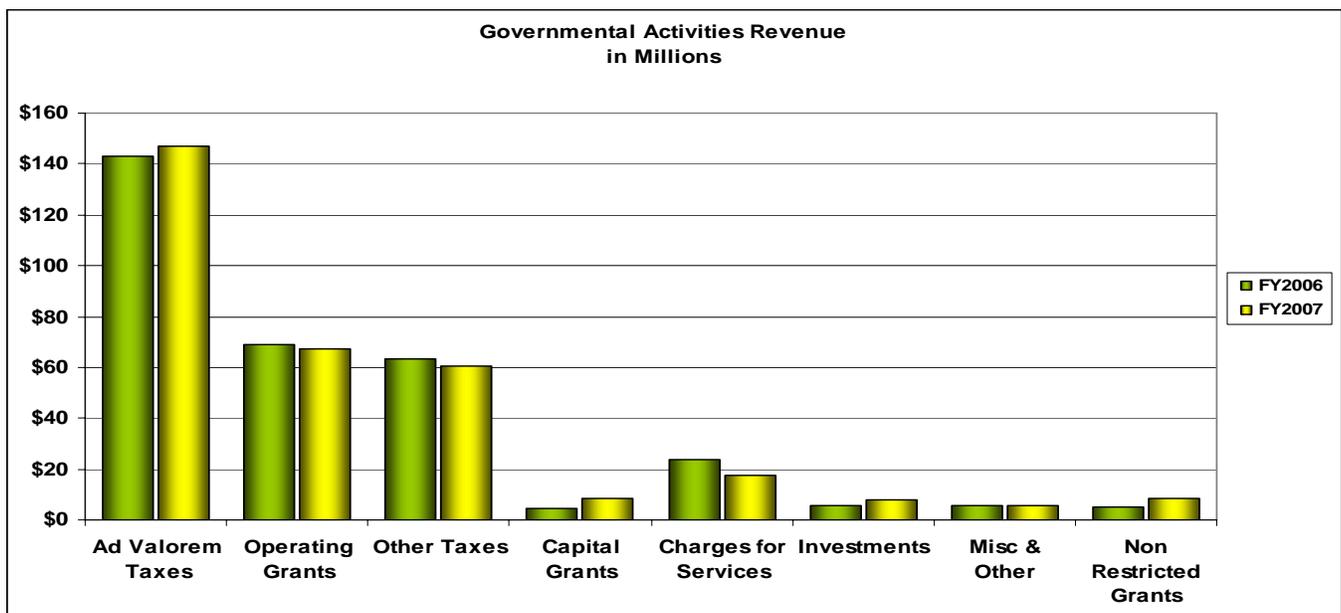
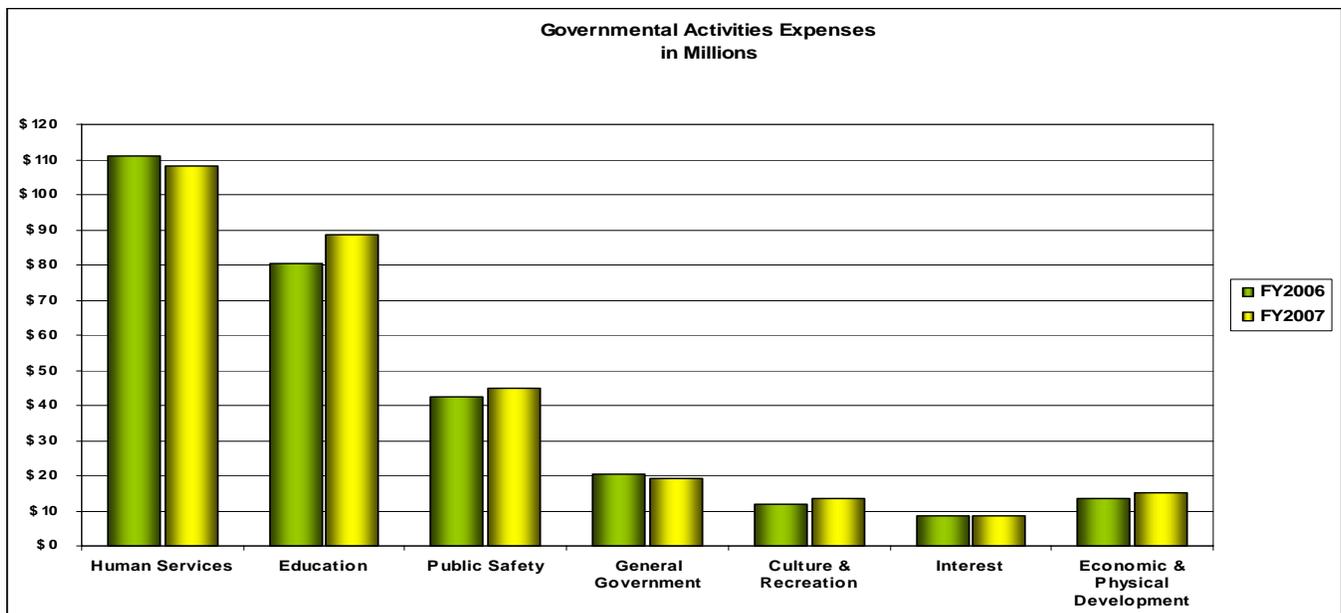
- Continued diligence in the collection of current year property taxes by achieving a collection percentage of 98.63% for real and personal property and 81.82% for motor vehicles.
- Achieving an average overall tax collection rate including collection of prior year taxes of 99.11%.
- Continued low cost of debt due to the County's high bond rating and increased interest income on investments.

**The County of Cumberland Changes in Net Assets  
Figure 3**

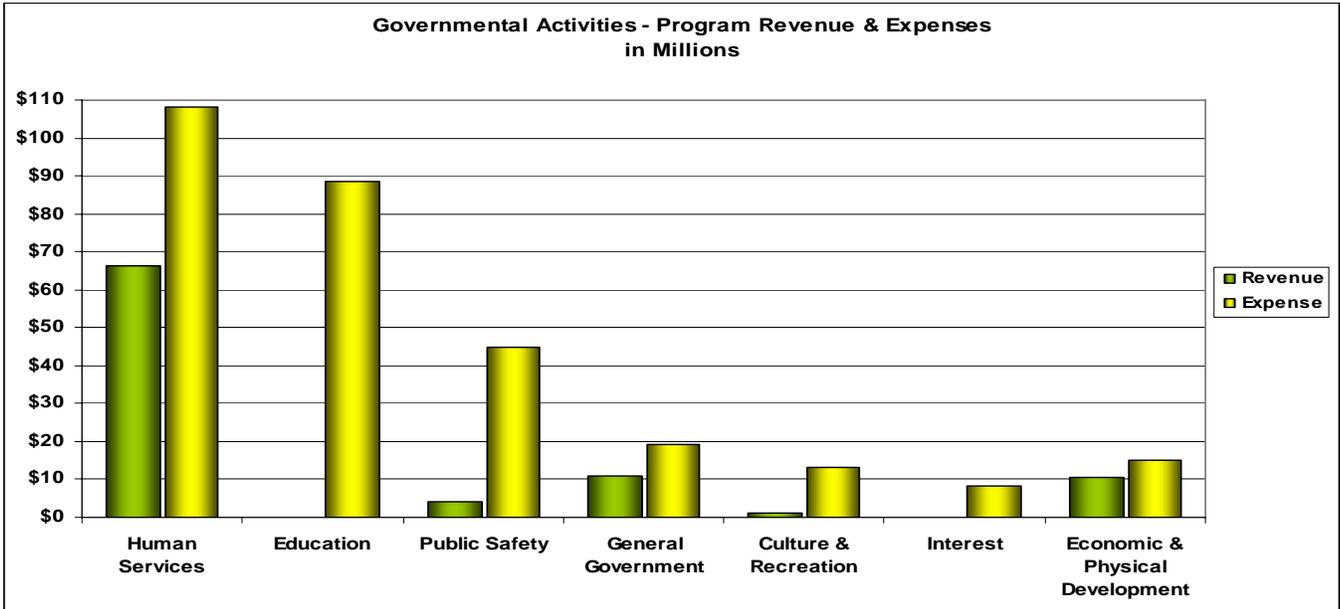
	Governmental Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 23,718,141	\$ 17,328,803	\$ 5,980,949	\$ 6,752,961	\$ 29,699,090	\$ 24,081,764
Operating grants and contributions	68,896,307	67,113,144	21,180		68,917,487	67,113,144
Capital grants and contributions	4,460,193	8,489,794	1,738,094	257,032	6,198,287	8,746,826
General revenues:						
Property taxes	143,158,737	146,997,789			143,158,737	146,997,789
Other taxes	63,143,666	60,450,548	5,342,933	5,505,055	68,486,599	65,955,603
Grants and contributions not restricted to specific programs	5,109,038	8,236,597			5,109,038	8,236,597
Unrestricted investment earnings	5,667,104	7,779,579	1,239,831	1,988,735	6,906,935	9,768,314
Gain on sale of assets	82,935	(601,370)			82,935	(601,370)
Payments from components units						
Miscellaneous	5,730,292	5,977,746	170,844	6,344	5,901,136	5,984,090
Total revenues	<u>319,966,413</u>	<u>321,772,630</u>	<u>14,493,831</u>	<u>14,510,127</u>	<u>334,460,244</u>	<u>336,282,757</u>
<b>Expenses:</b>						
General government	20,483,697	19,112,649			20,483,697	19,112,649
Public safety	42,301,225	44,747,490			42,301,225	44,747,490
Economic and physical development	13,586,698	15,170,460			13,586,698	15,170,460
Human services	111,115,841	108,265,701			111,115,841	108,265,701
Culture and recreation	12,007,763	13,342,022			12,007,763	13,342,022
Education	80,402,772	88,478,548			80,402,772	88,478,548
Interest on long-term debt	8,755,303	8,464,650			8,755,303	8,464,650
Crown Center			9,550,376	9,816,360	9,550,376	9,816,360
Solid Waste			5,720,234	6,924,954	5,720,234	6,924,954
Kelly Hills Water and Sewer District						
Norcross Water and Sewer District			206,966	437,476	206,966	437,476
Total expenses	<u>288,653,299</u>	<u>297,581,520</u>	<u>15,477,576</u>	<u>17,178,790</u>	<u>304,130,875</u>	<u>314,760,310</u>
Increase in net assets before transfers	31,313,114	24,191,110	(983,745)	(2,668,663)	30,329,369	21,522,447
Transfers	(7,863,279)	(7,392,159)	7,863,279	7,392,159		
Increase in net assets	<u>23,449,835</u>	<u>16,798,951</u>	<u>6,879,534</u>	<u>4,723,496</u>	<u>30,329,369</u>	<u>21,522,447</u>
Net assets, July 1	67,885,915	91,335,750	54,666,726	61,546,260	122,552,641	152,882,010
Net assets, June 30	<u>\$ 91,335,750</u>	<u>\$ 108,134,701</u>	<u>\$ 61,546,260</u>	<u>\$ 66,269,756</u>	<u>\$ 152,882,010</u>	<u>\$ 174,404,457</u>

**Governmental activities.** Governmental activities increased the County's net assets by \$16,798,951 thereby accounting for 78.52% of the total growth in net assets of the County of Cumberland. Key elements of this increase are as follows:

- Spending on salaries and related benefits increased by \$3,844,269 from FY2006 due to a 4.0% COLA for all full-time and a pro-rata share for most part-time employees, a \$1,139,656 increase in health insurance, the addition of 34 new positions and the reclassification of 298 other employees.
- Operating expenses decreased by \$3,380,303. The largest decrease, \$3,732,996, was for contracted services.
- Other charges and services increased \$5,523,622. Major changes for FY2007 included: \$3,031,275 increase for current expense for county schools and FTCC, \$721,210 increase in Medicaid, a \$2,207,384 increase in Child Care and \$1,599,255 for repairs on the Lake Upchurch dam.
- Spending on non-multiyear capital items increased \$5,323,543 due to expenditures of \$5,414,552 for County schools and FTCC.
- Ad valorem taxes increased net assets by \$3,161,321 while sales taxes decreased \$2,330,835 due to an annexation by the City of Fayetteville.
- Intergovernmental revenues increased \$6,328,300 as a result of various increases in state and federal revenue.

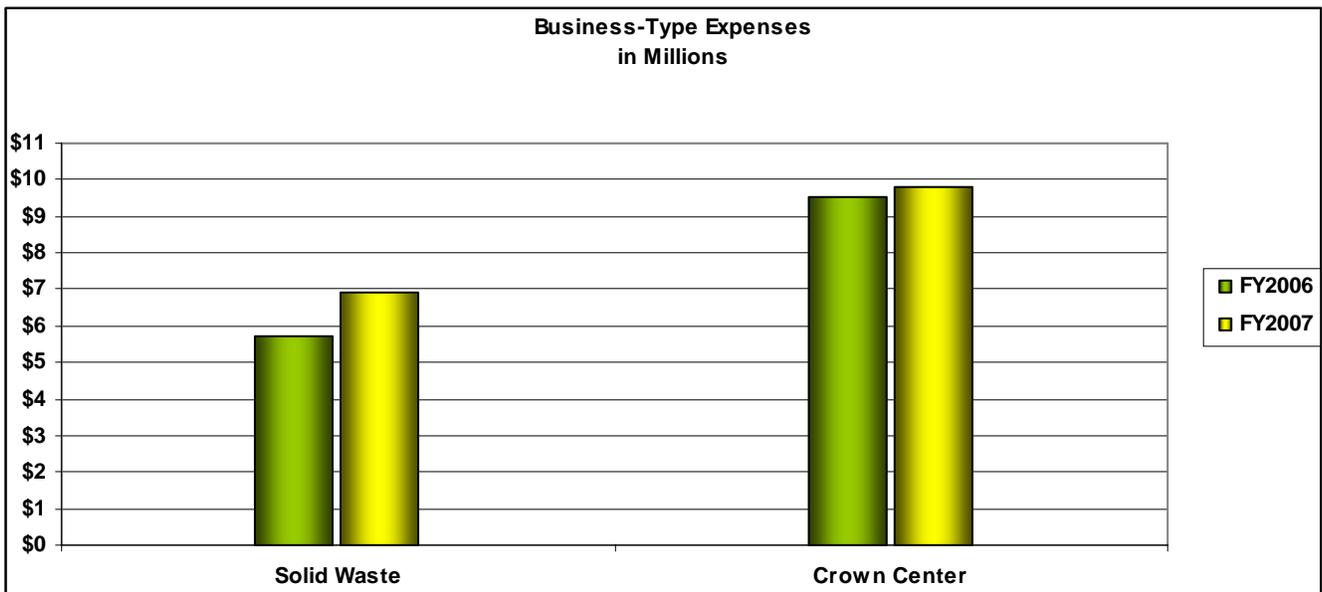


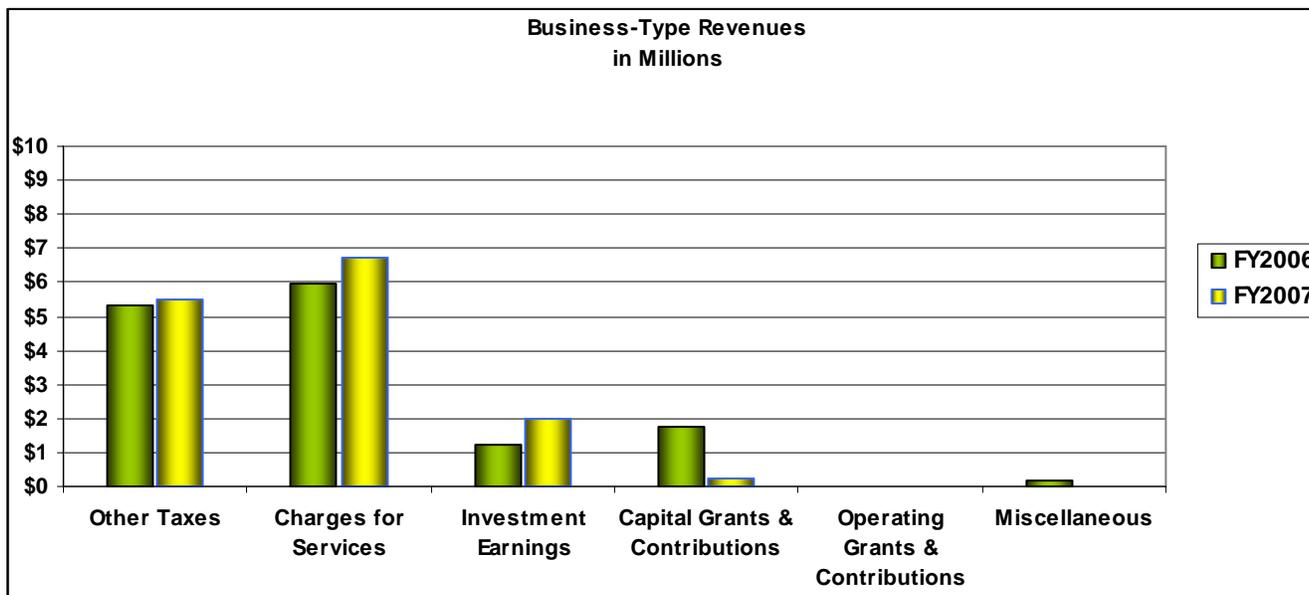
The graph below represents a comparison of program revenues to program expenses for governmental activities. For each activity, general revenues were required to support expenses. Program revenues covered 31.23% of expenses at June 30, 2007 and 33.28% at June 30, 2006. The largest program revenue source for governmental activities was ad valorem taxes on property and motor vehicles. Total Ad Valorem Tax revenue of \$146,997,789 amounted to 64.24% of the total general revenue excluding transfers. The second largest general revenue source was Other Taxes at \$60,450,548 or 26.42% of the governmental activities revenues. All other general revenue amounted to \$21,392,552 or 9.35%.



**Business-type activities:** Business-type activities increased the County of Cumberland's net assets by \$4,723,496 accounting for 21.95% of the total growth in the government's net assets. Key elements of this increase are as follows:

- The Solid Waste Fund reported an increase in net assets of \$3,969,986 which represented 84.05% of the total business-type activities increase in net assets. This increase over the prior year was due continuing increases in Solid Waste's non-operating revenue.





### Financial Analysis of the County's Funds

As noted earlier, the County of Cumberland uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

The general fund is the chief operating fund of the County of Cumberland. At the end of the current fiscal year, unreserved and undesignated fund balance of the General Fund was \$41,039,193; unreserved fund balance was \$67,282,762 while total fund balance reached \$98,111,884. As a measure of the general fund's liquidity, it may be useful to compare the three different measures of fund balance to total fund expenditures. Unreserved and undesignated fund balance represents 14.47 percent of total General Fund expenditures including transfers; unreserved fund balance was 23.73 percent while total fund balance represents 34.60 percent of that same amount.

At June 30, 2007, the governmental funds of the County of Cumberland reported a combined fund balance of \$134,548,857, a 1.34 percent decrease over last year. This reduction is due to decreases in the General Fund of 0.53% and a combined 3.45% reduction in the Other Governmental Funds

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of four categories: 1) amendments to appropriate fund balance for encumbrances from the prior year 2) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 3) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 4) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenue by \$20,468,170 or 7.00 percent of total budget. Of this amount, \$4,137,696 represents additional/and or adjustments to federal and state funding estimates, local fees increased \$987,366. The remaining \$15,343,108 or 74.96% of the increase is from other financing sources. \$15,157,246 or 98.79% of the other financing sources represents an increase in fund balance. \$10,170,114 of this amount was appropriated to fund prior year obligations (encumbrances and unexpended grants), \$1,560,665 was from designated maintenance and renovations one-time funds, \$1,556,300 was from Health Department fund balance, and \$1,870,167 was for new initiatives.

Total actual revenues, excluding other financing sources, for the General Fund exceeded the budgeted amount by \$543,780. Ad Valorem taxes collected exceeded the budget by \$3,932,861. This increase was due, in part, to under estimation of taxes to be collected and an increase in the tax collection rate. Total sales tax collections were \$1,839,379 above budget estimates, but were \$2,074,134 below the prior year's actual collections due to annexation. Restricted Intergovernmental revenues were less than the budgeted amount by \$5,538,238 or 91.20%. Of this amount, 99.54% is attributable to unrealized revenue in the Human services departments. Overall, sales and fees for services were \$5,601,244 below budget with Mental Health fees accounting for a \$5,992,996 difference between budget and actual. This decrease was due to the state-wide Mental Health reform that is causing a shift from internally provided services to outsourcing with private contractors.

Total actual expenditures, excluding transfers, were less than the budgeted amount by \$28,874,022 resulting in an expenditure rate of 90.53%. Due to turnover and vacancies, personnel expenditures were \$10,322,314 less than budgeted. Basic operating expenditures were \$10,761,527 under budget. Of this amount, \$6,504,533 was for contracted services. In total, 83 of 113 line items, 73.5%, were under spent. Other charges & services was \$4,329,224 under budget. Under spending in Human Services and General Government of \$24,789,864 accounted for 85.86% of the total. While capital outlay was under spent by \$3,998,030, almost all of those funds will be re-budgeted in fiscal year 2008.

**Proprietary Funds.** The County of Cumberland's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$31,000,512, a 12.76% increase over the previous year, and those for the Cumberland County Crown Complex equaled \$36,579, a 94.50% decrease. The other two proprietary funds had combined unrestricted net assets of \$172,480. The total growth in net assets for Solid Waste was \$3,969,986 a 10.37% increase and the Crown Center was \$655,457, a 5.22% increase.

**Capital Asset and Debt Administration**

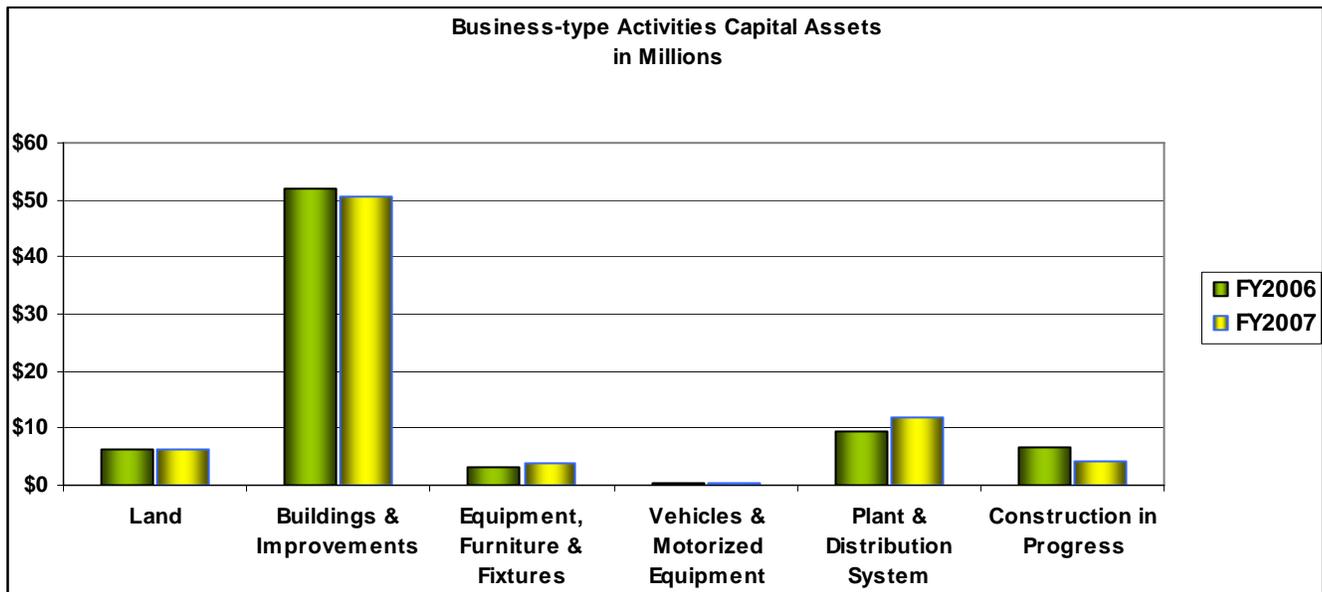
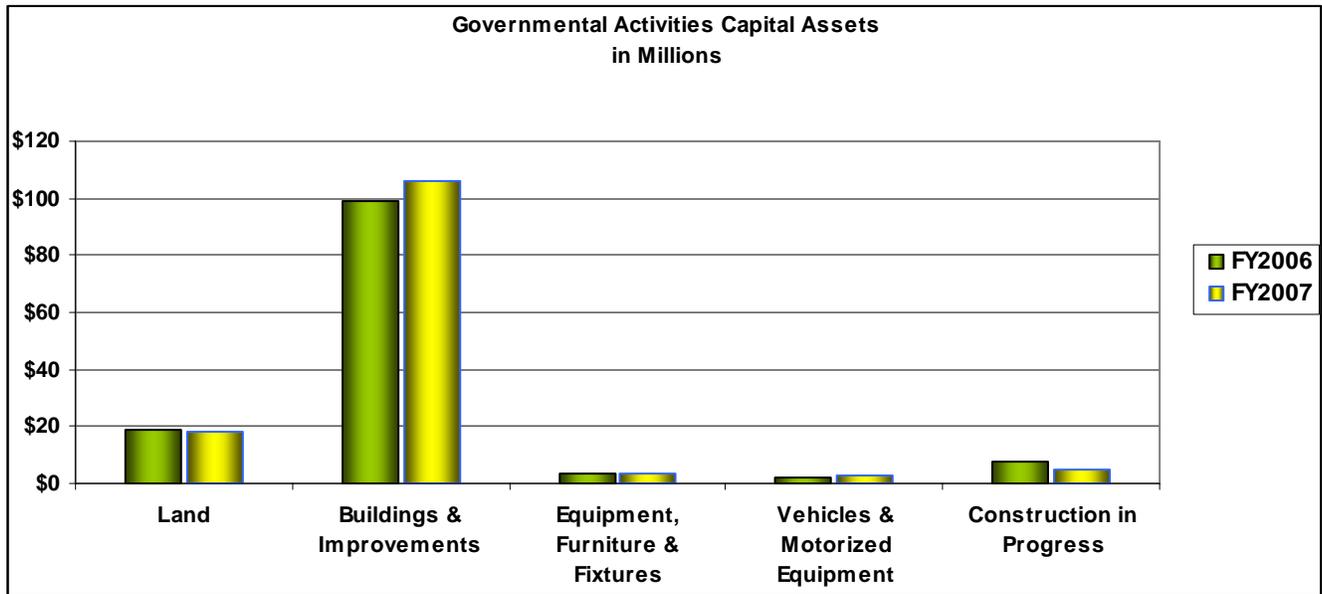
**Capital assets.** The County of Cumberland's capital assets for its governmental and business-type activities as of June 30, 2007, totals \$212,107,198 (net of accumulated depreciation). Capital assets include land, land improvements, buildings and improvements, vehicles and heavy equipment, furniture, machinery, and other equipment, and construction in progress. Capital assets are reported in the government-wide financial statements and in the enterprise fund financial statements. Governmental funds treat capital acquisitions as expenditures in the period in which they are purchased. Significant changes included a \$8,333,662 decrease in construction in progress for the NORCRESS Water and Sewer project, Sheriff's Training Facility and Animal Control Facility with a corresponding increase in buildings and improvements and Plant and distribution systems.

**The County of Cumberland's Capital Assets**

**Figure 4**

	Government Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
Land	\$ 18,762,389	\$ 18,216,850	\$ 6,224,324	\$ 6,248,474	\$ 24,986,713	\$ 24,465,324
Buildings and improvements	98,996,234	106,104,682	52,066,014	50,415,985	151,062,248	156,520,667
Equipment, furniture and fixtures	3,153,678	3,499,499	3,193,766	3,915,167	6,347,444	7,414,666
Vehicles and motorized equipment	2,229,518	2,713,035	381,303	388,869	2,610,821	3,101,904
Plant and distribution system	-	-	9,332,115	11,783,609	9,332,115	11,783,609
Construction in progress	7,680,924	4,696,518	6,702,012	4,133,499	14,382,936	8,830,017
Total net assets	<u>\$ 130,822,743</u>	<u>\$ 135,230,584</u>	<u>\$ 77,899,534</u>	<u>\$ 76,885,603</u>	<u>\$ 208,722,277</u>	<u>\$ 212,116,187</u>

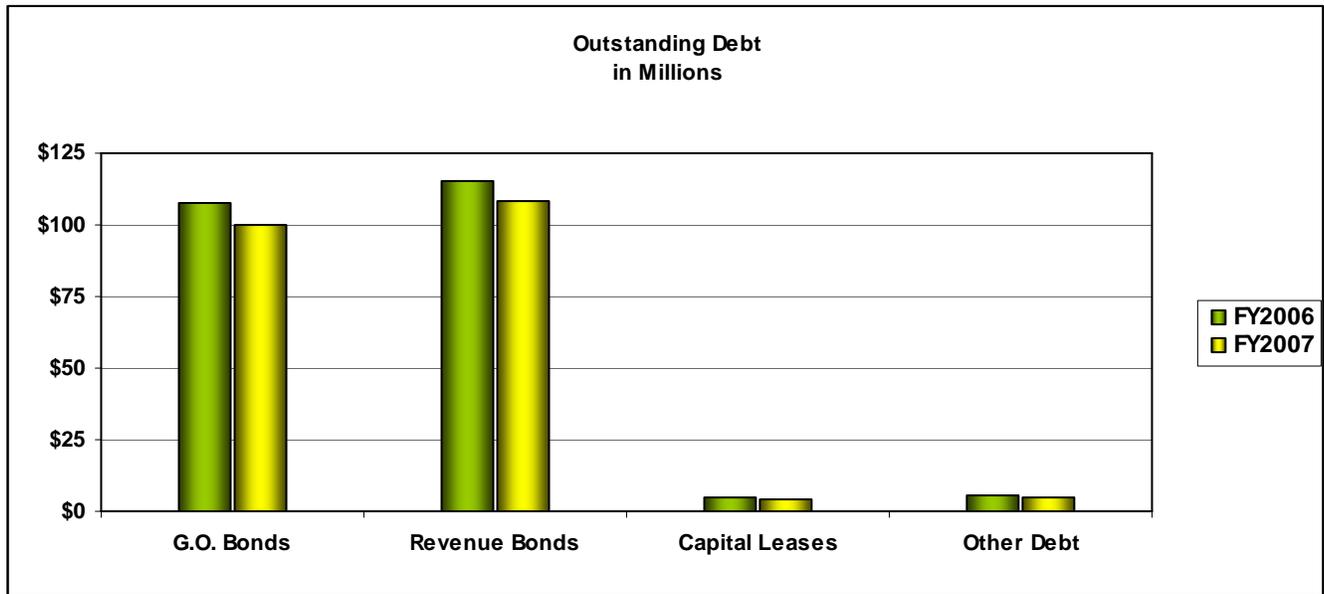
Additional information on the County's capital assets can be found in note 4 of the Basic Financial Statements.



**Long-term Debt.** As of June 30, 2007, the County of Cumberland had total bonded debt outstanding of \$98,230,000 all of which is backed by the full faith and credit of the County.

**The County of Cumberland's Outstanding Debt  
Figure 5**

	Government Activities		Business-type Activities		Total	
	2006	2007	2006	2007	2006	2007
General obligation bonds	\$ 106,165,000	\$ 98,230,000	\$ 1,250,000	\$ 1,250,000	\$ 107,415,000	\$ 99,480,000
Revenue bonds	66,475,000	62,250,000	48,693,781	46,078,781	115,168,781	108,328,781
Capital leases	4,562,232	4,241,761			4,562,232	4,241,761
Other debt	5,631,302	4,526,143			5,631,302	4,526,143
<b>Total debt</b>	<b>\$ 182,833,534</b>	<b>\$ 169,247,904</b>	<b>\$ 49,943,781</b>	<b>\$ 47,328,781</b>	<b>\$ 232,777,315</b>	<b>\$ 216,576,685</b>



The County of Cumberland's total debt of \$216,576,685 decreased \$16,200,630 (6.96%) during the past fiscal year. The County did not issue any new debt in FY2007.

As mentioned in the financial highlights section of this document, the County of Cumberland has maintained an AA- bond rating from Standard and Poor's Rating Group and an Aa3 rating from Moody's Investor Service. This bond rating is a clear indication of the sound financial condition of the County. These high ratings are a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8.0 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$1,303,463,000.

Additional information regarding the County of Cumberland's long-term debt can be found in note 9 beginning on page F-31 of this audited financial report.

### ***Economic Factors and Next Year's Budgets and Rates***

The following key economic indicators reflect the growth and prosperity of the County.

- The County has an unemployment rate of 5.9% which is .8% higher than the state average.
- The county enjoys it's fourth consecutive year without a property tax increase.
- Continued presence and future expansion of Fort Bragg due to the implementation of BRAC recommendations.

### **Budget Highlights for the Fiscal Year Ending June 30, 2008**

The County approved a \$302,207,839 General Fund budget for fiscal year 2008, which represents a \$5,128,724 (1.73%) increase over fiscal year 2007 approved budget. *Ad Valorem Taxes* have been budgeted at an increase of \$6,812,785 (5.02%) based upon a 5.55% growth in the county-wide assessed valuation. *Other Taxes* are projected to increase \$993,341 (2.30%) due to a projected \$664,095 increase in sales tax receipts. *Unrestricted Intergovernmental* revenue is projected to increase \$744,929 (11.09%) due to increases in tax collection and municipal election fees, Federal prisoner housing, and reimbursement from The City of Fayetteville for sale tax loses. *Restricted Intergovernmental* revenue has been budgeted at a net increase of only \$388,369 (0.66%)

based on a budget of \$59,247,005. Mental Health restricted revenue is projected to decrease \$317,649 (1.94%) while Social Services revenues are projected to increase \$665,319. *Licenses and Permits* revenue is projected to decrease \$464,066 (29.00%) reflecting the decline in the housing market. *Sales and Service* fees are projected to decrease \$5,287,559 (8.25%) due to decreases in 14 of 16 Mental Health fees totaling \$5,224,990 (47.81%). Decreases in Mental Health revenues are associated with a statewide plan to change how mental health services are provided. *Miscellaneous* revenue will increase \$2,675,731 (44.63%) due to additional interest income and a \$1,000,000 "balloon" payment from Cape Fear Valley Medical Center. *Other Financing Sources* will decrease \$734,806 (3.04%) due to decrease in the amount of fund balance appropriated for one-time expenditures.

Budgeted expenditures in the General Fund are \$302,207,839 which represents an increase of \$5,128,727 (1.73%) over fiscal year 2007. *Personal Services* decreased \$2,483,098 (2.25%) due to the elimination of 158 positions in Mental Health at a cost savings of \$6,202,329. The General Fund's Fund 101 has a \$3,719,231 (4.08%) increase as a result of a 4.0% cost-of-living increase, continuation of a 1% county funded 401K contribution and increases of \$638,282 in medical insurance costs. *Operating Expenditures* will increase \$2,549,804 (7.37%). Mental Health contracted services accounts for a \$2,729,297 increase as the department shifts from in-house provided services to outside contractors. *Other Charges and Services* will increase \$4,501,634 (3.84%) to \$121,666,783. Funding for education increased \$3,729,469, Medicaid \$1,500,000 and Mental Health expenditures decreased \$1,202,791. *Capital Outlay* expenditures increased slightly by \$142,317 (6.60%). *Debt Service* decreased \$296,750 (1.19%) due to the normal fluctuations in debt payments. *Transfers* increased \$714,817 (9.29%) due to an increase of \$837,831 to the County's Health Insurance fund.

The fiscal year 2008 budget was adopted based in part on slowing the growth in the General fund's budget. Since FY2002, the budget has grown by \$52,327,288 which equates to an annual increase of 3.98%. Supplemental FY2008 departmental budget requests were \$16,512,100. The adopted budget reduced these requests by \$4,295,164 to \$12,216,936. Of the adopted \$12,216,936, only \$612,511 went to department operating, \$490,446 for 12 of 72 requested new positions, \$2,872,518 for COLA, \$1,500,000 for Medicaid, \$858,221 for health insurance, \$2,144,757 for capital needs, and the remaining \$3,728,483 for General Government needs.

The State budget, passed in August, provides for the State to assume 100% of the County's portion of Medicaid expenditures over a three year period. Starting in October 2007, the State will assume 25% of a county's liability for eight months. In return, the County will have its Corporate ADM funds reduced 60%. From the Medicaid savings, the County will reimburse the School Capital Fund for the ADM loss. The County projects a slight loss in the first year due to this "Medicaid swap". In FY2009, the State will assume 50% of the County's Medicaid cost while the County will forgo ¼-cent of the current ½-cent Article 44 sales tax. This swap of expenditures and revenue is projected to result in a \$2.0 million net gain. In the third year, FY2010, the State will assume 100% of the County's Medicaid liability and in return the State will takeover all of the Article 44 ½-cent sales tax.

The Fayetteville Metropolitan Housing Authority has applied for HOPE VI funds to construct over 600 affordable housing units in the Old Wilmington Road neighborhood. The plan includes the City and County jointly borrowing \$9,360,000 for infrastructure needs and pledging the incremental property tax increase from the revitalized district to repay the debt. On October 15, 2007 the Board of County Commissioners voted to commit at least \$3,120,000 to the Hope VI project and that the county's share be contributed up front contingent upon the approval of the FY2008 grant application.

During FY2008, the County plans to issue Certificates of Participation for construction of various school additions, a new library, and a new Health building. Other projects under consideration in future years are two additional libraries, addition to the Detention Center, public safety communication towers and radios and a \$175 million school G.O. bond issue.

### ***Requests for Information***

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, the County of Cumberland, 117 Dick Street, Fayetteville, NC 28301.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets  
June 30, 2007

	Governmental Activities	Business Type Activities	Total Primary Government	Cumberland County ABC Board	Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
<b>Assets</b>							
Cash and cash equivalents	\$ 65,872,724	\$ 18,287,335	\$ 84,160,059	\$ 2,737,409	\$ 37,204	\$ 755,868	\$ 534,665
Investments	53,250,326	21,744,744	74,995,070	-	-	-	-
Taxes receivable, net	5,681,859	158,613	5,840,472	-	-	-	-
Accounts receivable, net	-	-	-	-	-	-	584
Sales tax receivable	14,183,829	145,217	14,329,046	-	2,424	-	-
Due from other governments	10,323,958	369,121	10,693,079	-	62,608	-	144,661
Patient receivables, net	1,802,174	-	1,802,174	-	-	-	-
Other receivables, net	1,493,374	477,440	1,970,814	-	-	-	-
Internal balances	(218,008)	218,008	-	-	-	-	-
Due from component units	151,903	-	151,903	-	-	-	-
Inventories	250,613	-	250,613	2,451,113	-	-	1,804
Prepaid expenses	26,289	-	26,289	12,056	-	-	9,434
Restricted cash and cash equivalents	12,621,279	2,041,780	14,663,059	19,336	221,819	-	-
Restricted investments	1,533,718	-	1,533,718	-	-	-	-
Restricted accounts receivable	41,873	685	42,558	-	12,817	-	-
Capital assets:							
Nondepreciable	22,913,368	10,381,973	33,295,341	868,021	251,791	-	-
Depreciable, net	112,317,216	66,503,630	178,820,846	1,993,041	5,854,776	-	89,738
Other assets	218,511	-	218,511	-	-	-	-
Security deposits	-	-	-	4,501	-	-	-
<b>Total assets</b>	<b>302,465,006</b>	<b>120,328,546</b>	<b>422,793,552</b>	<b>8,085,477</b>	<b>6,443,439</b>	<b>755,868</b>	<b>780,886</b>
<b>Liabilities</b>							
Accounts and vouchers payable	10,180,446	531,255	10,711,701	1,840,460	5,196	417,217	40,823
Due to other governments	3,729,486	205,992	3,935,478	-	-	-	-
Accrued payroll	3,918,513	72,524	3,991,037	-	-	-	-
Accrued interest payable	1,655,705	2,021,790	3,677,495	168,662	14,083	-	-
Other payables	45,382	4,990	50,372	-	-	-	-
Arbitrage rebate	200,498	-	200,498	-	-	-	-
Due to primary government	-	-	-	151,903	-	-	-
Unearned revenue	1,149,800	-	1,149,800	-	-	-	-
Long-term liabilities:							
Due in less than one year	18,297,362	3,439,473	21,736,835	35,479	48,000	-	-
Due in more than one year	155,153,113	47,782,766	202,935,879	592,021	3,723,500	-	-
<b>Total liabilities</b>	<b>194,330,305</b>	<b>54,058,790</b>	<b>248,389,095</b>	<b>2,788,525</b>	<b>3,790,779</b>	<b>417,217</b>	<b>40,823</b>
<b>Net assets</b>							
Invested in capital assets net of related debt	31,490,183	33,021,723	64,511,906	2,861,062	2,335,067	-	89,738
Restricted for debt service	11,967,244	2,038,462	14,005,706	615,787	234,636	-	-
Restricted by grants	33,617,163	-	33,617,163	-	-	-	-
Restricted for cemetery - nonexpendable	36,553	-	36,553	-	-	-	-
Unrestricted	31,023,558	31,209,571	62,233,129	1,820,103	82,957	338,651	650,325
<b>Total net assets</b>	<b>\$ 108,134,701</b>	<b>\$ 66,269,756</b>	<b>\$ 174,404,457</b>	<b>\$ 5,296,952</b>	<b>\$ 2,652,660</b>	<b>\$ 338,651</b>	<b>\$ 740,063</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2007**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Charges for Services	Operating		Total	Cumberland County ABC Board		Eastover Sanitary District	Tourism Development Authority	Fayetteville Area Convention and Visitors Bureau
			Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Primary Government Business-type Activities			
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 19,112,649	\$ 3,344,191	\$ 672,243	\$ 6,898,894	\$ (8,197,321)	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	44,747,490	2,500,210	938,285	606,687	(40,702,308)	-	-	-	-	-
Economic and physical development	15,170,460	1,000,137	8,903,443	598,137	(4,668,743)	-	-	-	-	-
Human services	108,265,701	10,170,040	55,618,886	386,076	(42,090,698)	-	-	-	-	-
Cultural and recreational	13,342,022	314,225	980,287	-	(12,047,510)	-	-	-	-	-
Education	88,478,548	-	-	-	(88,478,548)	-	-	-	-	-
Interest on long-term debt	8,464,650	-	-	-	(8,464,650)	-	-	-	-	-
Total governmental activities	297,581,520	17,328,803	67,113,144	8,489,794	(204,649,779)	-	-	-	-	-
<b>Business-type activities:</b>										
Crown Center	9,816,360	2,155,096	-	-	(7,661,264)	-	-	-	-	-
Solid Waste	6,924,954	4,268,885	-	-	(2,656,069)	-	-	-	-	-
NORCRESS Water and Sewer District	437,476	327,926	-	254,122	144,572	-	-	-	-	-
Kelly Hills Water and Sewer District	-	1,054	-	2,910	3,964	-	-	-	-	-
Total business-type activities	17,178,790	6,752,961	-	257,032	(10,168,797)	-	-	-	-	-
<b>Total primary government</b>	<b>\$ 314,760,310</b>	<b>\$ 24,081,764</b>	<b>\$ 67,113,144</b>	<b>\$ 8,746,826</b>	<b>(204,649,779)</b>	<b>(214,818,576)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component unit:</b>										
ABC Board	\$ 15,233,109	\$ 15,507,719	\$ -	\$ -	\$ -	\$ 274,610	\$ -	\$ 27,316	\$ -	\$ -
Eastover Sanitary District	396,043	412,894	-	10,465	-	-	-	-	-	-
Tourism Development Authority	3,912,709	3,603,983	-	-	-	-	-	-	(308,716)	-
Fayetteville Area Convention & Visitors Bureau	1,380,242	1,574,754	-	-	-	-	-	-	-	194,412
Total component unit	<b>\$ 20,922,203</b>	<b>\$ 21,099,360</b>	<b>\$ -</b>	<b>\$ 10,465</b>	<b>\$ -</b>	<b>\$ 274,610</b>	<b>\$ -</b>	<b>\$ 27,316</b>	<b>\$ (308,716)</b>	<b>\$ 194,412</b>
<b>General revenues:</b>										
Property taxes					146,997,789					
Other taxes:						146,997,789				
Sales tax					43,227,809					
Animal registration					367,631					
Real estate transfer					1,515,828					
Beer and wine					489,287					
Solid waste					4,631,087					
Food and beverage					4,513,422					
Room and occupancy					873,968					
Miscellaneous					10,336,571					
Grants and contributions not restricted to specific programs					8,236,597					
Unrestricted investment earnings					7,779,579					
Gain on sale of capital assets					(601,370)					
Miscellaneous					5,877,746					
Transfers					(7,392,159)					
Total general revenues and transfers					221,448,730					
Change in net assets					16,798,951					
Net assets - beginning					91,335,750					
Net assets - ending					\$ 108,134,701					
					\$ 66,269,756					
					\$ 174,404,457					
					\$ 5,296,952					
					\$ 2,652,660					
					\$ 338,651					
					\$ 740,063					

**FUND FINANCIAL STATEMENTS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Balance Sheet  
Governmental Funds  
June 30, 2007**

	<b>General</b>	<b>County School Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 41,178,882	\$ 7,676,195	\$ 17,017,647	\$ 65,872,724
Investments	46,698,439	3,527,510	3,024,377	53,250,326
Taxes receivable, net	4,430,797	-	476,915	4,907,712
Sales tax receivable	11,264,059	2,651,506	267,655	14,183,220
Due from other governments	9,478,795	-	845,163	10,323,958
Patient receivables	1,802,174	-	-	1,802,174
Other receivables, net	1,068,887	57,768	323,968	1,450,623
Due from other funds	466,793	-	-	466,793
Due from component units	151,903	-	-	151,903
Inventories	250,613	-	-	250,613
Restricted assets:				
Cash and cash equivalents	399,801	1,993,151	3,175,093	5,568,045
Investments	-	-	33,158	33,158
Accounts receivable	-	-	41,873	41,873
<b>Total assets</b>	<b>\$ 117,191,143</b>	<b>\$ 15,906,130</b>	<b>\$ 25,205,849</b>	<b>\$ 158,303,122</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts and vouchers payable	\$ 6,009,881	\$ 895,344	\$ 1,653,432	\$ 8,558,657
Due to other governments	3,717,247	-	12,239	3,729,486
Accrued payroll	3,841,979	-	76,534	3,918,513
Other payables	43,006	-	2,376	45,382
Due to other funds	223,508	-	461,099	684,607
Deferred revenue	5,243,638	867,336	706,646	6,817,620
<b>Total liabilities</b>	<b>19,079,259</b>	<b>1,762,680</b>	<b>2,912,326</b>	<b>23,754,265</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Reserved for inventories	250,613	-	-	250,613
Reserved for register of deeds	254,065	-	-	254,065
Reserved for encumbrances	6,620,116	-	559,695	7,179,811
Reserved by State statute	23,704,328	1,841,938	1,248,328	26,794,594
Reserved for inmates	-	-	180,841	180,841
Reserved for cemetery	-	-	36,553	36,553
<b>Unreserved:</b>				
Designated for subsequent year's expenditures	14,711,456	2,800,000	-	17,511,456
Designated for revaluation	150,000	-	-	150,000
Designated for tax office software	655,072	-	-	655,072
Designated for potential Medicaid increase	1,500,000	-	-	1,500,000
Designated for backup E911 system	73,004	-	-	73,004
Designated for renovations and maintenance	454,516	-	-	454,516
Designated for Health Department renovations	1,606,150	-	-	1,606,150
Designated for Courthouse/plaza renovations	2,622,136	-	-	2,622,136
Designated for Hope VI Project	3,120,000	-	-	3,120,000
Designated for special purposes	1,351,235	-	-	1,351,235
Fund Balance - unreserved - designated	-	-	-	-
Undesignated	41,039,193	9,501,512	-	50,540,705
<b>Unreserved, reported in nonmajor:</b>				
Designated for subsequent year's expenditures				
Special revenue	-	-	370,325	370,325
Undesignated				
Special revenue	-	-	17,289,218	17,289,218
Capital projects	-	-	2,608,563	2,608,563
<b>Total fund balances</b>	<b>98,111,884</b>	<b>14,143,450</b>	<b>22,293,523</b>	<b>134,548,857</b>
<b>Total liabilities and fund balances</b>	<b>\$ 117,191,143</b>	<b>\$ 15,906,130</b>	<b>\$ 25,205,849</b>	<b>\$ 158,303,122</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Reconciliation of the Balance Sheet of Governmental Funds to the  
Statement of Net Assets

June 30, 2007

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

Ending fund balance - governmental funds		\$ 134,548,857
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (see note 4).		135,224,697
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred Revenue	\$ 5,667,820	
Accrued Tax Penalties	774,147	
Bond issue cost	218,511	
Prepaid Pension benefit	<u>26,289</u>	
		6,686,767
Internal service funds are used by management to charge the costs of group insurance, employee flexible benefits, workers' compensation, and general litigation costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.		6,780,560
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Long term liabilities	\$ (173,450,475)	
Accrued interest payable	<u>(1,655,705)</u>	
		(175,106,180)
Net assets of governmental activities		<u>\$ 108,134,701</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2007**

	<u>General</u>	<u>County School Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 139,755,085	\$ -	\$ 7,707,832	\$ 147,462,917
Other taxes	45,600,555	10,242,415	4,560,201	60,403,171
Unrestricted intergovernmental revenue	7,773,633	548,686	-	8,322,319
Restricted intergovernmental revenue	57,367,851	6,898,894	11,142,871	75,409,616
Licenses and permits	3,707,358	-	-	3,707,358
Sales and services	13,616,803	-	186,926	13,803,729
Interest earned on investments	5,876,314	529,061	1,122,880	7,528,255
Miscellaneous	5,075,699	165,765	797,272	6,038,736
Total revenues	<u>278,773,298</u>	<u>18,384,821</u>	<u>25,517,982</u>	<u>322,676,101</u>
<b>Expenditures</b>				
Current:				
General government	18,012,433	-	561,771	18,574,204
Public safety	36,052,179	-	6,574,566	42,626,745
Economic and physical development	4,672,688	-	10,110,323	14,783,011
Human services	105,040,390	-	1,771,008	106,811,398
Cultural and recreational	8,797,670	-	3,693,697	12,491,367
Education	77,024,435	9,630,820	1,823,293	88,478,548
Capital outlay	4,338,222	-	6,179,511	10,517,733
Debt service:				
Principal payments	13,435,630	-	150,000	13,585,630
Interest and fees	8,535,159	-	37,802	8,572,961
Total expenditures	<u>275,908,806</u>	<u>9,630,820</u>	<u>30,901,971</u>	<u>316,441,597</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,864,492</u>	<u>8,754,001</u>	<u>(5,383,989)</u>	<u>6,234,504</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	151,043	-	38,200	189,243
Transfers in	4,137,772	-	4,576,532	8,714,304
Transfers out	(7,676,180)	(4,038,648)	(4,610,539)	(16,325,367)
Total other financing sources (uses)	<u>(3,387,365)</u>	<u>(4,038,648)</u>	<u>4,193</u>	<u>(7,421,820)</u>
<b>Net change in fund balances</b>	<u>(522,873)</u>	<u>4,715,353</u>	<u>(5,379,796)</u>	<u>(1,187,316)</u>
<b>Fund balance - beginning</b>	<u>98,634,757</u>	<u>9,428,097</u>	<u>27,673,319</u>	<u>135,736,173</u>
<b>Fund balance - ending</b>	<u>\$ 98,111,884</u>	<u>\$ 14,143,450</u>	<u>\$ 22,293,523</u>	<u>\$ 134,548,857</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Year Ended June 30, 2007**

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

Net change in fund balances - total governmental funds \$ (1,187,316)

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 capital outlay exceeded depreciation in the current period.

Capital Outlay	\$	10,524,015	
Depreciation		<u>(5,899,131)</u>	4,624,884

The net effect of various miscellaneous transactions involving capital assets (i.e. sales and trade-ins) to increase net assets. (162,943)

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

Accrued tax penalties	\$	53,531	
Pension costs		38,374	
Deferred revenues		<u>(364,220)</u>	(272,315)

The issuance of long-term debt (e.g. bonds, leases) 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, however, 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 accounts.

Principal payments	\$	13,585,630	
Accrued interest payable		146,912	
Accrued vacation payable		(326,392)	
Bond issuance costs		(18,531)	
Miscellaneous		<u>(187,118)</u>	13,200,501

The net revenue of certain activities of the internal service fund is reported with governmental activities. 596,140

Change in net assets of governmental activities \$ 16,798,951

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2007**

General Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 135,822,224	\$ 135,822,224	\$ 139,755,085	\$ 3,932,861
Other taxes	43,180,698	43,180,698	45,600,555	2,419,857
Unrestricted intergovernmental revenue	6,716,885	6,807,128	7,773,633	966,505
Restricted intergovernmental revenue	58,858,636	62,906,089	57,367,851	(5,538,238)
Licenses and permits	4,114,051	4,141,098	3,707,358	(433,740)
Sales and services	18,230,681	19,218,047	13,616,803	(5,601,244)
Interest earned on investments	1,362,585	1,362,585	5,876,314	4,513,729
Miscellaneous	4,632,834	4,791,649	5,075,699	284,050
<b>Total revenues</b>	<b>272,918,594</b>	<b>278,229,518</b>	<b>278,773,298</b>	<b>543,780</b>
<b>Expenditures:</b>				
Current:				
General government	20,828,594	22,438,798	18,012,433	4,426,365
Public safety	37,021,169	36,932,004	36,052,179	879,825
Economic and physical development	4,573,728	5,239,586	4,672,688	566,898
Human services	119,605,124	123,717,158	105,040,390	18,676,768
Cultural and recreational	8,913,284	9,074,590	8,797,670	276,920
Education	73,587,489	79,039,755	77,024,435	2,015,320
Capital outlay	-	6,370,145	4,338,222	2,031,923
Debt service:				
Principal payments	13,435,631	13,435,631	13,435,630	1
Interest and fees	8,535,161	8,535,161	8,535,159	2
<b>Total expenditures</b>	<b>286,500,180</b>	<b>304,782,828</b>	<b>275,908,806</b>	<b>28,874,022</b>
<b>Revenues over (under) expenditures</b>	<b>(13,581,586)</b>	<b>(26,553,310)</b>	<b>2,864,492</b>	<b>(29,417,802)</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets	-	-	151,043	151,043
Transfers in	4,137,771	4,137,771	4,137,772	1
Transfers out	(5,964,096)	(8,149,618)	(7,676,180)	473,438
Appropriated fund balance	15,407,911	30,565,157	-	(30,565,157)
<b>Total other financing sources (uses)</b>	<b>13,581,586</b>	<b>26,553,310</b>	<b>(3,387,365)</b>	<b>(29,940,675)</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(522,873)</b>	<b>\$ (522,873)</b>
<b>Fund Balances:</b>				
<b>Beginning of year, July 1</b>			<b>98,634,757</b>	
<b>End of year, June 30</b>			<b>98,111,884</b>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**County School Fund  
Statement of Revenues, Expenditures and Changes in Fund Balances-  
Budget and Actual  
Year Ended June 30, 2007**

County School Fund				
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Other taxes	\$ 9,000,000	\$ 9,000,000	\$ 10,242,415	\$ 1,242,415
Unrestricted intergovernmental revenue	132,840	132,840	548,686	415,846
Restricted intergovernmental revenue	-	7,735,148	6,898,894	(836,254)
Interest earned on investments	-	-	529,061	529,061
Miscellaneous	-	-	165,765	165,765
Total revenues	<u>9,132,840</u>	<u>16,867,988</u>	<u>18,384,821</u>	<u>1,516,833</u>
<b>Expenditures:</b>				
Current:				
Education	5,094,192	18,890,340	9,630,820	9,259,520
Total expenditures	<u>5,094,192</u>	<u>18,890,340</u>	<u>9,630,820</u>	<u>9,259,520</u>
<b>Revenues over (under) expenditures</b>	<u>4,038,648</u>	<u>(2,022,352)</u>	<u>8,754,001</u>	<u>(10,776,353)</u>
<b>Other financing sources (uses):</b>				
Transfers out	(4,038,648)	(4,038,648)	(4,038,648)	-
Appropriated fund balance	-	6,061,000	-	(6,061,000)
Total other financing sources (uses)	<u>(4,038,648)</u>	<u>2,022,352</u>	<u>(4,038,648)</u>	<u>(6,061,000)</u>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<u>\$ -</u>	<u>\$ -</u>	<u>4,715,353</u>	<u>\$ 4,715,353</u>
<b>Fund Balances:</b>				
Beginning of year, July 1			<u>9,428,097</u>	
End of year, June 30			<u>\$ 14,143,450</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Net Assets  
Proprietary Funds  
June 30, 2007

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	\$ 15,807,269	\$ 2,421,656	\$ 24,504	\$ 33,906	\$ 18,287,335	\$ -
Investments	21,744,729	15	-	-	21,744,744	-
Taxes receivable, net	158,613	-	-	-	158,613	-
Sales tax receivable	83,792	61,322	-	103	145,217	609
Due from other governments	117,548	41	371	251,161	369,121	-
Other receivables, net	292,329	184,948	-	163	477,440	42,557
Due from other funds	223,508	-	-	-	223,508	-
<b>Total current assets</b>	<b>38,427,788</b>	<b>2,667,982</b>	<b>24,875</b>	<b>285,333</b>	<b>41,405,978</b>	<b>43,166</b>
<b>Noncurrent assets</b>						
<b>Restricted:</b>						
Cash and cash equivalents	655,774	1,266,905	-	119,101	2,041,780	7,053,234
Investments	-	-	-	-	-	1,500,560
Accounts receivable	-	685	-	-	685	-
Capital assets, net of accumulated depreciation	10,580,021	54,521,973	2,615,153	9,168,456	76,885,603	5,887
<b>Total noncurrent assets</b>	<b>11,235,795</b>	<b>55,789,563</b>	<b>2,615,153</b>	<b>9,287,557</b>	<b>78,928,068</b>	<b>8,559,681</b>
<b>Total assets</b>	<b>49,663,583</b>	<b>58,457,545</b>	<b>2,640,028</b>	<b>9,572,890</b>	<b>120,334,046</b>	<b>8,602,847</b>
<b>Liabilities and net assets</b>						
<b>Current liabilities</b>						
Accounts and vouchers payable	126,185	271,639	-	133,431	531,255	23,376
Due to other governments	-	205,992	-	-	205,992	-
Accrued payroll	36,457	36,067	-	-	72,524	8,172
Accrued interest payable	-	2,017,493	-	4,297	2,021,790	-
Other payables	4,990	-	-	-	4,990	-
Incurred but not reported	-	-	-	-	-	1,790,739
Current portion of long-term debt and accrued vacation	91,213	3,334,260	-	14,000	3,439,473	-
Due to other funds	-	5,500	-	-	5,500	-
<b>Total current liabilities</b>	<b>258,845</b>	<b>5,870,951</b>	<b>-</b>	<b>151,728</b>	<b>6,281,524</b>	<b>1,822,287</b>
<b>Noncurrent liabilities</b>						
Post closing liability	7,163,631	-	-	-	7,163,631	-
Long-term debt	-	39,373,600	-	1,236,000	40,609,600	-
Accrued vacation	4,800	4,735	-	-	9,535	-
<b>Total noncurrent liabilities</b>	<b>7,168,431</b>	<b>39,378,335</b>	<b>-</b>	<b>1,236,000</b>	<b>47,782,766</b>	<b>-</b>
<b>Total liabilities</b>	<b>7,427,276</b>	<b>45,249,286</b>	<b>-</b>	<b>1,387,728</b>	<b>54,064,290</b>	<b>1,822,287</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	10,580,021	11,908,093	2,615,153	7,918,456	33,021,723	5,887
Restricted net assets	655,774	1,263,587	-	119,101	2,038,462	8,553,794
Unrestricted	31,000,512	36,579	24,875	147,605	31,209,571	(1,779,121)
<b>Total net assets</b>	<b>\$ 42,236,307</b>	<b>\$ 13,208,259</b>	<b>\$ 2,640,028</b>	<b>\$ 8,185,162</b>	<b>\$ 66,269,756</b>	<b>\$ 6,780,560</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2007**

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
<b>Operating revenues</b>						
Charges for services	\$ 3,833,374	\$ 2,155,096	\$ 92,831	\$ 201,595	\$ 6,282,896	\$ -
Contributions	-	-	-	-	-	15,358,920
Other operating revenue	469,011	-	1,054	-	470,065	-
<b>Total operating revenues</b>	<b>4,302,385</b>	<b>2,155,096</b>	<b>93,885</b>	<b>201,595</b>	<b>6,752,961</b>	<b>15,358,920</b>
<b>Operating expenses</b>						
Salaries and employee benefits	2,012,101	1,924,643	-	-	3,936,744	14,637,932
Medical supplies and related expenses	215	-	-	-	215	-
Other supplies	1,556,482	264,137	-	-	1,820,619	-
Repairs and maintenance	1,140,787	440,378	-	177,977	1,759,142	-
Utilities	67,121	670,129	-	-	737,250	-
Administrative costs	1,171,245	1,694,148	-	-	2,865,393	594,279
Depreciation	636,405	2,058,380	61,345	235,231	2,991,361	797
Landfill closure and postclosure care costs	319,559	-	-	-	319,559	-
<b>Total operating expenses</b>	<b>6,903,915</b>	<b>7,051,815</b>	<b>61,345</b>	<b>413,208</b>	<b>14,430,283</b>	<b>15,233,008</b>
<b>Operating income (loss)</b>	<b>(2,601,530)</b>	<b>(4,896,719)</b>	<b>32,540</b>	<b>(211,613)</b>	<b>(7,677,322)</b>	<b>125,912</b>
<b>Nonoperating revenue (expense)</b>						
Interest earned on investments	1,891,209	61,572	-	602	1,953,383	251,324
Motel occupancy tax	-	873,968	-	-	873,968	-
Gain (loss) on disposal of capital assets	7,524	14,183	-	-	21,707	-
Miscellaneous	6,344	-	-	-	6,344	-
Solid Waste fees	4,666,439	-	-	-	4,666,439	-
Interest expense	-	(2,770,214)	-	-	(2,770,214)	-
<b>Total nonoperating revenue (expense)</b>	<b>6,571,516</b>	<b>(1,820,491)</b>	<b>-</b>	<b>602</b>	<b>4,751,627</b>	<b>251,324</b>
<b>Income (loss) before transfers and contributions</b>	<b>3,969,986</b>	<b>(6,717,210)</b>	<b>32,540</b>	<b>(211,011)</b>	<b>(2,925,695)</b>	<b>377,236</b>
Transfers in	-	7,427,860	-	19,492	7,447,352	218,904
Transfers out	-	(55,193)	-	-	(55,193)	-
Capital contributions	-	-	2,910	254,122	257,032	-
<b>Change in net assets</b>	<b>3,969,986</b>	<b>655,457</b>	<b>35,450</b>	<b>62,603</b>	<b>4,723,496</b>	<b>596,140</b>
<b>Total net assets - beginning</b>	<b>38,266,321</b>	<b>12,552,802</b>	<b>2,604,578</b>	<b>8,122,559</b>	<b>61,546,260</b>	<b>6,184,420</b>
<b>Total net assets - ending</b>	<b>\$ 42,236,307</b>	<b>\$ 13,208,259</b>	<b>\$ 2,640,028</b>	<b>\$ 8,185,162</b>	<b>\$ 66,269,756</b>	<b>\$ 6,780,560</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2007

	Enterprise Funds				Total	Internal Service Funds
	Cumberland County Solid Waste Fund	Cumberland County Crown Center Fund	Kelly Hills Water and Sewer District Fund	NORCRESS Water and Sewer District Fund		
<b>Operating activities</b>						
Cash received from customers	\$ 3,857,495	\$ 2,368,057	\$ 92,831	\$ 201,595	\$ 6,519,978	\$ -
Other operating revenue	319,121	-	1,054	-	320,175	-
Cash received from contributions	-	-	-	-	-	15,357,763
Cash paid to employees	(1,295,946)	(1,937,109)	-	-	(3,233,055)	-
Cash paid for goods and services	(3,928,426)	(3,582,475)	-	(266,533)	(7,777,434)	(538,208)
Cash received for goods and services	-	-	29,394	-	29,394	210,796
Cash paid for claims	-	-	-	-	-	(14,287,751)
Other miscellaneous transactions	6,344	-	-	-	6,344	-
Net cash provided by (used in) operating activities	(1,041,412)	(3,151,527)	123,279	(64,938)	(4,134,598)	742,600
<b>Noncapital financing activities</b>						
Transfers in	-	7,427,860	-	19,492	7,447,352	218,904
Transfers out	-	(55,193)	-	-	(55,193)	-
Net cash provided (used) by noncapital financing activities	-	7,372,667	-	19,492	7,392,159	218,904
<b>Capital and related financing activities</b>						
Acquisition and construction of capital assets	(1,111,829)	(699,982)	(98,775)	-	(1,910,586)	(6,684)
Other capital asset transactions	-	-	-	182,550	182,550	-
Proceeds from sales of capital assets	15,162	14,183	-	-	29,345	-
Proceeds from issuance of long-term debt	-	-	-	(14,000)	(14,000)	-
Proceeds from issuance of debt	-	-	-	14,000	14,000	-
Principal paid on long-term debt	-	(2,339,793)	-	-	(2,339,793)	-
Interest paid on bonds	-	(2,571,758)	-	-	(2,571,758)	-
Motel occupancy tax	-	873,968	-	-	873,968	-
Solid Waste fee	4,666,439	-	-	-	4,666,439	-
Net cash provided (used) by capital and related financing activities	3,569,772	(4,723,382)	(98,775)	182,550	(1,069,835)	(6,684)
<b>Investing activities</b>						
Proceeds from sale of investments	(4,185,991)	-	-	-	(4,185,991)	(989,004)
Investment earnings	1,891,209	61,572	-	602	1,953,383	251,324
Net cash provided (used) in investing activities	(2,294,782)	61,572	-	602	(2,232,608)	(737,680)
Net increase in cash and cash equivalents	233,578	(440,670)	24,504	137,706	(44,882)	217,140
<b>Cash and cash equivalents</b>						
Beginning of year	16,229,465	4,129,231	-	15,301	20,373,997	6,836,094
End of year	\$ 16,463,043	\$ 3,688,561	\$ 24,504	\$ 153,007	\$ 20,329,115	\$ 7,053,234
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ (2,601,530)	\$ (4,896,719)	\$ 32,540	\$ (211,613)	\$ (7,677,322)	\$ 125,912
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	636,405	2,058,380	61,345	235,231	2,991,361	797
Landfill closure and post closure care costs	319,559	-	-	-	319,559	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	24,121	(89)	-	-	24,032	-
(Increase) decrease in other receivables	(149,890)	4,667	1,904	5,677	(137,642)	(6,412)
(Increase) decrease in inventories	(4,812)	-	-	(73,032)	(77,844)	250,683
(Increase) decrease in internal balances	8,934	-	30,090	-	39,024	-
Increase (decrease) in accounts payable and accrued liabilities	6,444	(339,066)	-	-	(332,622)	372,994
Increase (decrease) in due to other funds	-	-	-	(74,995)	(74,995)	-
Increase (decrease) in accrued landfill	694,913	-	-	-	694,913	-
Increase (decrease) in compensated absences payable	905	21,300	-	-	22,205	-
Increase (decrease) in deferred revenue	-	-	(2,600)	53,794	51,194	-
Increase (decrease) in contract retainage	17,195	-	-	-	17,195	(1,374)
Total adjustments	1,553,774	1,745,192	90,739	146,675	3,536,380	616,688
Net cash provided by (used in) operating activities	\$ (1,047,756)	\$ (3,151,527)	\$ 123,279	\$ (64,938)	\$ (4,140,942)	\$ 742,600
<b>Noncash investing, capital, and financing activities:</b>						
Capital contributions	\$ -	\$ -	\$ 2,910	\$ 254,122	\$ 257,032	\$ -
<b>Cash and cash equivalents</b>						
Unrestricted	\$ 15,807,269	\$ 2,421,666	\$ 24,504	\$ 33,906	\$ 18,287,335	\$ -
Restricted	655,774	1,266,905	-	119,101	2,041,780	7,053,234
Total	\$ 16,463,043	\$ 3,688,561	\$ 24,504	\$ 153,007	\$ 20,329,115	\$ 7,053,234

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007**

	<u>Pension Trust Fund</u>	
	<u>Special Separation Allowance Fund</u>	<u>Agency Funds</u>
<b>Assets</b>		
Taxes receivable	\$ -	\$ 5,103,983
Restricted cash and cash equivalents	278,782	633,039
Restricted investments	976,388	-
Total assets	<u>1,255,170</u>	<u>\$ 5,737,022</u>
<b>Liabilities</b>		
Accounts and vouchers payable	-	\$ 5,714,321
Due to other governments	-	22,701
Total liabilities	<u>-</u>	<u>\$ 5,737,022</u>
<b>Net assets</b>		
Net assets held in trust for pension benefits	<u>\$ 1,255,170</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds**

**Year Ended June 30, 2007**

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	<b>Pension Trust Fund</b>
	<b>Special Separation Allowance Fund</b>
	<b>Fund</b>
<b>Additions</b>	
Employee contributions	\$ 260,000
Interest earned on investments	67,372
Total additions	<u>327,372</u>
<b>Deductions</b>	
Benefits	174,995
Total deductions	<u>174,995</u>
<b>Change in net assets</b>	152,377
<b>Total net assets - beginning</b>	<u>1,102,793</u>
<b>Total net assets - ending</b>	<u><u>\$ 1,255,170</u></u>

## NOTES TO FINANCIAL STATEMENTS

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the County of Cumberland, North Carolina ("the County") and its discretely presented component units conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

**A - Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. GASB Statement Number 14, as amended by GASB Statement Number 39, defines component units as legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and a) it is able to impose its will on that organization or b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens upon, the primary government.

This statement provides two methods for reporting component units in the financial statements of the primary government: discrete presentation and blending. Discrete presentation means that data will be presented in one or more separate columns to the right of the primary government data columns. Blending means that the component unit's financial data is reported as though the unit is part of the primary government. If the units provide services or benefits exclusively, or almost exclusively, to the primary government, or if the component units and the primary government have "substantively identical boards," the legally separate component units should be incorporated by blending. If the units do not meet these criteria, their data should be incorporated by discrete presentation.

Based on evaluating these characteristics, the following is a brief review of the component units in the County's reporting entity:

**Blended Component Units**

NORCRESS Water and Sewer Authority and Kelly Hills Water and Sewer Authority (the "Authorities") exist to provide and maintain a sanitary sewer system for the county residents within those districts. The Authorities, which have June 30 year-ends, are considered proprietary funds of the County and adopt budgets on an annual basis. The authorities are included as enterprise funds.

**Discretely Presented Component Units**

Cumberland County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Cumberland County Finance Corporation ("the Corporation"), a North Carolina nonprofit corporation, exists to issue obligations pursuant to Internal Revenue Service Revenue Ruling 63-20 and Internal Revenue Service Revenue Procedure 82-26. The Corporation has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

The Cumberland County ABC Board (the "ABC Board"), which has a June 30 year-end, is presented as if it were a proprietary fund. Eastover Sanitary District (the "District"), which has a June 30 year-end, is presented as if it were a proprietary fund.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**A - Reporting Entity (continued)**

**Discretely Presented Component Units (continued)**

The Fayetteville Area Convention and Visitors Bureau (the "Bureau"), which has a June 30 year-end, is a non-profit organization that provides services to promote the development and expansion of travel and tourism within the Fayetteville area. It is presented as if it were a proprietary fund. The Cumberland County Tourism Development Authority (the "TDA") exists to promote travel, tourism, and conventions in the County, sponsor tourist-related events and activities in the County, and finance tourist-related capital projects in the County. A voting majority of the 7-member board of directors is appointed by Cumberland County. The TDA is presented as if it were a proprietary fund.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
NORCRESS Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the Authority	None issued.
Kelly Hills Water and Sewer Authority	Blended	Under State law [NCGS 162A-89], the County's board of commissioners also serve as the governing board for the Authority	None issued.
Cumberland County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued.
Cumberland County Finance Corporation	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Corporation with or without cause.	None issued.
Cumberland County ABC Board	Discrete	The members of the ABC Board's governing board are appointed by the County. The ABC Board is required by State statute to distribute its surpluses to the General Fund of the County	Cumberland County ABC Board 1705 Owen Drive Fayetteville, NC 28304
Eastover Sanitary District	Discrete	The District is considered to be fiscally dependent upon the County such that excluding the entity would cause the County's statements to be incomplete.	Included in the County's financial statements.
Fayetteville Area Convention and Visitors Bureau	Discrete	A voting majority of the Bureau's 11-member board of directors is appointed by the County.	Fayetteville Area Convention and Visitors Bureau 245 Person Street Fayetteville, NC 28301
Cumberland County Tourism Development Authority	Discrete	A voting majority of the TDA's 7-member board of directors is appointed by the County.	Included in the County's financial statements.

**B - Basis of Presentation - Basis of Accounting**

**Basis of Presentation**

*Government-wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**B - Basis of Presentation - Basis of Accounting (continued)**

**Basis of Presentation (continued)**

the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

*County School Fund.* This fund accounts for all financial resources associated with the Cumberland County Schools as financed by the County.

The County reports the following non-major governmental funds:

*Special Revenue Funds.* Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The County reports the following Special Revenue Funds: Prepared Food and Beverage Fund; Wireless 911 Emergency Fund; Wireless 911 Fund; Jobs Training Fund; Industrial Development Fund; Water and Sewer Fund; Property Revaluation Fund; Recreation Fund; Juvenile Crime Prevention Fund; Transportation Fund; Flea Hill Drainage District Fund; Community Development Fund; Fire Protection Fund; Federal Drug Forfeiture Fund; Federal Forfeiture Treasury Fund; North Carolina Controlled Substance Fund; Injured Animal Stabilization Fund; Downtown Revitalization Fund; Inmate Welfare Fund.

*Capital Project Funds.* Capital Project Funds account for financial resources to be used for the acquisition or construction of governmental capital assets. The County reports the following Capital Project Funds: School Bond Funds; Animal Control Building Fund; Sheriff Training Facility Fund; Averbosoro Battlefield Fund; Health Department Building Fund.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**B - Basis of Presentation - Basis of Accounting (continued)**

**Basis of Presentation (continued)**

*Cemetery Permanent Fund.* The Cemetery Permanent Fund is used to account for perpetual care of the County owned cemetery.

The County reports the following major enterprise funds:

*Cumberland County Solid Waste Fund.* This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

*Cumberland County Crown Center Fund.* This fund accounts for the operations of the Crown Arena, the Crown Theatre, the Crown Exposition Center and the Crown Coliseum.

*Kelly Hills Water and Sewer District Fund.* This fund accounts for the water and sewer operations for the district.

*NORCRESS Water and Sewer District Fund.* This fund accounts for the water and sewer operations for the district.

The County reports the following fund types:

*Internal Service Funds.* The County has a Group Insurance Fund, Employee Flexible Benefit Fund, Vehicle Insurance Fund, Workers' Compensation Fund and General Litigation Fund. These funds are used to account for the financing services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis.

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

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the City Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County; the Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Payee Fund which accounts for funds held by the County on behalf of inmates of the County jail; the Intergovernmental Custodial Fund, which accounts for various legal fines and forfeitures that the County is required to remit to Cumberland County Board of Education; Stormwater Utility Fund, which accounts for monies collected in connection with the joint storm water utility agreement with the City of Fayetteville; and the Vehicle Interest Fund, which accounts for a 3% late fee on registered motor vehicle property taxes that are billed and collected by the County for the State of North Carolina.

**Change in Fund Reporting**

In prior years, the Tourism Development Authority was reported as a Special Revenue fund. This fund was determined in the current year to be a component unit of the County and is discretely presented.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**B - Basis of Presentation - Basis of Accounting (continued)**

**Measurement Focus, Basis of Accounting**

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

*Government-wide, Proprietary, and Fiduciary Fund Financial Statements.* The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources

measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Cumberland County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 through February 2007 apply to

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**B - Basis of Presentation - Basis of Accounting (continued)**

**Measurement Focus, Basis of Accounting (continued)**

the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2007, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the staggered into the annual registration, the initial

2006 registration renewals will vary from 7 to 18 months after December 31, 2005. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

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

**C - Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue, the permanent, the enterprise funds, and the internal services funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the capital project funds and the enterprise capital project funds. All budgets are prepared using the modified accrual basis of accounting.

Expenditures may not legally exceed appropriations at the departmental level for the general, special revenue, and permanent funds, at the fund level for the enterprise and pension trust funds, and at the construction level for the capital project funds. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a department, however, any revisions that alter total expenditures of any fund or that alter revenues or relate to salary increases 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.

A budget calendar is included in the North Carolina General Statutes, which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

April 30 - Each department head will transmit to the budget officer the budget requests and revenues estimates for their department for the budget year.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**C - Budgetary Data (continued)**

May 15 - The finance officer for the school board transmits the budget and the budget message to the County.

June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.

July 1 - The budget ordinance shall be adopted by the governing board.

As required by State law {G.S. 159-26(d)}, the County maintains encumbrance accounts which are considered to be "budgetary accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. These encumbrances outstanding are reported as "reserved for encumbrances" in the fund balance section of the balance sheet and will be charged against the subsequent year's budget.

**D - Assets, Liabilities and Fund Equity**

**1. Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the County, the ABC Board, the District, the Bureau, and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT), an SEC-registered (2a-7) money market mutual fund.

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

**2. Cash and Cash Equivalents**

The County pools money from several funds, except the pension trust fund, 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. The County, the ABC Board, the District, the Bureau, and the TDA consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**D - Assets, Liabilities and Fund Equity (continued)**

**3. Restricted Assets**

Amounts on hand at year end for future construction, payment of asserted and unasserted malpractice claims, self-insurance, trust arrangements and customer deposits for future services have been restricted. Restrictions in the general fund relate to the several ongoing capital projects.

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2006. As allowed by State law, the County has established a schedule of discounts that apply to taxes, which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts. The discount for fiscal year 2007 and future years has been eliminated, unless otherwise reinstated by the County Board of Commissioners.

**5. Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The County provides credit in the normal course of business to customers primarily located in Fayetteville, North Carolina. The County performs ongoing credit evaluations of its customers and maintains allowances for doubtful accounts based on factors surrounding the credit risk of specific customers, historical trends, and other information. Credit losses, when realized have been within the range of the County's estimations and historically have not been significant.

**6. Inventories and Prepaid Items**

The inventories of the County, the ABC Board, and the Bureau are valued at cost (first-in, first-out), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County's enterprise funds as well as those of the ABC Board and the Bureau consists of materials and supplies held for consumption. The cost of the inventory carried in the County's enterprise funds and that of the ABC Board and the Bureau is recorded as an expense as it is consumed.

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

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are \$5,000 for all asset categories. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Cumberland County Board of Education properties that have not been included in capital assets. 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 of Education give

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

June 30, 2007

**Note 1 - Summary of Significant Accounting Policies (continued)**

**D - Assets, Liabilities and Fund Equity (continued)**

**7. Capital Assets (continued)**

the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Cumberland County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	40
Improvements	25
Furniture and equipment	5 – 20
Vehicles	3

Capital assets of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

	Years
Buildings and improvements	25 – 33
Furniture and equipment	5 – 10
Leasehold improvements	10 – 20
Vehicles	5
Computers	5

For the District, water lines are depreciated over a 40-year life.

For the Bureau, depreciation is computed by the straight-line method over the estimated useful lives of the assets as follows:

	Years
Equipment	5
Furniture	10
Improvements	3

**8. Long-term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**D - Assets, Liabilities and Fund Equity (continued)**

**9. Compensated Absences**

forty-five (45) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, and the ABC Board, an expense and a liability for compensated absences and the salary-related payments are recorded within those funds as the leave is earned.

The sick leave policies of the County and the ABC Board provide for unlimited accumulation of earned sick leave. The Bureau allows for up to 15 days 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 none of the entities has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**10. Net Assets/Fund Balances**

**Net Assets**

Net assets in 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 laws or regulations of other governments or imposed by law through State statute.

**Fund Balances**

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

**Reserved**

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end fund balance of ending inventories, which are not expendable, available resources.

Reserved for register of deeds - portion of fund balance funded by 10% of the fees collected and maintained by the register of deeds' office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the register of deeds office.

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts that remain unperformed at year-end.

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**D - Assets, Liabilities and Fund Equity (continued)**

**10. Net Assets/Fund Balances (continued)**

**Fund Balances (continued)**

8(a)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for inmates - portion of total fund balance available for use by inmates in the County jail.

Reserved for cemetery - portion of total fund balance restricted to maintain the cemetery.

**Unreserved**

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2007-2008 budget ordinance.

Designated for revaluation - portion of total fund balance designated by the management for future countywide property revaluation needs.

Designated for tax office software - portion of total fund balance designated by the management for future purchase of tax software.

Designated for potential Medicaid increase - portion of total fund balance designated by the management for possible Medicaid increase.

Designated for backup E911 system - portion of total fund balance designated by the management for purchase and/or installation of equipment for an E911 backup system.

Designated for renovations and maintenance - portion of total fund balance designated by the management for various maintenance and renovation on County facilities

Designated for health department renovation - portion of total fund balance designated by the management for renovation to health department buildings.

Designated for Courthouse/plaza renovations - portion of total fund balance designated by the management for renovations to the Courthouse plaza, parking lot and other exterior portions of the Courthouse.

Designated for Hope VI project - portion of total fund balance designated by the management for Hope VI housing project contingent upon approval of grant application.

Designated for special purposes - portion of total fund balance designated by the management for future operational reserves.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 1 - Summary of Significant Accounting Policies (continued)**

**11. Reclassifications**

Certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

**12. Accounting Estimates**

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

**E - Upcoming Pronouncements**

**GASB Statement No. 45 "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions"** will be effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. This Statement is effective for periods beginning after December 15, 2006, for phase one governments (those with total annual revenues of \$100 million or more); after December 15, 2007, for phase two governments (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008, for phase three governments (those with total annual revenues of less than \$10 million). Earlier implementation is encouraged. In addition to pensions, many state and local governmental employers provide other post-employment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes post-employment healthcare, as well as other forms of post-employment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The County is currently in the process of evaluating this Statement and the impact it will have on the County

**Note 2 - Cash, Cash Equivalents and Investments**

**A - Deposits**

All of the County's, the ABC Board's, the District's, the Bureau's, and the TDA'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 County's, the ABC Board's, the District's, the Bureau's, and the TDA's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, the ABC Board, the District, the Bureau, and the TDA, these deposits are considered to be held by their agents in the entities' names. 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 County, the ABC Board, the District, the Bureau, and the TDA, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, the ABC Board, the District, the Bureau, and the TDA, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 2 - Cash, Cash Equivalents and Investments (continued)**

**A - Deposits (continued)**

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.

At June 30, 2007, the County's deposits had a carrying amount of \$62,991,940 and a bank balance of \$63,775,844. Of the bank balance, \$500,000 was covered by Federal depository insurance, \$62,288,294 was covered by collateral under the Pooling Method, \$968,729 was related to retainage from an insurance administrator for future claim payments, and \$18,821 was related to retainage from an employee flexible benefits administrator for future claim payments. Included in the County's deposits is cash of \$259,023 and \$755,868 for the District and the TDA, respectively. The County had \$15,613 in the petty cash and change funds.

At June 30, 2007, the ABC Board's deposits had a carrying amount of \$2,756,745 and a bank balance of \$2,564,518. Of the bank balance, \$300,000 was covered by Federal depository insurance and \$2,264,518 was covered by collateral under the Pooling Method. Included in the carrying balance for the ABC Board is petty cash of \$17,950.

At June 30, 2007, the Bureau's deposits had a carrying amount of \$534,606 and a bank balance of \$610,427. Of the bank balance, \$100,000 was covered by Federal depository insurance and \$510,427 was covered by collateral under the Pooling Method. Included in the carrying balance for the Bureau is petty cash of \$59.

**B - Investments - County**

As of June 30, 2007 the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 6 Months</u>	<u>6 - 12 Months</u>	<u>1 - 2 Years</u>
Bankers Acceptance	\$ 5,761,056	\$ 3,264,356	\$ 2,496,700	\$ -
Certificate of Deposit	33,158	-	-	33,158
US Government Agencies	42,807,098	11,428,326	21,922,462	9,456,310
Commercial Paper	15,194,286	15,194,286	-	-
NC Capital Management Trust -- Cash Portfolio	24,901,855	N/A	N/A	N/A
NC Student Loans	26,550,000	26,550,000	-	-
<b>Total</b>	<b>\$ 115,247,453</b>	<b>\$ 56,436,968</b>	<b>\$ 24,419,162</b>	<b>\$ 9,489,468</b>

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy requires investment purchases to be based upon cash flow needs with staggered maturity dates and limits its investment portfolio to a final maturity of no more than two years.

**Credit Risk:** State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2007, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. The County's investments in US Agencies (Federal Home Loan Bank, Federal Farm Credit Banks, Federal National Mortgage Assn and Federal Home Loan Mortgage Corporation) are rated AAA by Standard & Poor's and Aaa by Moody's Investor Service.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 2 - Cash, Cash Equivalents and Investments (continued)**

**B - Investments - County (continued)**

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Wachovia Bank (US Bank) provides safekeeping service for the County. The securities are held in a separate entity with the bank and our held in the name of County of Cumberland.

**Concentration of Credit Risk:** It is the County's policy that no more than 50% of the total investment portfolio may be invested in commercial paper and bankers acceptances. In addition no more than 6% of the total investment portfolio will be invested in any one company's commercial paper or financial institution's bankers acceptances. More than 5% of the County's investments are in Federal Home Loan Banks (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Fannie Mae (FNMA), and NC Student Loans. These investments are 17%, 11%, 13%, and 30% respectively.

**C - Reconciliation to Cash and Investments**

Total per Footnote:

	<u>County</u>	<u>ABC Board</u>	<u>District</u>	<u>TDA</u>	<u>Bureau</u>
Total investments	\$ 115,247,453	\$ -	\$ -		\$ -
Cash (demand deposits)	61,977,049	2,738,795	259,023	755,868	534,606
Petty cash	15,613	17,950	-	-	59
Total cash and investments	<u>177,240,115</u>	<u>2,756,745</u>	<u>259,023</u>	<u>755,868</u>	<u>534,665</u>
Less: investments	(77,505,176)	-	-	-	-
Total cash and equivalents	<u>\$ 99,734,939</u>	<u>\$ 2,756,745</u>	<u>\$ 259,023</u>	<u>\$ 755,868</u>	<u>\$ 534,665</u>

Total per Statement of Net Assets:

Cash and cash equivalent - unrestricted	\$ 84,160,059	\$ 2,737,409	\$ 37,204	\$ 755,868	\$ 534,665
Cash and cash equivalent - restricted	14,663,059	19,336	221,819	-	-
Cash and cash equivalent - pension trust fund	278,782	-	-	-	-
Cash and cash equivalent - agency funds	633,039	-	-	-	-
Total cash and equivalents	<u>\$ 99,734,939</u>	<u>\$ 2,756,745</u>	<u>\$ 259,023</u>	<u>\$ 755,868</u>	<u>\$ 534,665</u>
Investments - unrestricted	\$ 74,995,070	\$ -	\$ -	\$ -	\$ -
Investments - restricted	1,533,718	-	-	-	-
Cash and cash equivalent - pension trust fund	976,388	-	-	-	-
Total investments	<u>\$ 77,505,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 3 - Receivables - Allowance for Doubtful Accounts**

Allowances for uncollectible accounts receivable are generally established using historical collection data, specific account analysis and subsequent account analysis and subsequent cash receipts. The allowance at June 30, 2007 is as follows:

Taxes receivable - General Fund	\$ 7,817,976
Patient receivable - General Fund	4,878,246
Other receivables - Water and Sewer Special Revenue Fund	17,373
	<u>\$ 12,713,595</u>

**Note 4 - Capital Assets**

**Primary Government**

	<u>Beginning Balances</u>	<u>Increases &amp; Adjustments</u>	<u>Decreases &amp; Adjustments</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 18,762,389	\$ 274,559	\$ 820,098	\$ -	\$ 18,216,850
Construction in progress	7,680,924	2,774,443	-	(5,758,849)	4,696,518
Total capital assets not being depreciated	<u>26,443,313</u>	<u>3,049,002</u>	<u>820,098</u>	<u>(5,758,849)</u>	<u>22,913,367</u>
Capital assets being depreciated:					
Buildings and improvements	143,871,315	5,520,614	200	5,758,849	155,150,578
Equipment, furniture and fixtures	15,785,199	1,353,858	103,752	-	17,035,305
Vehicles	10,543,400	1,281,103	1,034,946	-	10,789,557
Total capital assets being depreciated	<u>170,199,914</u>	<u>8,155,575</u>	<u>1,138,898</u>	<u>5,758,849</u>	<u>182,975,440</u>
Less accumulated depreciation for:					
Buildings and improvements	44,875,081	4,170,990	175	-	49,045,896
Equipment, furniture and fixtures	12,631,521	1,008,037	103,752	-	13,535,806
Vehicles	8,313,882	720,104	957,465	-	8,076,521
Total accumulated depreciation	<u>65,820,484</u>	<u>\$ 5,899,131</u>	<u>\$ 1,061,392</u>	<u>\$ -</u>	<u>70,658,223</u>
Total capital assets being depreciated, net	<u>104,379,430</u>				<u>112,317,217</u>
Governmental activity capital assets, net	<u>\$ 130,822,743</u>				<u>\$ 135,230,584</u>

Capital asset activity for the governmental activities for the year ended June 30, 2007 was as follows:

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

General government	\$ 999,465
Public safety	2,388,489
Human services	1,290,960
Economic and physical development	409,295
Cultural and recreational	810,922
	<u>5,899,131</u>
Total depreciation expense	<u>\$ 5,899,131</u>

Total governmental activities capital assets include internal service fund capital assets with a book value of \$5,887.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 4 - Capital Assets (continued)**

**Primary Government (continued)**

The following is a summary of the County's business-type assets:

<b>Business-type activities:</b>	<b>Beginning</b>		<b>Decreases &amp;</b>	<b>Ending</b>
	<b>Balances</b>	<b>Increases</b>	<b>Transfers</b>	<b>Balances</b>
<b>Cumberland County Solid Waste</b>				
Capital assets not being depreciated:				
Land	\$ 2,896,495	\$ 24,150	\$ -	\$ 2,920,645
Construction in progress	4,127,199	6,300	-	4,133,499
Total capital assets not being depreciated	<u>7,023,694</u>	<u>30,450</u>	<u>-</u>	<u>7,054,144</u>
Capital assets being depreciated:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	4,539,148	-	-	4,539,148
Furniture, fixtures and equipment	5,624,073	944,220	-	6,568,293
Vehicles	1,794,017	137,159	(59,961)	1,871,215
Total capital assets being depreciated	<u>19,156,055</u>	<u>1,081,379</u>	<u>(59,961)</u>	<u>20,177,472</u>
Less accumulated depreciation for:				
Landfill	7,198,817	-	-	7,198,817
Buildings and building improvements	3,413,979	168,763	-	3,582,742
Furniture, fixtures and equipment	4,026,579	350,831	-	4,377,410
Vehicles	1,428,139	116,811	(52,323)	1,492,627
Total accumulated depreciation	<u>16,067,514</u>	<u>\$ 636,405</u>	<u>\$ (52,323)</u>	<u>16,651,596</u>
Total capital assets being depreciated, net	<u>3,088,541</u>			<u>3,525,877</u>
Cumberland County Solid Waste capital assets, net	<u>\$ 10,112,235</u>			<u>\$ 10,580,021</u>
<b>Cumberland County Crown Center</b>				
Capital assets not being depreciated:				
Land	\$ 3,327,829	\$ -	\$ -	\$ 3,327,829
Capital assets being depreciated:				
Buildings and building improvements	69,140,818	284,423	-	69,425,241
Furniture, fixtures and equipment	3,622,913	415,559	(17,299)	4,021,174
Vehicles	64,385	-	(9,756)	54,629
Total capital assets being depreciated	<u>72,828,116</u>	<u>699,982</u>	<u>(27,055)</u>	<u>73,501,044</u>
Less accumulated depreciation for:				
Building and building improvements	18,199,973	1,765,689	-	19,965,662
Furniture, fixtures and equipment	2,026,640	287,549	(17,299)	2,296,890
Vehicles	48,961	5,142	(9,755)	44,348
Total accumulated depreciation	<u>20,275,574</u>	<u>\$ 2,058,380</u>	<u>\$ (27,054)</u>	<u>22,306,900</u>
Total capital assets being depreciated, net	<u>52,552,542</u>			<u>51,194,144</u>
Cumberland County Crown Center capital assets, net	<u>\$ 55,880,371</u>			<u>\$ 54,521,973</u>
<b>Kelly Hills Water and Sewer District</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 2,574,813	\$ -	\$ (2,574,813)	\$ -
Total capital assets not being depreciated	<u>2,574,813</u>	<u>-</u>	<u>(2,574,813)</u>	<u>-</u>
Capital assets being depreciated:				
Plant and distribution system	-	101,685	2,574,813	2,676,498
Total capital assets being depreciated	<u>-</u>	<u>101,685</u>	<u>2,574,813</u>	<u>2,676,498</u>
Less accumulated depreciation for:				
Plant and distribution system	-	61,345	-	61,345
Total accumulated depreciation	<u>-</u>	<u>\$ 61,345</u>	<u>\$ -</u>	<u>61,345</u>
Total capital assets being depreciated, net	<u>-</u>			<u>2,615,153</u>
Kelly Hills Water and Sewer District capital assets, net	<u>\$ 2,574,813</u>			<u>\$ 2,615,153</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 4 - Capital Assets (continued)**

**Primary Government (continued)**

	Beginning		Decreases &	Ending
	Balances	Increases	Transfers	Balances
<b>Business-type activities (continued):</b>				
Norcross Water and Sewer District				
Capital assets being depreciated:				
Plant and distribution system	\$ 9,450,537	\$ 71,572	\$ -	\$ 9,522,109
Total capital assets being depreciated	<u>9,450,537</u>	<u>71,572</u>	<u>-</u>	<u>9,522,109</u>
Less accumulated depreciation for:				
Plant and distribution system	118,422	235,231	-	353,653
Total accumulated depreciation	<u>118,422</u>	<u>\$ 235,231</u>	<u>\$ -</u>	<u>353,653</u>
Total capital assets being depreciated, net	<u>9,332,115</u>			<u>9,168,456</u>
Norcross Water and Sewer District capital assets, net	<u>\$ 9,332,115</u>			<u>\$ 9,168,456</u>
Business-type activities capital assets, net	<u>\$ 77,899,534</u>			<u>\$ 76,885,603</u>

Construction contracts of approximately \$31,637,964 exist for various renovation and construction projects for the County. At June 30, 2007, the remaining commitment on these contracts approximated \$2,627,740. Construction contracts of approximately \$3,323,967 exist for various renovation and construction projects for Eastover Sanitary District. At June 30, 2007, the remaining commitment on these contracts approximated \$3,185,229.

**Discretely presented component units**

The following is a summary of proprietary fund-type capital assets for the ABC Board at June 30:

	Beginning		Decreases/	Ending
	Balances	Increases	Transfers	Balances
Capital assets not being depreciated				
Land	\$ 868,021	\$ -	\$ -	\$ 868,021
Total capital assets not being depreciated	<u>868,021</u>	<u>-</u>	<u>-</u>	<u>868,021</u>
Capital assets being depreciated:				
Buildings and improvements	2,123,689	-	-	2,123,689
Leasehold improvements	151,889	69,042	-	220,931
Furniture and equipment	852,658	29,289	-	881,947
Vehicles	215,755	-	(24,775)	190,980
Construction in Progress	-	431,592	-	431,592
ABE equipment	2,585	-	(2,585)	-
Total capital assets being depreciated	<u>3,346,576</u>	<u>529,923</u>	<u>(27,360)</u>	<u>3,849,139</u>
Less accumulated depreciation	<u>(1,748,176)</u>	<u>(107,922)</u>	<u>-</u>	<u>(1,856,098)</u>
Total capital assets being depreciated, net	<u>1,598,400</u>	<u>\$ 422,001</u>	<u>\$ (27,360)</u>	<u>1,993,041</u>
ABC capital assets, net	<u>\$ 2,466,421</u>			<u>\$ 2,861,062</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 4 - Capital Assets (continued)**

**Discretely presented component units (continued)**

The following is a summary of proprietary fund-type capital assets for the District at June 30:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
<i>Eastover Sanitary District</i>				
Capital assets not being depreciated:				
Construction in progress	\$ 125,390	\$ 126,401	\$ -	\$ 251,791
Total capital assets not being depreciated	<u>125,390</u>	<u>126,401</u>	<u>-</u>	<u>251,791</u>
Capital assets being depreciated:				
Water lines	6,650,387	4,569	-	6,654,956
Total capital assets being depreciated	<u>6,650,387</u>	<u>4,569</u>	<u>-</u>	<u>6,654,956</u>
Less accumulated depreciation	(633,316)	(166,864)	-	(800,180)
Total capital assets being depreciated, net	<u>6,017,071</u>	<u>\$ (162,295)</u>	<u>\$ -</u>	<u>5,854,776</u>
Total capital assets being depreciated, net	<u>\$ 6,142,461</u>			<u>\$ 6,106,567</u>

The following is a summary of proprietary fund-type capital assets for the Bureau at June 30:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Transfers</u>	<u>Ending Balances</u>
Capital assets being depreciated:				
Furniture and fixtures	\$ 18,093	\$ -	\$ (2,429)	\$ 15,664
Equipment	90,937	75,103	(32,600)	133,440
Software	30,630	1,089	-	31,719
Capital improvements	6,232	-	-	6,232
Total capital assets being depreciated	<u>145,892</u>	<u>76,192</u>	<u>(35,029)</u>	<u>187,055</u>
Less accumulated depreciation	(109,212)	(22,189)	34,084	(97,317)
Total capital assets being depreciated, net	<u>36,680</u>	<u>\$ 54,003</u>	<u>\$ (945)</u>	<u>89,738</u>
Bureau capital assets, net	<u>\$ 36,680</u>			<u>\$ 89,738</u>

**Note 5 - Pension Plan Obligations**

The County maintains a single employer, defined benefit pension plan (the Law Enforcement Officers Special Separation Allowance System), which covers law enforcement officers. In addition, the County participates in the statewide local government retirement system, a multiple-employer, cost sharing public employee pension plan and the Supplemental Retirement Income Plan, a defined contribution pension plan. These plans cover substantially all employees including the ABC Board. The County contributes to the Register of Deeds' Supplemental Pension Fund, a non-contributory, defined contribution plan.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

**Note 5 - Pension Plan Obligations (continued)**

**A - Law Enforcement Officers Special Separation Allowance System**

**Plan Description**

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

All full time County law enforcement officers are covered by the Separation Allowance. At December 31, 2006 the Separation Allowance's membership consisted of:

Retirees receiving benefits	22
Active plan members	<u>289</u>
Total	<u>311</u>

**Summary of Significant Accounting Policies**

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

*Method Used to Value Investments:* Investments are reported at fair value. Deposits and the North Carolina Capital Management Trust investments are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

**Contributions**

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the County contributed \$260,000. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

The annual required contribution for the current year was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include post retirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2005 was 25 years.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**A - Law Enforcement Officers Special Separation Allowance System (continued)**

**Contributions (continued)**

The County's prepaid pension benefit, which is included in other assets in the Statement of Net Assets, for the current year was as follows:

Annual required contribution	\$	221,473
Interest on net pension obligation		876
Adjustment to annual required contribution		(723)
Annual pension cost		<u>221,626</u>
Contributions made		<u>(260,000)</u>
Increase (decrease) in net pension obligation		(38,374)
Net pension obligation beginning of year		12,085
Prepaid pension benefit end of year	\$	<u><u>(26,289)</u></u>

**Three Year Trend Information**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation (Prepaid)</b>
2005	\$ 203,558	108.08%	\$ (10,600)
2006	242,685	90.65%	12,085
2007	221,626	117.31%	(26,289)

**ABC Board**

In regard to the Law Enforcement Officers Special Separation Allowance System, the ABC Board is governed by the same laws as the County and has also established a Separation Allowance for its law enforcement officers. At June 30, 2007, membership of the Board's Separation Allowance consisted of one retiree receiving benefits and five active plan members. The Board has chosen to pay benefits and administration costs on a pay as you go basis. The Board paid benefits of \$17,568 and \$17,568 for the years ending June 30, 2007 and 2006, respectively. No contributions were made to the plan by employees. The Board has chosen not to have an actuarial study performed because the liability is considered immaterial.

**B - Local Governmental Employees' Retirement System**

**Plan Description**

Cumberland County and the ABC Board contribute to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller; 1410 Mail Service Center, Raleigh, North Carolina 27699-1410; or by calling (919) 981-5454.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 5 - Pension Plan Obligations (continued)**

**B - Local Governmental Employees' Retirement System (continued)**

**Funding Policy**

Plan members are required to contribute six percent of their annual covered salary. The County and the ABC Board are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement, for law enforcement officers, and Crown Center employees is 4.90%, 4.86%, and 4.91%, respectively, of annual covered payroll. For the ABC Board, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.58% and 7.36% respectively, of annual covered payroll. The contribution requirements of members and of the County and the ABC Board are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2007, 2006 and 2005 were \$3,786,437, \$3,844,275 and \$3,564,128, respectively. The ABC Board's contributions to LGERS for the years ended June 30, 2007, 2006 and 2005 were \$115,780, \$113,597, and \$108,530 respectively. The contributions made by the County and the ABC Board equaled the required contributions for the year.

**C - Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description**

The County and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the ABC Board. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Funding Policy**

Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$981,523, which consisted of \$594,790 from the County and \$386,733 from the law enforcement officers.

Article 12E of G.S. Chapter 143 requires the ABC Board to contribute each month an amount equal to five percent of each officer's salary. Effective October 1, 1997, the Board's voluntary contribution for employees not engaged in law enforcement was increased to five percent. All amounts contributed are vested immediately. Also, employees participating may make voluntary contributions to the plan. For the year ended June 30, 2007, contributions for law enforcement officers were \$26,986, which consisted of \$14,612 from the Board and \$12,374 from the law enforcement officers. Total contributions for employees not engaged in law enforcement for the year ended June 30, 2007 were \$171,495, which consisted of \$95,724 from the Board and \$75,771 from the employees.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 5 - Pension Plan Obligations (continued)**

**D - Register of Deeds' Supplemental Pension Fund**

**Plan Description**

The County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Funding Policy**

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G. S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$98,798.

**E - Post-employment Benefits**

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten consecutive years of creditable service with the County. The County pays the full cost of coverage for these benefits. Retirees not eligible for Medicare are enrolled in the same plan as active County employees. The retiree may also purchase coverage for their dependents at the County's existing group rates until the dependent attains age 65 at which time the coverage ceases. Retirees eligible for Medicare who have Medicare Part A & B are enrolled in a Medicare carve-out plan with Medicare being the primary provider. The retiree pays the premium for Part A & B and the County pays all remaining costs. Currently 190 retirees are enrolled in the regular plan and 248 are enrolled in the Medicare carve-out plan. For the fiscal year ending June 30, 2007 the County made payments for post retirement health benefits of \$2,967,452. The county is self-insured and contracts with a private insurer to provide all administrative services.

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State-administered cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to employees' death, but the benefit may not be less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 5 - Pension Plan Obligations (continued)**

**E - Post-employment Benefits (continued)**

For the fiscal year ended June 30, 2007 the County made contributions to the State for death benefits of \$84,216. The County's required contributions for employees not engaged in law enforcement, Crown Center employees and law enforcement officers, represented .10 percent, .11 percent and .14 percent of covered payroll respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The ABC Board has elected to provide a post-retirement death benefit to the beneficiaries of retired employees. The ABC Board provides \$1,000 to the spouse or estate of a retired employee upon death. Former employees who are currently receiving retirement benefits under the System are eligible for this benefit. This benefit is a fixed amount and can only be changed by action of the Board. The ABC Board has chosen to fund this death benefit on a pay as you go basis and recognize all expenses as they become due. The ABC Board paid \$2,000 and \$1,000 of benefits for the years ended June 30, 2007 and 2006, respectively. There are currently 18 retirees whose spouses or estates are eligible to receive this death benefit.

**Note 6 - Closure and Postclosure Care Costs - Ann Street Sanitary Landfill Facility**

State and federal laws and regulations require the County to place a final cover on its Ann Street Sanitary Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$7,163,631 reported as landfill closure and postclosure care liability at June 30, 2007 consists of a closed landfill with estimated costs of \$1,243,876, a phase 2 C & D landfill with estimated costs of \$969,685 and the subtitle D landfill with estimated costs of \$4,950,070. The costs associated with the phase 2 C & D landfill and the subtitle D landfill represent a cumulative amount reported to date based on the use of 26.38% and 37.19%, respectively of the total estimated capacity. The County will recognize the remaining estimated cost of closure and postclosure care of \$2,706,507 and \$8,359,556 for the phase 2 C & D landfill and subtitle D landfill, respectively, as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2007. The County expects to close the phase 2 C & D landfill and the subtitle D landfill in the year 2027 and 2019, respectively. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The county has met the requirements of a local government financial test that is one option under State and Federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements.

**Note 7 - Deferred/Unearned Revenues**

The balance of deferred revenues in the fund financial statements (includes both the deferred and unearned amounts disclosed below) and unearned revenues in the government-wide financial statements at year-end is composed of the following elements:

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

June 30, 2007

**Note 7 - Deferred/Unearned Revenues (continued)**

	<u>Unearned/ Deferred Revenue</u>	<u>Unearned Revenue</u>
Taxes receivable net of allowance - General Fund	\$ 4,430,797	\$ -
Taxes receivable net of allowance - Other Governmental Funds	474,819	-
Accounts receivable - General Fund	528,282	-
Accounts receivable - Other Governmental Funds	231,826	-
Unearned - County School Fund	867,336	865,240
Prepaid taxes not yet earned - General Fund	<u>284,560</u>	<u>284,560</u>
	<u>\$ 6,817,620</u>	<u>\$ 1,149,800</u>

**Note 8 - Risk Management**

The County is self-insured with respect to health insurance (up to \$150,000 per occurrence), worker's compensation (up to \$500,000 per occurrence), unemployment compensation and some general liability risks. Losses from asserted claims and from unasserted claims identified under the County's incident reporting system are accrued based on estimates that incorporate the County's past experience, as well as other considerations including the nature of each claim and relevant trend factors. Incurred but not reported claims have been accrued as a liability based upon the carrier's estimate. Additional Health Insurance stop loss coverage is purchased through the NCACC Health insurance trust for claims in excess of coverage.

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

The claims liability of each insurance fund at June 30, 2007 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the balances of claim liabilities for the County during the years ended June 30, 2007 and 2006 were as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current-Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year-End</u>
2006-07	\$ 1,416,617	\$ 12,040,022	\$ (11,665,900)	\$ 1,790,739
2005-06	\$ 1,668,414	\$ 10,041,642	\$ (10,293,439)	\$ 1,416,617

The County does not carry flood insurance through the National Flood Insurance Plan (NFIP). The County's insurance carriers performed an analysis of the flood maps and made a determination that the County was not designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency.

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

**Note 8 - Risk Management (continued)**

**Workers' Compensation** – The ABC Board is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation and employee health coverage as well as liquor legal liability through commercial coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

**Note 9 - Long-term Obligations**

**A - Capital Lease Obligations**

The County entered into a lease agreement in 2005 as lessee for financing the acquisition of new energy efficient equipment and improvements to existing energy infrastructure relating to a guaranteed energy savings contract. This lease agreement qualified as a capital lease for accounting purposes and, therefore, was recorded at the present value of its minimum lease payments as of the date of its inception.

The term of the capital lease obligation was as follows:

*Governmental Activities*

Capital lease obligation payable in semi-annual installments of \$284,661, beginning June 9, 2007, including interest at 3.945%. \$ 4,241,761

Under the terms of the lease, title passes to the County at the end of the lease term. The lease expires on December 9, 2017. At June 30, 2007, the value of the capital assets associated with this lease is \$4,295,102.

**B - General Obligation Bonds - County**

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2007 are comprised of the following individual issues:

*Governmental Activities:*

**\$23,325,000 General Obligation Bonds, School Refunding Series 1998**

Serial bonds payable annually from February 1, 1999 through February 1, 2013 in amounts ranging from \$565,000 to \$2,240,000; interest ranges from 4.5% to 5.0%. \$ 11,635,000

**\$53,180,000 General Obligation Bonds, School Series 1998**

Serial bonds payable annually from March 1, 1999 through March 1, 2017 in amounts ranging from \$2,300,000 to \$5,105,000; interest ranges from 4.8% to 5.0%. 32,480,000

**\$29,945,000 General Obligation Bonds, School Series 2000**

Serial bonds payable annually March 1, 2007 and March 1, 2010 in amounts ranging from \$1,100,000 to \$1,200,000; interest of 5.5%. 3,600,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 9 - Long-term Obligations (continued)**

**B - General Obligation Bonds – County (continued)**

**\$14,875,000 General Obligation Bonds, School Series 2002**

Serial bonds payable annually from February 1, 2005 through February 1, 2021 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. \$ 12,875,000

**\$5,075,000 General Obligation Bonds, School Series 2004**

Serial bonds payable annually from February 1, 2007 through February 1, 2023 in amounts ranging from \$500,000 to \$2,000,000; Interest ranges from 4.0% to 5.0%. 4,675,000

**\$35,505,000 General Obligation Refunding Bonds, Series 2004**

Serial bonds payable annually from May 1, 2006 through May 1, 2019 in amounts ranging from \$430,000 to \$4,390,000; Interest ranges from 3.0% to 5.0%. 32,965,000

Plus bond premium 98,230,000  
Less gain on defeasance 2,206,598  
(2,443,082)

Total \$ 97,993,516

*Business type Activities:*

**\$1,250,000 General Obligation Sewer Bonds, Series 2005**

Serial bonds payable annual from June 1, 2008 through June 1, 2040 in amounts ranging from \$14,000 to \$52,000; interest of 4.125% \$ 1,250,000

At June 30, 2007, the County had bonds authorized but unissued of \$14,101,000 and a legal debt margin of \$1,303,463,000.

**C - Certificates of Participation**

The County issued certificates of participation in 1995 to finance the construction of a new Coliseum. In July 1998, the County issued refunding certificates of participation to refinance this debt, which is accounted for in the County's enterprise fund. Certificates outstanding for the year ended June 30, 2007 are as follows:

*Business-type Activities:*

**\$1,428,781 Capital Appreciation Serial 1995A Certificates,**

maturing in installments of \$1,555,000 from December 1, 2011 through December 1, 2013. Interest is paid at maturity at rates ranging from 6.7% to 6.8%. \$ 1,428,781

**\$22,955,000 Current Interest Term 1998 Refunding Certificates,**

due in various annual installments ranging from \$380,000 to \$3,780,000, from December 1, 1998 through December 1, 2013. Interest is paid semi-annually at rates ranging from 3.625% to 5.0%. 14,655,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

Note 9- Long-term Obligations (continued)

C - Certificates of Participation (continued)

<b>\$11,610,000 Current Interest Term 1998 Refunding Certificates</b> , due in various annual installments ranging from \$2,095,000 to \$2,560,000, from December 1, 2014 through December 1, 2018. Interest is paid semi-annually at a rate of 5.0%.	\$ 11,610,000
<b>\$18,385,000 Current Interest Term 1998 Refunding Certificates</b> , due in various annual installments ranging from \$2,695,000 to \$3,460,000, from December 1, 2019 through December 1, 2024. Interest is paid semi-annually at a rate of 5.0%.	<u>18,385,000</u>
Less gain on defeasance	<u>46,078,781</u> <u>(3,460,878)</u>
	<u>\$ 42,617,903</u>

The County has issued certificates of participation, which are being used to finance the construction of new Department of Social Services, Community Corrections Center and Detention Center buildings and to make renovations to an existing mental health facility, and therefore, are accounted for in the governmental activities. Certificates outstanding for the year ended June 30, 2007 are as follows:

*Governmental Activities:*

<b>\$29,090,000 Current Interest Serial 1998 Certificates</b> , due in various annual installments ranging from \$780,000 to \$2,500,000, from December 1, 1998 through December 1, 2014. Interest is paid semi-annually at rates ranging from 3.6% to 4.7%.	\$ 17,140,000
<b>\$8,260,000 Current Interest Term 1998 Certificates</b> , due in various annual installments ranging from \$2,625,000 to \$2,885,000, from December 1, 2015 through December 1, 2017. Interest is paid semi-annually at a rate of 4.75%.	8,260,000
<b>\$42,305,000 Current Interest Serial 2000 Refunding Certificates</b> , due in annual installments ranging from \$900,000 to \$2,575,000 from June 1, 2001 through June 1, 2020. Interest is paid semi-annually at rates ranging from 4.30% to 5.625%	28,375,000
<b>\$8,475,000 Current Interest Term 2000 Refunding Certificates</b> , due in annual installments ranging from \$2,110,000 to \$2,130,000 from June 1, 2021 through June 1, 2024. Interest is paid semi-annually at the rate of 5.25%.	<u>8,475,000</u> <u>\$ 62,250,000</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 9- Long-term Obligations (continued)**

**D - Notes Payable**

Notes payable included in the accompanying financial statements include the purchase of real estate, equipment and various claims. The County's notes payable are comprised of the following:

*Governmental Activities:*

Note payable in semi-annual installments ranging From \$27,743 to \$28,322 including interest of 4.5%.	\$ 131,762
 Note payable in ten annual installments of \$150,000 plus variable interest at an average rate of 5.86%	 450,000
 Note payable in four annual installments ranging from \$124,270 to \$137,020 including interest of 3.0%, an additional first year principal payment of \$60,878, plus a balloon payment in the fifth year of \$454,451 including interest of 3.0%	 442,911
 Note payable in nineteen quarterly installments ranging of \$236,158 beginning August 24, 2007 plus a final payment of \$236,158 on April 24, 2011, including interest at 3.65%	 3,501,470
	<u>\$ 4,526,143</u>

**E - Long-term Obligation Activity**

The following is a summary of changes in the County's long-term obligations as of June 30, 2007:

	<u>Balance</u>			<u>Balance</u>	<u>Current Portion</u>
	<u>June 30, 2006</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2007</u>	<u>of Long-term</u>
					<u>Liabilities</u>
Governmental activities:					
Bonds payable	\$106,165,000	\$ -	\$ 7,935,000	\$ 98,230,000	\$ 7,995,000
Bond premium	2,393,716	-	187,118	2,206,598	187,118
Gain on defeasance	(2,650,269)	-	(207,187)	(2,443,082)	(207,187)
Capital lease obligations	4,562,232	-	320,471	4,241,761	333,238
Certificates of participation payable	66,475,000	-	4,225,000	62,250,000	4,300,000
Notes payable	5,631,302	-	1,105,159	4,526,143	1,472,092
Accrued vacation	4,112,663	4,233,421	3,907,029	4,439,055	4,217,101
 <b>Total governmental activities</b>	 <u>\$186,689,644</u>	<u>\$4,233,421</u>	<u>\$17,472,590</u>	<u>\$ 173,450,475</u>	<u>\$ 18,297,362</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

**Note 9- Long-term Obligations (continued)**

**E - Long-term Obligation Activity (continued)**

	Balance June 30, 2006	Additions	Payments	Balance June 30, 2007	Current Portion of Long-term Liabilities
Business-type activities:					
Certificates of participation payable	\$ 48,693,781	\$ -	\$ 2,615,000	\$ 46,078,781	\$ 2,880,000
Gain on defeasance	(3,736,086)	275,208	-	(3,460,878)	274,344
Bond payable	1,250,000	-	-	1,250,000	14,000
Accrued landfill closure and postclosure costs	6,149,159	1,014,472	-	7,163,631	89,958
Accrued vacation	151,306	183,140	143,741	190,705	181,171
<b>Total business-type activities</b>	<b>\$ 52,508,160</b>	<b>\$ 1,472,820</b>	<b>\$ 2,758,741</b>	<b>\$ 51,222,239</b>	<b>\$ 3,439,473</b>

Compensated absences typically have been liquidated in the general fund and are accounted for on a Last in, First out basis, assuming that employees are taking leave time as it is earned.

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COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

Note 9 - Long-term Obligations (continued)

E - Long-term Obligation Activity (continued)

The following summarizes the annual debt service requirements to maturity for the County (excluding accrued vacation, bond anticipation notes, and arbitrage rebate payable, accrued landfill closure and postclosure costs):

	General Obligation Bonds		Certificates of Participation		Capital Leases		Notes Payable		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:										
2008	\$ 7,995,000	\$ 4,629,071	\$ 4,300,000	\$ 3,014,065	\$ 333,238	\$ 164,083	\$ 1,472,092	\$ 160,495	\$ 14,100,330	\$ 7,967,714
2009	7,940,000	4,277,101	4,365,000	2,823,408	346,514	150,807	1,062,146	105,160	13,713,660	7,356,476
2010	7,885,000	3,927,180	4,130,000	2,628,080	360,319	137,002	1,067,723	60,051	13,443,042	6,752,313
2011	7,845,000	3,560,481	4,215,000	2,438,940	374,674	122,648	924,182	20,451	13,358,856	6,142,520
2012	7,920,000	3,182,719	4,315,000	2,235,365	389,600	107,721	-	-	12,624,600	5,525,805
2013-2017	39,375,000	10,124,499	23,190,000	7,902,731	2,193,565	293,042	-	-	64,758,565	18,320,272
2018-2022	19,095,000	1,852,949	13,510,000	2,899,131	243,851	4,810	-	-	32,848,851	4,756,890
2023-2027	175,000	7,437	4,225,000	332,587	-	-	-	-	4,400,000	340,024
	98,230,000	31,561,437	62,250,000	24,274,307	4,241,761	980,113	4,526,143	346,157	169,247,904	57,162,014
Add: Bond premium	2,206,598	-	-	-	-	-	-	-	2,206,598	-
Less: Gain on defeasance (net of amortization)	(2,443,082)	-	-	-	-	-	-	-	(2,443,082)	-
	\$ 97,993,516	\$ 31,561,437	\$ 62,250,000	\$ 24,274,307	\$ 4,241,761	\$ 980,113	\$ 4,526,143	\$ 346,157	\$ 169,011,420	\$ 57,162,014
Business-type Activities:										
2008	\$ 14,000	\$ 51,563	\$ 2,880,000	\$ 2,159,175	\$ -	\$ -	\$ -	\$ -	\$ 2,894,000	\$ 2,210,738
2009	15,000	50,985	3,160,000	2,008,175	-	-	-	-	3,175,000	2,059,160
2010	16,000	50,366	3,465,000	1,842,550	-	-	-	-	3,481,000	1,892,916
2011	16,000	49,706	3,780,000	1,661,425	-	-	-	-	3,796,000	1,711,131
2012	17,000	49,046	947,326	2,599,159	-	-	-	-	964,326	2,648,205
2013-2017	96,000	234,135	8,461,455	9,254,693	-	-	-	-	8,557,455	9,488,828
2018-2022	116,000	212,685	13,505,000	4,225,625	-	-	-	-	13,621,000	4,438,310
2023-2027	143,000	186,739	9,880,000	757,500	-	-	-	-	10,023,000	944,239
2028-2032	175,000	154,646	-	-	-	-	-	-	175,000	154,646
2033-2037	214,000	115,501	-	-	-	-	-	-	214,000	115,501
2038-2042	260,000	67,650	-	-	-	-	-	-	260,000	67,650
2043-2047	168,000	13,860	-	-	-	-	-	-	168,000	13,860
	1,250,000	1,236,882	46,078,781	24,508,302	-	-	-	-	47,328,781	25,745,184
Less: Gain on defeasance (net of amortization)	-	-	(3,460,878)	-	-	-	-	-	(3,460,878)	-
	\$ 1,250,000	\$ 1,236,882	\$ 42,617,903	\$ 24,508,302	\$ -	\$ -	\$ -	\$ -	\$ 43,867,903	\$ 25,745,184

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

Note 9- Long-term Obligations (continued)

F - Conduit Debt Obligations

The County's Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, there were \$920,000 series of industrial revenue bonds outstanding.

G - Defeasance of Debt

*Prior Years' Defeasance of Debt*

In prior years, the County has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and therefore removed from the County's liabilities. As of June 30, 2007, the amount of prior year defeased debt outstanding and removed from the County's liabilities amounted \$66,185,000.

Gains and losses from debt refundings must be deferred and amortized over the lesser of the original remaining life of the old debt or the life of the new debt. In addition, gains or losses related to the debt refundings are to be used in determining the carrying value of the new debt issued to finance debt refundings. The carrying value of the certificates of participation and general obligation bonds have been adjusted for the gain from defeasance (net of amortization) of \$3,460,878 and \$2,443,082, respectively.

H - ABC Board Note Payable

In the current year, the Board entered into a note payable with the County for \$380,000 for purchase of building and land. The Board's note payable at June 30, 2007 is comprised of the following individual issues:

Note payable in quarterly installments, in the amount of \$4,583; interest is at 2% below prime	\$ 247,500
Note payable in quarterly installments of \$9,190 including Interest at a fixed rate of 5.25%	<u>380,000</u>
Total	627,500
Less current portion	<u>(35,479)</u>
Noncurrent portion	<u>\$ 592,021</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 9- Long-term Obligations (continued)**

**H – ABC Board Note Payable (continued)**

Annual debt service requirements to maturity for the Board's note payable is as follows:

	<u>Principal</u>
2008	\$ 35,479
2009	36,397
2010	37,364
2011	38,383
2012	39,457
2013-2017	215,510
2018-2022	224,910
	<u>\$ 627,500</u>

**I - General Obligation Bonds - Eastover Sanitary District**

The general obligation bonds of the District, which are for the acquisition and construction of a major sanitary system capital improvement, are collateralized by the full faith, credit, and taxing power of the District. Principal and interest payments are appropriated when due. There were no issuances in fiscal year 2007. Principal payments amounted to \$46,000 during fiscal year 2007.

The District's general obligation bonds payable at June 30, 2007 are comprised of the following individual issues:

*\$2,802,000 General Obligation Water Bonds, Series 2002A*  
 Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$124,000;  
 Interest is paid annually at rate of 4.375%. \$ 2,705,500

*\$1,102,000 General Obligation Water Bonds, Series 2002B*  
 Serial bonds payable annually from June 1, 2003 through June 1, 2042 in amounts ranging from \$0 to \$46,000;  
 Interest is paid annually at rate of 4.75%. 1,066,000

Total	3,771,500
Less current portion	<u>(48,000)</u>
Noncurrent	<u>\$ 3,723,500</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 9- Long-term Obligations (continued)**

**I - General Obligation Bonds - Eastover Sanitary District (continued)**

Annual debt service requirements to maturity for the District's general obligation bonds are as follows:

	<b>Eastover Sanitary District</b>	
	<b>Principal</b>	<b>Interest</b>
2008	\$ 48,000	\$ 169,001
2009	50,500	166,852
2010	52,500	164,590
2011	55,000	162,239
2012	57,500	159,774
2013-2017	327,500	757,995
2018-2022	408,500	677,655
2023-2027	508,500	577,520
2028-2032	633,000	452,858
2033-2037	780,500	297,764
2038-2042	850,000	114,150
	<u>\$ 3,771,500</u>	<u>\$ 3,700,398</u>

**Note 10 - Interfund Balances and Activity**

**Due From/To Other Funds**

The composition of interfund balances included in the fund financial statements as of June 30, 2007 is as follows:

	<b>Payable Fund</b>				
	<b>General</b>	<b>Nonmajor Governmental</b>	<b>Cumberland County Crown Center</b>	<b>Fiduciary</b>	<b>Total</b>
<b>Receivable Fund</b>					
General	\$ -	\$ 461,099	\$ 5,500	\$ 194	\$ 466,793
Solid waste	223,508	-	-	-	223,508
Total	<u>\$ 223,508</u>	<u>\$ 461,099</u>	<u>\$ 5,500</u>	<u>\$ 194</u>	<u>\$ 690,301</u>

Amounts were due to the general fund from other individual major, nonmajor and fiduciary funds primarily for operating purposes.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 10 - Interfund Balances and Activity (continued)**

**Transfers to/from Other Funds**

Transfers in (out) for the year ended June 30, 2007 is summarized below:

	Transfer in:					Total
	General	Nonmajor Governmental	Cumberland County Crown Center	NORCRESS Water and Sewer	Internal service	
<b>Transfer out:</b>						
General	\$ 1	\$ 3,817,790	\$ 3,639,485	\$ -	\$ 218,904	\$ 7,676,180
County School Fund	4,038,648					4,038,648
Nonmajor governmental	43,930	758,742	3,788,375	19,492	-	4,610,539
Crown Center	55,193					55,193
Total Transfers out	<u>\$ 4,137,772</u>	<u>\$ 4,576,532</u>	<u>\$ 7,427,860</u>	<u>\$ 19,492</u>	<u>\$ 218,904</u>	<u>\$ 16,380,560</u>

Transfers between the major funds, other nonmajor governmental and enterprise funds, and internal service funds were primarily to support a new capital project and operations of the funds.

**Note 11 - Joint Venture**

The County, in conjunction with the State of North Carolina and the Cumberland County Board of Education, participates in a joint venture to operate the Fayetteville Technical Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. Of the last general obligation bond issue for this purpose, \$0 in debt is outstanding. During fiscal year 2005, the County refunded the outstanding \$3,260,000 Series 1994 FTCC bonds. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. As a result of the refunding the County has \$2,125,000 in bonds outstanding at June 30, 2007 related to the Community College. In fiscal year 2006, the County entered into a note payable for \$4,300,000 that is being used as part of the required local match for the community college in order to access the North Carolina State construction bond funds. At June 30, 2007 the outstanding note balance is \$3,501,470.

The County contributed \$7,690,263 and \$3,337,173 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2007. In addition, the County made debt service payments of \$455,000 during the fiscal year on general obligation bonds issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2007. Complete financial statements for the community college may be obtained from the Fayetteville Technical Community College's administrative offices at 2201 Hull Road, Fayetteville, North Carolina 28303.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 12 - Benefit Payments Issued by the State**

The amounts listed below were paid directly to individual recipients by the State from Federal and State moneys. County personnel are involved with certain functions; primarily eligibility determinations that cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients, which do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 179,175,147	\$ 91,080,760
TANF	5,481,577	(4,646)
Special Assistance for Adults	-	2,026,152
Energy Assistance	495,844	-
Adoption Subsidy	-	845,945
WIC Food Vouchers	7,746,375	-
Adoption Assistance	926,451	258,380
	<u>\$ 193,825,394</u>	<u>\$ 94,206,591</u>

**Note 13 - Leases**

**A - Lessor Arrangements**

**Operating Lease**

The County leases land on the northern right-of-way of Technology Drive to Cingular Wireless. The cost and carrying value of the property is \$731. The term of the lease was for an initial period of five years commencing June 1998 with an option to extend for four additional consecutive five-year periods. During 2003, the County extended the lease for an additional 5-year term. Remaining payments are as follows:

<u>Fiscal Year</u> <u>Ended</u>	
2008	\$ 6,900
	<u>\$ 6,900</u>

The County entered into a ten year lease and franchise agreement with Service America Corporation to provide food and beverage operations for the Cumberland County Civic Center Complex. Service America Corporation ("the franchisee") will pay sales commissions as outlined in the franchise agreement. The minimum lease income to the County will be the greater of 60% of the prior year's commissions paid or \$250,000. In no case shall the minimum lease income to the County be less than \$250,000 per year.

Under a management lease agreement entered into on June 16, 1998, effective as of March 15, 1998, and amended on April 30, 1999, Cumberland County shall lease to the Health System all land, buildings, furniture, equipment, and other facilities owned by the County which are used in connection with the operation of the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital.

The term of the amended lease commenced on May 1, 1999 and shall terminate on April 30, 2029, provided, however, that after March 15, 2001, the County may terminate this lease as of April 30 in any year by giving the Health System at least one year's written notice prior to the April 30, as of which such termination shall be effective. Upon termination of this agreement, all of the land, buildings, furniture,

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Notes to the Financial Statements (continued)**

**June 30, 2007**

**Note 13 - Leases (continued)**

**A - Lessor Arrangements (continued)**

**Management Lease**

equipment and other facilities leased hereunder shall revert to and vest fully in the County without any further action or notice required. Upon the County's request, however, the Health System will upon such termination quitclaim and assign to the County or its designee all the Health System's assets, claims, entitlements, rights, funds, equipment and property of every nature. The Health System further agrees, upon written request of the County, to dissolve the Corporation in accordance with its corporate charter and the General Statutes of North Carolina, and expeditiously to wind up its affairs.

The annual rent payments include a base rent for all property leased annually beginning July 1, 1999, and annually thereafter as long as the lease shall be in effect. Additionally, an amount equal to the ad valorem taxes that would have been received by the County on any real property acquired by or for the use of the Health System after January 1, 1998, will be paid annually.

Future minimum rental payments required under the operating lease for the two facilities known as Cape Fear Valley Medical Center and Highsmith-Rainey Memorial Hospital are as follows:

<u>Fiscal Year</u> <u>End</u>	<u>Health</u> <u>System</u>
2007	\$ 4,065,000
2008	3,065,000
2009	3,065,000
2010	3,065,000
2011	3,065,000
2012-2016	15,325,000
2017-2021	15,325,000
2022-2026	15,325,000
2027-2028	6,130,000
	<u>\$ 68,430,000</u>

Effective with the year ending 2010, the base rent shall be the previous lease year's base rent amount adjusted by the most recently published Consumer Price Index for South Urban Size C Communities. Minimum lease payments above do not include a Consumer Price Index adjustment or a property tax increase.

**B - Lessee Arrangements**

The ABC Board leases real property for three store locations under operating leases expiring in various years through the year 2011. At June 30, 2007 future minimum lease payments under all leases are as follows:

2008	\$ 100,402
2009	95,496
2010	79,760
2011	57,392
	<u>\$ 333,050</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 13 - Leases (continued)**

**B - Lessee Arrangements (continued)**

Total rent expense under leases for the year ended June 30, 2007 was \$128,863.

The Fayetteville Area Convention and Visitors Bureau leases real property for its operations from the County. The lease agreement expired on June 30, 2003. Pending the establishment of a new lease agreement, the Bureau is renting this space on a month-to-month basis. Total rent expense under leases for the year ended June 30, 2007 was \$10,000.

**Note 14 - Contingent Liabilities**

**Federal and State Assisted Programs**

The County has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refunds of grant moneys.

**Claims and judgments**

The County is a defendant in various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these matters will not have a material adverse effect on the financial condition of the County.

**Arbitrage**

The County's bond issues are subject to federal arbitrage regulations, and the County has elected to review its potential arbitrage liability annually on the bond issue dates. The arbitrage rebate payments are payable on the fifth anniversary of the bond issue date and every fifth year subsequent to that date. Although the actual amount to be paid is not presently determinable, the County believes that arbitrage payables have been adequately provided for in the accompanying financial statements.

**Note 15 - Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

**Note 16 - Law Enforcement and Alcoholic Education Expenses**

The ABC Board is required by law to expend at least 5% of its total profits for law enforcement, and not less than 7% of its profits for education on the excessive use of alcoholic beverages and for rehabilitation of alcoholics. Profits are defined by law for these calculations as income before law enforcement and educational expenses, less the 3.5% markup provided in G. S. 18B-804(b)(5) and the bottle charge provided for in G. S. 18B-804(b)(6b).

COUNTY OF CUMBERLAND, NORTH CAROLINA

Notes to the Financial Statements (continued)

June 30, 2007

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**Note 17 – Subsequent Events**

The Fayetteville Metropolitan Housing Authority has applied for HOPE VI funds to construct over 600 affordable housing units in the Old Wilmington Road neighborhood. The plan includes the City and County jointly borrowing \$9,360,000 for infrastructure needs and pledging the incremental property tax increase from the revitalized district to repay the debt. On October 15, 2007 the Board of County Commissioners voted to commit at least \$3,120,000 to the Hope VI project and that the county's share be contributed up front contingent upon the approval of the FY2008 grant application.

**REQUIRED SUPPLEMENTARY INFORMATION**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Funding Progress**

<u>Calendar Year</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % of Covered Payroll (b-a/c)</u>
1997	\$ 768,307	\$ 828,588	\$ 60,281	92.72%	\$ 7,438,100	0.81%
1998	814,479	971,723	157,244	83.82%	9,226,176	1.70%
1999	766,749	1,065,499	298,750	71.96%	9,784,928	3.05%
2000	726,819	1,759,985	1,033,166	41.30%	10,019,486	10.31%
2001	708,456	1,706,390	997,934	41.52%	9,483,327	10.52%
2002	619,478	1,783,284	1,163,806	34.74%	9,142,355	12.73%
2003	894,510	1,919,964	1,025,454	46.59%	8,955,910	11.45%
2004	992,117	2,359,322	1,367,205	42.05%	9,573,312	14.28%
2005	1,131,826	2,216,448	1,084,622	51.06%	10,803,871	10.04%
2006	1,275,277	2,558,408	1,283,131	49.85%	11,373,709	11.28%

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Law Enforcement Officers' Special Separation Allowance  
Required Supplementary Information  
Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1999	\$ 75,775	127.93%
2000	99,631	16.97%
2001	122,612	20.06%
2002	213,334	7.65%
2003	206,748	77.39%
2004	214,216	93.34%
2005	203,462	108.13%
2006	242,685	90.65%
2007	221,626	117.31%
2008	248,532	N/A

**Notes to Required Schedules**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation method	Market value
Actuarial assumption	
Investment rate of return*	7.25%
Projected salary increase	4.5 to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	N/A

**GENERAL FUND**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Comparative Balance Sheets  
General Fund**

**June 30, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,178,882	\$ 38,028,514
Investments	46,698,439	51,545,960
Taxes receivable, net	4,430,797	4,771,229
Sales tax receivable	11,264,059	12,273,293
Due from other governments	9,478,795	6,789,223
Patient receivables	1,802,174	1,370,952
Other receivables, net	1,068,887	609,961
Due from other funds	466,793	1,066,182
Due from component units	151,903	440,053
Inventories	250,613	246,003
Restricted assets		
Cash and cash equivalents	399,801	3,649,042
<b>Total assets</b>	<b>\$ 117,191,143</b>	<b>\$ 120,790,412</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts and vouchers payable	\$ 6,009,881	\$ 6,011,854
Due to other governments	3,717,247	4,287,299
Accrued payroll	3,841,979	3,712,985
Other payables	43,006	146,905
Due to other funds	223,508	1,732,442
Deferred revenues	5,243,638	6,264,170
<b>Total liabilities</b>	<b>19,079,259</b>	<b>22,155,655</b>
<b>Fund balance</b>		
Reserved for inventories	250,613	246,003
Reserved for register of deeds	254,065	233,127
Reserved for encumbrances	6,620,116	10,170,114
Reserved by State statute	23,704,328	21,868,108
Unreserved (available for future appropriation)		
Designated for subsequent year's expenditures	14,711,456	15,407,911
Designated for revaluation	150,000	150,000
Designated for tax office software	655,072	1,161,950
Designated for potential Medicaid increase	1,500,000	
Designated for backup E911 system	73,004	
Designated for renovations and maintenance	454,516	752,234
Designated for Courthouse/plaza repairs	2,622,136	2,704,163
Designated for Health Department renovations	1,606,150	3,166,150
Designated for Hope VI Project	3,120,000	1,227,898
Designated for special purposes	1,351,235	3,065,833
Undesignated	41,039,193	38,481,266
<b>Total fund balance</b>	<b>98,111,884</b>	<b>98,634,757</b>
<b>Total liabilities and fund balance</b>	<b>\$ 117,191,143</b>	<b>\$ 120,790,412</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
<b>Ad valorem taxes</b>				
Current year	\$ 116,974,167	\$ 120,359,554	\$ 3,385,387	\$ 115,213,678
Prior years	3,016,134	1,961,414	(1,054,720)	2,923,375
Penalties and interest	1,513,751	1,492,698	(21,053)	1,632,032
Motor vehicle - current	11,857,033	13,290,395	1,433,362	13,692,236
Motor vehicle - prior	2,111,139	2,231,017	119,878	2,064,585
Other	350,000	420,007	70,007	397,290
<b>Total ad valorem taxes</b>	<b>135,822,224</b>	<b>139,755,085</b>	<b>3,932,861</b>	<b>135,923,196</b>
<b>Other taxes</b>				
Dog registration fees	522,000	367,631	(154,369)	381,637
Real estate transfer	919,571	1,515,828	596,257	1,477,071
Beer and wine	475,999	489,287	13,288	695,840
Sales	41,261,890	43,227,809	1,965,919	45,175,403
Other	1,238	-	(1,238)	(1,311,511)
<b>Total other taxes</b>	<b>43,180,698</b>	<b>45,600,555</b>	<b>2,419,857</b>	<b>46,418,440</b>
<b>Unrestricted intergovernmental revenues</b>				
Federal	440,240	668,345	228,105	613,776
State government	259,064	209,324	(49,740)	313,578
Fayetteville	4,947,607	5,473,306	525,699	2,891,409
Municipalities	160,217	201,700	41,483	185,681
Other governmental	1,000,000	1,220,958	220,958	1,133,223
<b>Total unrestricted intergovernmental revenues</b>	<b>6,807,128</b>	<b>7,773,633</b>	<b>966,505</b>	<b>5,137,667</b>
<b>Restricted intergovernmental revenues</b>				
Federal	479,509	432,611	(46,898)	746,347
NC health programs	4,531,817	4,249,118	(282,699)	3,800,206
NC mental health programs	18,150,460	12,920,149	(5,230,311)	15,056,262
NC social services programs	36,758,082	36,835,302	77,220	36,542,098
NC library programs	792,423	765,526	(26,897)	737,678
NC other restricted revenue	980,748	958,920	(21,828)	1,398,503
Other restricted revenue	1,213,050	1,206,225	(6,825)	1,061,510
<b>Total restricted intergovernmental revenues</b>	<b>62,906,089</b>	<b>57,367,851</b>	<b>(5,538,238)</b>	<b>59,342,604</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues (continued)</b>				
<b>Licenses and permits</b>				
Inspection department permits	\$ 1,523,200	\$ 1,179,153	\$ (344,047)	\$ 1,472,570
Marriage licenses	91,347	116,940	25,593	114,840
Register of Deeds fees	1,785,130	2,000,600	215,470	2,029,395
Miscellaneous permits	741,421	410,665	(330,756)	1,909,528
<b>Total licenses and permits</b>	<b>4,141,098</b>	<b>3,707,358</b>	<b>(433,740)</b>	<b>5,526,333</b>
<b>Sales and services</b>				
Health department fees	2,549,113	2,885,903	336,790	2,959,989
Library fees	286,850	314,225	27,375	323,675
Mental health department fees	11,908,416	5,915,420	(5,992,996)	12,266,671
Sheriff department fees	2,316,058	2,372,496	56,438	2,522,298
Social services fees	202,594	162,618	(39,976)	180,212
Other department fees	1,955,016	1,966,141	11,125	1,753,973
<b>Total sales and services</b>	<b>19,218,047</b>	<b>13,616,803</b>	<b>(5,601,244)</b>	<b>20,006,818</b>
<b>Interest earned on investments</b>	<b>1,362,585</b>	<b>5,876,314</b>	<b>4,513,729</b>	<b>4,357,428</b>
<b>Miscellaneous</b>				
Other restricted revenue	100,000	99,772	(228)	-
Miscellaneous	379,886	617,220	237,334	752,923
Rent, land, and buildings	4,299,263	4,349,859	50,596	4,346,463
Sales miscellaneous	12,500	8,660	(3,840)	13,085
Special assessments	-	188	188	4,038
<b>Total miscellaneous</b>	<b>4,791,649</b>	<b>5,075,699</b>	<b>284,050</b>	<b>5,116,509</b>
<b>Total revenues</b>	<b>278,229,518</b>	<b>278,773,298</b>	<b>543,780</b>	<b>281,828,995</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Expenditures</b>				
<b>Current</b>				
<b>General government</b>				
Governing body	\$ 446,618	\$ 448,358	\$ (1,740)	\$ 418,125
Administration	1,402,557	1,322,614	79,943	1,271,388
Court facilities	105,228	51,091	54,137	25,655
Information services	1,770,215	1,498,863	271,352	1,417,553
Elections	863,929	821,804	42,125	1,442,926
Finance	966,683	883,045	83,638	836,588
Legal	577,733	558,885	18,848	515,859
Register of Deeds	2,549,642	1,827,845	721,797	1,696,826
Tax assessor	4,437,659	3,990,699	446,960	3,593,077
Print shop	219,332	218,887	445	174,625
Public Building	1,999,894	1,730,578	269,316	1,644,754
Message center	155,109	136,778	18,331	132,883
Carpenter shop	178,100	173,238	4,862	154,141
Public buildings - equipment maintenance	884,573	876,967	7,606	756,150
Public buildings - janitorial	632,322	586,374	45,948	586,896
Central maintenance	759,305	734,312	24,993	722,219
Landscaping and grounds	644,632	556,535	88,097	527,110
General government other	8,319,934	4,389,614	3,930,320	4,002,698
<b>Total general government</b>	<b>26,913,465</b>	<b>20,806,487</b>	<b>6,106,978</b>	<b>19,919,473</b>
<b>Public safety</b>				
Emergency dispatch	1,585,678	1,375,885	209,793	1,470,461
Sheriff	20,868,206	20,549,536	318,670	19,597,365
Jail	10,121,152	9,829,130	292,022	9,609,565
Gang intervention grant	-	-	-	1,530
School law enforcement-local	2,776,458	2,753,279	23,179	2,279,500
Sheriff's grants	-	-	-	61,952
Local law enforcement	88	-	88	-
Law enforcement block grant 01	154,573	102,683	51,890	-
Law enforcement block grant 97	7,379	7,374	5	55,530
Animal Control	1,055,494	996,145	59,349	880,806
Public safety other	1,206,408	1,135,452	70,956	912,990
Cumberland day reporting center	235,386	223,674	11,712	225,924
Criminal justice unit	369,132	323,161	45,971	266,644
Community correction - probation	77,516	65,209	12,307	63,139
<b>Total public safety</b>	<b>38,457,470</b>	<b>37,361,528</b>	<b>1,095,942</b>	<b>35,425,406</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Economic and physical development</b>				
Planning department	\$ 3,575,446	\$ 3,211,766	\$ 363,680	\$ 2,760,915
Engineering	243,698	229,119	14,579	218,796
NC cooperative extension service	556,100	497,747	58,353	494,622
Soil conservation district	72,216	67,717	4,499	49,168
Soil conservation cost	49,747	48,874	873	48,229
Economic physical development - other	479,665	433,965	45,700	420,625
Industrial park	102,640	58,817	43,823	34,008
Public utilities	190,749	145,733	45,016	154,349
<b>Total economic and physical development</b>	<b>5,270,261</b>	<b>4,693,738</b>	<b>576,523</b>	<b>4,180,712</b>
<b>Human services</b>				
<b>Mental Health</b>				
Mental Health - C&Y contracts	343,370	331,267	12,103	462,267
Adolescent sex offender treatment	148,091	77,072	71,019	103,025
Family preservation	492,332	335,946	156,386	325,932
Mental Health - Homeless child	58,459	54,536	3,923	50,952
Smart Start	251,610	212,799	38,811	203,637
Mental Health - CBA in-home	241,830	166,279	75,551	174,605
Periodic outpatient service	1,225,719	627,558	598,161	675,758
Mental Health - Winding creek	136,400	75,071	61,329	71,385
Mental Health - Adolescent group home	509,720	80,353	429,367	664,085
Mental Health - Adult homeless	86,644	77,046	9,598	77,137
Case management and referral - SA	39,971	19,654	20,317	38,707
High risk primary prevention	103,964	4,692	99,272	83,517
NC Treatment Alternative to street crime	325,946	293,720	32,226	259,589
NC Adolescent Substance Abuse	122,660	95,450	27,210	95,230
Alcohol/Drug - Women	157,560	60,177	97,383	121,082
Mental Health - Substance abuse - periodic	697,496	519,732	177,764	652,339
Mental Health - Workfirst	88,019	87,621	398	79,528
Residential group home	-	33,839	(33,839)	-
Detoxification	1,032,553	707,088	325,465	747,428
Consultation and education	5,760	200	5,560	178,733
Mental Health - ABLE	9,975	2,027	7,948	182,307
Mental Health - ICF/MR HUD homes	1,618,563	-	1,618,563	1,318,269
Mental Health - Autism	1,495	107	1,388	66,525
Mental Health - DD contracts	3,086,805	1,752,934	1,333,871	2,641,638
Mental Health - Case Management	1,146,181	206,526	939,655	663,848
Partial hospitalization	1,175,286	528,025	647,261	765,715
Adult CMI group home	-	-	-	118,044
Mental Health - Adult contracts	1,099,245	281,203	818,042	299,457
Mental Health - Crisis stabilization	1,010,655	710,693	299,962	676,606
Mental Health - Adult periodic	1,776,560	1,041,435	735,125	1,308,138
Mental Health - Substance abuse contracts	1,169,821	553,473	616,348	200,411

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Mental Health (continued)</b>				
Willie M. - Lakewood	\$ 49,722	\$ -	\$ 49,722	\$ 272,927
Willie M. - Case management	474,803	213,014	261,789	398,974
Willie M. - Tiffany group home	688,624	406,299	282,325	281,360
Willie M. - Alternative family living	2,596,705	2,383,077	213,628	2,122,365
Willie M. - Outpatient treatment	127,683	62,239	65,444	81,221
Willie M. - Administration	670,623	181,940	488,683	505,730
Mental Health Department	906,062	615,716	290,346	699,068
Medical services	2,677,961	2,010,821	667,140	2,186,558
Mental Health - general support	441,819	279,065	162,754	327,089
Mental Health - Medical records	407,013	294,661	112,352	367,715
Mental Health - MIS	684,160	529,764	154,396	511,277
Mental Health - Personnel	217,711	125,538	92,173	90,528
Mental Health - Medicaid contracts	1,506,750	1,124,318	382,432	2,586,911
Thomas S. - Todd C. specific	1,409,788	721,279	688,509	1,091,116
Thomas S. - Crisis diversion	51,906	10,451	41,455	36,306
Mental Health - Majors Grant	225,367	38,354	187,013	191,480
Mental Health - Managed Care	165,579	44,706	120,873	44,465
Mental Health - RCE - TASC	1,501,162	1,428,187	72,975	1,367,006
Mental Health - Adult Community Services	487,593	245,385	242,208	198,191
Mental Health - NC AFDC claims	633,657	521,903	111,754	551,833
Mental Health - NC Medicaid claims	245,431	211,040	34,391	203,496
Mental Health - Access Line	1,061,180	663,031	398,149	626,523
Mental Health - Service management	915,237	450,463	464,774	341,612
Mental Health - Consumer affairs and customer service	516,184	255,296	260,888	219,558
Mental Health - Quality improvement and outcome evaluation	954,539	648,857	305,682	635,451
Mental Health - CTSP Court Order evaluation	118,353	44,141	74,212	19,589
<b>Subtotal - mental health</b>	<b>37,898,302</b>	<b>22,446,068</b>	<b>15,452,234</b>	<b>29,264,243</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Health</b>				
Health - administration	\$ 1,710,129	\$ 1,427,527	\$ 282,602	\$ 1,512,119
Laboratory	389,784	365,447	24,337	371,528
Mosquito control	95,436	50,162	45,274	64,913
Pharmacy	304,359	302,436	1,923	311,081
C. C. Jail Health program	1,367,642	1,318,045	49,597	1,280,119
Management Support	282,609	267,352	15,257	283,565
NC Environmental Health	1,485,399	1,394,025	91,374	1,436,123
Immunization clinic	406,213	386,269	19,944	416,712
School health program	763,574	693,817	69,757	617,378
C.C. Wellness program	55,740	24,181	31,559	-
Child health clinic	733,700	696,706	36,994	679,553
Dental clinic	385,645	333,016	52,629	301,075
Health promotion	310,847	301,258	9,589	282,516
Maternal health clinic	509,880	425,951	83,929	478,710
Medical records	199,588	196,490	3,098	175,620
Childhood lead poison prevention	5,200	3,763	1,437	3,398
Breast/cervical cancer	68,343	39,956	28,387	52,264
CSC	736,200	616,791	119,409	612,746
Child fatality prevention	3,857	491	3,366	4,098
BCCCP-CVD screening	59,893	54,344	5,549	47,028
Chest TB clinic	132,737	108,951	23,786	140,395
Family planning clinic	921,966	869,066	52,900	774,912
NC Epilepsy program	12,375	1,541	10,834	7,365
NC General Communicable Disease	484,396	379,649	104,747	361,679
CDC tuberculosis project	65,513	55,432	10,081	46,007
NC AIDS	72,292	65,309	6,983	69,138
Adult health clinic	526,340	518,394	7,946	468,178
School health	433,323	432,632	691	369,290
WIC - Clinic services	1,782,620	1,644,420	138,200	1,681,466
Health - other	169,490	168,640	850	181,928
Regional Bioterrorism response grant	455,107	410,613	44,494	434,351
RTI dental research	3,600	2,700	900	6,142
NC Healthy Start foundation	58,961	47,172	11,789	11,538
Bioterrorism preparedness	132,345	122,206	10,139	103,830
STD Clinic	314,175	290,862	23,313	278,507
South Central partnership	236,054	236,054	-	7,446
Maternal care coordination	592,474	564,176	28,298	424,883
<b>Subtotal - health</b>	<b>16,267,806</b>	<b>14,815,844</b>	<b>1,451,962</b>	<b>14,297,601</b>
<b>Welfare</b>				
Social services department	31,131,101	29,723,243	1,407,858	27,997,200
Social services - other	37,456,022	37,221,628	234,394	36,656,109
Grant - FV Care Center	413,270	412,551	719	382,937
Welfare - other	438,054	379,948	58,106	321,573
<b>Subtotal - welfare</b>	<b>69,438,447</b>	<b>67,737,370</b>	<b>1,701,077</b>	<b>65,357,819</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (continued)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Current (continued)</b>				
<b>Human services (continued)</b>				
<b>Other human services</b>				
Veterans' services	\$ 259,396	\$ 216,593	\$ 42,803	\$ 219,309
Senior aides local support	-	-	-	51,388
Spring Lake Resource Center - Admin	43,684	8,874	34,810	8,152
<b>Subtotal - other human services</b>	<b>303,080</b>	<b>225,467</b>	<b>77,613</b>	<b>278,849</b>
<b>Total human services</b>	<b>123,907,635</b>	<b>105,224,749</b>	<b>18,682,886</b>	<b>109,198,512</b>
<b>Cultural and recreational</b>				
Library	8,206,170	7,880,995	325,175	7,385,668
Library foreign language	50,000	39,707	10,293	55,071
Law library	202,285	197,281	5,004	177,849
Library - Smart Start	306,489	263,381	43,108	254,052
Motherread	76,927	72,337	4,590	63,812
Stadium maintenance	103,229	103,229	-	109,870
Culture recreation other	278,350	270,150	8,200	274,250
<b>Total cultural and recreational</b>	<b>9,223,450</b>	<b>8,827,080</b>	<b>396,370</b>	<b>8,320,572</b>
<b>Education</b>				
Public schools - current	65,897,226	65,897,226	-	62,825,539
Community colleges - current	7,690,263	7,690,263	-	7,316,823
Community colleges - capital outlay	5,452,266	3,436,946	2,015,320	958,496
<b>Total education</b>	<b>79,039,755</b>	<b>77,024,435</b>	<b>2,015,320</b>	<b>71,100,858</b>
<b>Debt service</b>				
Principal payments	13,435,631	13,435,630	1	13,738,769
Interest and fees	8,535,161	8,535,159	2	8,913,064
<b>Total debt service</b>	<b>21,970,792</b>	<b>21,970,789</b>	<b>3</b>	<b>22,651,833</b>
<b>Total expenditures</b>	<b>304,782,828</b>	<b>275,908,806</b>	<b>28,874,022</b>	<b>270,797,366</b>
<b>Revenues over (under) expenditures</b>	<b>(26,553,310)</b>	<b>2,864,492</b>	<b>29,417,802</b>	<b>11,031,629</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - General Fund (concluded)

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Other financing sources (uses)</b>				
Sale of capital assets	\$ -	\$ 151,043	\$ 151,043	\$ 54,692
Lease purchase proceeds	-	-	-	4,300,000
Transfers in	4,137,771	4,137,772	1	4,196,565
Transfers out	(8,149,618)	(7,676,180)	473,438	(11,546,974)
Fund balance appropriated	30,565,157	-	(30,565,157)	-
<b>Total other financing sources (uses)</b>	<u>26,553,310</u>	<u>(3,387,365)</u>	<u>(29,940,675)</u>	<u>(2,995,717)</u>
<b>Revenues and other financing sources (uses) over expenditures</b>	<u>\$ -</u>	<u>(522,873)</u>	<u>\$ (522,873)</u>	8,035,912
<b>Fund balance</b>				
Beginning of year - July 1		<u>98,634,757</u>		<u>90,598,845</u>
End of year - June 30		<u>\$ 98,111,884</u>		<u>\$ 98,634,757</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - County School Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Other taxes	\$ 9,000,000	\$ 10,242,415	\$ 1,242,415	\$ 10,499,118
Unrestricted intergovernmental revenue	132,840	548,686	415,846	134,834
Restricted intergovernmental revenue	7,735,148	6,898,894	(836,254)	3,141,493
Interest earned on investments	-	529,061	529,061	264,259
Miscellaneous	-	165,765	165,765	317,905
<b>Total revenues</b>	<u>16,867,988</u>	<u>18,384,821</u>	<u>1,516,833</u>	<u>14,357,609</u>
<b>Expenditures</b>				
Education				
School capital outlay I	14,072,340	6,810,694	7,261,646	3,172,707
School capital outlay II	4,413,897	2,507,324	1,906,573	2,857,265
School capital outlay III	404,103	312,802	91,301	629,045
<b>Total expenditures</b>	<u>18,890,340</u>	<u>9,630,820</u>	<u>9,259,520</u>	<u>6,659,017</u>
<b>Revenues over expenditures</b>	<u>(2,022,352)</u>	<u>8,754,001</u>	<u>10,776,353</u>	<u>7,698,592</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	-	-	-	429,571
Transfers (out)	(4,038,648)	(4,038,648)	-	(4,188,658)
Appropriated fund balance	6,061,000	-	(6,061,000)	-
<b>Total other financing sources (uses)</b>	<u>2,022,352</u>	<u>(4,038,648)</u>	<u>(6,061,000)</u>	<u>(3,759,087)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>4,715,353</u>	<u>\$ 4,715,353</u>	<u>3,939,505</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>9,428,097</u>		<u>5,488,592</u>
End of year - June 30		<u>\$ 14,143,450</u>		<u>\$ 9,428,097</u>

**NONMAJOR GOVERNMENTAL FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 17,017,647	\$ -	\$ -	\$ 17,017,647
Investments	3,024,377	-	-	3,024,377
Taxes receivable, net	476,915	-	-	476,915
Sales tax receivable	133,805	133,850	-	267,655
Due from other governments	844,563	-	600	845,163
Other receivables, net	323,968	-	-	323,968
Restricted assets:				
Cash and cash equivalents	213,352	2,958,946	2,795	3,175,093
Investments	-	-	33,158	33,158
Accounts receivable	-	40,722	1,151	41,873
<b>Total assets</b>	<b>\$ 22,034,627</b>	<b>\$ 3,133,518</b>	<b>\$ 37,704</b>	<b>\$ 25,205,849</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Accounts and vouchers payable	\$ 1,328,123	\$ 325,309	\$ -	\$ 1,653,432
Due to other governments	12,239	-	-	12,239
Accrued payroll	76,534	-	-	76,534
Other payables	2,376	-	-	2,376
Due to other funds	436,147	24,952	-	461,099
Deferred revenue	705,495	-	1,151	706,646
<b>Total liabilities</b>	<b>2,560,914</b>	<b>350,261</b>	<b>1,151</b>	<b>2,912,326</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
Reserved for encumbrances	559,573	122	-	559,695
Reserved by State statute	1,073,756	174,572	-	1,248,328
Reserved for inmates	180,841	-	-	180,841
Reserved for cemetery	-	-	36,553	36,553
<b>Unreserved:</b>				
Designated for subsequent year's expenditures	370,325	-	-	370,325
Undesignated	17,289,218	2,608,563	-	19,897,781
<b>Total fund balances</b>	<b>19,473,713</b>	<b>2,783,257</b>	<b>36,553</b>	<b>22,293,523</b>
<b>Total liabilities and fund balances</b>	<b>\$ 22,034,627</b>	<b>\$ 3,133,518</b>	<b>\$ 37,704</b>	<b>\$ 25,205,849</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2007**

	<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Cemetery Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>				
Ad valorem taxes	\$ 7,707,832	\$ -	\$ -	\$ 7,707,832
Other taxes	4,560,201	-	-	4,560,201
Restricted intergovernmental revenue	11,052,908	89,963	-	11,142,871
Sales and services	182,672	4,254	-	186,926
Interest earned on investments	1,046,540	74,739	1,601	1,122,880
Miscellaneous	784,054	12,618	600	797,272
<b>Total revenues</b>	<b>25,334,207</b>	<b>181,574</b>	<b>2,201</b>	<b>25,517,982</b>
<b>Expenditures</b>				
Current:				
General government	559,646	-	2,125	561,771
Public safety	6,574,566	-	-	6,574,566
Economic and physical development	10,110,323	-	-	10,110,323
Human services	1,771,008	-	-	1,771,008
Cultural and recreational	3,585,872	107,825	-	3,693,697
Education	-	1,823,293	-	1,823,293
Capital outlay	1,473,402	4,706,109	-	6,179,511
Principal payments	150,000	-	-	150,000
Interest and fees	37,802	-	-	37,802
<b>Total expenditures</b>	<b>24,262,619</b>	<b>6,637,227</b>	<b>2,125</b>	<b>30,901,971</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,071,588</b>	<b>(6,455,653)</b>	<b>76</b>	<b>(5,383,989)</b>
<b>Other financing sources (uses)</b>				
Sale of capital assets	38,200	-	-	38,200
Transfers in	2,386,490	2,190,042	-	4,576,532
Transfers out	(4,610,539)	-	-	(4,610,539)
<b>Total other financing sources (uses)</b>	<b>(2,185,849)</b>	<b>2,190,042</b>	<b>-</b>	<b>4,193</b>
<b>Net change in fund balances</b>	<b>(1,114,261)</b>	<b>(4,265,611)</b>	<b>76</b>	<b>(5,379,796)</b>
<b>Fund balance - beginning</b>	<b>20,587,974</b>	<b>7,048,868</b>	<b>36,477</b>	<b>27,673,319</b>
<b>Fund balance - ending</b>	<b>\$ 19,473,713</b>	<b>\$ 2,783,257</b>	<b>\$ 36,553</b>	<b>\$ 22,293,523</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

(continued)

	Prepared Food and Beverage Fund	Wireless 911 Emergency Fund	Wireless 911 Fund	Workforce Development Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund
Cash and cash equivalents	\$ 4,077,625	\$ 2,693,373	\$ 1,271,971	\$ 110,017	\$ 2,620,124	\$ 3,023,203	\$ 318,807	\$ 1,374,537	\$ 431,420	\$ 95,894
Investments	-	521,184	500,000	-	1,515,395	487,798	-	-	-	-
Taxes receivable, net	-	2,368	-	26,719	1,599	32,387	993	164,602	-	-
Sales tax receivable	-	64,300	44,888	464,894	-	2,586	-	41,604	1,037	550
Due from other governments	-	5,429	(1,030)	1,813	14,723	231,547	-	-	-	124,490
Other receivables, net	-	-	-	-	-	-	-	-	-	14,720
Restricted assets:	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	\$ 4,077,625	\$ 3,286,654	\$ 1,815,829	\$ 603,443	\$ 4,151,841	\$ 3,777,521	\$ 319,800	\$ 1,580,743	\$ 432,457	\$ 235,654
<b>Total assets</b>										
<b>Liabilities and fund balances</b>										
Liabilities:	\$ -	\$ 7,299	\$ -	\$ 174,314	\$ 25,583	\$ 491,494	\$ 596	\$ 144,114	\$ 293,598	\$ 72,551
Accounts and vouchers payable	-	-	-	-	-	-	-	4,344	-	7,895
Due to other governments	-	6,517	-	31,877	-	-	8,749	-	10,995	1,020
Accrued payroll	-	-	-	-	-	-	-	-	-	332
Other payables	-	-	-	182,223	-	-	-	-	-	107,765
Due to other funds	-	428	428	-	4,454	223,270	-	164,602	-	-
Deferred revenue	-	14,244	428	388,414	30,037	714,764	9,345	313,060	304,593	189,563
Total liabilities	-	14,244	428	388,414	30,037	714,764	9,345	313,060	304,593	189,563
Fund balances:										
Reserved:										
Reserved for encumbrances	-	33,287	4,286	147,510	6,331	349,050	14,831	3,937	-	341
Reserved by State statute	-	71,669	43,430	493,426	11,868	43,250	993	41,604	1,037	139,760
Reserved for inmates	-	-	-	-	-	-	-	-	-	-
Unreserved:										
Designated for subsequent year's expenditures	4,077,625	3,162,542	1,767,685	(425,907)	4,058,227	2,446,109	294,631	1,222,142	126,827	(94,010)
Undesignated	4,077,625	3,272,410	1,815,401	215,029	4,121,804	3,062,757	310,455	1,267,683	127,864	46,091
Total fund balances	\$ 4,077,625	\$ 3,286,654	\$ 1,815,829	\$ 603,443	\$ 4,151,841	\$ 3,777,521	\$ 319,800	\$ 1,580,743	\$ 432,457	\$ 235,654
<b>Total liabilities and fund balances</b>										

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2007

(concluded)

	North										Total Nonmajor Special Revenue Funds
	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	North Carolina Controlled Substance Fund	Injured Animal Stabilization Fund	Downtown Revitalization Fund	Inmate Welfare Fund	Total	
<b>Assets</b>											
Cash and cash equivalents	\$ 78,134	\$ 116,277	\$ 336,526	\$ 168,917	\$ 530	\$ 70,257	\$ 8,759	\$ 221,276	\$ -	\$ -	\$ 17,017,647
Investments	-	-	-	-	-	-	-	-	-	-	3,024,377
Taxes receivable, net	-	-	312,313	-	-	-	-	-	-	-	476,915
Sales tax receivable	-	26,548	-	-	-	-	-	-	-	-	133,805
Due from other governments	-	143,405	-	-	-	-	-	-	-	-	844,563
Other receivables, net	-	155	-	20,074	36,537	-	-	-	-	-	323,968
Restricted assets:											
Cash and cash equivalents	-	-	-	-	-	-	-	-	213,352	-	213,352
<b>Total assets</b>	<b>\$ 78,134</b>	<b>\$ 286,385</b>	<b>\$ 648,839</b>	<b>\$ 188,991</b>	<b>\$ 37,067</b>	<b>\$ 70,257</b>	<b>\$ 8,759</b>	<b>\$ 221,276</b>	<b>\$ 213,352</b>	<b>\$ -</b>	<b>\$ 22,034,627</b>
<b>Liabilities and fund balances</b>											
Liabilities:											
Accounts and vouchers payable	\$ -	\$ 50,136	\$ 69,301	\$ -	\$ -	\$ (1,163)	\$ 300	\$ -	\$ -	\$ -	\$ 1,328,123
Due to other governments	-	11,232	-	4,268	-	-	-	-	-	-	12,239
Accrued payroll	-	-	-	-	-	-	-	-	1,876	-	76,534
Other payables	-	2,044	-	-	-	-	-	-	-	-	2,376
Due to other funds	-	128,935	-	-	-	-	-	-	17,224	-	436,147
Deferred revenue	-	-	312,313	-	-	-	-	-	-	-	705,495
<b>Total liabilities</b>	<b>-</b>	<b>192,347</b>	<b>381,614</b>	<b>4,268</b>	<b>-</b>	<b>(1,163)</b>	<b>300</b>	<b>-</b>	<b>19,100</b>	<b>-</b>	<b>2,560,914</b>
<b>Fund balances:</b>											
Reserved:											
Reserved for encumbrances	-	-	-	-	-	-	-	-	-	-	559,573
Reserved by State statute	-	170,108	-	20,074	36,537	-	-	-	-	-	1,073,756
Reserved for inmates	-	-	-	-	-	-	-	-	180,841	-	180,841
Unreserved:											
Designated for subsequent year's expenditures	-	-	-	82,276	-	-	-	-	13,411	-	370,325
Undesignated	78,134	(76,070)	267,225	82,373	530	71,420	8,459	221,276	-	-	17,289,218
<b>Total fund balances</b>	<b>78,134</b>	<b>94,038</b>	<b>267,225</b>	<b>184,723</b>	<b>37,067</b>	<b>71,420</b>	<b>8,459</b>	<b>221,276</b>	<b>194,252</b>	<b>-</b>	<b>19,473,713</b>
<b>Total liabilities and fund balances</b>	<b>\$ 78,134</b>	<b>\$ 286,385</b>	<b>\$ 648,839</b>	<b>\$ 188,991</b>	<b>\$ 37,067</b>	<b>\$ 70,257</b>	<b>\$ 8,759</b>	<b>\$ 221,276</b>	<b>\$ 213,352</b>	<b>\$ -</b>	<b>\$ 22,034,627</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2007**

(continued)

	Prepared Food and Beverage Fund	911 Emergency Fund	Wireless 911 Emergency Fund	Workforce Development Fund	Industrial Development Fund	Water and Sewer Fund	Property Revaluation Fund	Recreation Fund	Juvenile Crime Prevention Fund	Transportation Fund
<b>Revenues</b>										
Ad valorem taxes	\$ 4,560,201	-	-	-	-	-	-	\$ 2,740,955	\$ -	\$ -
Other taxes	-	-	-	-	-	-	-	-	-	-
Restricted intergovernmental revenue	-	828,054	325,567	3,566,136	497,473	226,178	-	36,599	1,481,576	951,505
Sales and services	-	118,655	-	12,780	-	15,886	-	-	-	35,348
Interest earned on investments	200,445	140,396	80,961	-	216,784	188,121	10,317	120,665	-	6,075
Miscellaneous	-	716	75,524	1	41,600	219,174	-	37,532	-	2
<b>Total revenues</b>	<b>4,760,646</b>	<b>1,087,821</b>	<b>482,052</b>	<b>3,578,917</b>	<b>755,857</b>	<b>649,359</b>	<b>10,317</b>	<b>2,935,751</b>	<b>1,481,576</b>	<b>992,930</b>
<b>Expenditures</b>										
Current:										
General government	-	78,516	-	-	-	-	481,130	-	-	-
Public safety	-	603,424	37,699	-	-	-	-	-	-	-
Economic and physical development	-	-	-	3,601,940	812,260	1,999,463	-	-	-	1,066,047
Human services	-	-	-	-	-	-	-	-	1,771,008	-
Cultural and recreational	4,338	24,361	-	-	233,961	-	25,045	3,581,534	-	-
Capital outlay	-	-	-	-	-	-	-	1,190,035	-	-
Principal payments	-	-	-	-	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-	-	-	-	-
Total expenditures	4,338	706,301	37,699	3,601,940	1,046,221	1,999,463	506,175	4,771,569	1,771,008	1,066,047
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,756,308</b>	<b>381,520</b>	<b>444,353</b>	<b>(23,023)</b>	<b>(290,364)</b>	<b>(1,350,104)</b>	<b>(495,858)</b>	<b>(1,835,818)</b>	<b>(289,432)</b>	<b>(73,117)</b>
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	57,698	526,104	500,000	553,119	-	315,123	23,905
Transfers out	(3,832,305)	-	-	-	(19,492)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(3,832,305)</b>	<b>-</b>	<b>-</b>	<b>57,698</b>	<b>526,104</b>	<b>480,508</b>	<b>553,119</b>	<b>-</b>	<b>315,123</b>	<b>23,905</b>
<b>Net change in fund balances</b>	<b>924,003</b>	<b>381,520</b>	<b>444,353</b>	<b>34,675</b>	<b>235,740</b>	<b>(869,596)</b>	<b>57,261</b>	<b>(1,835,818)</b>	<b>25,691</b>	<b>(49,212)</b>
<b>Fund balance - beginning</b>	<b>3,153,622</b>	<b>2,890,890</b>	<b>1,371,048</b>	<b>180,354</b>	<b>3,986,064</b>	<b>3,932,353</b>	<b>253,194</b>	<b>3,103,501</b>	<b>102,173</b>	<b>95,303</b>
<b>Fund balance - ending</b>	<b>\$ 4,077,625</b>	<b>\$ 3,272,410</b>	<b>\$ 1,815,401</b>	<b>\$ 215,029</b>	<b>\$ 4,121,804</b>	<b>\$ 3,062,757</b>	<b>\$ 310,455</b>	<b>\$ 1,267,683</b>	<b>\$ 127,864</b>	<b>\$ 46,091</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**Year Ended June 30, 2007**

(concluded)

	Flea Hill Drainage District Fund	Community Development Fund	Fire Protection Fund	North				Downtown Revitalization Fund	Inmate Welfare Fund	Total Nonmajor Special Revenue Funds
				Federal Drug Forfeiture Fund	Federal Forfeiture Treasury Fund	Carolina Controlled Substance Fund	Injured Animal Stabilization Fund			
<b>Revenues</b>										
Ad valorem taxes	\$ -	\$ -	\$ 4,966,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,707,832
Other taxes	-	-	-	-	-	-	-	-	-	4,560,201
Restricted intergovernmental revenue	-	2,764,082	-	189,612	-	178,321	-	7,805	-	11,052,908
Sales and services	-	-	-	-	-	-	-	-	-	182,672
Interest earned on investments	-	-	8,418	19,013	36,561	7,406	11,016	-	362	1,046,540
Miscellaneous	-	17,485	-	-	-	-	-	-	392,023	784,054
Total revenues	-	2,781,567	4,975,295	208,625	36,561	185,727	11,016	7,805	392,385	25,334,207
<b>Expenditures</b>										
<b>Current:</b>										
General government	-	-	-	-	-	-	-	-	-	559,646
Public safety	-	-	5,454,120	44,595	-	5,531	-	429,197	-	6,574,566
Economic and physical development	-	2,630,613	-	-	-	-	-	-	-	10,110,323
Human services	-	-	-	-	-	-	-	-	-	1,771,008
Cultural and recreational	-	-	-	-	-	-	-	-	-	3,985,872
Capital outlay	-	-	-	-	-	-	-	-	-	1,473,402
Principal payments	-	150,000	-	-	-	-	-	-	-	150,000
Interest and fees	-	37,802	-	-	-	-	-	-	-	37,802
Total expenditures	-	2,818,415	5,454,120	44,595	-	5,531	-	429,197	-	24,262,619
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	(36,848)	(478,825)	164,030	36,561	185,727	11,016	(36,812)	-	1,071,588
<b>Other financing sources (uses)</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	38,200
Transfers in	-	101,138	222,403	87,000	-	38,200	-	-	-	2,386,490
Transfers out	-	-	-	(541,742)	-	(217,000)	-	-	-	(4,610,539)
Total other financing sources (uses)	-	101,138	222,403	(454,742)	-	(178,800)	-	-	-	(2,185,849)
<b>Net change in fund balances</b>	-	64,290	(256,422)	(290,712)	36,561	6,927	11,016	(36,812)	-	(1,114,261)
<b>Fund balance - beginning</b>	78,134	29,748	523,647	475,435	506	64,493	210,260	231,064	20,687,974	
<b>Fund balance - ending</b>	\$ 78,134	\$ 94,038	\$ 267,225	\$ 184,723	\$ 37,067	\$ 71,420	\$ 221,276	\$ 194,252	\$ 19,473,713	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Prepared Food and Beverage Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Other taxes	\$ 3,794,503	\$ 4,560,201	\$ 765,698	\$ 4,106,146
Interest earned on investments	50,000	200,445	150,445	120,594
<b>Total revenues</b>	<u>3,844,503</u>	<u>4,760,646</u>	<u>916,143</u>	<u>4,226,740</u>
<b>Expenditures</b>				
Cultural and recreational	9,811	4,338	5,473	5,943
<b>Total expenditures</b>	<u>9,811</u>	<u>4,338</u>	<u>5,473</u>	<u>5,943</u>
<b>Revenues over expenditures</b>	<u>3,834,692</u>	<u>4,756,308</u>	<u>921,616</u>	<u>4,220,797</u>
<b>Other financing sources (uses)</b>				
Transfers (out)	(3,834,692)	(3,832,305)	2,387	(3,641,295)
<b>Total other financing sources (uses)</b>	<u>(3,834,692)</u>	<u>(3,832,305)</u>	<u>2,387</u>	<u>(3,641,295)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>924,003</u>	<u>\$ 924,003</u>	<u>579,502</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>3,153,622</u>		<u>2,574,120</u>
End of year - June 30		<u>\$ 4,077,625</u>		<u>\$ 3,153,622</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - 911 Emergency Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 524,580	\$ 828,054	\$ 303,474	\$ 1,213,118
Sales and services	111,462	118,655	7,193	112,457
Interest earned on investments	40,347	140,396	100,049	69,688
Miscellaneous	108	716	608	813
<b>Total revenues</b>	<u>676,497</u>	<u>1,087,821</u>	<u>411,324</u>	<u>1,396,076</u>
<b>Expenditures</b>				
General government	75,524	78,516	(2,992)	-
Public safety	662,022	603,424	58,598	548,528
Capital outlay	28,000	24,361	3,639	-
<b>Total expenditures</b>	<u>765,546</u>	<u>706,301</u>	<u>59,245</u>	<u>548,528</u>
<b>Revenues over expenditures</b>	<u>(89,049)</u>	<u>381,520</u>	<u>470,569</u>	<u>847,548</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	89,049	-	(89,049)	-
<b>Total other financing sources (uses)</b>	<u>89,049</u>	<u>-</u>	<u>(89,049)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>381,520</u>	<u>\$ 381,520</u>	<u>847,548</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>2,890,890</u>		<u>2,043,342</u>
End of year - June 30		<u>\$ 3,272,410</u>		<u>\$ 2,890,890</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Wireless 911 Emergency Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 215,000	\$ 325,567	\$ 110,567	\$ 222,296
Interest earned on investments	-	80,961	80,961	52,908
Miscellaneous	75,524	75,524	-	-
<b>Total revenues</b>	<u>290,524</u>	<u>482,052</u>	<u>191,528</u>	<u>275,204</u>
<b>Expenditures</b>				
Public safety	290,524	37,699	252,825	107,729
<b>Total expenditures</b>	<u>290,524</u>	<u>37,699</u>	<u>252,825</u>	<u>107,729</u>
<b>Revenues over expenditures</b>	<u>-</u>	<u>444,353</u>	<u>444,353</u>	<u>167,475</u>
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>444,353</u>	<u>\$ 444,353</u>	<u>167,475</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>1,371,048</u>		<u>1,203,573</u>
End of year - June 30		<u>\$ 1,815,401</u>		<u>\$ 1,371,048</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Workforce Development Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 5,210,665	\$ 3,566,136	\$ (1,644,529)	\$ 4,296,665
Sales and services	30,000	12,780	(17,220)	9,377
Miscellaneous	-	1	1	-
<b>Total revenues</b>	<u>5,240,665</u>	<u>3,578,917</u>	<u>(1,661,748)</u>	<u>4,306,042</u>
<b>Expenditures</b>				
Economic and physical development				
Workforce development administration	310,903	171,092	139,811	220,591
Workforce development	2,145,394	1,628,416	516,978	1,881,131
National emergency	2,497,792	1,398,197	1,099,595	1,889,805
Senior aides	442,080	404,235	37,845	268,182
<b>Total expenditures</b>	<u>5,396,169</u>	<u>3,601,940</u>	<u>1,794,229</u>	<u>4,259,709</u>
<b>Revenues over expenditures</b>	<u>(155,504)</u>	<u>(23,023)</u>	<u>132,481</u>	<u>46,333</u>
<b>Other financing sources (uses)</b>				
Transfers in	70,216	57,698	(12,518)	15,000
Appropriated fund balance	85,288	-	(85,288)	-
<b>Total other financing sources (uses)</b>	<u>155,504</u>	<u>57,698</u>	<u>(97,806)</u>	<u>15,000</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>34,675</u>	<u>\$ 34,675</u>	<u>61,333</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>180,354</u>		<u>119,021</u>
End of year - June 30		<u>\$ 215,029</u>		<u>\$ 180,354</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Industrial Development Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 498,216	\$ 497,473	\$ (743)	\$ 100,521
Interest earned on investments	9,533	216,784	207,251	174,058
Miscellaneous	-	41,600	41,600	476
<b>Total revenues</b>	<b>507,749</b>	<b>755,857</b>	<b>248,108</b>	<b>275,055</b>
<b>Expenditures</b>				
Economic and physical development	2,221,386	812,260	1,409,126	591,941
Capital outlay	1,491,254	233,961	1,257,293	54,573
<b>Total expenditures</b>	<b>3,712,640</b>	<b>1,046,221</b>	<b>2,666,419</b>	<b>646,514</b>
<b>Revenues over expenditures</b>	<b>(3,204,891)</b>	<b>(290,364)</b>	<b>2,914,527</b>	<b>(371,459)</b>
<b>Other financing sources (uses)</b>				
Transfers in	526,104	526,104	-	556,104
Appropriated fund balance	2,678,787	-	(2,678,787)	-
<b>Total other financing sources (uses)</b>	<b>3,204,891</b>	<b>526,104</b>	<b>(2,678,787)</b>	<b>556,104</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>235,740</b>	<b>\$ 235,740</b>	<b>184,645</b>
<b>Fund balances</b>				
Beginning of year - July 1		3,886,064		3,701,419
End of year - June 30		<u>\$ 4,121,804</u>		<u>\$ 3,886,064</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Water and Sewer Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 37,260	\$ 226,178	\$ 188,918	\$ 36,709
Sales and services	-	15,886	15,886	23,817
Interest earned on investments	-	188,121	188,121	109,449
Miscellaneous	-	219,174	219,174	17,087
<b>Total revenues</b>	<u>37,260</u>	<u>649,359</u>	<u>612,099</u>	<u>187,062</u>
<b>Expenditures</b>				
Economic and physical development	4,048,716	1,999,463	2,049,253	1,489,692
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<u>4,048,716</u>	<u>1,999,463</u>	<u>2,049,253</u>	<u>1,489,692</u>
<b>Revenues over expenditures</b>	<u>(4,011,456)</u>	<u>(1,350,104)</u>	<u>2,661,352</u>	<u>(1,302,630)</u>
<b>Other financing sources (uses)</b>				
Transfers in	500,000	500,000	-	3,200,000
Transfers (out)	(269,492)	(19,492)	250,000	(120,932)
Appropriated fund balance	3,780,948	-	(3,780,948)	-
<b>Total other financing sources (uses)</b>	<u>4,011,456</u>	<u>480,508</u>	<u>(3,530,948)</u>	<u>3,079,068</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(869,596)</u>	<u>\$ (869,596)</u>	<u>1,776,438</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>3,932,353</u>		<u>2,155,915</u>
End of year - June 30		<u>\$ 3,062,757</u>		<u>\$ 3,932,353</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Property Revaluation Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ 2,500	\$ 10,317	\$ 7,817	\$ 7,439
<b>Total revenues</b>	<u>2,500</u>	<u>10,317</u>	<u>7,817</u>	<u>7,439</u>
<b>Expenditures</b>				
General government	536,339	481,130	55,209	473,719
Capital outlay	25,080	25,045	35	-
<b>Total expenditures</b>	<u>561,419</u>	<u>506,175</u>	<u>55,244</u>	<u>473,719</u>
<b>Revenues over expenditures</b>	<u>(558,919)</u>	<u>(495,858)</u>	<u>63,061</u>	<u>(466,280)</u>
<b>Other financing sources (uses)</b>				
Transfers in	553,119	553,119	-	505,252
Appropriated fund balance	5,800	-	(5,800)	-
<b>Total other financing sources (uses)</b>	<u>558,919</u>	<u>553,119</u>	<u>(5,800)</u>	<u>505,252</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>57,261</u>	<u>\$ 57,261</u>	<u>38,972</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>253,194</u>		<u>214,222</u>
End of year - June 30		<u>\$ 310,455</u>		<u>\$ 253,194</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Recreation Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Ad valorem taxes	\$ 2,790,855	\$ 2,740,955	\$ (49,900)	\$ 2,946,848
Restricted intergovernmental revenue	-	36,599	36,599	58,695
Interest earned on investments	35,000	120,665	85,665	193,182
Miscellaneous	1,000	37,532	36,532	18,951
<b>Total revenues</b>	<u>2,826,855</u>	<u>2,935,751</u>	<u>108,896</u>	<u>3,217,676</u>
<b>Expenditures</b>				
Culture and recreational	3,628,270	3,581,534	46,736	3,470,716
Capital outlay	1,376,710	1,190,035	186,675	1,306,860
<b>Total expenditures</b>	<u>5,004,980</u>	<u>4,771,569</u>	<u>233,411</u>	<u>4,777,576</u>
<b>Revenues over expenditures</b>	<u>(2,178,125)</u>	<u>(1,835,818)</u>	<u>342,307</u>	<u>(1,559,900)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	2,178,125	-	(2,178,125)	-
<b>Total other financing sources (uses)</b>	<u>2,178,125</u>	<u>-</u>	<u>(2,178,125)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(1,835,818)</u>	<u>\$ (1,835,818)</u>	<u>(1,559,900)</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>3,103,501</u>		<u>4,663,401</u>
End of year - June 30		<u>\$ 1,267,683</u>		<u>\$ 3,103,501</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Juvenile Crime Prevention Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,455,771	\$ 1,481,576	\$ 25,805	\$ 1,246,671
<b>Total revenues</b>	<u>1,455,771</u>	<u>1,481,576</u>	<u>25,805</u>	<u>1,246,671</u>
<b>Expenditures</b>				
Human services				
Juvenile court outreach	1,186,104	1,134,204	51,900	948,362
Residential group home	640,173	636,804	3,369	609,113
<b>Total expenditures</b>	<u>1,826,277</u>	<u>1,771,008</u>	<u>55,269</u>	<u>1,557,475</u>
<b>Revenues over expenditures</b>	<u>(370,506)</u>	<u>(289,432)</u>	<u>81,074</u>	<u>(310,804)</u>
<b>Other financing sources (uses)</b>				
Transfers in	341,244	315,123	(26,121)	293,852
Appropriated fund balance	29,262	-	(29,262)	-
<b>Total other financing sources (uses)</b>	<u>370,506</u>	<u>315,123</u>	<u>(55,383)</u>	<u>293,852</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>25,691</u>	<u>\$ 25,691</u>	<u>(16,952)</u>
<b>Fund balances</b>				
Beginning of year - July 1		102,173		119,125
End of year - June 30		<u>\$ 127,864</u>		<u>\$ 102,173</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Transportation Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 1,096,670	\$ 951,505	\$ (145,165)	\$ 599,855
Sales and services	45,917	35,348	(10,569)	19,757
Interest earned on investments	-	6,075	6,075	4,993
Miscellaneous	-	2	2	-
<b>Total revenues</b>	<u>1,142,587</u>	<u>992,930</u>	<u>(149,657)</u>	<u>624,605</u>
<b>Expenditures</b>				
Economic and physical development	<u>1,223,704</u>	<u>1,066,047</u>	<u>157,657</u>	<u>564,970</u>
<b>Total expenditures</b>	<u>1,223,704</u>	<u>1,066,047</u>	<u>157,657</u>	<u>564,970</u>
<b>Revenues over expenditures</b>	<u>(81,117)</u>	<u>(73,117)</u>	<u>8,000</u>	<u>59,635</u>
<b>Other financing sources (uses)</b>				
Transfers in	24,672	23,905	(767)	7,093
Appropriated fund balance	<u>56,445</u>	<u>-</u>	<u>(56,445)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>81,117</u>	<u>23,905</u>	<u>(57,212)</u>	<u>7,093</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(49,212)</u>	<u>\$ (49,212)</u>	<u>66,728</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>95,303</u>		<u>28,575</u>
End of year - June 30		<u>\$ 46,091</u>		<u>\$ 95,303</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Flea Hill Drainage District Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Revenues	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>Expenditures</b>				
Expenditures	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>Other financing sources (uses)</b>	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund balances</b>				
Beginning of year - July 1		78,134		78,134
End of year - June 30		<u>\$ 78,134</u>		<u>\$ 78,134</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Community Development Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 5,607,020	\$ 2,764,082	\$ (2,842,938)	\$ 2,373,807
Miscellaneous	-	17,485	17,485	3,248
<b>Total revenues</b>	<u>5,607,020</u>	<u>2,781,567</u>	<u>(2,825,453)</u>	<u>2,377,055</u>
<b>Expenditures</b>				
Economic and physical development				
Administration	480,869	436,382	44,487	408,732
Economic Development	45,619	37,524	8,095	3,156
Housing activities	3,853,812	1,573,828	2,279,984	1,335,252
Public facilities	1,046,000	259,124	786,876	203,740
Public services	213,975	171,805	42,170	203,029
Program grants	303,816	151,950	151,866	88,473
Debt service				
Principal	150,000	150,000	-	150,000
Interest	37,802	37,802	-	48,504
<b>Total expenditures</b>	<u>6,131,893</u>	<u>2,818,415</u>	<u>3,313,478</u>	<u>2,440,886</u>
<b>Revenues over (under) expenditures</b>	<u>(524,873)</u>	<u>(36,848)</u>	<u>488,025</u>	<u>(63,831)</u>
<b>Other financing sources (uses)</b>				
Transfers in	517,573	101,138	(416,435)	70,145
Transfers (out)	-	-	-	(4,952)
Appropriated fund balance	7,300	-	(7,300)	-
<b>Total other financing sources (uses)</b>	<u>524,873</u>	<u>101,138</u>	<u>(423,735)</u>	<u>65,193</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>64,290</u>	<u>\$ 64,290</u>	<u>1,362</u>
<b>Fund balances</b>				
Beginning of year - July 1		29,748		28,386
End of year - June 30		<u>\$ 94,038</u>		<u>\$ 29,748</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Fire Protection Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Ad valorem taxes	\$ 5,263,498	\$ 4,966,877	\$ (296,621)	\$ 5,431,547
Unrestricted intergovernmental revenue	13,024	-	(13,024)	-
Interest earned on investments	3,482	8,418	4,936	6,928
<b>Total revenues</b>	<b>5,280,004</b>	<b>4,975,295</b>	<b>(304,709)</b>	<b>5,438,475</b>
<b>Expenditures</b>				
Public safety	6,046,942	5,454,120	592,822	5,368,163
<b>Total expenditures</b>	<b>6,046,942</b>	<b>5,454,120</b>	<b>592,822</b>	<b>5,368,163</b>
<b>Revenues over expenditures</b>	<b>(766,938)</b>	<b>(478,825)</b>	<b>288,113</b>	<b>70,312</b>
<b>Other financing sources (uses)</b>				
Operating transfers in	240,000	222,403	(17,597)	-
Appropriated fund balance	526,938	-	(526,938)	-
<b>Total other financing sources (uses)</b>	<b>766,938</b>	<b>222,403</b>	<b>(544,535)</b>	<b>-</b>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<b>\$ -</b>	<b>(256,422)</b>	<b>\$ (256,422)</b>	<b>70,312</b>
<b>Fund balances</b>				
Beginning of year - July 1		523,647		453,335
End of year - June 30		<u>\$ 267,225</u>		<u>\$ 523,647</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Federal Drug Forfeiture Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 189,612	\$ 189,612	\$ 430,789
Interest earned on investments	-	19,013	19,013	46,097
<b>Total revenues</b>	<u>-</u>	<u>208,625</u>	<u>208,625</u>	<u>476,886</u>
<b>Expenditures</b>				
Public safety	264,684	44,595	220,089	-
<b>Total expenditures</b>	<u>264,684</u>	<u>44,595</u>	<u>220,089</u>	<u>-</u>
<b>Revenues over expenditures</b>	<u>(264,684)</u>	<u>164,030</u>	<u>428,714</u>	<u>476,886</u>
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	-	485
Transfers (out)	87,000	87,000	-	-
Transfers (out)	(541,742)	(541,742)	-	(1,781,297)
Appropriated fund balance	719,426	-	(719,426)	-
<b>Total other financing sources (uses)</b>	<u>264,684</u>	<u>(454,742)</u>	<u>(719,426)</u>	<u>(1,780,812)</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(290,712)</u>	<u>\$ (290,712)</u>	<u>(1,303,926)</u>
<b>Fund balances</b>				
Beginning of year - July 1		475,435		1,779,361
End of year - June 30		<u>\$ 184,723</u>		<u>\$ 475,435</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Federal Forfeiture Treasury Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 36,561	\$ 36,561	\$ 15
<b>Total revenues</b>	-	36,561	36,561	15
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	36,561	36,561	15
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>36,561</u>	<u>\$ 36,561</u>	<u>15</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>506</u>		<u>491</u>
End of year - June 30		<u>\$ 37,067</u>		<u>\$ 506</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - North Carolina Controlled Substance Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ -	\$ 178,321	\$ 178,321	\$ 68,180
Interest earned on investments	-	7,406	7,406	5,159
<b>Total revenues</b>	-	185,727	185,727	73,339
<b>Expenditures</b>				
Public safety	-	-	-	10,800
<b>Total expenditures</b>	-	-	-	10,800
<b>Revenues over expenditures</b>	-	185,727	185,727	62,539
<b>Other financing sources (uses)</b>				
Gain (loss) on sale of capital assets	-	38,200	38,200	-
Transfers (out)	(217,000)	(217,000)	-	(137,850)
Appropriated fund balance	217,000	-	(217,000)	-
<b>Total other financing sources (uses)</b>	-	(178,800)	(178,800)	(137,850)
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	\$ -	6,927	\$ 6,927	(75,311)
<b>Fund balances</b>				
Beginning of year - July 1		64,493		139,804
End of year - June 30		\$ 71,420		\$ 64,493

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Budget and Actual - Injured Animal Stabilization Fund  
Year Ended June 30, 2007  
(With Comparative Totals for Year Ended June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Restricted intergovernmental revenue	\$ 2,168	\$ 7,805	\$ 5,637	\$ 2,453
<b>Total revenues</b>	<u>2,168</u>	<u>7,805</u>	<u>5,637</u>	<u>2,453</u>
<b>Expenditures</b>				
Public safety	6,168	5,531	637	324
<b>Total expenditures</b>	<u>6,168</u>	<u>5,531</u>	<u>637</u>	<u>324</u>
<b>Revenues over expenditures</b>	<u>(4,000)</u>	<u>2,274</u>	<u>6,274</u>	<u>2,129</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	4,000	-	(4,000)	-
<b>Total other financing sources (uses)</b>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>2,274</u>	<u>\$ 2,274</u>	<u>2,129</u>
<b>Fund balances</b>				
Beginning of year - July 1		6,185		4,056
End of year - June 30		<u>\$ 8,459</u>		<u>\$ 6,185</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Downtown Revitalization Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 11,016	\$ 11,016	\$ 8,305
<b>Total revenues</b>	-	11,016	11,016	8,305
<b>Total expenditures</b>	-	-	-	-
<b>Revenues over expenditures</b>	-	11,016	11,016	8,305
<b>Total other financing sources (uses)</b>	-	-	-	-
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>11,016</u>	<u>\$ 11,016</u>	<u>8,305</u>
<b>Fund balances</b>				
Beginning of year - July 1		<u>210,260</u>		<u>201,955</u>
End of year - June 30		<u>\$ 221,276</u>		<u>\$ 210,260</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balances  
 Budget and Actual - Inmate Welfare Fund  
 Year Ended June 30, 2007  
 (With Comparative Totals for Year Ended June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ 468	\$ 362	\$ (106)	\$ 468
Miscellaneous	399,691	392,023	(7,668)	348,716
<b>Total revenues</b>	<u>400,159</u>	<u>392,385</u>	<u>(7,774)</u>	<u>349,184</u>
<b>Expenditures</b>				
Public safety	430,159	429,197	962	428,174
<b>Total expenditures</b>	<u>430,159</u>	<u>429,197</u>	<u>962</u>	<u>428,174</u>
<b>Revenues over expenditures</b>	<u>(30,000)</u>	<u>(36,812)</u>	<u>(6,812)</u>	<u>(78,990)</u>
<b>Other financing sources (uses)</b>				
Appropriated fund balance	30,000	-	(30,000)	-
<b>Total other financing sources (uses)</b>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>
<b>Revenues and other financing sources (uses) over (under) expenditures</b>	<u>\$ -</u>	<u>(36,812)</u>	<u>\$ (36,812)</u>	<u>(78,990)</u>
<b>Fund balances</b>				
Beginning of year - July 1		231,064		310,054
End of year - June 30		<u>\$ 194,252</u>		<u>\$ 231,064</u>

**CAPITAL PROJECT FUND**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2007

	Library Bond Fund	1998 School Bond Fund	Animal Control Building Fund	Sheriff Training Facility Fund	2004 School Bond Fund	Averasboro Battlefield Fund	Health Department Building Fund	Total Nonmajor Capital Project Funds
<b>Assets</b>								
Sales tax receivable	\$ -	\$ -	\$ 78,772	\$ 55,076	\$ -	\$ 2	\$ -	\$ 133,850
Cash and cash equivalents	-	-	679,129	941,459	-	-	1,338,358	2,958,946
Accounts receivable	-	4,539	33	-	2,032	34,118	-	40,722
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 4,539</b>	<b>\$ 757,934</b>	<b>\$ 996,535</b>	<b>\$ 2,032</b>	<b>\$ 34,120</b>	<b>\$ 1,338,358</b>	<b>\$ 3,133,518</b>
<b>Liabilities and fund balances</b>								
<b>Liabilities:</b>								
Accounts and vouchers payable	\$ -	\$ -	\$ 200,498	\$ 55,460	\$ -	\$ 12,109	\$ 57,242	\$ 325,309
Due to other funds	-	4,539	-	-	2,032	18,381	-	24,952
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 4,539</b>	<b>\$ 200,498</b>	<b>\$ 55,460</b>	<b>\$ 2,032</b>	<b>\$ 30,490</b>	<b>\$ 57,242</b>	<b>\$ 350,261</b>
<b>Fund balances:</b>								
Reserved for encumbrances	-	-	-	122	-	-	-	122
Reserved by State statute	-	4,539	78,805	55,076	2,032	34,120	-	174,572
Undesignated	-	(4,539)	478,631	885,877	(2,032)	(30,490)	1,281,116	2,608,563
<b>Total fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 557,436</b>	<b>\$ 941,075</b>	<b>\$ -</b>	<b>\$ 3,630</b>	<b>\$ 1,281,116</b>	<b>\$ 2,783,257</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 4,539</b>	<b>\$ 757,934</b>	<b>\$ 996,535</b>	<b>\$ 2,032</b>	<b>\$ 34,120</b>	<b>\$ 1,338,358</b>	<b>\$ 3,133,518</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Capital Project Funds  
 Year Ended June 30, 2007

	Library Bond Fund	1998 School Bond Fund	Animal Control Building Fund	Sheriff Training Facility Fund	2004 School Bond Fund	Averasboro Battlefield Fund	Health Department Building Fund	Total Nonmajor Capital Project Funds
<b>Revenues</b>								
Restricted intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,963	\$ -	\$ 89,963
Sales and services	-	-	4,254	-	-	-	-	4,254
Interest earned on investments	-	60,824	-	(12,158)	25,744	329	-	74,739
Miscellaneous	-	12,618	-	-	-	-	-	12,618
<b>Total revenues</b>	-	73,442	4,254	(12,158)	25,744	90,292	-	181,574
<b>Expenditures</b>								
<b>Capital outlay</b>								
School bond project	-	1,248,829	-	-	574,464	-	-	1,823,293
Animal control building	-	-	2,589,259	-	-	-	-	2,589,259
Sheriff training facility	-	-	-	1,931,666	-	-	-	1,931,666
Health Department building	-	-	-	-	-	185,184	-	185,184
Averasboro battlefield	-	-	-	-	-	107,825	-	107,825
<b>Total expenditures</b>	-	1,248,829	2,589,259	1,931,666	574,464	107,825	185,184	6,637,227
<b>Revenues over (under) expenditures</b>	-	(1,175,387)	(2,585,005)	(1,943,824)	(548,720)	(17,533)	(185,184)	(6,455,653)
<b>Other financing sources (uses)</b>								
Transfers in	-	-	52,000	671,742	-	-	1,466,300	2,190,042
<b>Total other financing sources</b>	-	-	52,000	671,742	-	-	1,466,300	2,190,042
<b>Revenues and other financing sources over (under) expenditures</b>	-	(1,175,387)	(2,533,005)	(1,272,082)	(548,720)	(17,533)	1,281,116	(4,265,611)
<b>Fund balance</b>								
Beginning of year - July 1	-	1,175,387	3,090,441	2,213,157	548,720	21,163	-	7,048,668
<b>End of year - June 30</b>	\$ -	\$ -	\$ 557,436	\$ 941,075	\$ -	\$ 3,630	\$ 1,281,116	\$ 2,783,257

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Library Bond Fund**

**From Inception and for Year Ended June 30, 2007**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 13,210	\$ 13,210	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>13,210</u>	<u>13,210</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Headquarters library	-	1,315,978	1,315,978	-	-
<b>Total expenditures</b>	<u>-</u>	<u>1,315,978</u>	<u>1,315,978</u>	<u>-</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>(1,302,768)</u>	<u>(1,302,768)</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Proceeds of refunding bonds	-	1,324,212	1,324,212	-	-
Transfers out	-	(21,444)	(21,444)	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>1,302,768</u>	<u>1,302,768</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>-</u>	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - 1998 School Bond Fund**

**From Inception and for Year Ended June 30, 2007**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Interest earned on investments	\$ 6,662,060	\$ 6,605,430	\$ 6,666,254	\$ 60,824	\$ -
Miscellaneous	2,181,226	2,269,513	2,282,131	12,618	-
<b>Total revenues</b>	<u>8,843,286</u>	<u>8,874,943</u>	<u>8,948,385</u>	<u>73,442</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
School bond project	108,522,336	107,342,231	108,591,060	1,248,829	-
<b>Total expenditures</b>	<u>108,522,336</u>	<u>107,342,231</u>	<u>108,591,060</u>	<u>1,248,829</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(99,679,050)</u>	<u>(98,467,288)</u>	<u>(99,642,675)</u>	<u>(1,175,387)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Premium on refunding bonds	-	12,195	12,195	-	-
Bond issuance proceeds	98,128,180	98,180,480	98,180,480	-	-
Transfers in	1,450,000	1,450,000	1,450,000	-	-
Appropriated fund balance	100,870	-	-	-	-
<b>Total other financing sources</b>	<u>99,679,050</u>	<u>99,642,675</u>	<u>99,642,675</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 1,175,387</u>	<u>\$ -</u>	<u>(1,175,387)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				1,175,387	
End of year - June 30				<u>\$ -</u>	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Animal Control Building Fund**

**From Inception and for Year Ended June 30, 2007**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Closed Projects</u>	<u>Current Year</u>	<u>Total</u>
<b>Revenues</b>					
Sales and Services	\$ -	\$ 33,330	\$ -	\$ 4,254	\$ 37,584
Interest earned on investments	-	10,475	-	-	10,475
Miscellaneous	-	5,435	-	-	5,435
<b>Total revenues</b>	<u>-</u>	<u>49,240</u>	<u>-</u>	<u>4,254</u>	<u>53,494</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Animal control building	5,025,753	1,932,550	-	2,589,259	4,521,809
<b>Total expenditures</b>	<u>5,025,753</u>	<u>1,932,550</u>	<u>-</u>	<u>2,589,259</u>	<u>4,521,809</u>
<b>Revenues over (under) expenditures</b>	<u>(5,025,753)</u>	<u>(1,883,310)</u>	<u>-</u>	<u>(2,585,005)</u>	<u>(4,468,315)</u>
<b>Other financing sources (uses)</b>					
Transfers in	5,225,753	5,173,751	-	52,000	5,225,751
Transfers out	(200,000)	(200,000)	-	-	(200,000)
<b>Total other financing sources</b>	<u>5,025,753</u>	<u>4,973,751</u>	<u>-</u>	<u>52,000</u>	<u>5,025,751</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 3,090,441</u>	<u>\$ -</u>	<u>(2,533,005)</u>	<u>\$ 557,436</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>3,090,441</u>	
End of year - June 30				<u>\$ 557,436</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Sheriff Training Facility Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 16,340	\$ -	\$ (12,158)	\$ 4,182
<b>Total revenues</b>	-	16,340	-	(12,158)	4,182
<b>Expenditures</b>					
<b>Capital outlay</b>					
Sheriff training facility	4,770,889	1,902,330	-	1,931,666	3,833,996
<b>Total expenditures</b>	4,770,889	1,902,330	-	1,931,666	3,833,996
<b>Revenues over (under) expenditures</b>	(4,770,889)	(1,885,990)	-	(1,943,824)	(3,829,814)
<b>Other financing sources (uses)</b>					
Transfers in	4,770,889	4,099,147	-	671,742	4,770,889
<b>Total other financing sources</b>	4,770,889	4,099,147	-	671,742	4,770,889
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ 2,213,157	\$ -	(1,272,082)	\$ 941,075
<b>Fund balance</b>					
Beginning of year - July 1				2,213,157	
End of year - June 30				\$ 941,075	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - 2004 School Bond Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ 222,826	\$ 199,115	\$ 224,859	\$ 25,744	\$ -
<b>Total revenues</b>	<u>222,826</u>	<u>199,115</u>	<u>224,859</u>	<u>25,744</u>	<u>-</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
School bond project	7,803,372	6,954,669	7,529,133	574,464	-
<b>Debt service</b>	-	268,699	268,699	-	-
<b>Total expenditures</b>	<u>7,803,372</u>	<u>7,223,368</u>	<u>7,797,832</u>	<u>574,464</u>	<u>-</u>
<b>Revenues over (under) expenditures</b>	<u>(7,580,546)</u>	<u>(7,024,253)</u>	<u>(7,572,973)</u>	<u>(548,720)</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Debt issuance	5,075,000	5,075,000	5,075,000	-	-
Premium on refunding bonds	2,713,376	2,713,376	2,713,376	-	-
Payment to refund bond escrow agent	(37,659,214)	(37,659,214)	(37,659,214)	-	-
Issuance from refund	35,505,000	35,505,000	35,505,000	-	-
Transfers in	2,194,400	2,194,400	2,194,400	-	-
Transfers out	(255,589)	(255,589)	(255,589)	-	-
Appropriated fund balance	7,573	-	-	-	-
<b>Total other financing sources</b>	<u>7,580,546</u>	<u>7,572,973</u>	<u>7,572,973</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 548,720</u>	<u>\$ -</u>	<u>(548,720)</u>	<u>\$ -</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>548,720</u>	
End of year - June 30				<u>\$ -</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Averagesboro Battlefield Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 570,986	\$ 262,098	\$ -	\$ 89,963	\$ 352,061
Interest earned on investments	-	945	-	329	1,274
<b>Total revenues</b>	<u>570,986</u>	<u>263,043</u>	<u>-</u>	<u>90,292</u>	<u>353,335</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Averagesboro Battlefield	<u>577,617</u>	<u>248,511</u>	<u>-</u>	<u>107,825</u>	<u>356,336</u>
<b>Total expenditures</b>	<u>577,617</u>	<u>248,511</u>	<u>-</u>	<u>107,825</u>	<u>356,336</u>
<b>Revenues over (under) expenditures</b>	<u>(6,631)</u>	<u>14,532</u>	<u>-</u>	<u>(17,533)</u>	<u>(3,001)</u>
<b>Other financing sources (uses)</b>					
Transfers in	<u>6,631</u>	<u>6,631</u>	<u>-</u>	<u>-</u>	<u>6,631</u>
<b>Total other financing sources</b>	<u>6,631</u>	<u>6,631</u>	<u>-</u>	<u>-</u>	<u>6,631</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 21,163</u>	<u>\$ -</u>	<u>(17,533)</u>	<u>\$ 3,630</u>
<b>Fund balance</b>					
Beginning of year - July 1				<u>21,163</u>	
End of year - June 30				<u>\$ 3,630</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Health Department Building Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-	-
<b>Expenditures</b>					
<b>Capital outlay</b>					
Health Department Building	1,466,300	-	-	185,184	185,184
<b>Total expenditures</b>	1,466,300	-	-	185,184	185,184
<b>Revenues over (under) expenditures</b>	(1,466,300)	-	-	(185,184)	(185,184)
<b>Other financing sources (uses)</b>					
Transfers in	1,466,300	-	-	1,466,300	1,466,300
<b>Total other financing sources</b>	1,466,300	-	-	1,466,300	1,466,300
<b>Revenues and other financing sources over (under) expenditures</b>	\$ -	\$ -	\$ -	1,281,116	\$ 1,281,116
<b>Fund balance</b>					
Beginning of year - July 1				-	
End of year - June 30				\$ 1,281,116	

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Cemetery Permanent Fund**

**Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Interest earned on investments	\$ -	\$ 1,601	\$ 1,601	\$ 1,089
Burial Fees	4,300	600	(3,700)	600
<b>Total revenues</b>	<u>4,300</u>	<u>2,201</u>	<u>(2,099)</u>	<u>1,689</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Maintenance	4,300	2,125	2,175	2,125
<b>Total expenditures</b>	<u>4,300</u>	<u>2,125</u>	<u>2,175</u>	<u>2,125</u>
<b>Revenues over (under) expenditures</b>	<u>-</u>	<u>76</u>	<u>76</u>	<u>(436)</u>
<b>Other financing sources (uses)</b>				
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>76</u>	<u>\$ 76</u>	<u>(436)</u>
<b>Fund balance</b>				
Beginning of year - July 1		<u>36,477</u>		<u>36,913</u>
End of year - June 30		<u>\$ 36,553</u>		<u>\$ 36,477</u>

**ENTERPRISE FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Cumberland County Solid Waste Fund**  
**Year Ended June 30, 2007**  
**(With Comparative Totals for June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 3,407,404	\$ 3,833,374	\$ 425,970	\$ 3,145,847
Contributions	-	-	-	94
Other operating revenue	347,643	469,011	121,368	451,875
<b>Total operating revenues</b>	<u>3,755,047</u>	<u>4,302,385</u>	<u>547,338</u>	<u>3,597,816</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	581,157	1,891,209	1,310,052	1,166,773
Gain (loss) on disposal of capital assets	-	7,524	7,524	-
Miscellaneous	155,957	6,344	(149,613)	170,844
Taxes	4,402,075	4,666,439	264,364	4,587,787
Grant revenue	-	-	-	21,180
<b>Total Nonoperating revenues and other financing sources</b>	<u>5,139,189</u>	<u>6,571,516</u>	<u>1,432,327</u>	<u>5,946,584</u>
Appropriated fund balance	280,288	-	(280,288)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 9,174,524</u>	<u>\$ 10,873,901</u>	<u>\$ 1,699,377</u>	<u>\$ 9,544,400</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,361,555	\$ 2,012,101	\$ 349,454	\$ 1,900,400
Medical supplies and related expenses	920	215	705	414
Other supplies	2,050,801	1,556,482	494,319	1,383,273
Repairs and maintenance	1,238,571	1,140,787	97,784	875,676
Utilities	697,234	67,121	630,113	73,413
Administrative costs	2,459,078	1,171,245	1,287,833	433,137
Landfill closure and postclosure care costs	316,365	319,559	(3,194)	436,566
<b>Total operating expenditures</b>	<u>9,124,524</u>	<u>6,267,510</u>	<u>2,857,014</u>	<u>5,102,879</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	50,000	1,081,379	(1,031,379)	113,390
Transfers out	-	-	-	-
<b>Total other expenditures and financing uses</b>	<u>50,000</u>	<u>1,081,379</u>	<u>(1,031,379)</u>	<u>113,390</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 9,174,524</u>	<u>\$ 7,348,889</u>	<u>\$ 1,825,635</u>	<u>\$ 5,216,269</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 10,873,901		
Total expenditures and other financing uses		<u>7,348,889</u>		
		3,525,012		
Capital outlay		1,081,379		
Depreciation		<u>(636,405)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 3,969,886</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Cumberland County Crown Center Fund**  
**Year Ended June 30, 2007**  
**(With Comparative Totals for June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 2,291,587	\$ 2,155,096	\$ (136,491)	\$ 2,305,165
Total operating revenues	<u>2,291,587</u>	<u>2,155,096</u>	<u>(136,491)</u>	<u>2,305,165</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	14,000	61,572	47,572	36,766
Motel occupancy tax	724,506	873,968	149,462	791,442
Gain (loss) on disposal of capital assets	2,825	14,183	11,358	-
Transfers in	7,354,355	7,427,860	73,505	7,767,848
<b>Total Nonoperating revenues and other financing sources</b>	<u>8,095,686</u>	<u>8,377,583</u>	<u>281,897</u>	<u>8,596,056</u>
Appropriated fund balance	998,721	-	(998,721)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 11,385,994</u>	<u>\$ 10,532,679</u>	<u>\$ (853,315)</u>	<u>\$ 10,901,221</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 2,098,881	\$ 1,924,643	\$ 174,238	\$ 1,872,088
Other supplies	251,054	264,137	(13,083)	236,507
Repairs and maintenance	503,421	440,378	63,043	245,823
Utilities	669,741	670,129	(388)	598,816
Administrative costs	1,724,688	1,694,148	30,540	1,705,442
Total operating expenditures	<u>5,247,785</u>	<u>4,993,435</u>	<u>254,350</u>	<u>4,658,676</u>
<b>Nonoperating expenditures</b>				
Interest expense	2,296,550	2,770,214	(473,664)	2,905,463
Tax distribution fee	30,000	-	30,000	-
Total nonoperating expenditures	<u>2,326,550</u>	<u>2,770,214</u>	<u>(443,664)</u>	<u>2,905,463</u>
<b>Other expenditures and financing uses</b>				
Principal payments	2,615,000	-	2,615,000	-
Capital outlay	1,141,466	699,982	441,484	1,654,894
Transfers out	55,193	55,193	-	25,501
Total other expenditures and financing uses	<u>3,811,659</u>	<u>755,175</u>	<u>3,056,484</u>	<u>1,680,395</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 11,385,994</u>	<u>\$ 8,518,824</u>	<u>\$ 2,867,170</u>	<u>\$ 9,244,534</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 10,532,679		
Total expenditures and other financing uses		<u>8,518,824</u>		
		2,013,855		
Capital outlay		699,982		
Depreciation		(2,058,380)		
Net transfers		<u>(7,372,667)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (6,717,210)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Solid Waste Cell Construction Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Interest earned on investments	\$ -	\$ 40,303	\$ -	\$ -	\$ 40,303
Miscellaneous	-	30,546	-	-	30,546
<b>Total revenues</b>	<u>-</u>	<u>70,849</u>	<u>-</u>	<u>-</u>	<u>70,849</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Other	4,789,273	4,198,048	-	-	4,198,048
<b>Total expenditures</b>	<u>4,789,273</u>	<u>4,198,048</u>	<u>-</u>	<u>-</u>	<u>4,198,048</u>
<b>Revenues over (under) expenditures</b>	<u>(4,789,273)</u>	<u>(4,127,199)</u>	<u>-</u>	<u>-</u>	<u>(4,127,199)</u>
<b>Other financing sources (uses)</b>					
Transfers in	4,789,273	4,789,273	-	-	4,789,273
<b>Total other financing sources</b>	<u>4,789,273</u>	<u>4,789,273</u>	<u>-</u>	<u>-</u>	<u>4,789,273</u>
<b>Revenues and other financing sources over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 662,074</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 662,074</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Kelly Hills Water and Sewer District Fund**  
**Year Ended June 30, 2007**  
**(With Comparative Totals for June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 92,460	\$ 92,831	\$ 371	\$ -
Other operating revenue	-	1,054	1,054	238
<b>Total operating revenues</b>	<u>92,460</u>	<u>93,885</u>	<u>1,425</u>	<u>238</u>
<b>Nonoperating revenues and other financing sources</b>				
Sales tax	-	-	-	1,588
Transfers in	105,496	-	(105,496)	120,932
Capital contributions	3,380,900	2,910	(3,377,990)	465,882
<b>Total Nonoperating revenues and other financing sources</b>	<u>3,486,396</u>	<u>2,910</u>	<u>(3,483,486)</u>	<u>588,402</u>
Appropriated fund balance	-	-	-	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 3,578,856</u>	<u>\$ 96,795</u>	<u>\$ (3,482,061)</u>	<u>\$ 588,640</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	\$ 3,578,856	\$ -	\$ 3,578,856	\$ -
Transfers out	-	-	-	-
<b>Total other expenditures and financing uses</b>	<u>3,578,856</u>	<u>-</u>	<u>3,578,856</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 3,578,856</u>	<u>\$ -</u>	<u>\$ 3,578,856</u>	<u>\$ -</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 96,795		
Total expenditures and other financing uses		-		
		<u>96,795</u>		
Depreciation		(61,345)		
Capital contributions		<u>(2,910)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenues, Expenses and Changes in Net Assets</b>		<u>\$ 32,540</u>		

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**NORCRESS Water and Sewer District Fund**  
**Year Ended June 30, 2007**  
**(With Comparative Totals for June 30, 2006)**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 317,563	\$ 201,595	\$ (115,968)	\$ 77,730
Total operating revenues	<u>317,563</u>	<u>201,595</u>	<u>(115,968)</u>	<u>77,730</u>
<b>Nonoperating revenues and other financing sources</b>				
Proceeds from bond anticipation note	1,250,000	-	(1,250,000)	-
Interest earned on investments	-	602	602	-
Miscellaneous	825,000	-	(825,000)	-
Transfers in	143,329	19,492	(123,837)	-
Capital contributions	7,432,147	254,122	(7,178,025)	1,272,212
Total Nonoperating revenues and other financing sources	<u>9,650,476</u>	<u>274,216</u>	<u>(9,376,260)</u>	<u>1,272,212</u>
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 9,968,039</u>	<u>\$ 475,811</u>	<u>\$ (9,492,228)</u>	<u>\$ 1,349,942</u>
<b>Operating expenditures</b>				
Repairs and maintenance	\$ 245,371	\$ 177,977	\$ 67,394	\$ 88,548
Total operating expenditures	<u>245,371</u>	<u>177,977</u>	<u>67,394</u>	<u>88,548</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	9,722,668	182,550	9,540,118	-
Total other expenditures and financing uses	<u>9,722,668</u>	<u>182,550</u>	<u>9,540,118</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 9,968,039</u>	<u>\$ 360,527</u>	<u>\$ 9,607,512</u>	<u>\$ 88,548</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 475,811		
Total expenditures and other financing uses		<u>360,527</u>		
		115,284		
Capital outlay		182,550		
Depreciation		(235,231)		
Net transfers		(19,492)		
Capital contributions		<u>(254,122)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenues, Expenses and Changes in Net Assets</b>		<u>\$ (211,011)</u>		

**INTERNAL SERVICE FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2007**

<b>Assets</b>	<b>Group Insurance Fund</b>	<b>Employee Flexible Benefit Fund</b>	<b>Workers' Compensation Fund</b>	<b>General Litigation Fund</b>	<b>Vehicle Insurance Fund</b>	<b>Total</b>
<b>Current assets</b>						
Sales tax receivable	\$ -	\$ -	\$ 141	\$ 468	\$ -	\$ 609
Other receivables, net	16,399	-	26,158	-	-	42,557
<b>Total current assets</b>	<u>16,399</u>	<u>-</u>	<u>26,299</u>	<u>468</u>	<u>-</u>	<u>43,166</u>
<b>Restricted assets</b>						
Capital assets, net of accumulated depreciation	-	-	-	5,887	-	5,887
Cash and cash equivalents	5,025,804	151,045	1,276,420	481,456	118,509	7,053,234
Investments	1,012,033	-	488,527	-	-	1,500,560
<b>Total noncurrent assets</b>	<u>6,037,837</u>	<u>151,045</u>	<u>1,764,947</u>	<u>487,343</u>	<u>118,509</u>	<u>8,559,681</u>
<b>Total assets</b>	<u>6,054,236</u>	<u>151,045</u>	<u>1,791,246</u>	<u>487,811</u>	<u>118,509</u>	<u>8,602,847</u>
<b>Liabilities and net assets</b>						
<b>Current liabilities</b>						
Accounts and vouchers payable	2,443	15,963	-	-	4,970	23,376
Accrued payroll	2,913	-	5,259	-	-	8,172
Incurred but not reported	1,643,000	-	125,910	21,829	-	1,790,739
<b>Total current liabilities</b>	<u>1,648,356</u>	<u>15,963</u>	<u>131,169</u>	<u>21,829</u>	<u>4,970</u>	<u>1,822,287</u>
<b>Total liabilities</b>	<u>1,648,356</u>	<u>15,963</u>	<u>131,169</u>	<u>21,829</u>	<u>4,970</u>	<u>1,822,287</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	-	-	-	5,887	-	5,887
Restricted net assets	6,037,837	151,045	1,764,947	481,456	118,509	8,553,794
Unrestricted	(1,631,957)	(15,963)	(104,870)	(21,361)	(4,970)	(1,779,121)
<b>Total net assets</b>	<u>\$ 4,405,880</u>	<u>\$ 135,082</u>	<u>\$ 1,660,077</u>	<u>\$ 465,982</u>	<u>\$ 113,539</u>	<u>\$ 6,780,560</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Internal Service Funds**  
**Year Ended June 30, 2007**

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total
<b>Operating revenues</b>						
Contributions	\$ 12,811,105	\$ 311,893	\$ 1,773,322	\$ -	\$ 462,600	\$ 15,358,920
Total operating revenues	<u>12,811,105</u>	<u>311,893</u>	<u>1,773,322</u>	<u>-</u>	<u>462,600</u>	<u>15,358,920</u>
<b>Operating expenses</b>						
Salaries and employee benefits	13,319,982	317,540	1,000,410	-	-	14,637,932
Administrative costs	28,528	-	6,553	210,137	349,061	594,279
Depreciation	-	-	-	797	-	797
Total operating expenses	<u>13,348,510</u>	<u>317,540</u>	<u>1,006,963</u>	<u>210,934</u>	<u>349,061</u>	<u>15,233,008</u>
<b>Operating income (loss)</b>	<u>(537,405)</u>	<u>(5,647)</u>	<u>766,359</u>	<u>(210,934)</u>	<u>113,539</u>	<u>125,912</u>
<b>Nonoperating revenue (expense)</b>						
Interest earned on investments	164,202	2	63,872	23,248	-	251,324
Total nonoperating revenue (expense)	<u>164,202</u>	<u>2</u>	<u>63,872</u>	<u>23,248</u>	<u>-</u>	<u>251,324</u>
<b>Income (loss) before transfers</b>	<u>(373,203)</u>	<u>(5,645)</u>	<u>830,231</u>	<u>(187,686)</u>	<u>113,539</u>	<u>377,236</u>
Transfers in	-	-	-	218,904	-	218,904
<b>Change in net assets</b>	<u>(373,203)</u>	<u>(5,645)</u>	<u>830,231</u>	<u>31,218</u>	<u>113,539</u>	<u>596,140</u>
<b>Total net assets - beginning</b>	<u>4,779,083</u>	<u>140,727</u>	<u>829,846</u>	<u>434,764</u>	<u>-</u>	<u>6,184,420</u>
<b>Total net assets - ending</b>	<u>\$ 4,405,880</u>	<u>\$ 135,082</u>	<u>\$ 1,660,077</u>	<u>\$ 465,982</u>	<u>\$ 113,539</u>	<u>\$ 6,780,560</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2007

	Group Insurance Fund	Employee Flexible Benefit Fund	Workers' Compensation Fund	General Litigation Fund	Vehicle Insurance Fund	Total Internal Service Funds
<b>Operating activities</b>						
Contributions	\$ 12,811,105	\$ 311,893	\$ 1,772,165	\$ -	\$ 462,600	\$ 15,357,763
Cash paid for goods and services	-	-	-	(194,117)	(344,091)	(538,208)
Cash received for goods and services	183,574	6,677	20,545	-	-	210,796
Cash paid for claims	(12,788,918)	(324,854)	(1,173,981)	-	-	(14,287,751)
<b>Net cash provided by (used in) operating activities</b>	<b>205,763</b>	<b>(6,284)</b>	<b>618,729</b>	<b>(194,117)</b>	<b>118,509</b>	<b>742,600</b>
<b>Noncapital financing activities</b>						
Transfers in	-	-	-	218,904	-	218,904
<b>Net cash provided (used) by noncapital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>218,904</b>	<b>-</b>	<b>218,904</b>
Acquisition and construction of capital assets	-	-	-	(6,684)	-	(6,684)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,684)</b>	<b>-</b>	<b>(6,684)</b>
<b>Investing activities</b>						
Proceeds from sale of investments	(500,477)	-	(488,527)	-	-	(989,004)
Investment earnings	164,202	2	63,872	23,248	-	251,324
<b>Net cash provided (used) in investing activities</b>	<b>(336,275)</b>	<b>2</b>	<b>(424,655)</b>	<b>23,248</b>	<b>-</b>	<b>(737,680)</b>
<b>Net increase in cash and cash equivalents/investments</b>	<b>(130,512)</b>	<b>(6,282)</b>	<b>194,074</b>	<b>41,351</b>	<b>118,509</b>	<b>217,140</b>
<b>Cash and cash equivalents/investments</b>						
Beginning of year	5,156,316	157,327	1,082,346	440,105	-	6,836,094
End of year	\$ 5,025,804	\$ 151,045	\$ 1,276,420	\$ 481,456	\$ 118,509	\$ 7,053,234
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>						
Operating income (loss)	\$ (537,405)	\$ (5,647)	\$ 766,359	\$ (210,934)	\$ 113,539	\$ 125,912
Depreciation	-	-	-	797	-	797
(Increase) decrease in other receivables	(4,809)	-	(1,157)	(446)	-	(6,412)
(Increase) decrease in inventories	216,911	6,677	27,095	-	-	250,683
Increase (decrease) in accounts payable	533,213	(7,314)	(174,341)	16,466	4,970	372,994
Increase (decrease) in contract retainage	(2,147)	-	773	-	-	(1,374)
Total adjustments	743,168	(637)	(147,630)	16,817	4,970	616,688
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 205,763</b>	<b>\$ (6,284)</b>	<b>\$ 618,729</b>	<b>\$ (194,117)</b>	<b>\$ 118,509</b>	<b>\$ 742,600</b>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Group Insurance Fund

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 13,270,882	\$ 12,811,105	\$ (459,777)	\$ 11,981,843
Non-operating revenues				
Interest earned on investments	48,000	164,202	116,202	94,336
<b>Other financing sources</b>				
Transfers in	-	-	-	1,273,000
<b>Appropriated fund balance</b>	500,000	-	(500,000)	-
<b>Total revenues and other financing sources</b>	<u>\$ 13,818,882</u>	<u>\$ 12,975,307</u>	<u>\$ (843,575)</u>	<u>\$ 13,349,179</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 26,000	\$ 28,528	\$ (2,528)	\$ 23,927
Salaries and employee benefits	13,792,882	13,319,982	472,900	11,080,226
<b>Total expenditures and other financing uses</b>	<u>\$ 13,818,882</u>	<u>\$ 13,348,510</u>	<u>\$ 470,372</u>	<u>\$ 11,104,153</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 12,975,307		
Total expenditures		13,348,510		
<b>Subtotal</b>		<u>(373,203)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (373,203)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Employee Flexible Benefit Fund

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 350,000	\$ 311,893	\$ (38,107)	\$ 280,371
Non-operating revenues				
Interest earned on investments	-	2	2	3
<b>Total revenues</b>	<u>\$ 350,000</u>	<u>\$ 311,895</u>	<u>\$ (38,105)</u>	<u>\$ 280,374</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 350,000	\$ 317,540	\$ 32,460	\$ 272,374
<b>Total expenditures</b>	<u>\$ 350,000</u>	<u>\$ 317,540</u>	<u>\$ 32,460</u>	<u>\$ 272,374</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 311,895		
Total expenditures		317,540		
<b>Subtotal</b>		<u>(5,645)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (5,645)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
Workers' Compensation Fund

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 1,679,501	\$ 1,773,322	\$ 93,821	\$ 1,528,841
Non-operating revenues				
Interest earned on investments	21,114	63,872	42,758	28,271
<b>Total revenues</b>	<u>\$ 1,700,615</u>	<u>\$ 1,837,194</u>	<u>\$ 136,579</u>	<u>\$ 1,557,112</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 10,085	\$ 6,553	\$ 3,532	\$ 6,351
Salaries and employee benefits	1,690,530	1,000,410	690,120	1,302,753
<b>Total expenditures</b>	<u>1,700,615</u>	<u>1,006,963</u>	<u>693,652</u>	<u>1,309,104</u>
<b>Other financing uses</b>				
<b>Total expenditures and other financing uses</b>	<u>\$ 1,700,615</u>	<u>\$ 1,006,963</u>	<u>\$ 693,652</u>	<u>\$ 1,309,104</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 1,837,194		
Total expenditures		<u>1,006,963</u>		
<b>Subtotal</b>		<u>830,231</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 830,231</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
General Litigation Fund

Year Ended June 30, 2007  
(With Comparative Totals for June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Operating revenues	\$ -	\$ -	\$ -	\$ -
Non-operating revenues				
Interest earned on investments	-	23,248	23,248	15,799
<b>Other financing sources</b>				
Transfers in	218,905	218,904	(1)	318,905
<b>Total revenues and other financing sources</b>	<u>\$ 218,905</u>	<u>\$ 242,152</u>	<u>\$ 23,247</u>	<u>\$ 334,704</u>
<b>Operating expenditures</b>				
Administrative costs	\$ 208,905	\$ 210,137	\$ (1,232)	\$ 308,479
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 242,152		
Total expenditures		<u>210,137</u>		
<b>Subtotal</b>		32,015		
Depreciation		(797)		
Net transfers		<u>(218,904)</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ (187,686)</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Vehicle Insurance Fund

Year Ended June 30, 2007  
 (With Comparative Totals for June 30, 2006)

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Revenues</b>				
Operating revenues				
Contributions	\$ 445,000	\$ 462,600	\$ 17,600	\$ -
Non-operating revenues				
Interest earned on investments	-	-	-	-
<b>Other financing sources</b>				
Transfers in	-	-	-	-
<b>Appropriated fund balance</b>				
-	-	-	-	-
<b>Total revenues and other financing sources</b>	<u>\$ 445,000</u>	<u>\$ 462,600</u>	<u>\$ 17,600</u>	<u>\$ -</u>
<b>Operating expenditures</b>				
Administrative costs	<u>\$ 445,000</u>	<u>\$ 349,061</u>	<u>\$ 95,939</u>	<u>\$ -</u>
<b>Reconciliation of income before transfers</b>				
Total revenues and other financing sources		\$ 462,600		
Total expenditures		<u>349,061</u>		
<b>Subtotal</b>		<u>113,539</u>		
<b>Income (loss) before transfers per the Statement of Revenues, Expenses and Changes in Fund Net Assets</b>		<u>\$ 113,539</u>		

**AGENCY FUNDS**

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2007**

	City Tax Fund	Payee Account Fund	Inmate Payee Fund	Inter- Governmental Custodial Fund	Stormwater Utility Fund	Vehicle Interest Fund	Totals
<b>Assets</b>							
Taxes receivable	\$ 5,034,082	\$ -	\$ -	\$ -	\$ 69,891	\$ -	\$ 5,103,983
Restricted cash and cash equivalents	105,647	287,669	21,998	135,218	61,070	21,437	633,039
Total assets	<u>\$ 5,139,739</u>	<u>\$ 287,669</u>	<u>\$ 21,998</u>	<u>\$ 135,218</u>	<u>\$ 130,961</u>	<u>\$ 21,437</u>	<u>\$ 5,737,022</u>
<b>Liabilities</b>							
Accounts and vouchers payable	\$ 5,138,475	\$ 287,669	\$ 21,998	\$ 135,218	\$ 130,961	\$ -	\$ 5,714,321
Due to other governments	1,264	-	-	-	-	21,437	22,701
Total liabilities	<u>\$ 5,139,739</u>	<u>\$ 287,669</u>	<u>\$ 21,998</u>	<u>\$ 135,218</u>	<u>\$ 130,961</u>	<u>\$ 21,437</u>	<u>\$ 5,737,022</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2007**

	July 1, 2006	Additions	Deductions	June 30, 2007
<b>City Tax Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,351,088	\$ 68,075,025	\$ 67,392,021	\$ 5,034,092
Restricted cash and cash equivalents	70,492	65,972,651	65,937,496	105,647
<b>Total assets</b>	<b>\$ 4,421,580</b>	<b>\$ 134,047,676</b>	<b>\$ 133,329,517</b>	<b>\$ 5,139,739</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 4,382,190	\$ 134,047,482	\$ 133,291,197	\$ 5,138,475
Due to other governments	\$ 39,390	\$ 194	\$ 38,320	\$ 1,264
<b>Total liabilities</b>	<b>\$ 4,421,580</b>	<b>\$ 134,047,676</b>	<b>\$ 133,329,517</b>	<b>\$ 5,139,739</b>
<b>Payee Account Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 268,034	\$ 938,356	\$ 918,721	\$ 287,669
<b>Total assets</b>	<b>\$ 268,034</b>	<b>\$ 938,356</b>	<b>\$ 918,721</b>	<b>\$ 287,669</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 268,034	\$ 938,356	\$ 918,721	\$ 287,669
<b>Total liabilities</b>	<b>\$ 268,034</b>	<b>\$ 938,356</b>	<b>\$ 918,721</b>	<b>\$ 287,669</b>
<b>Inmate Payee Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 13,044	\$ 673,777	\$ 664,823	\$ 21,998
<b>Total assets</b>	<b>\$ 13,044</b>	<b>\$ 673,777</b>	<b>\$ 664,823</b>	<b>\$ 21,998</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 13,044	\$ 673,777	\$ 664,823	\$ 21,998
<b>Total liabilities</b>	<b>\$ 13,044</b>	<b>\$ 673,777</b>	<b>\$ 664,823</b>	<b>\$ 21,998</b>
<b>Intergovernmental Custodial Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	200,356	1,644,632	1,709,770	135,218
<b>Total assets</b>	<b>\$ 200,356</b>	<b>\$ 1,644,632</b>	<b>\$ 1,709,770</b>	<b>\$ 135,218</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 200,356	\$ 1,644,632	\$ 1,709,770	\$ 135,218
<b>Total liabilities</b>	<b>\$ 200,356</b>	<b>\$ 1,644,632</b>	<b>\$ 1,709,770</b>	<b>\$ 135,218</b>
<b>Stormwater Utility Fund</b>				
<b>Assets</b>				
Taxes receivable	\$ 88,941	\$ 2,262,103	\$ 2,281,153	\$ 69,891
Restricted cash and cash equivalents	123,321	2,259,339	2,321,590	61,070
<b>Total assets</b>	<b>\$ 212,262</b>	<b>\$ 4,521,442</b>	<b>\$ 4,602,743</b>	<b>\$ 130,961</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 212,262	\$ 4,521,442	\$ 4,602,743	\$ 130,961
<b>Total liabilities</b>	<b>\$ 212,262</b>	<b>\$ 4,521,442</b>	<b>\$ 4,602,743</b>	<b>\$ 130,961</b>
<b>Vehicle Interest Fund</b>				
<b>Assets</b>				
Restricted cash and cash equivalents	\$ 14,510	\$ 247,081	\$ 240,154	\$ 21,437
<b>Total assets</b>	<b>\$ 14,510</b>	<b>\$ 247,081</b>	<b>\$ 240,154</b>	<b>\$ 21,437</b>
<b>Liabilities</b>				
Due to other governments	14,510	247,081	240,154	21,437
<b>Total liabilities</b>	<b>\$ 14,510</b>	<b>\$ 247,081</b>	<b>\$ 240,154</b>	<b>\$ 21,437</b>
<b>TOTAL - ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Taxes receivable	\$ 4,440,029	\$ 70,337,128	\$ 69,673,174	\$ 5,103,983
Restricted cash and cash equivalents	689,757	71,735,836	71,792,554	633,039
<b>Total assets</b>	<b>\$ 5,129,786</b>	<b>\$ 142,072,964</b>	<b>\$ 141,465,728</b>	<b>\$ 5,737,022</b>
<b>Liabilities</b>				
Accounts and vouchers payable	\$ 5,075,886	\$ 141,825,689	\$ 141,187,254	\$ 5,714,321
Due to other governments	53,900	247,275	278,474	22,701
<b>Total liabilities</b>	<b>\$ 5,129,786</b>	<b>\$ 142,072,964</b>	<b>\$ 141,465,728</b>	<b>\$ 5,737,022</b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Fund - City Tax Fund**  
**June 30, 2007**

	Assets										Totals
	Fayetteville Tax Fund	Downtown Revitalization Tax Fund	Falcon Tax Fund	Godwin Tax Fund	Hope Mills Tax Fund	Linden Tax Fund	Spring Lake Tax Fund	Stedman Tax Fund	Wade Tax Fund		
Taxes receivable	\$ 4,525,703	\$ 1,542	\$ 1,403	\$ 1,277	\$ 234,069	\$ 2,161	\$ 251,805	\$ 10,831	\$ 5,301	\$ 5,034,092	
Restricted cash and cash equivalents	\$ 32,459	-	275	174	5,890	382	2,209	3,356	902	105,647	
Total assets	\$ 4,618,162	\$ 1,542	\$ 1,678	\$ 1,451	\$ 239,959	\$ 2,543	\$ 254,014	\$ 14,187	\$ 6,203	\$ 5,139,739	
<b>Liabilities</b>											
Accounts and vouchers payable	\$ 4,618,162	\$ 1,542	\$ 1,674	\$ 1,448	\$ 239,871	\$ 2,537	\$ 252,915	\$ 14,137	\$ 6,189	\$ 5,138,475	
Due to other governments	-	-	4	3	88	6	1,099	50	14	1,264	
Total liabilities	\$ 4,618,162	\$ 1,542	\$ 1,678	\$ 1,451	\$ 239,959	\$ 2,543	\$ 254,014	\$ 14,187	\$ 6,203	\$ 5,139,739	

**DISCRETELY PRESENTED COMPONENT UNIT  
EASTOVER SANITARY DISTRICT**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Net Assets  
June 30, 2007

---

<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 37,204
Sales tax receivable	2,424
Due from other governments	62,608
Total current assets	<u>102,236</u>
Noncurrent assets	
Restricted:	
Cash and cash equivalents	221,819
Accounts receivable	12,817
Capital assets, net of accumulated depreciation	6,106,567
Total noncurrent assets	<u>6,341,203</u>
<b>Total assets</b>	<u>6,443,439</u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	5,196
Accrued interest payable	14,083
Current portion of long-term debt and accrued vacation	48,000
Total current liabilities	<u>67,279</u>
Noncurrent liabilities	
Long-term debt	<u>3,723,500</u>
Total noncurrent liabilities	<u>3,723,500</u>
<b>Total liabilities</b>	<u>3,790,779</u>
Net assets	
Invested in capital assets, net of related debt	2,335,067
Restricted net assets	234,636
Unrestricted	82,957
<b>Total net assets</b>	<u>\$ 2,652,660</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Eastover Sanitary District  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Year Ended June 30, 2007

---

<b>Operating revenues</b>	
Charges for services	\$ 412,894
Other operating revenue	6,007
Total operating revenues	<u>418,901</u>
<b>Operating expenses</b>	
Salaries and employee benefits	3,552
Depreciation	166,863
Miscellaneous	54,740
Total operating expenses	<u>225,155</u>
<b>Operating income (loss)</b>	<u>193,746</u>
<b>Nonoperating revenue (expense)</b>	
Interest earned on investments	17,165
Miscellaneous	106
Interest expense	(170,888)
Total nonoperating revenue (expense)	<u>(153,617)</u>
<b>Income (loss) before contributions</b>	40,129
Capital contributions	10,465
<b>Change in net assets</b>	<u>50,594</u>
<b>Total net assets - beginning</b>	<u>2,602,066</u>
<b>Total net assets - ending</b>	<u>\$ 2,652,660</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit**

**Eastover Sanitary District**

**Statement of Cash Flows**

**Year Ended June 30, 2007**

<b>Operating activities</b>	
Cash received from customers	\$ 414,926
Other operating revenue	6,007
Cash paid to employees	(3,552)
Cash paid for goods and services	<u>(113,146)</u>
<b>Net cash provided by (used in) operating activities</b>	<u>304,235</u>
<b>Capital and related financing activities</b>	
Acquisition and construction of capital assets	(120,504)
Principal paid on long-term debt	(46,000)
Interest paid on bonds	<u>(170,888)</u>
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(337,286)</u>
<b>Investing activities</b>	
Investment earnings	17,165
<b>Net cash provided (used) in investing activities</b>	<u>17,165</u>
<b>Net increase in cash and cash equivalents</b>	<u>(15,886)</u>
<b>Cash and cash equivalents</b>	
Beginning of year	<u>274,909</u>
End of year	<u>\$ 259,023</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ 193,746
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Depreciation	166,863
Change in assets and liabilities	
(Increase) decrease in accounts receivable	6,117
(Increase) decrease in inventories	(3,908)
Increase (decrease) in accounts payable and accrued liabilities	(60,083)
Increase (decrease) in due to primary government	1,500
Total adjustments	<u>110,489</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 304,235</u>
<b>Noncash investing, capital, and financing activities:</b>	
Contributed assets	<u>\$ 10,465</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**Eastover Sanitary District**  
**Year Ended June 30, 2007**  
**(With Comparative Totals for June 30, 2006)**

	2007			2006
	Budget	Actual	Variance Positive (Negative)	
<b>Operating revenues</b>				
Charges for services	\$ 441,316	\$ 412,894	\$ (28,422)	\$ 542,273
Other operating revenue	-	6,007	6,007	15
<b>Total operating revenues</b>	<u>441,316</u>	<u>418,901</u>	<u>(22,415)</u>	<u>542,288</u>
<b>Nonoperating revenues and other financing sources</b>				
Interest earned on investments	-	17,165	17,165	21,569
Miscellaneous	-	106	106	-
Transfers in	250,000	-	(250,000)	-
Capital contributions	3,175,286	10,465	(3,164,821)	21,834
<b>Total Nonoperating revenues and other financing sources</b>	<u>3,425,286</u>	<u>27,736</u>	<u>(3,397,550)</u>	<u>43,403</u>
Appropriated fund balance	25,000	-	(25,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 3,891,602</u>	<u>\$ 446,637</u>	<u>\$ (3,444,965)</u>	<u>\$ 585,691</u>
<b>Operating expenditures</b>				
Salaries and employee benefits	\$ 3,553	\$ 3,552	\$ 1	\$ 3,552
Miscellaneous	60,556	54,740	5,816	17,484
<b>Total operating expenditures</b>	<u>64,109</u>	<u>58,292</u>	<u>5,817</u>	<u>21,036</u>
<b>Nonoperating expenditures</b>				
Debt Service	217,060	170,888	46,172	172,866
<b>Total nonoperating expenditures</b>	<u>217,060</u>	<u>170,888</u>	<u>46,172</u>	<u>172,866</u>
<b>Other expenditures and financing uses</b>				
Capital outlay	3,610,433	120,504	3,489,929	287,589
<b>Total other expenditures and financing uses</b>	<u>3,610,433</u>	<u>120,504</u>	<u>3,489,929</u>	<u>287,589</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 3,891,602</u>	<u>\$ 349,684</u>	<u>\$ 3,541,918</u>	<u>\$ 481,491</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 446,637		
Total expenditures and other financing uses		<u>349,684</u>		
		96,953		
Capital outlay		120,504		
Depreciation		(166,863)		
Capital contributions		<u>(10,465)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<u>\$ 40,129</u>		

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Eastover Water Capital Project Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 663,053	\$ 663,054	\$ 663,054	\$ -	\$ -
Interest earned on investments	47,183	53,408	53,408	-	-
Miscellaneous	100,959	101,538	101,538	-	-
<b>Total revenues</b>	<b>811,195</b>	<b>818,000</b>	<b>818,000</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	6,699,398	6,469,195	6,469,195	-	-
<b>Total expenditures</b>	<b>6,699,398</b>	<b>6,469,195</b>	<b>6,469,195</b>	<b>-</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>(5,888,203)</b>	<b>(5,651,195)</b>	<b>(5,651,195)</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses)</b>					
Proceeds of refunding bonds	3,908,803	-	-	-	-
Capital contributions (USDA)	1,926,000	1,926,000	1,926,000	-	-
Transfers in	127,248	127,248	127,248	-	-
Payment of primary government	(218,111)	(218,110)	(218,110)	-	-
Appropriated fund balance	144,263	-	-	-	-
<b>Total other financing sources</b>	<b>5,888,203</b>	<b>1,835,138</b>	<b>1,835,138</b>	<b>-</b>	<b>-</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ (3,816,057)</b>	<b>\$ (3,816,057)</b>	<b>-</b>	<b>\$ -</b>
<b>Fund balance</b>					
Beginning of year - July 1				(3,816,057)	
End of year - June 30				<u>\$ (3,816,057)</u>	

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Eastover Sewer Capital Project Fund

From Inception and for Year Ended June 30, 2007

	Project Authorization	Prior Years	Closed Projects	Current Year	Total
<b>Revenues</b>					
Restricted intergovernmental revenue	\$ 650,000	\$ -	\$ -	\$ -	\$ -
Sales and services	34,500	1,664	-	5,495	7,159
Miscellaneous	-	15	-	6,007	6,022
<b>Total revenues</b>	<b>684,500</b>	<b>1,679</b>	<b>-</b>	<b>11,502</b>	<b>13,181</b>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Water and sewer	3,459,786	103,556	-	5,053	108,609
<b>Total expenditures</b>	<b>3,459,786</b>	<b>103,556</b>	<b>-</b>	<b>5,053</b>	<b>108,609</b>
<b>Revenues over (under) expenditures</b>	<b>(2,775,286)</b>	<b>(101,877)</b>	<b>-</b>	<b>6,449</b>	<b>(95,428)</b>
<b>Other financing sources (uses)</b>					
Capital contributions (USDA)	2,525,286	125,390	-	10,465	135,855
<b>Total other financing sources</b>	<b>2,775,286</b>	<b>125,390</b>	<b>-</b>	<b>10,465</b>	<b>135,855</b>
<b>Revenues and other financing sources over (under) expenditures</b>	<b>\$ -</b>	<b>\$ 23,513</b>	<b>\$ -</b>	<b>16,914</b>	<b>\$ 40,427</b>
<b>Fund balance</b>					
Beginning of year - July 1				23,513	
End of year - June 30				<b>\$ 40,427</b>	

**DISCRETELY PRESENTED COMPONENT UNIT  
TOURISM DEVELOPMENT AUTHORITY**

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Net Assets  
June 30, 2007

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<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 755,868
Total current assets	<u>755,868</u>
<b>Total assets</b>	<u>755,868</u>
<b>Liabilities and net assets</b>	
Current liabilities	
Accounts and vouchers payable	<u>417,217</u>
Total current liabilities	<u>417,217</u>
Noncurrent liabilities	
<b>Total liabilities</b>	<u>417,217</u>
Net assets	
Unrestricted	338,651
<b>Total net assets</b>	<u>\$ 338,651</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Year Ended June 30, 2007**

---

<b>Operating revenues</b>	
Charges for services	\$ 3,603,993
Total operating revenues	<u>3,603,993</u>
<b>Operating expenses</b>	
Cultural and recreational	<u>3,912,709</u>
Total operating expenses	<u>3,912,709</u>
<b>Operating income (loss)</b>	<u>(308,716)</u>
<b>Nonoperating revenue (expense)</b>	
Miscellaneous	<u>10,250</u>
Total nonoperating revenue (expense)	<u>10,250</u>
<b>Income (loss) before transfers and contributions</b>	<u>(298,466)</u>
<b>Change in net assets</b>	(298,466)
<b>Total net assets - beginning</b>	<u>637,117</u>
<b>Total net assets - ending</b>	<u>\$ 338,651</u>

COUNTY OF CUMBERLAND, NORTH CAROLINA

Discretely Presented Component Unit  
Tourism Development Authority  
Statement of Cash Flows  
Year Ended June 30, 2007

---

<b>Operating activities</b>	
Cash received from operations	\$ 3,603,993
Cash paid for goods and services	(3,855,873)
Other miscellaneous transactions	10,250
<b>Net cash provided by (used in) operating activities</b>	<u>(241,630)</u>
<b>Noncapital financing activities</b>	
<b>Net cash provided (used) by noncapital financing activities</b>	<u>-</u>
<b>Capital and related financing activities</b>	
<b>Net cash provided (used) by capital and related financing activities</b>	<u>-</u>
<b>Investing activities</b>	
<b>Net cash provided (used) in investing activities</b>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>(241,630)</u>
<b>Cash and cash equivalents</b>	
<b>Beginning of year</b>	<u>997,498</u>
<b>End of year</b>	<u>\$ 755,868</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>	
Operating income (loss)	\$ (308,716)
Change in assets and liabilities	
Increase (decrease) in accounts payable and accrued liabilities	56,836
Other miscellaneous transactions	10,250
<b>Total adjustments</b>	<u>67,086</u>
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (241,630)</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)  
 Tourism Development Authority  
 Year Ended June 30, 2007  
 (With Comparative Totals for June 30, 2006)**

	2007		Variance Positive (Negative)	2006
	Budget	Actual		
<b>Operating revenues</b>				
Charges for services	\$ 3,700,000	\$ 3,603,993	\$ (96,007)	\$ 3,263,441
Total operating revenues	<u>3,700,000</u>	<u>3,603,993</u>	<u>(96,007)</u>	<u>3,263,441</u>
<b>Nonoperating revenues and other financing sources</b>				
Miscellaneous	-	10,250	10,250	-
Total Nonoperating revenues and other financing sources	<u>-</u>	<u>10,250</u>	<u>10,250</u>	<u>-</u>
Appropriated fund balance	292,000	-	(292,000)	-
<b>Total revenues, other financing sources and fund balance appropriations</b>	<u>\$ 3,992,000</u>	<u>\$ 3,614,243</u>	<u>\$ (377,757)</u>	<u>\$ 3,263,441</u>
<b>Operating expenditures</b>				
Cultural and recreational	\$ 3,992,000	\$ 3,912,709	\$ 79,291	\$ 3,051,218
Total operating expenditures	<u>3,992,000</u>	<u>3,912,709</u>	<u>79,291</u>	<u>3,051,218</u>
<b>Nonoperating expenditures</b>				
Total nonoperating expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other expenditures and financing uses</b>				
Total other expenditures and financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures and other financing uses</b>	<u>\$ 3,992,000</u>	<u>\$ 3,912,709</u>	<u>\$ 79,291</u>	<u>\$ 3,051,218</u>
<b>Reconciliation of modified accrual basis to full accrual basis</b>				
Total revenues and other financing sources		\$ 3,614,243		
Total expenditures and other financing uses		<u>3,912,709</u>		
		<u>(298,466)</u>		
<b>Income (loss) before transfers and contributions per Statement of Revenue, Expenses and Changes in Fund Net Assets</b>		<u>\$ (298,466)</u>		

**OTHER SUPPLEMENTAL FINANCIAL DATA**

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 Schedule of Current Tax Levy  
 Year Ended June 30, 2007

	County-wide			Total Levy	
	Total Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original levy</b>					
County wide	\$ 15,822,247,861	0.00880	\$ 139,235,781		
Late listing penalties		0.10000	131,481	\$ 121,552,720	\$ 17,814,542
<b>Discoveries</b>					
County wide	128,787,374	0.00880	1,133,329		
Late listing penalties		0.10000	228,561	1,314,144	47,746
<b>Abatements</b>					
County wide	(243,221,123)	0.00880	(2,140,346)		
Late listing penalties		0.10000	(101,961)	(622,947)	(1,619,360)
Adjusted tax levy			138,486,845	122,243,917	16,242,928
Uncollected taxes at June 30, 2007			(4,629,840)	(1,677,307)	(2,952,533)
Current year's taxes collected			<u>\$ 133,857,005</u>	<u>\$ 120,566,610</u>	<u>\$ 13,290,395</u>
Percent of current year's taxes collected			<u>96.66%</u>	<u>98.63%</u>	<u>81.82%</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Ad Valorem Taxes Receivable**

**June 30, 2007**

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2006</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2007</u>
2006-2007	\$ -	\$ 138,486,845	\$ 133,857,005	\$ 4,629,840
Prior years	12,194,606	-	4,575,672	7,618,934
	<u>\$ 12,194,606</u>	<u>\$ 138,486,845</u>	<u>\$ 138,432,677</u>	12,248,774
Less allowance for uncollectible ad valorem taxes receivable				<u>(7,817,977)</u>
				<u>\$ 4,430,797</u>

**RECONCILIATION OF COLLECTIONS AND CREDITS WITH REVENUES**

Collections and credits per above	\$ 138,432,677
Interest	1,062,069
Processing fees	245,193
Other	403,301
Releases from prior years	<u>(388,155)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 139,755,085</u>

**STATISTICAL SECTION  
(Unaudited)**

The schedules in this section provide additional information concerning the County's financial performance and position over time. The schedules are organized in the following categories:

- **Financial Trends (Schedules 1 – 5):** These schedules contain trend information to help the user understand changes in the County's financial position and performance over time.
- **Revenue Capacity (Schedules 6 – 9):** These schedules contain information to help the user assess the County's most significant local revenue source, the ad valorem property tax.
- **Debt Capacity (Schedules 10 – 12):** These schedules contain information to help the user assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.
- **Demographic and Economic Information (Schedules 13 – 14):** These schedules provide demographic and economic indicators to help the user understand the environment within which the County's financial activities occur.
- **Operating Information (Schedules 15 – 17):** These schedules contain service and infrastructure data to help the user understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**County of Cumberland, North Carolina**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**  
**Unaudited**

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Governmental Activities</b>						
Invested in capital assets, net of related debt	\$ 35,805,126	\$ 33,445,127	\$ 30,253,418	\$ 13,374,791	\$ 22,117,158	\$ 31,490,183
Restricted	700,730	10,650,586	26,985,138	35,261,376	45,222,958	45,620,960
Unrestricted	5,287,236	12,017,934	4,321,365	19,674,642	23,995,634	31,023,558
Total governmental activities net assets	\$ 41,793,092	\$ 56,113,647	\$ 61,559,921	\$ 68,310,809	\$ 91,335,750	\$ 108,134,701
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	\$ 20,537,487	\$ 21,071,073	\$ 20,708,795	\$ 29,393,382	\$ 31,693,900	\$ 33,021,723
Restricted		1,073,253	1,489,089	1,432,349	1,625,492	2,038,462
Unrestricted	14,603,390	16,352,815	19,301,119	23,840,995	28,226,868	31,209,571
Total business-type activities net assets	\$ 35,140,877	\$ 38,497,141	\$ 41,499,003	\$ 54,666,726	\$ 61,546,260	\$ 66,269,756
<b>Primary Government</b>						
Invested in capital assets, net of related debt	\$ 56,342,613	\$ 54,516,200	\$ 50,962,213	\$ 42,768,173	\$ 53,811,058	\$ 64,511,906
Restricted	700,730	11,723,839	28,474,227	36,693,725	46,848,450	47,659,422
Unrestricted	19,890,626	28,370,749	23,622,484	43,515,637	52,222,502	62,233,129
Total primary government net assets	\$ 76,933,969	\$ 94,610,788	\$ 103,058,924	\$ 122,977,535	\$ 152,882,010	\$ 174,404,457

Note: The County of Cumberland implemented GASB Statement 34 in Fiscal Year 2002. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

County of Cumberland, North Carolina  
 Changes in Net Assets  
 Last Six Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
Governmental Activities						
General Government	\$ 14,511,956	\$ 17,978,478	\$ 17,855,161	\$ 20,761,217	\$ 20,483,697	\$ 19,112,649
Public Safety	34,549,771	35,710,422	38,908,990	41,207,126	42,301,225	44,747,490
Economic & physical development	9,121,126	8,903,243	10,852,650	12,357,831	13,586,698	15,170,460
Human Services	95,809,025	97,860,270	99,736,931	107,506,798	111,115,841	108,265,701
Cultural & Recreational	10,490,154	9,670,353	10,426,819	13,865,651	12,007,763	13,342,022
Education	92,706,505	81,385,988	78,521,977	83,763,840	80,402,772	88,478,548
Interest on long-term debt	10,334,809	10,411,524	9,933,650	9,190,661	8,755,303	8,464,650
Total governmental activities expenses	\$ 267,523,346	\$ 261,920,278	\$ 266,236,178	\$ 288,653,124	\$ 288,653,299	\$ 297,581,520
Business type activities						
Crown Center	\$ 8,671,608	\$ 8,922,890	\$ 9,346,520	\$ 11,172,781	\$ 9,550,376	\$ 9,816,360
Solid Waste	5,044,548	4,495,079	4,389,462	5,123,756	5,720,234	6,924,954
Arena Ventures		166,670				
NORCRESS Water and Sewer District					206,966	437,476
Total business-type activities	\$ 13,716,156	\$ 13,584,639	\$ 13,735,982	\$ 16,296,537	\$ 15,477,576	\$ 17,178,790
Total primary government expenses	\$ 281,239,502	\$ 275,504,917	\$ 279,972,160	\$ -	\$ 304,949,661	\$ 314,760,310
<b>Program Revenues</b>						
Governmental Activities						
Charges for services						
General Government	\$ 2,618,449	\$ 3,684,933	\$ 3,856,357	\$ 3,839,955	\$ 3,082,335	\$ 3,344,191
Public Safety	2,624,124	2,047,995	2,135,055	2,420,801	2,633,124	2,500,210
Economic & physical development	325,529	958,151	933,363	1,205,185	923,979	1,000,137
Human Services	15,550,592	16,011,106	17,149,531	18,407,219	16,755,278	10,170,040
Cultural & Recreational	616,202	609,054	597,101	316,072	323,425	314,225
Operating grants and contributions						
General Government	791,001	1,218,686	577,627	534,074	1,248,637	672,243
Public Safety	748,080	496,287	893,109	1,711,447	1,148,872	938,285
Economic & physical development	6,400,074	5,437,693	7,070,855	8,573,974	8,651,204	8,903,443
Human Services	50,143,089	50,307,721	50,144,930	53,756,844	56,882,715	55,618,886
Cultural & Recreational	834,503	964,885	802,585	1,117,610	964,879	980,287
Capital grants and contributions						
General Government	2,000,000	171,976	2,000,000	2,400,000	3,141,493	6,898,894
Public Safety	386,534	811,942	1,209,212	543,995	739,188	606,687
Economic & physical development	1,354,400	260,569	327,215	266,840	267,545	598,137
Human Services						
Cultural & Recreational	4,500	2,131			311,967	386,076
Education	13,783,008	485,385	1,466,722			
Total governmental activities program revenues	\$ 98,180,085	\$ 83,468,514	\$ 89,163,662	\$ -	\$ 97,074,641	\$ 92,931,741

County of Cumberland, North Carolina  
 Changes in Net Assets  
 Last Six Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
<b>Business-type activities:</b>						
Charges for services						
Crown Center	\$ 1,699,357	\$ 2,160,252	\$ 2,079,161	\$ 2,002,713	\$ 2,305,165	\$ 2,155,096
Solid Waste	2,539,516	2,513,065	2,444,999	3,752,650	3,597,816	4,268,885
Arena Ventures		100,002				
NORCESS Water and Sewer District		39,200	14,208	10,224	77,730	327,926
Kelly Hills Water and Sewer District					238	1,054
Operating grants and contributions					21,180	
Solid Waste	67,001					
Capital grants and contributions						
NORCESS Water and Sewer District		150,480	263,472	5,269,641	1,272,212	254,122
Kelly Hills Water and Sewer District		372,700	84,321	1,782,725	465,882	2,910
Total business-type activities program revenues	\$ 4,305,874	\$ 5,335,699	\$ 4,886,161	\$ 12,817,953	\$ 7,740,223	\$ 7,009,993
Total primary government program revenues	\$ 102,485,959	\$ 88,804,213	\$ 94,049,823	\$ 107,911,969	\$ 104,814,864	\$ 99,941,734
Net (expense)/revenue	\$ (169,343,261)	\$ (178,451,764)	\$ (177,072,516)	\$ (193,559,108)	\$ (191,578,658)	\$ (204,649,779)
Governmental activities	(9,410,282)	(8,248,940)	(8,849,821)	(3,478,984)	(7,737,353)	(10,168,797)
Business-type activities	(178,753,543)	(186,700,704)	(185,922,337)	(197,037,692)	(199,316,011)	(214,818,576)
Total primary government net expense						
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities						
Ad valorem taxes	\$ 127,204,019	\$ 128,145,164	\$ 135,015,932	\$ 138,418,541	\$ 143,158,737	\$ 146,997,789
Other taxes	42,896,340	46,697,032	41,353,221	58,376,570	63,143,666	60,450,548
Unrestricted grants and contributions	3,046,773	1,265,058	4,739,443	4,592,341	5,109,038	8,236,597
Investment earnings	3,057,855	1,649,334	1,267,506	3,048,858	5,667,104	7,779,579
Miscellaneous	5,774,754	7,872,953	6,082,715	5,813,227	5,813,227	5,376,376
Transfers	(7,628,289)	(6,119,464)	(6,343,569)	(9,922,588)	(7,863,279)	(7,392,159)
Total governmental activities	\$ 174,351,462	\$ 179,510,077	\$ 182,115,248	\$ 200,309,996	\$ 215,028,493	\$ 221,448,730
Business-type activities:						
Other taxes	\$ 4,978,178	\$ 5,142,538	\$ 5,239,545	\$ 5,321,308	\$ 5,342,933	\$ 5,540,407
Investment earnings	553,833	326,113	285,346	566,852	1,239,835	1,953,383
Miscellaneous	90,113	17,089	(16,777)	835,559	170,844	6,344
Transfers	7,628,289	6,119,464	6,343,569	9,922,588	7,863,279	7,392,159
Total business-type activities	\$ 13,250,413	\$ 11,605,204	\$ 11,851,683	\$ 16,646,307	\$ 14,616,891	\$ 14,892,293
Total primary government	\$ 187,601,875	\$ 191,115,281	\$ 193,966,931	\$ 216,956,303	\$ 229,645,384	\$ 236,341,023
<b>Change in Net Assets</b>						
Governmental activities	\$ 5,008,201	\$ 1,058,313	\$ 5,042,732	\$ 6,750,888	\$ 23,449,835	\$ 16,798,951
Business-type activities	3,840,131	3,356,264	3,001,862	13,167,723	6,879,538	4,723,496
Total primary government	\$ 8,848,332	\$ 4,414,577	\$ 8,044,594	\$ 19,918,611	\$ 30,329,373	\$ 21,522,447

Note: The County implemented GASB Statement 34 in Fiscal Year 2002. In the future, up to nine (9) prior years will be presented with the current year to illustrate the County's financial performance over time.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Fund</b>										
Reserved for:										
Inventories	\$ -	\$ -	\$ -	\$ 76,630	\$ 184,238	\$ 202,808	\$ 204,886	\$ 265,955	\$ 246,003	\$ 250,613
Register of Deeds				480,148	130,055	111,146	140,680	137,081	233,127	254,065
Mental health programs	2,040,809	5,023,077	4,919,318	3,790,742	3,458,701	1,770,338	4,435,664	3,962,466	10,170,114	6,620,116
Encumbrances	9,671,094	7,820,182	7,790,876	8,903,550	9,387,422	8,740,114	19,947,496	22,374,474	21,868,108	23,704,328
State statute										
Unreserved	16,515,143	22,846,877	23,892,466	8,362,179	8,761,401	11,337,226	11,380,770	17,502,451	15,407,911	14,711,456
Designated for subsequent year's expenditures										
Designated for revaluation									150,000	150,000
Designated for tax office software									1,161,950	1,161,950
Designated for potential Medicaid increase										1,500,000
Designated for backup E911 system										73,004
Designated for renovations and maintenance							3,904,050	3,984,050	752,234	454,516
Designated for health department renovations								2,500,000	3,166,150	1,606,150
Designated for Courthouse/plaza renovations									2,704,163	2,622,136
Designated for Hope VI Project										3,120,000
Designated for other purposes	871,211	2,744,071		1,449,658	1,898,633	2,979,503	2,018,754		3,065,833	1,351,235
Designated for current year's expenditures									1,227,898	
Designated for technology							2,861,997	2,861,997		
Designated for school buses										453,000
Undesignated	20,033,540	18,671,738	19,246,256	23,634,427	25,795,383	31,465,137	36,360,701	36,557,371	38,481,266	41,039,193
Total General Fund	\$ 49,131,797	\$ 57,105,945	\$ 55,848,916	\$ 46,677,334	\$ 50,074,424	\$ 56,666,502	\$ 81,315,228	\$ 90,598,845	\$ 98,634,757	\$ 98,111,884
<b>All other governmental funds</b>										
Reserved for:										
Encumbrances	\$ 4,732,801	\$ 3,778,353	\$ 3,548,356	\$ 1,884,414	\$ 1,032,705	\$ 1,602,208	\$ 1,957,387	\$ 427,951	\$ 3,152,903	\$ 559,695
State statute	6,038,100	8,255,555	5,757,659	3,027,233	906,813	1,545,192	3,617,379	3,561,323	6,066,361	3,090,266
Inmates					207,604	180,831	284,724	310,054	231,064	180,841
Cemetery					34,535	34,082	34,251	36,913	36,477	36,553
Unreserved	3,159,840	3,621,411	1,970,529	3,124,377	4,073,588	9,311,953	3,958,056	4,190,146	4,538,462	2,800,000
Designated for subsequent year's expenditures										
Designated for other purposes										200,000
Undesignated										2,098,313
Unreserved, reported in nonmajor:										
Designated for subsequent year's expenditures										
Special Revenue	9,661,463	12,953,694	12,153,903	16,101,941	16,990,355	16,126,852	16,908,782	17,047,045	16,728,673	17,289,218
Special Revenue	85,495,224	36,483,070	72,252,259	30,878,557	18,727,617	8,420,384	10,657,459	8,418,369	6,984,593	2,608,563
Capital Projects										
Total all other governmental funds	\$ 109,087,428	\$ 65,092,063	\$ 95,682,706	\$ 55,016,522	\$ 41,973,217	\$ 37,221,502	\$ 37,418,038	\$ 36,290,114	\$ 37,738,533	\$ 36,436,973

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Ad valorem taxes	\$ 92,141,780	\$105,396,023	\$110,633,523	\$120,090,162	\$124,363,995	\$126,501,055	\$135,256,367	\$139,296,709	\$144,301,591	\$147,462,917
Other taxes	40,734,041	42,727,017	44,041,811	44,480,156	42,896,340	44,187,050	54,188,271	61,258,764	66,196,673	60,403,171
Unrestricted intergovernmental	5,513,877	4,220,223	4,162,351	4,076,568	3,046,773	1,265,058	4,857,430	4,592,341	5,272,501	8,322,319
Restricted intergovernmental	59,081,248	89,783,663	76,092,018	68,360,688	76,445,189	60,157,275	64,547,056	68,928,744	73,145,402	75,409,616
Licenses and permits	2,527,608	2,641,073	2,397,716	2,560,655	2,847,757	4,062,976	4,432,579	5,231,307	3,616,805	3,707,358
Sales and services	13,488,690	16,776,353	15,344,765	15,418,729	18,885,329	19,248,263	20,066,040	20,938,883	20,175,715	13,803,729
Investment earnings	7,098,378	8,384,623	12,730,972	10,757,185	3,417,439	1,568,762	1,225,854	2,994,836	5,528,756	7,528,255
Other general revenues	2,595,288	5,761,570	6,375,175	6,938,772	5,748,604	7,585,811	6,221,854	6,801,754	5,898,692	6,038,736
<b>Total revenues</b>	<b>\$223,180,910</b>	<b>\$275,690,545</b>	<b>\$271,778,331</b>	<b>\$272,682,915</b>	<b>\$277,651,426</b>	<b>\$264,576,250</b>	<b>\$290,795,451</b>	<b>\$310,043,338</b>	<b>\$324,136,135</b>	<b>\$322,676,101</b>
<b>Expenditures</b>										
General government	\$ 13,413,521	\$ 15,469,569	\$ 17,531,741	\$ 16,715,906	\$ 14,494,601	\$ 16,190,889	\$ 15,865,618	\$ 20,448,388	\$ 19,573,002	\$ 18,574,204
Public safety	30,053,656	32,231,820	34,722,359	35,347,039	33,042,128	34,149,908	36,729,376	38,385,258	40,308,572	42,626,745
Economic and physical development	8,479,056	12,194,523	10,836,007	9,299,668	9,092,224	9,330,336	10,387,592	11,442,987	13,190,720	14,783,011
Human services	76,363,237	84,325,747	93,199,215	96,391,139	94,276,944	97,264,634	97,944,667	105,115,297	110,306,464	106,811,398
Cultural and recreational	10,328,854	10,256,806	11,065,295	10,894,944	9,653,361	9,166,754	10,602,235	13,396,711	14,343,093	12,491,367
Education	48,415,445	56,763,115	64,840,316	70,145,351	82,555,828	80,398,479	78,169,718	83,763,840	80,402,772	88,478,548
Capital outlay	31,567,580	81,712,347	63,758,095	53,043,613	16,248,607	4,673,700	488,141	4,236,462	8,576,637	10,517,733
Debt Service										
Principal	4,503,710	9,200,202	11,986,539	13,205,035	11,873,262	10,958,755	11,758,005	12,100,187	13,888,769	13,585,630
Interest and fees	4,321,439	7,661,546	9,303,024	11,055,103	10,490,911	10,274,436	10,093,789	9,477,155	8,961,568	8,572,961
Debt issuance cost								268,699		
<b>Total expenditures</b>	<b>\$227,446,498</b>	<b>\$309,815,675</b>	<b>\$317,242,591</b>	<b>\$316,097,798</b>	<b>\$281,667,866</b>	<b>\$272,407,891</b>	<b>\$272,039,141</b>	<b>\$298,634,984</b>	<b>\$309,551,797</b>	<b>\$316,441,597</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (4,265,588)</b>	<b>\$(34,125,130)</b>	<b>\$(45,464,260)</b>	<b>\$(43,414,883)</b>	<b>\$(4,016,440)</b>	<b>\$(7,831,641)</b>	<b>\$ 18,756,310</b>	<b>\$ 11,408,354</b>	<b>\$ 14,584,338</b>	<b>\$ 6,234,504</b>
<b>Other financing sources (uses)</b>										
Debt issuance	\$ 93,358,180		\$ 81,612,300		\$ 238,125	\$ 15,818,195		\$ 9,862,080	\$ 4,300,000	
Refunding debt issuance				50,780,000				35,505,000		
Premium on refunding bonds				122,536				2,713,376		
Payment to refund bond escrow agent				(49,980,680)				(37,659,214)		
Lease purchase proceeds		2,734,487								
Sale of capital assets	197,950	568,140	97,689	41,882	65,728	19,114,050	7,995,786	10,356,015	55,177	189,243
Transfers in	10,414,204	8,437,167	11,239,682	6,369,356	6,995,004	(25,547,383)	(16,307,387)	(24,435,460)	12,025,388	8,714,304
Transfers out	(17,697,141)	(13,386,640)	(17,678,532)	(13,776,418)	(13,828,913)	(73,847)			(21,480,572)	(16,325,367)
Payment from component unit						287,142				
<b>Total other financing sources (uses)</b>	<b>\$ 88,673,193</b>	<b>\$(1,646,846)</b>	<b>\$ 75,271,139</b>	<b>\$(6,443,324)</b>	<b>\$(6,603,903)</b>	<b>\$ 9,672,004</b>	<b>\$(8,311,601)</b>	<b>\$(3,656,203)</b>	<b>\$(5,100,007)</b>	<b>\$(7,421,820)</b>
<b>Net change in fund balances</b>	<b>\$ 84,407,605</b>	<b>\$(35,771,976)</b>	<b>\$ 29,806,879</b>	<b>\$(49,858,207)</b>	<b>\$(10,620,343)</b>	<b>\$ 1,840,363</b>	<b>\$ 10,444,709</b>	<b>\$ 7,752,151</b>	<b>\$ 9,484,331</b>	<b>\$(1,187,316)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.51%</b>	<b>7.39%</b>	<b>8.40%</b>	<b>9.22%</b>	<b>8.43%</b>	<b>7.93%</b>	<b>8.05%</b>	<b>7.42%</b>	<b>7.59%</b>	<b>7.24%</b>

**County of Cumberland, North Carolina**  
**Tax Revenues by Source - Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**Unaudited**

**Sources of Governmental Funds Tax Revenues**

Fiscal Year	Ad Valorem Tax	Sales Tax	Video Sales Tax <sup>1</sup>	Beer and Wine Tax <sup>2</sup>	Other Tax <sup>3</sup>	Room Occupancy Tourism Tax <sup>4</sup>	Real Estate Transfer Tax	Dog and Cat Registration Tax	Prepared Food and Beverage Tax	Total Tax
1998	\$ 92,141,749	\$ 34,310,881		\$ 668,027	\$ 2,137,445	\$ 605,239	\$ 600,411	\$ 166,332	\$ 2,850,806	\$ 133,480,890
1999	105,395,538	36,177,934		639,938	2,144,568	611,971	636,742	155,620	2,972,075	148,734,386
2000	110,633,525	37,475,155		629,898	2,115,858	641,019	573,025	153,494	3,094,256	155,316,230
2001	120,090,159	37,831,655		623,332	2,113,397	618,062	585,671	149,207	3,178,154	165,189,637
2002	124,363,964	36,844,336			2,001,983	774,919	661,865	189,881	3,198,637	168,035,585
2003	126,501,048	39,241,600		657,645	2,431	1,173,035	734,497	172,981	3,380,003	171,863,240
2004	135,256,382	48,414,740		658,219	2,557	1,538,270	1,069,746	441,763	3,601,634	190,983,311
2005	139,296,712	53,103,181		686,819	3,026	2,092,077	1,131,223	405,668	3,836,771	200,555,477
2006	144,301,591	55,674,521		695,840	2,443	3,259,120	1,477,071	381,637	4,110,467	209,902,690
2007	147,462,917	53,343,686	126,540	489,287			1,515,827	367,630	4,560,201	207,866,088

<sup>1</sup> Sales Tax on Video Programming Services was implemented in FY 2007.

<sup>2</sup> Tax was withheld in FY 2002 from local governments due to State budget crisis.

<sup>3</sup> Other Tax for FY 2002 and prior fiscal years includes the Intangibles Tax and the NC Elderly Exemption Tax which are now repealed.

<sup>4</sup> In FY 2007, the Tourism Development Authority was reclassified to a discretely presented component unit and is no longer considered to be governmental.

**County of Cumberland, North Carolina**  
**Assessed Value of Taxable Property**  
**Last Ten Fiscal Years**  
**(Dollars in Thousands)**  
**Unaudited**

Fiscal Year Ended June 30	Real Property			Personal Property		Less: Tax Exempt Property <sup>3</sup>	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>4</sup>	Assessed Value as a Percentage of Actual Value <sup>5</sup>
	Real Property	Public Service <sup>1</sup>	Motor Vehicle	Other <sup>2</sup>	Motor Vehicle					
1998	\$ 9,657,453	\$ 295,334	\$ -	\$ 2,243,185	\$ -	893,552	\$ 11,302,420	0.750	\$ 11,302,420	100.00%
1999	10,049,812	300,831		2,324,845		989,476	11,686,012	0.840	11,933,026	97.93%
2000	10,520,476	316,779		2,475,285		1,079,812	12,232,728	0.840	12,633,200	96.83%
2001	10,737,544	328,454		2,614,139		1,164,207	12,515,930	0.900	13,061,918	95.82%
2002	11,062,096	342,024	1,694,491	890,618		1,234,469	12,744,760	0.925	13,746,910	92.71%
2003	11,138,599	319,378	1,743,025	1,064,738		1,452,708	12,813,032	0.925	13,626,536	94.03%
2004	12,860,438	326,351	1,774,855	1,042,375		1,830,639	14,173,380	0.880	14,173,380	100.00%
2005	13,156,842	336,616	1,767,131	1,075,944		1,847,915	14,488,618	0.880	14,734,687	98.33%
2006	13,497,036	366,205	2,017,935	1,086,581		1,780,516	15,187,241	0.880	16,425,742	92.46%
2007	14,054,554	368,900	1,982,534	1,115,176		1,813,350	15,707,814	0.880	17,521,265	89.65%

<sup>1</sup> Public service companies' property includes real and personal property of utilities, railroad and buslines, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

<sup>2</sup> Other includes motor vehicles for FYE 1997 - 2001

<sup>3</sup> Exempt properties are not reported in the year-to-year levy. The information presented for FYE 1997 - 2001 was compiled from current system information due to scrolls not being available.

<sup>4</sup> Estimated actual taxable value reflects an increase in real and exempt property. Estimated Actual Taxable Value was computed by using Real Estate Assessment Sales Ratio Study Percentages from the North Carolina Department of Revenue.

<sup>5</sup> Estimated actual values and the ratio of total assessed value to total estimated actual value has been adjusted to reflect updated sales assessment ratio percentages from the North Carolina Department of Revenue.

<sup>6</sup> Denotes the year in which a revaluation was effective on the January 1st preceding the beginning of the fiscal year.

Source: Cumberland County Tax Department

Note: A revaluation of real property is required by North Carolina General Statutes at least every eight years. Assessed valuations are established by the Board of Commissioners at 100% of market value as of the year of the revaluation. The last revaluation was effective January 1, 2003 and is reflected beginning in Fiscal Year 2004.

**County of Cumberland, North Carolina**  
**Property Tax Rates - Direct and Overlapping Governments**  
**(Per \$100 of Assessed Value)**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30	County of Cumberland Direct Rates					Overlapping Rates Levied by Municipalities									
	County Direct Rate	County Recreation Rate	Fire Protection Districts (1)	Special Fire District (2)	Fayetteville (3)	Fayetteville Revitalization District	Hope Mills	Town of Spring Lake (3)	Falcon	Godwin	Linden (3)	Town of Stedman	Town of Wade		
1998	\$ 0.750	\$ 0.050	\$ 0.100	\$ 0.005	\$ 0.495	\$ 0.063	\$ 0.380	\$ 0.550	\$ 0.150	\$ 0.150	\$ 0.150	\$ 0.370	\$ 0.210		
1999	0.840	0.050	0.100	0.005	0.510	0.100	0.380	0.550	0.150	0.170	0.150	0.370	0.210		
2000	0.840	0.050	0.100	0.005	0.510	0.100	0.380	0.550	0.150	0.170	0.150	0.370	0.210		
2001	0.900	0.050	0.100	0.005	0.530	0.100	0.410	0.550	0.150	0.170	0.150	0.370	0.235		
2002	0.925	0.050	0.100	0.005	0.530	0.100	0.410	0.660	0.150	0.170	0.150	0.370	0.235		
2003	0.925	0.050	0.100	0.005	0.530	0.100	0.410	0.660	0.150	0.170	0.150	0.370	0.235		
2004	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	0.150	0.170	0.150	0.370	0.235		
2005	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	0.150	0.170	0.150	0.370	0.235		
2006	0.880	0.050	0.100	0.005	0.530	0.100	0.410	0.660	0.150	0.170	0.150	0.370	0.235		
2007	0.880	0.050	0.100	0.005	0.530	0.100	0.460	0.660	0.150	0.170	0.150	0.370	0.235		

(1) Cumberland County has seventeen fire protection districts

(2) Established in FY 1990 to assist fire departments that have limited resources available for funding

(3) Municipalities that are excluded from paying the County Recreation Tax

Source: Cumberland County Tax Department

**County of Cumberland, North Carolina  
Principal Property Taxpayers  
Ten Year Comparison  
(Dollars in Thousands)  
Unaudited**

Taxpayer	Fiscal Year 2007			Fiscal Year 1998		
	2006 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	1997 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Goodyear Tire & Rubber Co.	\$ 155,881	1	0.99%	\$ 125,587	1	1.11%
Carolina Telephone	124,316	2	0.79%	113,269	2	1.00%
Wal-Mart	112,705	3	0.72%			
Cross Creek Mall, LLC	85,159	4	0.54%			
Carolina Power & Light	66,963	5	0.43%	61,090	6	0.54%
Purolator Product NA Inc.	54,981	6	0.35%			
Piedmont Natural Gas Co., Inc.	54,140	7	0.34%			
Dak Americas, LLC	52,217	8	0.33%			
Centurion Aviation Services	50,833	9	0.32%			
Black & Decker	35,022	10	0.22%	62,150	5	0.55%
Cumberland Associates				81,863	3	0.72%
ICI Americas Inc.				81,010	4	0.72%
Fiber Industries				43,163	7	0.38%
UDRT of NC LLC				35,675	8	0.32%
N C Natural Gas Corp				34,073	9	0.30%
Monsanto				29,914	10	0.26%
	<u>\$ 792,217</u>		<u>5.03%</u>	<u>\$ 667,794</u>		<u>5.90%</u>

Source: Cumberland County Tax Department

**County of Cumberland, North Carolina**  
**Property Tax Levies and Collections - General Fund**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year Ended June 30	Total Tax Levy	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Net Levy
1998	84,858,034	81,448,767	95.98%	3,081,102	84,529,869	99.61%
1999	98,459,530	94,720,009	96.20%	3,204,180	97,924,189	99.46%
2000	102,930,868	99,452,736	96.62%	3,820,093	103,272,829	100.33%
2001	113,019,985	108,502,502	96.00%	2,324,904	110,827,406	98.06%
2002	118,105,428	112,530,100	95.28%	3,808,148	116,338,248	98.50%
2003	118,669,185	112,620,429	94.90%	4,513,742	117,134,171	98.71%
2004 <sup>1</sup>	124,909,702	119,126,328	95.37%	5,448,456	124,574,784	99.73%
2005	127,699,476	122,645,671	96.04%	5,552,494	128,198,165	100.39%
2006	133,891,832	129,101,364	96.42%	5,425,056	134,526,420	100.47%
2007	138,486,845	133,857,005	96.66%	4,575,672	138,432,677	99.96%

**FY 2007 Reconciliation of Collections and Credits with Revenues**

Collections and credits per above	\$ 138,432,677
Interest	1,062,069
Processing fees	245,193
Other	403,301
Releases from prior years	<u>(388,155)</u>
Ad Valorem Taxes - General Fund (per report)	<u>\$ 139,755,085</u>

<sup>1</sup> Denotes the year in which a revaluation was effective on the January 1st preceeding the beginning of the fiscal year.

Source: Cumberland County Tax Department

**County of Cumberland, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**Unaudited**

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(2)</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase	General Obligation Bonds	Certificates of Participation	Capital Leases	Installment Purchase			
1998	\$ 112,235,000	\$ 37,350,000	\$ 4,734,010	\$ 4,635,246	\$ -	\$ 55,088,781	\$ -	\$ 400,000	\$ 214,443,037	3.25%	714
1999	106,120,000	36,570,000	6,108,675	4,960,006		59,753,784		1,395,513	214,907,978	3.15%	715
2000	130,055,000	84,980,000	2,175,982	6,829,410		58,948,781		997,785	283,986,958	3.92%	938
2001	122,915,000	83,120,000	1,362,753	4,847,602		57,938,781		586,150	270,770,286	3.62%	895
2002	115,775,000	80,785,000	533,786	3,516,433		56,658,781		240,000	257,509,000	3.22%	842
2003	123,510,000	77,955,000	182,226	3,810,237		55,083,781		87,305	260,628,549	3.07%	844
2004	115,895,000	74,570,000		3,234,457		53,183,781			246,883,238	2.70%	795
2005	114,140,000	70,635,000	4,537,080	2,999,271	1,250,000	51,058,781			244,620,132	NA	802
2006	106,165,000	66,475,000	4,562,232	5,631,302	1,250,000	48,693,781			232,777,315	NA	761
2007	98,230,000	62,250,000	4,241,761	4,526,143	1,250,000	46,078,781			216,576,685	NA	703

(1) Percentage of Personal Income: Total debt of the primary government divided by personal income (See Schedule 13 for personal income).

(2) Per Capita: Total debt of the primary government divided by the population for that fiscal year (See Schedule 13 for population information).

NA: Information not available

**County of Cumberland, North Carolina**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**Unaudited**

<u>Fiscal Year</u>	<u>Total General Obligation Bonds</u>	<u>Percentage of Personal Income (1)</u>	<u>Percentage of Actual Taxable Value of Property (2)</u>	<u>Per Capita (1)</u>
1998	112,235,000	1.70%	0.99%	374
1999	106,120,000	1.56%	0.89%	353
2000	130,055,000	1.80%	1.03%	429
2001	122,915,000	1.64%	0.94%	406
2002	115,775,000	1.45%	0.84%	378
2003	123,510,000	1.45%	0.91%	400
2004	115,895,000	1.27%	0.82%	373
2005	115,390,000	NA	0.78%	378
2006	107,415,000	NA	0.65%	351
2007	99,480,000	NA	0.57%	323

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

(1) See Schedule 13 for personal income and population data.

(2) See Schedule 6 for property value data.

NA: Information not available

**Cumberland County, North Carolina  
Computation of Legal Debt Margin  
Last Ten Fiscal Years  
(Dollars in Thousands)  
Unaudited**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	\$ 975,678	\$ 1,014,039	\$ 1,065,003	\$ 1,094,411	\$ 1,118,338	\$ 1,141,259	\$ 1,280,322	\$ 1,306,923	\$ 1,357,421	\$ 1,401,693
Total net debt applicable to limit	112,235	106,120	130,055	122,915	115,775	123,510	115,895	114,140	106,165	98,230
Legal debt margin	\$ 863,443	\$ 907,919	\$ 934,948	\$ 971,496	\$ 1,002,563	\$ 1,017,749	\$ 1,164,427	\$ 1,192,783	\$ 1,251,256	\$ 1,303,463

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

11.50%	10.47%	12.21%	11.23%	10.35%	10.82%	9.05%	8.73%	7.82%	7.01%
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**Legal Debt Margin Calculation for Fiscal Year 2007**

Assessed Property Value	\$ 15,707,814
Plus : Exempt Property	1,813,350
<b>Total Assessed Value</b>	<b>17,521,164</b>
Debt Limit (8% of total assessed value)	1,401,693
Debt applicable to limit:	
Total Bonded debt	99,480
Authorized and unissued debt	14,101
	<u>113,581</u>
Less: Statutory deductions	
Authorized and unissued debt	14,101
Revenue bonds	1,250
	<u>15,351</u>
Total amount of debt applicable to debt limit	98,230
Legal debt margin	<u>\$ 1,303,463</u>

**County of Cumberland, North Carolina  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited**

Fiscal Year Ended June 30	Population <sup>1</sup>	Personal Income	Per Capita Income <sup>2</sup>	Median Age <sup>1</sup>	School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
1998	300,266	6,604,350,670	21,995	29.1	50,965	4.1%
1999	300,603	6,818,277,246	22,682	29.4	51,315	3.8%
2000	302,887	7,239,302,187	23,901	29.6	51,349	4.5%
2001	302,618	7,477,388,162	24,709	30.0	51,243	6.1%
2002	305,968	7,997,391,584	26,138	30.2	51,725	7.0%
2003	308,735	8,493,608,585	27,511	30.4	52,223	6.5%
2004	310,549	9,137,904,325	29,425	30.6	53,092	5.6%
2005	305,173	NA	NA	30.8	53,399	5.7%
2006	305,829	NA	NA	N/A	53,403	5.8%
2007	308,255	NA	NA	N/A	53,912	5.3%

## Sources:

1. North Carolina State Office of Demographics
2. Bureau of Economic Analysis
3. Cumberland County Board of Education
4. Bureau of Labor Statistics

NA: Information not available

**County of Cumberland, North Carolina  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited**

Employer	Fiscal Year 2007			Fiscal Year 1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Fort Bragg/Pope AFB Civilians	8,857	1	6.27%	8,790	1	6.95%
Cumberland County Schools	6,700	2	4.74%	5,500	2	4.35%
Cape Fear Valley Health System	5,000	3	3.54%	3,169	3	2.51%
Cumberland County Government	2,788	4	1.97%	2,350	5	1.86%
Goodyear Tire and Rubber Company	2,650	5	1.87%	3,000	4	2.37%
State of North Carolina	1,530	6	1.08%			
City of Fayetteville	1,429	7	1.01%	1,229	9	0.97%
U.S. Postal Service	1,312	8	0.93%	1,360	8	1.08%
Methodist University	1,300	9	0.92%			
Fayetteville Technical Community College	1,250	10	0.88%			
Fayetteville State University				1,600	6	1.27%
Black & Decker Manufacturing Company				1,400	7	1.11%
Purolator, Inc.				1,225	10	0.97%
	<u>32,816</u>		<u>23.22%</u>	<u>29,623</u>		<u>23.42%</u>

**County of Cumberland, North Carolina**  
**Full-Time County Government Employees by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	244	249	247	252	206	224	234	236	234	239
Public Safety										
Sheriff	389	401	400	405	402	364	367	369	379	381
Detention Facility	93	93	92	92	129	173	182	181	187	187
Other	47	49	53	59	50	51	26	34	35	66
Human Services										
Public Health	280	318	302	303	262	212	224	226	233	240
Mental Health	399	422	403	435	426	448	455	469	407	373
Social Services	613	615	661	651	620	606	609	602	608	616
Other	25	28	27	28	25	21	22	22	23	22
Cultural & Recreation										
Library	166	199	190	178	148	145	154	162	169	176
Other	39	39	42	48	49	50	50			
Economic and Physical Development	106	106	108	116	101	97	104	110	108	108
Crown Center	32	32	32	32	32	36	40	41	39	41
Solid Waste	68	69	69	68	72	55	54	52	64	64
<b>Total</b>	<b>2,501</b>	<b>2,620</b>	<b>2,626</b>	<b>2,667</b>	<b>2,522</b>	<b>2,482</b>	<b>2,521</b>	<b>2,504</b>	<b>2,486</b>	<b>2,513</b>

**County of Cumberland, North Carolina  
Operating Indicators by Function  
Last Ten Fiscal Years  
Unaudited**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>General Government</b>										
Number of persons voting in elections	72,179	53,809	55,017	22,619	58,723	18,963	97,792	32,258	47,466	NA
Number of registered voters	141,319	148,012	155,844	* 77,112	156,807	159,479	179,370	171,030	176,853	NA
Number of birth certificates processed	7,488	7,643	7,404	7,390	7,206	7,202	7,535	8,051	7,943	8,242
Number of death certificates processed	2,217	2,465	2,468	2,399	2,441	2,428	2,506	2,355	2,533	2,511
Number of land record instruments	62,326	67,879	54,229	53,254	58,208	64,737	70,475	61,356	63,852	61,396
Number of marriage licenses issued	3,239	3,539	3,794	3,524	3,866	3,677	3,667	4,044	3,828	3,898
Number of pieces of mail handled	1,088,048	861,527	831,051	668,322	681,169	659,014	712,856	737,929	793,048	639,434
* List Maintenance every 4 years (non-voters removed)										
<b>Public Safety</b>										
Number of fire calls answered	10,800	10,913	9,650	10,495	13,516	9,432	9,515	9,904	7,562	9,459
Number fire permits issued	443	455	432	500	550	708	452	820	266	232
Number of emergency calls dispatched	51,758	52,524	56,713	56,568	60,046	60,761	60,832	58,446	NA	57,320
Number of sheriff calls answered	64,361	66,346	72,187	91,326	91,840	87,623	87,454	94,698	144,381	137,576
Number of civil court papers handled	NA	NA	38,097	41,729	39,665	40,281	40,132	40,542	38,237	40,767
Average daily inmate population	375	368	373	371	392	485	464	504	518	532
Number of inmates admitted	12,511	10,868	9,927	9,135	9,762	9,996	9,202	9,983	10,640	9,833
Number of animals impounded (dogs and cats)	11,258	11,598	11,753	12,561	11,516	12,357	11,779	10,907	11,953	17,895
Number of animal investigations	13,903	12,918	13,016	13,897	13,862	14,895	15,018	14,482	15,767	16,014
<b>Human Services</b>										
Number of health dept. clinical services	41,459	38,561	22,598	29,203	25,707	27,550	30,523	32,143	31,010	29,399
Number of health dept. lab tests processed	80,974	74,902	65,285	41,808	38,955	38,081	40,181	43,057	39,165	28,286
Number of health dept. prescriptions filled	NA	NA	NA	NA	NA	6,781	17,995	29,302	38,119	35,252
Number of WIC Clients	NA	NA	NA	44,628	45,420	42,552	40,212	38,496	36,456	142,916
Number of food stamp ave monthly households	NA	NA	NA	9,368	10,179	11,713	13,016	13,928	15,623	16,167
Average active Medicaid family & children's cases	8,114	9,486	11,943	14,971	14,668	15,656	15,620	17,802	19,402	21,705
Average active Medicaid adult cases	2,981	3,476	3,481	3,746	3,983	4,089	4,448	4,654	4,941	5,205
Average TANF active cases	4,713	3,856	3,278	2,683	2,530	2,435	2,448	2,301	2,140	2,967
Number of protective services referrals	4,149	3,805	3,858	3,983	4,373	4,736	4,864	4,957	4,853	4,977
Number of veterans claims processed*	NA	NA	NA	NA	NA	1,214	2,364	2,845	2,692	5,233
Number of veterans served in office	NA	NA	NA	NA	NA	6,966	9,209	9,618	8,384	7,568
*all claims processed not just claims generating dollars										

**County of Cumberland, North Carolina**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Human Services (continued)</b>										
Number of veterans served by telephone	NA	NA	NA	NA	NA	10,529	19,429	16,496	16,198	16,848
Number of mental health days of service (24 hrs)	57,708	63,239	75,461	67,470	69,121	67,758	66,784	70,219	81,879	48,481
Number of mental health outpatients served	6,711	6,760	5,052	6,871	7,253	7,239	7,361	8,055	8,607	6,337
Number of mental health inpatients served**	472	532	465	648	936	750	500	417	429	NA
Number of workforce development applicants	6,201	6,511	6,576	1,039	988	971	1,803	2,061	993	683
**clients no longer contracted with hospital										
<b>Economic and Physical Development</b>										
Number of inspections performed	39,813	37,738	30,453	28,080	31,211	37,659	NA	54,606	70,487	1,760
Number of permits issued	NA	1,217	1,241	1,412	1,574	1,407	2,024	2,169	NA	
<b>Culture and Recreation</b>										
Number of library books	463,695	507,695	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536
Number of materials circulated	2,117,338	2,249,213	2,184,923	2,117,520	1,986,546	1,884,249	1,325,999	1,365,396	1,446,477	1,994,109*
Number of public visits	1,518,415	1,525,773	1,491,763	1,327,742	1,254,195	1,221,211	1,246,265	1,278,154	1,284,143	1,444,916
* includes books and audio visual materials										
<b>Business Activities</b>										
Number of civic center event days	448	636	647	792	378	335	335	326	328	309
Number in attendance	668,009	604,204	600,227	617,802	487,813	506,003	549,456	513,658	545,409	521,088
Number of solid waste tonnages processed	237,514	257,937	273,883	252,265	230,731	205,062	209,810	265,464	282,679	305,915

Source: Information provided by various County departments.

NA: Information not available

**County of Cumberland, North Carolina**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**  
**Unaudited**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Fire</b>										
Number of volunteer stations	22	21	21	21	21	21	21	21	19	20
<b>Sheriff</b>										
Number of stations	5	4	3	4	5	5	5	6	6	4
Number of patrol vehicles	NA	NA	NA	NA	NA	325	325	325	325	326
Detention facility beds	365	365	365	365	568	568	568	568	568	568
<b>Culture and Recreation</b>										
Number of libraries	9	9	8	8	8	8	8	8	8	8
Library collections	463,695	507,695	514,295	503,831	503,799	509,173	512,031	513,922	595,462	592,536
Number of parks	2	2	2	2	2	2	3	3	3	3
Park acreage	130	130	162	162	174	174	189	189	189	185
Number of ball fields	14	14	14	14	14	33	103	107	67	64
Number of tennis courts	8	8	10	10	10	10	41	40	40	28
<b>Facilities and services not included in primary government</b>										
<b>Education:</b>										
Number of schools	71	73	73	76	79	79	80	80	80	87
Number of students	50,043	50,317	51,349	50,979	51,725	52,223	53,089	53,326	52,565	53,912
Colleges & universities	2	2	2	2	2	2	2	2	2	2
Community colleges	1	1	1	1	1	1	1	1	1	1
<b>Hospitals:</b>										
Number of county hospitals	1	1	1	1	1	1	1	1	1	2
Number of patient beds	695	800	933	933	909	909	426	447	447	546

Source: Information provided by various county departments and local hospital administration department.

NA: Information not available.

**OMB CIRCULAR A-133 AND  
STATE SINGLE AUDIT IMPLEMENTATION ACT  
COMPLIANCE SECTION**

- Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act
- Independent Auditors' Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act
- Schedule of Findings and Questioned Costs
- Schedule of Corrective Action Plan
- Schedule of Prior Year Audit Findings
- Schedule of Expenditures of Federal and State Awards



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of County Commissioners  
County of Cumberland, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, the Eastover Sanitary District (the "District"), the Cumberland County Tourism Development Authority (the "Authority"), the Fayetteville Area Convention and Visitors Bureau (the "Bureau"), each major fund and the aggregate remaining fund information of the County of Cumberland, North Carolina (the "County") as of and for the year ended June 30, 2007, which collectively comprises the County's basic financial statements, and have issued our report thereon dated November 15, 2007. We did not audit the financial statements of the Cumberland County ABC Board (the "Board"). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Board and the Bureau were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 07-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND L.L.P.**

*Cherry, Bekart + Holland, LLP*

Fayetteville, North Carolina  
November 15, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Board of County Commissioners  
County of Cumberland, North Carolina

Compliance

We have audited the compliance of the County of Cumberland, North Carolina, (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

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

This report is intended for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND L.L.P.**

*Cherry, Bekart + Holland, LLP*

Fayetteville, North Carolina  
November 15, 2007



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH APPLICABLE SECTIONS OF OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT  
IMPLEMENTATION ACT**

Board of County Commissioners  
County of Cumberland, North Carolina

Compliance

We have audited the compliance of the County of Cumberland, North Carolina, (the "County") with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. The County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with applicable sections of the OMB A-133, and the State Single Audit Implementation Act, and which are described in the accompanying schedule of findings and questioned cost as items 07-02 and 07-03.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the County's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

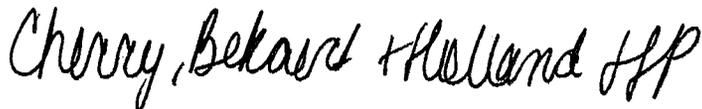
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

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

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of the audit committee, management, others within the organization, members of the Board of County Commissioners, and federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**CHERRY, BEKAERT & HOLLAND L.L.P.**

A handwritten signature in cursive script that reads "Cherry, Bekart & Holland LLP". The signature is written in black ink and is positioned above the typed name and date.

Fayetteville, North Carolina  
November 15, 2007

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2007**

**SECTION I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No
- Significant Deficiency(s) identified that are not considered to be material weaknesses   X   Yes \_\_\_\_\_ None reported
- Noncompliance material to financial statements noted \_\_\_\_\_ Yes   X   No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified \_\_\_\_\_ Yes   X   No
- Significant Deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes   X   None reported
- Noncompliance material to federal awards \_\_\_\_\_ Yes   X   No

Type of auditor's report issued on compliance for major federal programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 \_\_\_\_\_ Yes   X   No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.658CL	Title IV-E Foster Care Cluster
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
10.557	Supplemental Nutrition Program for Women, Infants, & Children
93.558	Temporary Assistance for Needy Families (TANF)
93.667	Social Services Block Grant
93.778	Medical Assistance – Title XIX
93.767	NC Health Choice (CHIPS)
93.994	Maternal and Child Health

Dollar threshold used to distinguish between Type A and Type B Programs \$ 3,000,000

COUNTY OF CUMBERLAND, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2007

Auditee qualified as low-risk auditee?        X   Yes             No

State Awards

Internal control over major State programs:

- Material weakness(es) identified             Yes        X   No
- Significant Deficiency(s) identified that are not considered to be material weaknesses             Yes        X   None reported
- Noncompliance material to State awards             Yes        X   No

Type of auditor's report issued on compliance for major State programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act        X   Yes             No

Identification of major State programs:

- Program Name
- Adoption Subsidy
- Juvenile Crime Prevention
- Public Access Funds
- Public School Building Capital Fund

**Section II. Financial Statement Findings**

Finding 07-01

**SIGNIFICANT DEFICIENCY**

Criteria:                      Internal controls are enhanced when the responsibility for executing a transaction, recording the transaction and maintaining custody of the assets resulting from the transaction are assigned to different individuals.

Condition:                    In reviewing internal control procedures within the ancillary departments of the County, we noticed a lack of segregation of duties. Internal controls are enhanced when the responsibility for executing a transaction, recording the transaction and maintaining custody of the assets resulting from the transaction are assigned to difference individuals.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (continued)**

**Year Ended June 30, 2007**

**Effect:** While it may be convenient to have one person authorized to handle multiple phases of a transaction, such a situation may lead to misstatements within the financial statements, which does not provide the ideal internal control structure.

**Cause:** The small number of employees within the County's ancillary departments makes it difficult to achieve an adequate segregation of duties.

**Recommendation:** We recommend that the County continue to review cash receipting processes and segregation of duties in each ancillary department and where appropriate, make the necessary changes to the cash receipting process.

**Management's Response:** Management agrees with finding and will continue to review each ancillary department that receives cash, and where appropriate, make the necessary changes to the cash receipt process.

**Section III. Federal Award Findings and Questioned Costs**

None

**Section IV. State Award Findings and Questioned Costs**

**Office of State Budget and Management**  
Public School Building Capital Fund

Finding 07-02

NONMATERIAL NONCOMPLIANCE

CASH MANAGEMENT

**Criteria:** State funds may not earn interest prior to final payments for approved projects.

**Condition:** The County withdrew lottery proceeds from the State Treasurer's disbursing fund prior to needing the funds for final payment and held those funds within their depository account earning interest on the funds. State practice is to allow a three (3) day turn around of funds from time of withdraw to time of final payment.

**Questioned Costs:** \$14,880

**Effect:** Interest was earned on State funds in violation of program compliance requirements.

**Cause:** The County has not familiarized itself with the cash management requirements of the Public School Building Capital Fund program.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Findings and Questioned Costs (continued)**

**Year Ended June 30, 2007**

**Recommendation:** The County should not issue warrants against the State Treasurer's account until such time they are prepared to make final payment for construction expenditures.

**Management's Response:** Management agrees with finding and will change the timing of warrants issued against the State Treasurer's account to more closely match the expenditures for approved projects.

**Office of State Budget and Management**  
Public School Building Capital Fund

Finding 07-03

**NONMATERIAL NONCOMPLIANCE**

**SUB-RECIPIENT MONITORING**

**Criteria:** Counties are responsible for monitoring the County Schools and their expending of these funds.

**Condition:** The County currently has no process in place to properly monitor project expenditures spent at the County Schools.

**Questioned Costs:** None

**Effect:** Public School Building Capital Funds could be used to fund projects and/or expenditures that have not been properly approved.

**Cause:** The County has not developed a method of monitoring the County Schools use of program funds.

**Recommendation:** The County should develop a method of reconciling the County Schools construction expenditures to County records of withdraws against the State Treasurer's account and testing those expenditures to determine if they meet program requirements for allowable costs.

**Management's Response:** Management agrees with finding and is working with the County Schools' finance department to develop a method of reconciling project expenditures and ensuring those expenditures follow program requirements.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Corrective Action Plan**

**Year Ended June 30, 2007**

**II – Financial Statement Findings**

Finding 07-01

- A. Name of Contact Person: Amy Canon, Finance Director
- B. Corrective Action: The County will continue to review each ancillary department that receives cash, and where appropriate, make the necessary changes to the cash receipt process.
- C. Proposed Completion: Corrective action to be taken immediately.

**III – Federal Award Findings and Questioned Costs**

None

**IV – State Award Findings and Questioned Costs**

Finding 07-02

- A. Name of Contact Person: Amy Canon, Finance Director
- B. Corrective Action: The County will time its withdrawal of program funds more closely to the needs of final payment for approved and allowable expenditures. Funds will not be maintained in the County's general depository for extended lengths of time.
- C. Proposed Completion: Corrective action to be taken immediately

Finding 07-03

- A. Name of Contact Person: Amy Canon, Finance Director
- B. Corrective Action: The County will work with the County Schools to develop a method of monitoring and sub-recipient reporting.
- C. Proposed Completion: Corrective action to be taken immediately

**COUNTY OF CUMBERLAND, NORTH CAROLINA**

**Schedule of Prior Year Audit Findings**

**Year Ended June 30, 2007**

**Finding 06-01**

Status: Completed

**Finding 06-02**

Status: Completed

**Finding 06-03**

Status: Completed

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Consumer Service</u>					
Passed-through N.C. Dept. of Agriculture:					
Food Distribution	10.550		\$ 2,028	\$ -	\$ -
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Program - Noncash	10.551		43,528,940	-	-
Food Stamp Incentive Retention	10.551		79,409	-	-
State Administrative Matching Grants for the Food Stamp Program	10.561		1,908,692	-	1,908,692
Total Food Stamp Cluster			45,517,041	-	1,908,692
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Administration:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		1,626,320	-	-
Direct Benefit Payments:					
Special Supplemental Nutrition Program for Women, Infants, & Children	10.557		7,746,375	-	-
AGRI-SFP Food Program Meal	10.559		4,602	-	-
Water and Waste Disposal Systems for Rural Communities	10.760		206,800	-	-
Total U.S. Dept. of Agriculture			55,103,166	-	1,908,692
<u>U.S. Department of Housing and Urban Development</u>					
<u>Community Planning and Development</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Department of Administration:					
Emergency Shelter Grants Program	14.231		7,101	-	7,101
Direct Program:					
Community Development Block Grants/Entitlement Grants	14.218		1,613,837	-	-
Supportive Housing Program	14.235		129,444	-	-
HOME Investment Partnerships Program	14.239		491,452	-	-
Total U.S. Dept. of Housing and Urban Development			2,241,834	-	7,101
<u>U.S. Dept. of Justice</u>					
<u>Bureau of Justice Assistance</u>					
Passed-through the N.C. Dept. of Crime Control and Public Safety:					
Direct Program:					
Edward Byrne Memorial Justice Assistance Grant	16.738		57,252	-	-
Gang Resistance Education and Training	16.737		135,000	-	-
Bullet Proof Vest Partnership Program	16.607		6,552	-	-
Total U.S. Dept. of Justice			198,804	-	-

COUNTY OF CUMBERLAND, NORTH CAROLINA  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Year Ended June 30, 2007

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Labor</u>					
<u>Employment and Training Administration</u>					
Passed-through Senior Service America, Inc.:					
Senior Community Service Employment Program	17.235		\$ 418,919	\$ -	\$ 55,216
<u>WorkForce Investment Act Cluster</u>					
Direct Program:					
National Emergency Grant	17.260		878,649	-	-
Passed-through the N.C. Department of Commerce:					
Division of Employment and Training:					
WIA Adult Program	17.258		760,561	-	-
WIA Youth Activities	17.259		494,015	-	-
WIA Dislocated Workers	17.260		1,013,992	-	-
Total U.S. Dept. of Labor			3,566,137	-	55,216
<u>U.S. Dept. of Transportation</u>					
<u>Federal Highway Administration</u>					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster:					
Highway Planning and Construction Grants	20.205		656,726	48,165	418,526
<u>Federal Transit Administration</u>					
Passed-through the N.C. Department of Transportation:					
Federal Transit - Metropolitan Planning Grants	20.505		54,368	6,796	6,796
Total U.S. Dept. of Transportation			711,094	54,961	425,322
<u>National Endowment For the Arts</u>					
The Big Read	45.024		11,500	-	13,568
<u>Federal Emergency Management Agency</u>					
Passed-through N.C. Dept. of Crime Control and Public Safety:					
Division of Emergency Management:					
Emergency Management Performance Grants	83.552		60,959	-	1,044,590
<u>U.S. Election Assistance Commission</u>					
Passed-through the N.C. State Board of Elections:					
Board of Elections Voting Booth Grant	90.401		187,057	-	-
<u>Administration for Children and Families</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Workfirst/Temporary Assistance for Needy Families (TANF)	93.558		6,606,768	-	6,850,650
WorkFirst/TANF - Direct					
Benefit Payments	93.558		5,481,577	(4,646)	924
N.C. Child Support Enforcement Section	93.563		25,939	-	13,362
Low-Income Home Energy Assistance Block Grant:					
Administration					
Crisis Intervention Program	93.568		61,064	-	-
Energy Assistance Payments-Direct Benefit Payments	93.568		422,852	-	-
Permanency Planning - Families for Kids	93.645		495,844	-	-
SSBG - Other Services and Training	93.667		98,176	25,664	68,661
LINKS (formerly Independent Living Grant)	93.674		1,413,405	136,061	2,018,606
			97,243	24,311	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care	93.658		\$ 2,379,329	\$ 1,071,560	\$ 1,115,900
Adoption Assistance - Direct Benefit Payments	93.659		926,451	258,380	258,380
Total Foster Care and Adoption Cluster			3,305,780	1,329,940	1,374,280
Division of Aging:					
Division of Social Services:					
SSBG-Adult Day Care	93.667		80,946	68,131	21,297
Division of Child Development:					
Subsidized Child Care (Note 4)					
<u>Child Care Development Fund Cluster:</u>					
Division of Social Services:					
Child Care and Development Fund-Administration	93.596		603,095	-	-
Division of Child Development:					
Child Care Development Fund - Discretionary	93.575		5,800,055	-	-
Child Care Development Fund - Mandatory	93.596		2,386,741	-	-
Child Care Development Fund - Match	93.596		1,519,378	856,886	-
Total Child Care Development Fund Cluster			10,309,269	856,886	-
Social Services Block Grant	93.667		80,015	-	-
TANF	93.558		2,191,022	-	-
TANF - MOE			-	3,942,894	-
Smart Start			-	159,227	-
State Appropriations			-	1,145,840	-
Total Subsidized Child Care Cluster			12,580,306	6,104,847	-
<u>Substance Abuse and Mental Health Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
Homelessness (PATH)	93.150		134,000	-	-
MAJORS Substance Abuse/Juvenile Justice Initiative	93.959		115,146	30,798	-
Substance Abuse Training	93.959		1,079	-	-
Treatment Alternatives to Street Crime	93.959		836,484	798,041	-
Mental Health Cluster:					
Block Grants for Community Mental Health Services	93.958		205,738	-	-
Social Services Block Grant	93.667		-	126,763	-
State Appropriations - Child			-	1,131,564	-
- Adults			-	41,758	-
- Other			-	-	-
Total Mental Health Cluster			205,738	1,300,085	-
<u>Developmental Disabilities Waiting List Cluster:</u>					
SSBG-Developmental Disabilities Waiting List Funds	93.667		-	14,444	-
State Appropriations			-	14,444	-
Total Developmental Disabilities Waiting List Cluster			-	14,444	-
Developmental Disability Services - Adult	93.667		149,968	-	-
Developmental Disability Services - Child	93.667		20,795	-	-
<u>Substance Abuse Cluster:</u>					
Block Grant for Prevention and Treatment of Substance Abuse	93.959		233,251	-	-
State Appropriations - Child			-	71,000	-
- Adults			-	842,622	-
- Others			-	-	-
Total Substance Abuse Cluster			233,251	913,622	-

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		\$ 179,175,147	\$ 91,080,760	\$ 13,459,011
Division of Social Services:					
Medical Assistance Program Administration	93.778		3,151,750	407,086	2,495,474
Health Choice	93.767		150,623	10,690	39,437
Adolescent Parenting	93.778		50,417	16,446	33,971
<u>Centers for Disease Control</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Project Grants & Cooperative Agreements for Tuberculosis Control Program	93.116	4552	38,371	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	5452, 5465	54,344	-	-
Statewide Health Promotion Program	93.991	5503	17,821	-	-
Family Planning Services	93.217		172,100	-	-
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		39,372	-	-
Bioterrorism Grant	93.283		595,616	-	-
<u>Health Resources and Services Administration</u>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Public Health:					
Immunization Grants	93.268	5715	151,643	-	-
Diabetes Control Program Project Direct	93.988		500	-	-
Maternal and Child Health Services Block Grant	93.994		825,344	-	-
Temporary Assistance for Needy Families	93.558		46,454	-	-
Total U.S. Dept. of Health and Human Services			216,835,861	102,256,280	26,375,673
<u>Department of Homeland Security</u>					
Passed-through the N.C. Dept. of Crime Control & Public Safety:					
Division of Emergency Management:					
State Domestic Preparedness Equipment Support Program-Pt.2	97.004		4,895	-	-
State Domestic Preparedness Equipment Support Program-Pt.1	97.004		41,424	-	-
Homeland Security Grants	97.067		147,271	-	-
LETPP Law Enforcement Grant	97.074		104,021	-	-
Total U.S. Department of Homeland Security			297,611	-	-
Human Services:					
Division of Medical Assistance:					
Medicaid At-Risk			40,158	-	-
Total Federal awards			279,254,180	102,311,241	29,830,162

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>State Awards:</b>					
<u>N.C. Dept. of Health and Human Services</u>					
Division of Social Services:					
State/County Special Assistance for Adults - Direct Benefit Payments			\$ -	\$ 2,026,152	\$ 2,027,832
State Foster Care Benefits Program			-	298,558	298,556
Adoption Subsidy - Direct Benefit			-	845,945	232,688
Energy Assistance - CP&L Energy Program			-	4,040	-
State Aid Payments			-	208,957	-
Temporary Assistance for Needy Families Incentives			-	11,290	-
Special Links			-	11,916	-
AFDC Incentives			-	1,836	-
Adult Protective Services			-	32,349	315,511
Smart Start Administration			-	342,721	84,605
Family Violence Prevention Grant			-	24,731	6,183
Division of Child Development:					
Smart Start Read to Me			-	261,251	-
Smart Start Motherread			-	73,148	-
Smart Start - Mental Health			-	214,414	-
Division of Public Health:					
General		4110	-	170,180	-
Epilepsy		5555	-	1,541	-
TB Medical Services		4554	-	4,969	-
Communicable Disease		4510	-	25,762	-
Risk Reduction/Health Promotion		5503	-	11,760	-
Immunization-State			-	2,633	-
Tuberculosis		4551	-	82,608	-
Vector Control		4801	-	7,644	-
AIDS-State		4536	-	25,000	-
Division of Mental Health, Developmental Disabilities and Substance Abuse Services:					
General Program Services			-	108,781	-
Systems Management Transition			-	4,848,154	-
Developmental Disability Services - Child			-	474,759	-
Developmental Disability Services - Adult			-	897,822	-
Mental Retardation / Mental Illness Comprehensive Treatment Services Program (At Risk Children)			-	820,058	-
			-	320,413	-
Crisis Services			-	62,956	-
DD Traumatic Brain Injury			-	5,000	-
Emergency Services			-	28,460	-
<b>Total N. C. Department of Health and Human Services</b>			<b>-</b>	<b>12,255,808</b>	<b>2,965,374</b>
<u>N.C. Dept. of Environment &amp; Natural Resources</u>					
Division of Environmental Health:					
Environmental Health			-	42,459	-
Lead Paint Hazard			-	3,763	-
Mobile Source Emissions Reduction Grant			-	18,375	-
Air Quality Grant			-	1,409	1,062

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2007**

Grantor/Pass-through Grantor/Program Title 1(a)	Federal CFDA Number	State/ Pass-through Grantor's Number	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Water and Soil Conservation: Agriculture Cost Share Program			\$ -	\$ 23,149	\$ 25,725
Soil and Water District Projects			-	4,000	63,717
Total N.C. Department of Environment & Natural Resources			-	93,155	90,504
<u>N.C. Department of Veteran's Affairs</u> Veteran's Services Grant			-	2,000	214,594
<u>Office of State Budget and Management</u> Public School Building Capital Fund			-	3,028,986	1,009,662
<u>Department of Juvenile Justice &amp; Delinquency Prevention</u> Juvenile Crime Prevention Program			-	1,150,414	591,332
<u>N.C. Rural Economic Development Center</u> Unsewered Communities Grant			-	60,697	-
<u>N.C. Dept. of Crime Control and Public Safety</u> Governor's Crime Commission: Education and Public Awareness Grant			-	38,222	135
Community Monitoring Program			-	2,616	-
Total N.C. Department of Crime Control and Public Safety			-	40,838	135
<u>N.C. Dept. of Cultural Resources</u> State Aid to Public Libraries			-	409,007	7,471,987
<u>N.C. Dept. of Transportation</u> Rural Operating Assistance Program Cluster: Elderly and Disabled Transportation Assistance Program (E&DTAP)			-	144,031	9,349
Rural General Program			-	105,511	17,880
Work First Transitional/Employment Trans. Assistance			-	43,669	-
Total Rural Operating Assistance Program Cluster			-	293,212	27,229
Human Services Transportation Program			-	50,280	8,905
Public Access Funds			-	400,000	-
Total N.C. Department of Transportation			-	743,492	36,134
<u>N.C. Dept. of Administration</u> Domestic Violence Program			-	62,604	15,651
<u>N.C. Dept. of Corrections</u> Criminal Justice Partnership Program			-	216,776	27,696
Total State awards			-	18,063,777	12,423,070
Total Federal and State awards			\$ 279,254,180	\$ 120,375,018	\$ 42,253,233

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**Year Ended June 30, 2007**

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

1. Basis of Presentation  
 The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the County of Cumberland and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.
  
2. Subrecipients  
 Of the federal and State expenditures presented in the schedule, the County of Cumberland provided federal awards to subrecipients as follows:
 

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Highway Planning and Construction	20.205	\$ 656,726	\$ 48,165
Supportive Housing Program	14.235	129,444	-
Juvenile Crime Prevention Program		-	1,150,414
Public School Building Capital Fund		-	3,028,986
  
3. General Fund Transfer to Mental Health  
 The County of Cumberland is the only county in the catchment area for this Mental Health area program. The county budgeted and actually transferred \$4,456,053 from the general fund to the area program.
  
4. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, Substance Abuse Services, and Infants and Toddlers with Disabilities.

**CONTINUING DISCLOSURE INFORMATION**  
**(Unaudited)**

Securities Exchange Commission Rule 15c2-12 requires that the County make continuing disclosures related to certain general and non-general obligation debt. These disclosures are required to be submitted annually to the Nationally Recognized Municipal Securities Information Repositories by the end of the seventh month following the County's fiscal year ended June 30.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

**AVAILABLE SOURCES OF PAYMENT OF INSTALLMENT DEBT**

The County may pay installment payments from any source of funds available to the County in each year and appropriated by the Board of County Commissioners for such purpose.

General Fund Revenues. The County's General Fund revenues (excluding other financing sources) for the fiscal year ended June 30, 2007 were approximately \$279 million. General Fund revenues are derived from various sources, including property taxes (approximately 50.1%), sales taxes, and intergovernmental revenues. The County's property tax rate is \$0.88 per \$100 of assessed value. A rate of \$.01 per \$100 of assessed value presently generates approximately \$1,552,000 annually. The State Constitution permits counties to impose property taxes of up to \$1.50 per \$100 of assessed value without the requirement of a voter referendum.

Based upon the N.C. General Statutes, the net debt for any county may not exceed 8 percent of the total assessed value of real and personal property. General obligation debt at June 30, 2007 is \$98,230,000 which is significantly less than the legal limit of approximately \$1 billion. Debt service payments represent 4.42% of total actual expenditures for FY 2007 and 4.77% of total budgeted expenditures for FY 2008. In fiscal year 2007, the County transferred \$758,000 from the General Fund to pay operating expenses of the Crown Center and \$2,881,485 to pay debt service on the Crown Coliseum. For FY2008, the County budgeted transfers from the General Fund of \$683,000 for Crown Center operating and \$2,664,517 for Crown Coliseum debt service.

Prepared Food and Beverage Tax Revenues. The North Carolina General Assembly (the "General Assembly") has authorized the County to levy a prepared food and beverage tax (the "Food and Beverage Tax") of up to 1% of the sale price of prepared food and beverages sold at retail for consumption on or off the premises by any retailer within the County that is subject to sales tax imposed by the State.

The proceeds of the Food and Beverage Tax are collected monthly by the County and allocated to the Cumberland County Civic Center Commission (the "Commission") and maintained in the County's Crown Center Enterprise Fund. The Commission may use the proceeds of the Food and Beverage Tax to pay debt service or to expand the existing arena facilities or to pay other costs of acquiring, constructing, maintaining, operating, marketing and promoting the new coliseum or expanded arena facilities. Set forth below are the historical receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ended June 30, 2007 and the forecasted receipts from the Food and Beverage Tax, net of administrative expenses, for the five fiscal years ending June 30, 2012:

Fiscal Year Ended June 30 (1)	Historical Receipts (2)
2003	\$ 3,341,000
2004	3,564,000
2005	3,797,000
2006	4,064,000
2007	4,516,000
Fiscal Year Ended June 30	Forecasted Receipts (3)
2008	\$ 4,652,000
2009	4,791,000
2010	4,935,000
2011	5,083,000
2012	5,236,000

- (1) The Food and Beverage Tax became effective on January 1, 1994.
- (2) Historical receipts from the Food and Beverage Tax are audited amounts less collection costs ranging from \$36,462 to \$43,930 per year.
- (3) Forecasted receipts assume 3% annual growth in tax revenue and 4.0% growth in the cost of collection for FY 2008 and 3% thereafter.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

Occupancy Tax Revenues. The General Assembly has also authorized the County to levy a room occupancy and tourism development tax (the "Occupancy Tax") on the gross receipts derived from the rental of any sleeping room or lodging furnished in any hotel, motel, or inn located in the County. This is in addition to any state or local sales or occupancy tax. The Occupancy Tax does not apply to any room or rooms, lodging or accommodations supplied to the same person for a period of 90 continuous days or more or to sleeping rooms or lodgings furnished by charitable, educational, benevolent or religious institutions or organizations not operated for a profit. Prior to January 1, 2002 the Occupancy Tax rate was 3%. In 2001, the General Assembly authorized a series of 1% increases in the occupancy tax rate to be implemented over several years, eventually capping out at 6%. On January 1, 2002, the authorized rate increased to 4%. Effective January 1, 2004 the authorized rate increased to 5% and on January 1, 2005, the authorized rate capped out at 6%. The legislation also created the Cumberland Tourism Development Authority ("CTDA"). The legislation did not change the percentage of the Occupancy Tax previously allocated to the Civic Center Commission. The proceeds of the Occupancy Tax are collected monthly by the County. The County deducts 3% for administrative expenses on the first \$500,000 collected and 1% on amounts in excess of \$500,000. Fifty percent of the net proceeds from the first 3% of the Occupancy Tax is allocated to the Civic Center Commission and the remainder to CTDA. All taxes collected in excess of the first 3% are allocated to CTDA. CTDA is required to share 50% of these "additional" taxes with the Arts Council to support festivals and events that will draw tourists to the County. The remainder must be used by CTDA to promote travel and tourism in the County.

The Civic Center Commission may use the proceeds of the Occupancy Tax received by it only to finance renovations and expansions of the Cumberland County Crown (Civic) Center, and, with the permission of the Board of County Commissioners, to finance construction of new convention-oriented or multipurpose facilities. Set forth below are the historical receipts of the Civic Center Commission from the Occupancy Tax, net of administrative expenses, for the five fiscal years ended June 30, 2007 and the forecasted receipts from the Occupancy Tax, net of administrative expenses, for the five fiscal years ending June 30, 2012:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Historical</u> <u>Receipts (1)</u>
2003	\$ 684,000
2004	759,000
2005	778,000
2006	768,000
2007	848,000
<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Forecasted</u> <u>Receipts (2)</u>
2008	\$ 873,000
2009	899,000
2010	926,000
2011	954,000
2012	983,000

- (1) Historical receipts from the Occupancy Tax are audited amounts less 3% collection fee. FY 2003 – FY 2005 receipts increased significantly due to the large presence of military reservists related to war on terror.
- (2) Forecasted receipts assume 3% annual growth rate less 3% collection fee.

Under the statutory distribution formula, the County will receive an equivalent amount in each fiscal year with such amount to be used for advertising the civic center complex and promoting travel and tourism within the County. The County expects to use the proceeds of the Occupancy Tax allocated to the Commission and the Food and Beverage Tax as sources from which to make its installment payments. These proceeds and transfers of amounts from the General Fund necessary to make such installment payments are deposited into a special fund created by the County. No assurance can be given that the proceeds of the Occupancy Tax and Food and Beverage Tax will be equal to the installment payments in any fiscal year. In addition, the proceeds of the Occupancy Tax and the Food and Beverage Tax have not been pledged directly or indirectly as security for any

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

debt obligation and the registered owners of any such debt obligation have no lien on or claim against such proceeds, whether or not a default occurs, and although the County has no reason to believe that either event will take place, no assurance can be given that the Occupancy Tax and the Food and Beverage Tax will not be reduced or repealed by the General Assembly or the Board of County Commissioners. The General Assembly is not precluded by any existing statutory or constitutional provision from enacting legislation that may repeal, reduce or otherwise adversely affect the County's authority to impose the Occupancy Tax and the Food and Beverage Tax.

**DEBT INFORMATION**

**Prior Years' Defeasance of General Obligation Debt**

In prior years, the County has defeased various general obligation bond issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2007, the amount of prior year defeased general obligation debt outstanding and removed from the County's liabilities amounted to \$30,220,000.

**Outstanding General Obligation Debt**

	<b>Principal Outstanding as of</b>			
	<u>June 30, 2004</u>	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>
<b>General Obligation Bonds</b>				
School	\$ 104,835,000	\$ 104,115,000	\$ 97,150,000	\$ 90,185,000
Community College Facilities	3,260,000	2,875,000	2,480,000	2,125,000
Library Facilities	7,800,000	7,150,000	6,535,000	5,920,000
<b>Total G.O. Debt</b>	<u>\$ 115,895,000</u>	<u>\$ 114,140,000</u>	<u>\$ 106,165,000</u>	<u>\$ 98,230,000</u>

Note: The outstanding general obligation debt shown above does not include obligations that are solely the responsibility of the County's various component units including the Eastover Sanitary District (\$3,771,500) and the North Cumberland Regional Sewer System District (\$1,250,000).

In accordance with the provisions of the State Constitution and The Local Government Bond Act, as amended, the County has the statutory capacity to incur additional net debt in the amount of \$1,303,463,000 as of June 30, 2007.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

**General Obligation Debt Ratios**

<u>At July 1</u>	<u>Total G.O. Debt</u>	<u>Assessed Valuation</u>	<u>Ratio of G.O. Debt To Assessed Valuation</u>	<u>Population (1)</u>	<u>Total G.O. Debt Per Capita</u>
2003	\$ 123,510,000	\$12,813,032,000	0.96%	308,735	\$ 400.05
2004	115,895,000	14,173,380,000	0.82%	310,549	373.19
2005	114,140,000	14,488,618,000	0.79%	305,173	374.02
2006	106,165,000	15,187,241,000	0.70%	305,829	347.14
2007	98,230,000	15,707,814,000	0.63%	308,255	318.66

(1) North Carolina Office of State Budget & Management – State Demographics Section.

**General Obligation Debt Service Requirements and Maturity Schedule**

<u>Cumberland County</u>						
FY Ending June 30	<u>Schools</u>		<u>Libraries</u>		<u>Community College</u>	
	<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>		<u>(Including Related 2004 Refunding)</u>	
	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>	<u>Principal</u>	<u>Principal &amp; Interest</u>
2008	7,035,000	11,309,221	615,000	880,500	345,000	434,350
2009	6,995,000	10,946,051	610,000	857,050	335,000	414,000
2010	6,955,000	10,584,481	600,000	828,750	330,000	398,950
2011	6,925,000	10,224,981	595,000	799,750	325,000	380,750
2012	6,995,000	9,963,221	595,000	770,000	330,000	369,500
2013	6,820,000	9,450,850	585,000	730,250	460,000	483,000
2014	7,030,000	9,327,850	885,000	1,001,000		
2015	7,015,000	8,969,350	880,000	951,750		
2016	7,335,000	8,944,351	555,000	582,750		
2017	7,810,000	9,058,351				
2018	6,890,000	7,753,600				
2019	6,830,000	7,391,537				
2020	2,500,000	2,756,687				
2021	2,375,000	2,517,688				
2022	500,000	528,437				
2023	175,000	182,437				
Bal @ 6/30/07	<u>\$ 90,185,000</u>	<u>\$ 119,909,093</u>	<u>\$ 5,920,000</u>	<u>\$ 7,401,800</u>	<u>\$ 2,125,000</u>	<u>\$ 2,480,550</u>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

**General Obligation Bonds Authorized and Unissued**

<u>Purpose</u>	<u>Date Approved</u>	<u>Authorized and Unissued</u> (1)
School Refunding	February 16, 1998	\$ 6,605,000
School	October 19, 2005	1,000
Refunding	October 19, 2005	<u>7,495,000</u>
		<u>\$ 14,101,000</u>

(1) The County does not intend to issue the balance of the above bonds.

**Other Long-Term Commitments**

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal &amp; Interest Repayment/Requirements</u>	<u>FY2008 Principal And Interest Requirements</u>	<u>Balance June 30, 2007</u>
Certificates of Participation – Coliseum 1995 Series A	55,153,781	Partially refunded on July 1, 1998 from proceeds of 1998 COPS Coliseum Refunding leaving a balance of \$7,803,781. Principal payable annually and interest payable semi-annually in arrears through December 1, 2013. Total principal and interest payments range from \$0 to \$1,708,970; payable from Enterprise Fund	0	1,428,781
Certificates of Participation - Coliseum Refunding Series 1998	52,950,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2024. Annual principal and interest payments range from \$1,989,898 to \$5,441,425; payable from Enterprise Fund.	5,039,175	44,650,000
Certificates of Participation - DSS Building/Community Corrections Center/ Equipment	37,350,000	Principal payable annually and interest payable semi-annually in arrears ending December 1, 2017. Annual principal and interest payments range from \$682,149 to \$2,956,288; payable from General Fund	2,955,570	25,400,000

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

<u>Purpose</u>	<u>Original Amount/Costs</u>	<u>Principal &amp; Interest Repayment/Requirements</u>	<u>FY2008 Principal and Interest Requirements</u>	<u>Balance June 30, 2007</u>
Certificates of Participation - Detention Center and Mental Health Facility Refunding Series 2000	50,780,000	Principal payable annually and interest payable semi-annually in arrears ending June 1, 2024. Total annual principal and interest payments range from \$2,220,775 to \$4,583,990; payable from the General Fund	4,358,495	36,850,000
Capital Lease – Sun Trust Leasing – Energy Savings Equipment	4,537,080	Semi-annual payments of \$248,661 including interest of 3.945% beginning June 9, 2006 and ending December 9, 2017; payable from the General Fund	497,321	4,241,761
Promissory Note-Section 108 Community Development	1,500,000	Principal payable annually in arrears ending August 1, 2009. Interest payable semi-annually at an average rate of 5.86%. Payable from Special Revenue Fund	177,039	450,000
Promissory Note – Industrial Park – Healy Land	931,000	\$107,750 principal plus 3.0% interest payable annually on December 1 for 4 years beginning in 2003 and a final balloon payment of \$500,000 plus 3.0% interest on October 14, 2007; payable from the General Fund	454,451	442,911
Promissory Note-Yarborough (Advance Auto Property)	250,000	Nine semi-annual payments of \$28,232 including interest of \$4.5% beginning June 1, 2005 and a final payment of \$27,743 on November 1, 2009; payable from the General Fund	56,464	131,762
Promissory Note-FTCC Local Match on State Bonds	<u>4,300,000</u>	Quarterly payments of \$238,158 including interest of 3.65% beginning August 24, 2006 and ending April 24, 2011; payable from the General Fund.	<u>944,632</u>	<u>3,501,470</u>
	<b><u>\$ 207,751,861</u></b>		<b><u>\$ 14,483,147</u></b>	<b><u>\$ 117,096,685</u></b>

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

The County's payment obligations under the installment financing arrangements described above at June 30, 2007 are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Civic Center Certificates Debt Service (1)</u>	<u>DSS Certificates Debt Service</u>	<u>Jail/ WC Certificates Debt Service</u>	<u>Other Agreements Debt Service</u>	<u>Total Non G.O. Debt</u>
2008	5,039,175	2,955,570	4,358,495	2,129,907	14,483,147
2009	5,168,175	2,956,288	4,232,120	1,664,628	14,021,211
2010	5,307,550	2,951,660	3,806,420	1,625,095	13,690,725
2011	5,441,425	2,956,190	3,697,750	1,441,955	13,537,320
2012	3,546,485	2,954,365	3,596,000	497,321	10,594,171
2013	3,544,898	2,955,760	3,489,000	497,322	10,486,980
2014	3,546,750	2,956,015	3,377,000	497,322	10,377,087
2015	3,542,375	2,951,100	3,265,250	497,321	10,256,046
2016	3,540,000	2,955,006	3,153,750	497,321	10,146,077
2017	3,542,125	2,952,350	3,037,500	497,321	10,029,296
2018	3,548,250	2,953,518	2,923,531	248,661	9,673,960
2019	3,543,250		2,809,281		6,352,531
2020	3,546,875		2,694,750		6,241,625
2021	3,543,750		2,574,938		6,118,688
2022	3,548,500		2,453,113		6,001,613
2023	3,545,750		2,336,812		5,882,562
2024	3,545,250		2,220,775		5,766,025
2025	3,546,500				3,546,500
	<b>70,587,083</b>	<b>32,497,822</b>	<b>54,026,485</b>	<b>10,094,174</b>	<b>167,205,564</b>
Amortization Refund Gain	<b>(3,460,878)</b>				<b>(3,460,878)</b>
	<b>\$ 67,126,205</b>	<b>\$ 32,497,822</b>	<b>\$ 54,026,485</b>	<b>\$ 10,094,174</b>	<b>\$ 163,744,686</b>

(1) Partially paid from food and beverage and occupancy taxes. (Coliseum Series 1998 Refunding)

The obligations of the County under the installment financing arrangements described above are not secured by a pledge of the taxing power of the County. In the event of a default by the County, the sole recourse of the obligee is to foreclose on, or otherwise realize upon its security interest in, the property acquisition or improvement of which was financed. No deficiency judgment may be rendered against the County.

**Prior Years' Defeasance of Other (Non-General Obligation) Debt**

In prior years, the County has defeased various certificates of participation issues by creating separate irrevocable trust funds with various escrow agents. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and related fixed earnings are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt had been considered defeased and therefore removed from the County's liabilities. As of June 30, 2007, the amount of prior year defeased non-general obligation debt outstanding and removed from the County's liabilities amounted to \$35,965,000.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

**Debt Outlook**

In FY 2008 The County intends to issue installment debt up to \$55,000,000 for construction a new middle school, a new library, and a new Health Department building. The County intends to use lottery proceeds to service the portion of the debt related to school construction. The remaining debt service will be funded by general revenues. The County will consider issuing certificates of participation to refund this debt if it becomes economically beneficial at a subsequent time.

The School Board has additional construction needs that are currently being assessed. Additional debt for school construction is likely to be issued in FY 2009 or thereafter.

**TAX INFORMATION**

**General Information**

	<u>Fiscal Year Ended or Ending June 30.</u>		
	<u>2006</u>	<u>2007</u>	<u>2008</u> <sup>(3)</sup>
	(Amounts in thousands)		
Assessment Ratio <sup>(1)</sup>	100%	100%	100%
Real Property	\$ 11,721,957	\$ 12,246,589	\$ 12,929,062
Personal Property	1,081,144	1,109,791	1,156,138
Vehicles	2,017,935	1,982,534	1,603,505
Public Service Companies <sup>(2)</sup>	<u>366,205</u>	<u>368,900</u>	<u>338,903</u>
Total Assessed Valuation	\$ 15,187,241	\$ 15,707,814	\$ 16,027,608
Rate per \$100	<u>.880</u>	<u>.880</u>	<u>.880</u>
County-wide Levy	<u>\$ 133,648</u>	<u>\$ 138,229</u>	<u>\$ 141,043</u>

(1) Percentage of appraised value has been established by statute

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

(3) Estimated as of September 30, 2007 for the fiscal year ending June 30, 2008.

In addition to the County-wide levy, the following table lists the levies by the County on behalf of recreation district(s) and 17 special fire districts for the fiscal years ended or ending June 30.

	<u>2006</u>	<u>2007</u>	<u>2008</u> <sup>(1)</sup>
County-wide	\$ 133,647,721	\$ 138,228,763	\$ 141,042,950
Recreation District	2,908,351	2,728,539	2,763,946
Special Fire Districts	<u>5,351,785</u>	<u>4,941,737</u>	<u>4,982,160</u>
Total Levy	<u>\$ 141,907,857</u>	<u>\$ 145,899,039</u>	<u>\$ 148,789,056</u>

(1) Estimated as of September 30, 2007 for the fiscal year ending June 30, 2008.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Continuing Disclosure Information (Unaudited)**  
**June 30, 2007**

**Property Tax Collections**

<u>Year Ended June 30</u>	<u>Prior Years' Levies Collected</u>	<u>Current Year's Levy Collected</u>	<u>Percentage of Current Year's Levy Collected</u>
2003	\$ 4,514,000	\$ 112,620,000	94.90%
2004	5,448,000	119,126,000	93.37
2005	5,552,000	122,646,000	96.04
2006	5,425,000	129,101,000	96.42
2007	4,576,000	133,857,000	96.66

The figures in the preceding table include property tax revenues deposited in the General Fund and the Special Revenue Funds.

**Ten Largest Taxpayers for Fiscal Year 2006-07 (Tax Year 2005-06)**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>TY2006 Assessed Valuation*</u>	<u>% of Total Assessed Valuation</u>
Goodyear Tire & Rubber	Tire Manufacturer	\$ 155,881	0.99%
Sprint (Embarq)	Telephone Utility	124,316	0.79
Wal-Mart	Retail/Distribution	112,705	0.72
Cross Creek Mall, LLC	Retail Mall	85,159	0.54
Progress Energy	Electric Utility	66,963	0.43
Purolator Products	Auto Filter Manufacturer	54,981	0.35
Piedmont Natural Gas	Gas Utility	54,140	0.34
DAK Americas	Textiles	52,217	0.33
Centurion Aviation Services	Aviation Maintenance	50,833	0.32
Black & Decker	Power Tool Manufacturer	<u>35,022</u>	<u>0.22</u>
TOTAL		<u>\$ 792,217</u>	<u>5.03%</u>

\* Amounts expressed in thousands.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**For the Fiscal Year Ended June 30, 2007**  
**(Unaudited)**

	General Fund	Special Revenue Funds	Enterprise Funds
<b>Estimated revenues:</b>			
Ad valorem taxes	135,822,224	8,060,353	34,905
Other taxes	43,180,698	16,488,503	5,091,676
Unrestricted intergovernmental	6,807,128	132,840	
Restricted intergovernmental	63,427,726	22,280,720	351,255
Licenses and permits	4,141,098		11,388
Sales and services	19,218,047	375,537	5,683,991
Interest earned on investments	1,362,585	141,330	595,157
Miscellaneous	4,791,649	402,967	158,782
Total estimated revenues	278,751,155	47,882,250	11,927,154
<b>Appropriations:</b>			
General government	26,700,104	571,230	
Public safety	38,778,916	6,747,953	
Economic and physical development	5,260,811	25,373,390	
Human services	125,895,572	1,826,277	
Cultural and recreation	9,223,450	5,004,980	
Education	79,039,755	18,890,340	
Salaries and employee benefits			4,455,436
Other supplies			1,363,305
Repairs and maintenance			1,741,942
Contracted services			1,722,983
Utilities			819,657
Administrative costs			1,311,580
Landfill closure and postclosure			839,532
Tax Distribution fee			30,000
Other Operating		269,492	75,892
Contingency			163,117
Capital outlay			3,146,223
Debt service:			
Principal retirement	13,435,631	150,000	2,615,000
Interest and fees	8,535,161	37,802	2,296,550
Total appropriations	306,869,400	58,871,464	20,581,217
Estimated revenues over (under) appropriations	(28,118,245)	(10,989,214)	(8,654,063)
<b>Other financing sources (uses):</b>			
<b>Transfers from other funds:</b>			
General Fund		2,772,928	3,639,485
Special Revenue Funds	4,082,578	87,000	3,790,762
Enterprise Funds	55,193		
Internal Service Funds			
<b>Transfers to other funds:</b>			
General Fund		(4,082,578)	(55,193)
Capital Projects	(52,000)	(671,742)	
Special Revenue Funds	(2,772,928)	(87,000)	
Enterprise Funds	(3,639,485)	(3,790,762)	
Internal Service Funds	(218,905)		
Sale of fixed assets	98,635		
Proceeds of general long term debt			
Appropriated fund balances	30,565,157	16,761,368	1,279,009
Total other financing sources	28,118,245	10,989,214	8,654,063
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled by staff of the Cumberland County finance department from the FY2007 budget at June 30, 2007.

**COUNTY OF CUMBERLAND, NORTH CAROLINA**  
**Compiled Budget - Annually Budgeted Funds**  
**For the Fiscal Year Ending June 30, 2008**  
**(Unaudited)**

	General Fund	Special Revenue Funds	Enterprise Funds
Estimated revenues:			
Ad valorem taxes	142,635,009	8,039,594	20,150
Other taxes	44,174,039	16,787,669	5,260,885
Unrestricted intergovernmental	7,461,814	400,000	
Restricted intergovernmental	59,247,005	10,073,811	246,216
Licenses and permits	3,649,985		11,388
Sales and services	12,943,122	342,478	4,691,329
Interest earned on investments	3,151,147	242,000	973,840
Miscellaneous	5,520,003	400,310	6,300
Total estimated revenues	278,782,124	36,285,862	11,210,108
Appropriations:			
General government	22,566,374	556,328	
Public safety	38,241,023	5,728,614	
Economic and physical development	4,589,305	13,908,654	
Human services	117,653,503	1,554,301	
Cultural and recreation	9,315,187	2,802,977	
Education	76,874,653	8,645,000	
Salaries and employee benefits			4,730,900
Other supplies			1,147,528
Repairs and maintenance			1,420,850
Contracted services			2,270,555
Utilities			838,219
Administrative costs			1,203,194
Landfill closure and postclosure			840,000
Tax Distribution fee			
Other Operating			76,000
Contingency			
Capital outlay			1,032,750
Debt service:			
Principal retirement	13,950,333	150,000	2,880,000
Interest and fees	7,940,677	27,039	2,159,175
Total appropriations	291,131,055	33,372,913	18,599,171
Estimated revenues over (under) appropriations	(12,348,931)	2,912,949	(7,389,063)
Other financing sources (uses):			
Transfers from other funds:			
General Fund		1,967,972	3,347,517
Special Revenue Funds	3,954,507		4,096,739
Enterprise Funds	55,193		
Internal Service Funds			
Transfers to other funds:			
General Fund		(3,954,507)	(55,193)
Special Revenue Funds	(1,967,972)		
Enterprise Funds	(3,347,517)	(4,096,739)	
Internal Service Funds	(1,056,736)		
Proceeds of general long term debt			
Appropriated fund balances	14,711,456	3,170,325	
Total other financing sources	12,348,931	(2,912,949)	7,389,063
Estimated revenues and other sources over appropriations and other uses	0	0	0

Compiled by staff of the Cumberland County finance department from the FY2008 adopted budget ordinance at July 1, 2007.